

Registered numbers:	Amey Section	19018801
	Accord Section	19018802
	APS Section	19018803
	Overall Scheme	10225287

AMEY OS PENSION SCHEME

Report and financial statements

Year ended 30 September 2021

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2021

Contents

	Page
Trustee and Advisers	2
Trustee's Annual Report	3
Independent Auditor's Report	20
Fund Account	24
Statement of Net Assets Available for Benefits	25
Notes to the Financial Statements	26
Summary of Contributions	47
Independent Auditor's Statement about Contributions	48
Actuarial Certifications of Schedule of Contributions	49
Appendix 1 – Implementation Statement	52
Appendix 2 – Statement of Investment Principles	62

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2021

Trustee and Advisers

Trustee:	PTL Governance Limited
Scheme Actuary:	A Allsopp F.I.A. Broadstone Pensions Limited (formerly Quattro Pension Consulting Actuaries)
Independent Auditor:	Grant Thornton UK LLP
Investment Managers:	SEI (Europe) Investments Ltd (until November 2021) Schroders Solutions (formerly River and Mercantile Solutions) (appointed September 2021) JUST M&G Investment Hayfin Capital Management
Investment Custodians:	SEI (Europe) Investments Ltd (until November 2021) Schroders Solutions (formerly River and Mercantile Solutions) (appointed September 2021)
Investment Consultant:	SEI (Europe) Investments Ltd (until November 2021) Schroders Solutions (formerly River and Mercantile Solutions) (appointed September 2021)
AVC Provider:	Prudential Assurance Company Limited Utmost Life and Pensions Limited Legal and General
Legal Advisers:	Squire Patton Boggs
Scheme Administrator:	Railpen Limited (formerly RPMI Limited)
Banks:	Royal Bank of Scotland
Life Assurance Company:	Legal & General Assurance Society Limited
Principal Employer:	Amey plc
Participating Employers:	Amey Services Limited

Contact for further information and complaints about the Scheme:

Matt Riley
PTL Governance Ltd
Merlin House
Brunel Road
Theale
Berkshire
RG7 4AB
E-mail: mriley@ptluk.com

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report

Introduction

The Trustee of the Amey OS Pension Scheme (the "Scheme") is pleased to present its report together with the financial statements for the year ended 30 September 2021. The Scheme is a Defined Benefit scheme.

Management of the Scheme

Under the Rules of the Scheme, which comply with the Occupational Pension Schemes (Member Nominated Trustees and Directors) Regulations 2006, there are normally five Trustees, two of whom are member nominated unless a Corporate Body is appointed as Trustee to the Scheme.

During the year under review, the Trustee of the Scheme was a corporate body – PTL Governance Limited ("PTL")

PTL acts through its Directors. The Directors who served during the year were:

David Archer
Richard Butcher
David Hosford (resigned 20 December 2021)
Kim Nash
Colin Richardson
Ruston Smith
Alison Bostock

In accordance with the Trust Deed, the Principal Employer, Amey plc has the power to appoint and remove the Trustee of the Scheme.

During the year the Trustee held nine meetings.

Communication with Members

The Trustee issues a newsletter to the membership annually, which provides an overview of events that have taken place during the year and upcoming events in relation to the Scheme. Members are encouraged in the Newsletter to raise any comments directly with the Administrator. Within the accounting period the newsletter was issued to the members in August 2021.

Employer guarantees

Amey UK Plc provided a guarantee of £10m to the Amey Section on 30 June 2012 and was due to expire on 31 December 2020 (following a previous extension from December 2019). On 11 December 2020, Amey UK Plc confirmed that they would further extend the guarantee until 31 December 2021. The APS Section has been provided with an £80m guarantee that expires on 30 June 2024, and the Accord section with a £23m guarantee that expires in April 2030. The Company and the Trustee are in the process of discussing the guarantees available to the Scheme and this being the case, the Company confirmed on 15 December 2021 that the Amey Section guarantee would be further extended until 30 April 2022.

All of the guarantees in place cover present and future obligations of the respective sections.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

GMP Equalisation

In October 2018, the High Court determined that benefits built up between May 1990 and April 1997 must be recalculated for both men and women to remove the inequality. This is known as Guaranteed Minimum Pension Equalisation ("GMP Equalisation"). Under the ruling, where an uplift to benefits is necessary, schemes are required to backdate benefit adjustments in relation to GMP Equalisation and, where the benefits are already in payment, provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and, therefore, have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year in which they are determined. The Trustee has held a number of meetings over the course of the year with the advisers to review the data requirements and the approach that will be taken in respect of GMP Equalisation. A further update will be made available in next year's accounts and communications will be issued to members when appropriate.

On 20 November 2020, the High Court handed down a further judgement on the GMP Equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgement in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgement confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Fund may have experienced historical transfers out which might be subject to adjustment as a result of this second ruling. The Trustee will be considering this at a future meeting and decisions will be made as to the next steps.

Trustee Knowledge and Understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective in November 2009. The Trustee is a professional trustee who maintains a training log and has agreed a training plan to enable them to meet the identified requirements.

Governance and Risk Management

The Trustee has in place a business plan which sets out its objectives in areas such as administration, investment, funding and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustee run the Scheme efficiently and serves as a useful reference document.

The Trustee regularly reviews its risk register to ensure that controls are in place to monitor the key risks to which the Scheme is subject and that actions are identified to mitigate these risks.

Internal Dispute Resolution

The Trustee has a dispute resolution procedure which is available to any member or dependant. Two complaints were raised during the year under this procedure and both were resolved

Report to the Pensions Regulator

The Trustee has been in regular correspondence with the Pensions Regulator during the year in respect of the Covenant and possible sale of the Company. Information provided was at a high level and there are no current perceived issues.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

Principal Employer

The registered address of the Principal Employer is Amey plc, Chancery Exchange, 10 Furnival Street, London EC4A 1AB.

Financial Development

The financial statements on pages 24 to 47 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 Fund increased from £653,675,000 at 30 September 2020 to £673,793,000 at 30 September 2021.

Transfer Values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits.

COVID-19 Pandemic

The Trustee has assessed, and continues to monitor, the consequences of the COVID-19 pandemic for the Scheme and has considered the following areas in particular:

- The administration of benefits by the Scheme's Administrator, Railpen Limited, including their business continuity planning, operational resilience, cyber/IT security measures and the maintenance of their control environment;
- The financial position of the Participating Employers and the payment of contributions due;
- The effect on the Trustee's investment strategy, the value of the Scheme's assets and the ability to provide sufficient cashflow to support benefit and other payments.
- The communication to members in relation to the impact of volatility in markets as a result of COVID-19 and the long-term nature of pension benefits, and other educational materials.

The Trustee is satisfied having assessed these areas that the risks posed to the operation and management of the Scheme and its investments as a result of the COVID-19 pandemic have been sufficiently understood and mitigated where appropriate.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. 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 Scheme members on request.

AMEY SECTION

The last full actuarial valuation of the Amey OS Pension Scheme (Amey Section) was 30 September 2020.

Assumptions and method

The valuation method used by the Scheme Actuary is the Projected Unit Method.

The assumptions are based on the method specified in the Trustee's Statement of Funding Principles, with financial assumptions updated to reflect market conditions at the relevant date. The changes made to key financial assumptions are as explained below.

A summary of the assumptions used for the actuarial valuation as at 30 September 2020 is set out in the following table, with the previous actuarial valuation assumptions shown for comparison:

Assumption	30 September 2020	30 September 2017
Discount Rate	2.60%	3.30%
RPI Inflation		
- Before retirement	3.10%	3.00%
- After retirement	3.10%	3.40%
CPI Inflation		
- Before retirement	2.20%	2.10%
- After retirement	2.20%	2.50%
Pension increases		
- RPI Max 5%	2.90%	3.10%
- CPI Max 3%	1.80%	2.00%

Demographic Assumptions		
Retirements	Tranche based on NPA	
Proportion taking tax free cash	All members taking 75% of maximum permitted cash at retirement	
Proportion married	75% at retirement or earlier death (husband 3 years older than wife)	
Mortality improvements	100% S3 PXA tables	105% S2PXA tables
Mortality improvements	CMI 2019 projections, long term improvement rate 1.5% pa	CMI 2016 projections, long term improvement rate 1.5% pa

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

Results

The following table shows the results of the triennial valuation at 30 September 2020 together with the results of the funding updates as at 30 September 2019 and 30 September 2018:

	30 September 2020 (£)	30 September 2019 (£)	30 September 2018 (£)
Technical Provisions*	26,566,000	25,654,000	23,350,000
Assets	36,619,000	36,778,000	30,472,000
Surplus / (Deficit)	10,053,000	11,124,000	7,122,000
Funding Level	138%	143%	130%

* "Technical Provisions" is the estimate of the amount of money needed in the Scheme to provide Scheme benefits, assessed on a prudent basis according to the Statement of Funding Principles.

Included in the results of the 2020 valuation for the Amey section is an allowance for an estimate of the cost of GMP equalisation equal to 0.2% of the value of the section reserves.

The next full triennial valuation of the Section will be as at 30 September 2023.

ACCORD SECTION

The last full actuarial valuation of the Amey OS Pension Scheme (Accord Section) was 30 September 2020.

Assumptions and method

The valuation method used by the Scheme Actuary is the Projected Unit Method.

The assumptions are based on the method specified in the Trustee's Statement of Funding Principles, with financial assumptions updated to reflect market conditions at the relevant date. The changes made to key financial assumptions are explained below.

A summary of the assumptions used for the actuarial valuation as at 30 September 2020 is set out in the following table, with the previous actuarial valuation assumptions shown for comparison:

Assumption	30 September 2020	30 September 2017
Discount Rate	2.60%	3.30%
RPI Inflation		
- Before retirement	3.10%	3.00%
- After retirement	3.10%	3.40%
CPI Inflation		
- Before retirement	2.20%	2.10%
- After retirement	2.20%	2.50%
Pension increases		
- RPI Max 5%	2.90%	3.10%
- CPI Max 3%	1.80%	2.00%

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

Demographic Assumptions		
Retirements	Tranche based on NPA	
Proportion taking tax free cash	All members taking 75% of maximum permitted cash at retirement	
Proportion married	75% at retirement or earlier death (husband 3 years older than wife)	
Post-retirement mortality	100% S3PXA year of birth tables	105% S2PXA tables
Mortality improvements	CMI 2019 projections, long term improvement rate 1.5% pa	CMI 2016 projections, long term improvement rate 1.5% pa

Results

The following table shows the results of the triennial valuation at 30 September 2020 together with the results of the funding updates as at 30 September 2019 and 30 September 2018:

	30 September 2020 (£)	30 September 2019 (£)	30 September 2018 (£)
Technical Provisions*	72,284,000	72,916,000	64,260,000
Assets	87,802,000	90,184,000	76,226,000
Surplus / (Deficit)	15,518,000	17,268,000	11,966,000
Funding Level	121%	124%	119%

* "Technical Provisions" is the estimate of the amount of money needed in the Scheme to provide Scheme benefits, assessed on a prudent basis according to the Statement of Funding Principles.

Included in the results of the 2020 valuation for the Accord section is an allowance for an estimate of the cost of GMP equalisation equal to 0.2% of the value of the section reserves.

The next full triennial valuation of the Section will be as at 30 September 2023.

APS SECTION

The last full actuarial valuation of the Amey OS Pension Scheme (APS section) was 30 September 2020.

Assumptions and method

The valuation method used by the Scheme Actuary is the Defined Accrued Benefit Method.

The assumptions are based on the method specified in the Trustee's Statement of Funding Principles, with financial assumptions updated to reflect market conditions at the relevant date. The changes made to key financial assumptions are explained on the following page.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

A summary of the assumptions used for the actuarial valuation as at 30 September 2020 is set out in the following table, with the previous actuarial valuation assumptions shown for comparison:

Assumption	30 September 2020	30 September 2017
Discount Rate	2.60%	3.30%
RPI Inflation		
- Before retirement	3.10%	3.00%
- After retirement	3.10%	3.40%
CPI Inflation		
- Before retirement	2.20%	2.10%
- After retirement	2.20%	2.50%
Pension increases		
- RPI Max 5%	2.90%	3.10%
- CPI Max 3%	1.80%	2.00%

Demographic Assumptions		
Retirements	Tranched based on NPA	
Proportion taking tax free cash	All members taking 75% of maximum permitted cash at retirement	
Proportion married	75% at retirement or earlier death (husband 3 years older than wife)	
Post-retirement mortality	90% S3PXA year of birth tables	90% S2PXA tables
Mortality improvements	CMI 2019 projections, long term improvement rate 1.5% pa	CMI 2016 projections, long term improvement rate 1.5% pa

Results

The following table shows the results of the triennial valuation at 30 September 2020 together with the results of the funding updates as at 30 September 2019 and 30 September 2018:

	30 September 2020 (£)	30 September 2019 (£)	30 September 2018 (£)
Technical Provisions*	315,152,000	326,951,000	290,209,000
Assets	387,230,000	386,985,000	313,724,000
Surplus / (Deficit)	72,078,000	60,034,000	23,515,000
Funding Level	123%	118%	108%

* "Technical Provisions" is the estimate of the amount of money needed in the Scheme to provide Scheme benefits, assessed on a prudent basis according to the Statement of Funding Principles.

Included in the results of the 2020 valuation for the APS section is an allowance for an estimate of the cost of GMP equalisation equal to 1.0% of the value of the section reserves.

The next full triennial valuation of the Section will be as at 30 September 2023.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)**MEMBERSHIP**

Details of the membership of the Scheme are given below:

	Amey Section Sep 2021	Accord Section Sep 2021	APS Section Sep 2021	Sep 2021	Sep 2020
Active members					
Active members at the start of the year	20	30	-	50	57
Adjustment to b/fwd.	-	(13)	-	(13)	-
Members leaving with preserved benefits	-	(6)	-	(6)	(3)
Members retiring	(1)	(4)	-	(5)	(4)
Death of active member	(1)	-	-	(1)	-
New members	-	-	-	-	-
Active members at the end of the year	18	7	-	25	50
Pensioners					
Pensioners at the start of the year	329	856	1,573	2,758	2,691
Adjustment to b/fwd.	1	2	(1)	2	(2)
Actives retiring	6	4	-	5	4
Deferred into payment	-	38	42	85	94
New dependant pensioners	4	14	17	37	24
Pensioners who died	(5)	(22)	(34)	(62)	(49)
Reinstated child's pension	-	-	-	-	-
Cessation of pension	(1)	(1)	(2)	(5)	(4)
Pensioners at the end of the year	334	891	1,595	2,820*	2,758
Members with preserved benefits					
Members with preserved benefits at the start of the year	123	591	1,418	2,132	2,237
Adjustment to b/fwd.	-	11	-	11	3
Leavers with preserved benefits	-	6	-	6	3
Death of preserved member	-	(2)	(4)	(6)	(4)
Deferred members becoming pensioners	(5)	(38)	(42)	(84)	(94)
Commutation of benefits	-	-	-	-	-
Transfers out	(1)	(1)	(7)	(10)	(13)
Members with preserved benefits at the end of the year	117	567	1,365	2,049	2,132
Total membership at the end of the year					
	469	1,465	2,960	4,894	4,940

*There are 363 (2020: 336) dependant pensioners within the figures above.

In addition to the pensioner members note above, the Accord Section also includes a further 3 (2020: 3) annuitant pensioners.

The JUST Insurance policy covers the pensions of 256 (Sep 2020: 258) Amey Section pensioners, 620 (Sep 2020: 625) Accord Section pensioners, and 524 (Sep 2020: 525) APS pensioners.

Pensioners include individuals receiving a pension upon the death of their spouse/parent.

The adjustments noted in the table above relate to changes that were notified to the Scheme administrator after the cut-off date for last year's annual report.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

Pension increases

The pension increase rates may differ depending on the elements a pensioner has on their record. Deferred benefits are not increased annually and are revalued at retirement. There were no discretionary increases in the year. Details are as follows:

Non-GMP elements

Benefits are increased by RPI subject to a maximum of 5%. If RPI falls below zero, benefits will not be reduced. Some elements are non-escalating.

GMP elements

For retired members until GMP Age any GMP elements are increased by RPI subject to a maximum of 5%. If RPI falls below zero, benefits will not be reduced.

Once a member has attained GMP Age any Pre 88 GMP element does not increase. Any Post 88 GMP is increased in line with the relevant order made under section 109(3) of the Pension Schemes Act 1993. Currently this is based on the previous September CPI value subject to a maximum of 3%. Dependents of deceased members will also have any Post 88 GMP element increased by the same percentage.

The table on page 12 contains details of the increase rates applicable per element.

Amey OS = all N's, L's, P's

Amey Bali = A8

Amey Accord = A1-A7, A9-A11, H=Pre-RPMI, R=RPMI

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)**Pension increases (continued)**

			Increase	
Payment elements		Benefit type	Before GMP Age	On or after GMP Age
0112	Pre88 GMP	L1, L2, P1, A1, A2, A9, A10	5%	nil
0113	Post88 GMP	L1, L2, P1, A1, A2, A9, A10	5%	3%
0114	Pre88 GMP	N1, N2, L3, L4, P2, P4, P7, A3, A5, A6, A8	RPI max 5%	nil
0115	Post88 GMP	N1, N2, L3, L4, P2, P4, P7	RPI max 5%	3%
0120	Post88 GMP	A3, A5, A6, A8	RPI max 5%	RPI max 3%
0116	Pre88 GMP	L5, L6, P3, P5, A4	RPI	nil
0117	Post88 GMP	L5, L6, P3, P5	RPI	3%
0121	Post88 GMP	A4	RPI	CPI max 3% **
0118	Pre88 GMP	N3	CPI max 5%	nil
0119	Post88 GMP	N3	CPI max 5%	3%
0122	Pre88 GMP	A7	CPI	nil
0123	Post88 GMP	A7	CPI	CPI max 3% **
		Increase (regardless of GMP Age)		
0150	Pre97 XS	L1, L2, P1, A1, A2, A9, A10	5%	
0151	97-09 XS	L1, L2, P1, A9, A10	5%	
0152	Post09 XS	L1, L2, P1, A9, A10	5%	
0172	97-02 XS	A1, A2	5%	
0173	Post02 XS	A1, A2	LPI (RPI max 5%)	
0153	Pre97 XS	N1, N2, L3, L4, P2, P4, P7, A3, A5, A6, A8	LPI (RPI max 5%)	
0154	97-09 XS	N1, N2, L3, L4, P2, P4, P7,	LPI (RPI max 5%)	
0155	Post09 XS	N1, N2, L3, L4, P2, P4, P7, A1, A2	LPI (RPI max 5%)	
0174	Post 97 XS	A3, A5, A6, A8	LPI (RPI max 5%)	
0156	Pre97 XS	L5, L6, P3, P5, A4	RPI	
0157	97-09 XS	L5, L6, P3, P5,	RPI	
0158	Post09 XS	L5, L6, P3, P5,	RPI	
0175	Post97 XS	A4	RPI	
0164	Pre97 XS	N3	CPI max 5%	
0165	97-09 XS	N3	CPI max 5%	
0166	Post09 XS	N3	CPI max 5%	
0167	Pre97 XS	A7	CPI	
0168	Post97 XS	A7	CPI	
0159	AVC /Added Years		nil	
0170	Augmentation benefits		nil	
0171	Transfer In		nil	
0596	Attachment of Earnings		nil	
0200	Non Esc	A11	0%	
0201	5% Xcess	A9, A10, A11	5%	
0202	LPI Xcess	A11	LPI (RPI max 5%)	
0203	GMP	A11		

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

Pension increases (continued)

The table below contains details of the increase rates applicable per element for the APS section.

For all Comax members and those Amey DB members who came into payment on or after 1 June 2010, the RPI reference month is September.

For Amey DB members who came into payment before 1 June 2010 and are below GMP Age, the RPI reference month is January. Once GMP age is attained the Post 88 GMP element reverts to using September as the RPI reference month (statutory requirement).

The table below contains details of the increase rates applicable per element for the APS section.

Sept RPI Reference month		Increase	
Payment elements		Before GMP Age	On or after GMP Age
0114	Pre88 GMP	RPI max 5%	Nil
0115	Post88 GMP	RPI max 5%	CPI max 3% *3
Increase (regardless of GMP Age)			
0111	Non Esc	Nil	
0153	Pre97 XS	RPI max 5%	
0154	97-09 XS	RPI max 5%	
0155	Post09 XS	RPI max 5%	
0161	AVC Esc	lower of RPI or 5%	
0162	Legal & General	unknown @ 07/12/2011 *2	
0560	Overpayment of Pension	Nil	
0596	Attachment of Earnings	Nil	

Jan RPI Reference month		Increase	
Payment elements		Before GMP Age	On or after GMP Age
0214	Pre88 GMP	RPI max 5%	Nil
0215	Post88 GMP	RPI max 5% *1	- n/a -
Increase (regardless of GMP Age)			
0111	Non Esc	Nil	
0253	Pre97 XS	RPI max 5%	
0254	97-09 XS	RPI max 5%	
0255	Post09 XS	RPI max 5%	
0261	AVC Esc	lower of RPI or 5%	
0162	Legal & General	unknown @ 07/12/2011 *2	
0560	Overpayment of Pension	Nil	
0596	Attachment of Earnings	Nil	

Further Information

Further information about the Scheme is available, on request, to members, their spouses and other beneficiaries. In particular the documents constituting the Scheme, the Rules and a copy of the latest actuarial report and the Trustee's Statement of Investment Principles ("SIP") can be inspected. The SIP can be found on the Scheme website which is my-amey-os-pension.com.

Please contact Matt Riley of PTL whose contact details can be found on page 2 if you require such information.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

INVESTMENT REPORT

General

The Trustee appointed SEI Investments (Europe) Limited as fiduciary manager for the assets of the Accord and Amey sections of the Amey OS Pension Scheme (the "Scheme") in November 2015 and in June 2017 in respect of the APS Section of the Scheme. In this capacity SEI provides advice to the Trustee on the long term investment strategy of the Scheme and in addition is responsible for managing the Scheme's assets according to the agreed investment policy by:

- Selecting appropriate pooled funds for each Section of the Scheme
- Defining the allocations to each pooled fund
- Managing a Liability Driven Investment (LDI) portfolio using pooled funds
- Making changes and adjustments where appropriate.

Please note that the Scheme has appointed Schroders (formerly R&M) as the Fiduciary Manager and the assets were being transferred over between September and November 2021.

In addition to Schroders the APS Section of the Scheme has appointed M&G Investment and Hayfin Capital Management as investment managers.

In addition to Schroders appointment the Trustee purchased a Bulk Annuity in 2016 with JUST. This is a contract with an insurer whereby, in exchange for an upfront premium, an insurer commits to make payments to the Scheme in respect of the benefits due to specified members. (Please note Schroders appointment excludes responsibility for the AVC assets and annuity policies).

Statement of Investment Principles

In accordance with the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles, which sets out its policy on investment issues, including risks, diversification of investments and details of the key elements of the investment arrangements of the Scheme. The latest SIP was signed on 17 December 2021 and a copy is included in appendix 2 on pages 62 to 69 of this report.

Investment Manager Arrangements

The Trustees have entered into an Investment Management Agreement with Schroders as the investment manager of the portfolio of the Scheme's assets and investments.

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

Custodial arrangements

The Trustee has appointed CACEIS as custodian of the Scheme's assets from 15 July 2021.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

Investment Strategy

The Trustees' long-term objective for the Scheme is to target an investment return objective of approximately 1.0% (Amey Section)/1.8% (Amey Accord Section)/1.8% (APS Section) per annum (net of fees) in excess of the Gilts Liability Benchmark.

Investments at year end were not held in line with the active SIP due to the transition of investments from SEI to Schroder Solutions. The formal SIP to document the change in strategy was not completed until December 2021.

Asset Class	Growth Assets Investment Restrictions					
	APS Section		Accord Section		Amey Section	
	Min	Max	Min	Max	Min	Max
Equities	20%	65%	20%	65%	20%	65%
Property	0%	20%	0%	20%	0%	20%
Return Seeking Credit	0%	45%	0%	45%	0%	45%
Commodities	0%	15%	0%	15%	0%	15%
Alternatives	0%	40%	0%	40%	0%	40%
Cash & Sovereign Bonds	0%	40%	0%	40%	0%	40%

* Excludes the bulk annuities

Asset Class	Additional Constraints					
	APS Section		Accord Section		Amey Section	
	Min	Max	Min	Max	Min	Max
Equities plus Commodities	20%	65%	20%	65%	20%	70%
Sub Investment Grade Debt	0%	20%	0%	20%	0%	30%
Equities and Sub Investment Grade Debt	0%	45%	0%	45%	20%	80%
Illiiquid Investments	0%	40%	0%	40%	0%	50%

Any illiquid Investments which in the Manager's reasonable opinion may not be fully realised under standard trading conditions within five years, as well as the maximum allocations permitted to each such illiquid investment, must be approved in advance by the Client in writing with such approval to be provided to the Manager by email from Chair of trustees or any two directors of the Client. The Manager retains the discretion as to the allocation to any approved Illiquid Investments subject to the maximum permitted allocation.

Exposure to the above asset classes may be obtained through direct investments, Funds inclusion In-House Funds, derivatives or a combination thereof. The Manager determines in its reasonable discretion, the classification of investments or transactions within each of the above asset classes. Except for Illiquid Investments, the Manager

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

shall apply growth assets restriction on a look-through to investments in the River and Mercantile Stable Growth Fund as applicable.

Trustee's Annual Report (continued)

Environmental, Social, and Governance (ESG) Issues and Voting

The Scheme's investments are achieved mainly via pooled investment funds. Direct control of the process of engaging with the companies or entities that issue securities, whether for corporate governance purposes, social, ethical or environmental factors, is delegated to the investment manager of the pooled investment fund. The Trustee expects the managers and their delegates to take account of all financially material factors, including social, environmental and ethical factors, when selecting investments.

Similarly the Investment Manager is responsible for shareholder voting. They report on voting and engagement activity to the Trustees on a periodic basis. For more details, see the implementation statement attached at pages 52 to 61 of this report.

Economic Background

Capital markets began the fourth quarter of 2020 at a crossroad: After risk assets capped off the prior quarter with their first monthly loss since rallying in March, a recovery stumbled in mid-October on a global resurgence of COVID-19 cases. However, a sharp early-November advance that coincided with the US presidential election was propelled higher through the end of the calendar year by a series of constructive announcements relating to the effectiveness, approval, and distribution of COVID-19 vaccines. UK shares led major developed markets during the quarter, but ended up with a sizeable loss for the 12-month period. European and Japanese shares followed the UK for the quarter, and both delivered positive returns for the full year; Japan fared much better than Europe in 2020. Meanwhile, US shares had a comparably modest quarter (albeit with a double-digit gain), but had the top major developed-market performance for the year. Sector-level performance was shaken up during the final three months of the year: Energy and financials both had huge rallies after lagging for most of 2020—making them the top performers by a wide margin during the fourth quarter—but still turned in full-year losses. UK and eurozone government-bond rates declined for the fourth quarter. UK rates climbed through October and November before dropping sharply across the yield curve in December. Eurozone rates tumbled across the curve in October, but bounced higher during November and had mixed movements in December—resulting in a steeper overall curve. US Treasury rates generally increased throughout the fourth quarter, with the 10-year Treasury rate rising by more than any other maturity.

The first quarter of 2021 was marked by transitions. Geopolitically, the UK bid the EU adieu after more than four years of anticipation, while the US federal government came under the leadership of the Biden administration and unified control of his Democratic Party in the Congress. This season of change was perhaps most evident in the trajectory of COVID-19's toll: case counts and daily deaths began the calendar year at or near their all-time peaks in many parts of the world, which created a sense for much of the quarter that the state of COVID-19 affairs was improving—albeit from a bleak starting point—and this impression was boosted by the increasing availability of vaccines. Case counts began to rise again in several countries toward the end of the quarter, and herd immunity was estimated to still be a couple months away at best, leading to the extension or re-imposition of restrictive public health measures to varying degrees around the globe yet again. Forward-looking capital markets focused on the brightening outlook throughout the first quarter. Globally, the cyclically sensitive energy and financial equity sectors led at a distance for the second consecutive quarter, while defensive consumer staples had the only negative performance. At the country level, Chile delivered the first quarter's top equity market gain. Chile has the world's largest copper reserves and is responsible for roughly one-third of global copper output, and has also established one of the most expedient vaccination programmes on the planet. Energy producers Saudi Arabia and UAE were the next-best performers. Among major markets, Hong Kong had the best performance, followed by the UK, the US, Europe, and then Japan. Mainland Chinese shares were slightly negative.

The broad-based advance in equities, commodities and riskier fixed-interest asset classes since earlier this year accelerated during the second quarter of 2021. Trend wise, a shift among global investors toward favouring cyclical and value-oriented asset classes that began in the second half of 2020 halted in mid-June. Market observers attributed this to the US Federal Open Market Committee (FOMC) deciding to increase its projection for the federal-

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

Environmental, Social, and Governance (ESG) Issues and Voting (continued)

funds rate in 2023. Meanwhile, for the first time since April this year, the seven-day moving average of new COVID-19 cases reported in the US stopped falling in mid-June after an impressive period of declines that brought cases to their lowest levels since March 2020. The FOMC development and the bottoming of COVID-19 cases can both be taken as evidence that the rebound taking place as the US economy reopens may be near its peak. Developed-market equities outpaced emerging markets for the second quarter of this year. US shares gained the most among major markets, followed by Europe, the UK, Hong Kong and mainland China. Japanese equities were modestly negative. UK gilt and US Treasury rates declined across most maturities for the first two months of the second quarter; short-term rates bounced in June to finish higher for the second quarter as intermediate-to-long-term rates continued to drop—resulting in flatter yield curves. Conversely, eurozone government-bond rates climbed throughout April and May before falling in June, but generally ended up higher compared to the beginning of the quarter.

The global equity rally staged a modest retreat for the third quarter, flipping performance from positive to negative in most regions, with challenges accumulating as the clock ticked toward the final hours of September. Developed-market equities were mixed for the period but generally remained quite strong in the year to date; Japan was a rare bright spot among major markets during the quarter. Meanwhile, China and Brazil registered deep losses for the three-month period that sank emerging-market equity returns for the quarter, which tipped returns negative for the year to date. Across the UK, eurozone and US, government bond rates generally increased for the full three-month period. After declining across the yield curve in July, rates rose in August and accelerated their climb in September. Inflation-indexed sovereign debt was the top-performing segment of fixed-interest markets during the quarter; high yield followed, while emerging-market debt and non-indexed sovereigns had the steepest losses. Crude-oil prices moved lower during the first half of the quarter but then reversed to end the period higher. The OPEC+ (Organization of the Petroleum Exporting Countries led by Saudi Arabia, plus Russia) decided at the beginning of October to maintain (rather than accelerate) the monthly increase in production of 400,000 barrels per day, which sent the price of West Texas Intermediate crude oil to its highest level since 2014. The Delta wave of new COVID-19 cases peaked in the UK during mid-July, and had a smaller resurgence in early September. Both episodes roughly coincided with high points in the hospitalisation rate, while the number of daily deaths crested along with the early September infections surge. US infection and hospitalisation counts topped at the beginning of September, just two weeks ahead of the country's mid-September peak in daily deaths.

Investment Performance

The asset performance of the 3 sections over the last year is shown below, this represents the asset performance of investments held with SEI up the 15 July 2021, it was not considered relevant to obtain performance data from Schroders as the investments had only been held for just over 2 months.

Return % per annum						
	APS Section		Accord Section		Amey Section	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
1 year	4.2%	2.6%	5.8%	4.2%	-0.4%	-2.7%
3 year pa	9.0%	8.8%	8.5%	9.2%	8.4%	8.3%
5 year pa	-	-	5.7%	5.8%	4.2%	3.7%

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

- Equity Markets**

Over the year, the Scheme's equity assets increased between 24.7% and 30.0% depending on the Section. The Scheme's global developed market equity portfolio continued its recovery from the global pandemic in March 2020 as well as from the positive sentiment of the successful CoVID-19 vaccine rollout.

- Bond Markets**

The risk management section of the portfolio is designed to partially protect the funding level against changes in interest rate and inflation rates. It contains instruments that effectively leverage the assets exposure to interest rates and inflation rates to cover over 90% of the sensitivity of liabilities to these factors in respect of APS and Accord Sections and 95% in respect of Amey Section. Over the year yields on both government bonds and investment grade corporate bonds rose and hence liabilities and risk management assets fell. APS, Accord and Amey Sections' Risk Management Assets fell by 6.4%, 9.3% and 11.6%, respectively.

- Alternatives**

The Fixed Income part of the alternatives portfolio increased by around 6% over the year. The loan portfolio in the APS section grew by 4.9% over the year and the more leveraged loan portfolios in the other two sections increased by 45.4%.

Amey and Accord Section's Property holdings rose by 6.3%.

Employer Related Investments

There were no employer-related investments at any time during the year.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Trustee's Annual Report (continued)

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with 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), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

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

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pension's legislation for maintaining, and from time to time revising, a schedule of contributions showing the rates of contributions payable to the Scheme by or on behalf of employers and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are paid into the Scheme by the employers in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

The Trustee is responsible for the maintenance and integrity of the financial information of the scheme included on the Scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Approved by and signed for and on behalf of the Trustee:



.....
Date: 25/3/2022

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Independent Auditor's Report to the Trustee of the Amey OS Pension Scheme

Opinion

We have audited the financial statements of the Amey OS Pension Scheme (the 'Scheme') for the year ended 30 September 2021, which comprise the fund account, the 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).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Scheme 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

We are responsible for concluding on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Scheme including effects arising from macro-economic uncertainties, we assessed and challenged the reasonableness of estimates made by the Trustee and the related disclosures and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

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 Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are approved by the Trustee.

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

The responsibilities of the Trustee with respect to going concern are described in the 'Responsibilities of Trustee for the financial statements' section of this report.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Independent Auditor's Report to the Trustee of the Amey OS Pension Scheme (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Trustee for the financial statements

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

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme, or has 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.

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

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Independent Auditor's Report to the Trustee of the Amey OS Pension Scheme (continued)

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant are the Pensions Acts 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of Pension Schemes" 2018 ("the SORP").
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Scheme operates.
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with management and the Trustee and from inspection of Trustee's board minutes and legal and regulatory correspondence. We enquired about the policies and procedures regarding compliance with laws and regulations with the Trustee.
- We assessed the susceptibility of the Scheme's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate net assets and the valuation of annuity insurance policy assets using a method not permitted under the SORP.

Our audit procedures involved:

- Evaluation of the design effectiveness of controls that the Trustee has in place to prevent and detect fraud
- Journal entry testing, with a focus on large journals, manual journals, those journals with unusual account combinations or entries posted to suspense accounts;
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the report and financial statements with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

**Independent Auditor's Report to the Trustee of the Amey OS Pension Scheme
(continued)**

All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of schemes of a similar size and complexity, appropriate to their role within the team. The engagement team are required to complete mandatory pensions sector training on an annual basis, thus ensuring they have sufficient knowledge and of the sector the underlying applicable legislation and related guidance.

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date : 25/3/2022

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Fund Account for the year to 30 September 2021

	Notes	Amey Section 30 Sep 2021 £000	Accord Section 30 Sep 2021 £000	APS Section 30 Sep 2021 £000	Total 30 Sep 2021 £000	Total 30 Sep 2020 £000
Additions from dealings with members						
Employer contributions		401	2,443	5,584	8,428	11,280
Employee contributions		16	15	12	43	79
Total contributions	5	417	2,458	5,596	8,471	11,359
Other income	6	95	-	-	95	-
		512	2,458	5,596	8,566	11,359
Withdrawals from dealings with members						
Benefits paid or payable	7	(1,097)	(3,172)	(9,196)	(13,465)	(14,161)
Payments to and on account of leavers	8	(169)	(148)	(2,518)	(2,835)	(4,781)
Administration expenses	9	(259)	(369)	(495)	(1,123)	(985)
		(1,525)	(3,689)	(12,209)	(17,423)	(19,927)
Net withdrawals from dealings with members			(1,013)	(1,231)	(6,613)	(8,857)
						(8,568)
Returns on investments						
Investment income	10	47	119	4,036	4,202	3,484
Change in market value of investments	11	665	7,588	18,269	26,522	(8,153)
Investment management expenses	18	(182)	(410)	(1,157)	(1,749)	(1,658)
Net returns on investments		530	7,297	21,148	28,975	(6,327)
Net (decrease) / increase in fund during the year			(483)	6,066	14,535	20,118
						(14,985)
Opening net assets		53,719	121,016	478,940	653,675	668,570
Closing net assets		53,236	127,082	493,475	673,793	653,675

Amey OS Pension Scheme annual report and financial statements
 Year ended 30 September 2021

Statement of Net Assets Available for Benefits as at 30 September 2021

	Notes	Amey Section 30 Sep 2021	Accord Section 30 Sep 2021	APS Section 30 Sep 2021	Total 30 Sep 2021	Total 30 Sep 2020
		£000	£000	£000	£000	£000
Investment assets						
Pooled investment vehicles	12	30,687	78,476	370,894	480,057	504,314
Insurance policies	14	16,490	32,480	87,200	136,170	139,600
AVC investments	14	-	63	2,265	2,328	2,424
Cash and other investment assets		5,506	13,493	31,393	50,392	2,109
Total investments		52,683	124,512	491,752	668,947	648,447
Current assets	19	642	2,727	2,581	5,950	6,852
Current liabilities	20	(89)	(157)	(858)	(1,104)	(1,624)
Total net assets available for benefits		53,236	127,082	493,475	673,793	653,675

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such liabilities, is dealt with in the Report on Actuarial Liabilities on pages 6 to 9 and the Actuarial Certificates and Statements on pages 49 to 51, these financial statements should be read in conjunction with these reports in order to obtain a full understanding of the financial position of the Scheme.

The notes on pages 26 to 46 form part of these financial statements.

25/3/2022

The financial statements on pages 24 to 46 were approved by the Trustee on.....

Signed for and on behalf of the Trustee:

Don Richards

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements

1. BASIS OF PREPARATION

The individual financial statements of Amey OS Pension Scheme 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 (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (Revised June 2018) ("the SORP").

Under the Pension Statement of Recommended Practice, a going concern basis is assumed unless a decision has been made to wind up the Scheme or an event triggering its wind up has occurred. As no such event has occurred or is currently anticipated, these financial statements have been prepared on a going concern basis.

In assessing whether the going concern assumption is appropriate, the Trustee assesses a period of at least 12 months from the date of approval of the accounts, based on information available at the time of approval of the accounts.

Process

The process that the Trustee adopts in considering going concern and any material uncertainties in relation to going concern include ensuring a recovery plan is in place following each triennial valuation, assessing the employer covenant on an ongoing basis and considering whether there are any other factors that could impact this assessment.

Assessment of going concern and any material uncertainties

In order to be able to make this assertion, the following key factors have been considered relevant:

- Employer Covenant
- Scheme cashflow forecasts
- Liquidity of assets
- Scheme funding levels
- Wind up/trigger events
- Review of contributions in line with recovery plan / Schedule of Contributions
- Catastrophic events

Evidence

The following evidence supports this assessment and has been provided to the auditors.

- Actuarial valuation and recovery plan for each section as at 30 September 2020
 - SEI / River & Mercantile quarterly performance update reports and monthly dashboards
- Employer covenant assessment / Minutes of discussions of the employer assessment
- Dashboard / Company Accounting provided at Trustees meetings

Conclusion

It is therefore concluded that it is reasonable to produce financial statements for the Amey OS Pension Scheme on a going concern basis.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

Amey OS Pension Scheme is established as a trust under English law. The Scheme is a registered pension scheme for tax purposes under chapter 2, part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential treatment. The address for further information about the Scheme is Matt Riley, PTL Governance Ltd, Merlin House, Brunel Road, Theale, Berkshire, RG7 4AB (E-mail: mriley@ptluk.com).

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements (continued)**3. COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT AND STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS****Fund account for the year to 30 September 2020**

	Notes	Amey Section 30 Sep 2020 £000	Accord Section 30 Sep 2020 £000	APS Section 30 Sep 2020 £000	Total 30 Sep 2020 £000
Additions from dealings with members					
Employer contributions		340	572	10,368	11,280
Employee contributions		18	36	25	79
Total contributions	5	358	608	10,393	11,359
Other income	6	-	-	-	-
		358	608	10,393	11,359
 Benefits paid or payable					
Payments to and on account of leavers	7	(1,170)	(2,747)	(10,244)	(14,161)
	8	(608)	(460)	(3,713)	(4,781)
Administration expenses	9	(220)	(340)	(425)	(985)
		(1,998)	(3,547)	(14,382)	(19,927)
 Net (withdrawals) from dealings with members		(1,640)	(2,939)	(3,989)	(8,568)
 Returns on investments					
Investment income	10	11	8	3,465	3,484
Change in market value of investments	11	(699)	(2,191)	(5,263)	(8,153)
Investment management expenses	18	(177)	(385)	(1,096)	(1,658)
 Net returns on investments		(865)	(2,568)	(2,894)	(6,327)
 Net increase in fund during the year		(2,505)	(5,507)	(6,883)	(14,895)
 Opening net assets		56,224	126,523	485,823	668,570
 Closing net assets		53,719	121,016	478,940	653,675

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements (continued)

Statement of Net Assets Available for Benefits as at 30 September 2020

	Notes	Amey Section 30 Sep 2020 £000	Accord Section 30 Sep 2020 £000	APS Section 30 Sep 2020 £000	Total 30 Sep 2020 £000
Investment assets					
Pooled investment vehicles	12	36,387	86,146	381,781	504,314
Insurance policies	14	17,100	33,100	89,400	139,600
AVC investments	13	-	114	2,310	2,424
Cash in transit				2,109	2,109
Total investments		53,487	119,360	475,600	648,946
Current assets	19	406	1,948	4,498	6,852
Current liabilities	20	(174)	(292)	(1,158)	(1,624)
Total net assets available for benefits		53,719	121,016	478,940	654,174

4. ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently, are set out below.

4.1 Currency

The functional and presentational currency used in these financial statements is Sterling (GBP).

4.2 Accruals concept

The financial statements have been prepared on an accruals basis.

4.3 Valuation of investments

Unitised pooled investment vehicles which are not quoted on active markets, have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net assets value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

The AVC investments include policies of assurance underwritten by Prudential, Utmost Life and Pensions Limited and Legal & General. For Prudential and Utmost Life and Pensions Limited the fair value of these policies of assurance has been taken as the surrender values of the policies at the year end, as advised by the AVC provider. For Legal & General the fair value is taken as the pooled fund unit price at the year-end date. If a year-end valuation is unavailable the policy values are taken as at the latest available valuation and adjusted for cash movements, as per the SORP.

The bulk annuity policies held in the name of the Trustee are held with, and valued at the year-end by JUST. The policies are included in the financial statements at the valuer's best estimate of future benefit liabilities based on applying a discount to an estimated premium value.

There are some historic annuity policies held in the name of the Trustee for the Accord Section, with Prudential and Legal & General, that are considered to be immaterial in value. The Trustee has decided to only value and include material annuity policies and therefore those immaterial historic policies are included in the financial statements at £Nil value.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements (continued)

4.4 Contributions and benefits

Normal contributions are accounted for when they are deducted from pay by the Employer, in accordance with the Schedules of Contributions.

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

Employer additional contributions are accounted for in the year they are received.

PPF Levy reimbursements due from the Scheme are accounted for in the year that the Scheme requests the reimbursements from the Employer.

Pensions paid, retirement benefits and death benefits are accounted for in the year in which they become due for payment. Where there is a choice, benefits are accounted for on the latter of the date of leaving, retirement or death and the date on which any option or notification is communicated to the Trustee. If there is no choice they are accounted for on the date of retiring or leaving.

4.5 Other income

Death in service income received from insurance companies is accounted for in the same year as the associated benefit.

Interest on bank deposits is accounted for as it accrues.

4.6 Transfer values

Individual transfers are accounted for when the transfer has been agreed by both parties and the receiving scheme has accepted liability for the transfer, which is normally on the date of payment of the transfer.

4.7 Investment income

Annuity income from the JUST bulk annuity policy used to pay pension benefits is recognised within investment sales on a cash basis.

Income from any pooled investment vehicles, which distribute income, is accounted for on an accruals basis on the date stocks are quoted ex-dividend, or in the case of unquoted instruments, when the dividend is declared.

Receipts from annuity policies with Prudential and Legal & General held by the Trustee to fund benefits payable to Scheme members are included within investment income on an accruals basis to match the related benefits payable.

4.8 Administrative, investment management expenses and other payments

Administrative, investment management expenses and other payments are accounted for on an accruals basis. Invoices incurred by a specific section are paid for by that section, invoices which are incurred by the Scheme as a whole are split equally between the three sections.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements (continued)**5. CONTRIBUTIONS**

	Amey Section £000	30 September 2021 Accord Section £000	APS Section £000	Total £000
Contributions from employer:				
Normal	220	128	-	348
Deficit funding	-	-	4,841	4,841
Additional employer contributions	-	2,000	-	2,000
Expenses contributions	180	300	600	1,080
Reimbursement of PPF Levy	1	15	143	159
	401	2,443	5,584	8,428
Contributions from member:				
Normal	16	15	-	31
Added years	-	-	-	-
Additional voluntary contributions	-	-	12	12
	16	15	12	43
	417	2,458	5,596	8,471
	Amey Section £000	30 September 2020 Accord Section £000	APS Section £000	Total £000
Contributions from employer:				
Normal	219	328	-	547
Deficit funding	-	-	9,682	9,682
Additional employer contributions	-	-	-	-
Expenses contributions	120	240	600	960
Reimbursement of PPF Levy	1	4	86	91
	340	572	10,368	11,280
Contributions from member:				
Normal	18	35	-	53
Added years	-	1	-	1
Additional voluntary contributions	-	-	25	25
	18	36	25	79
	358	608	10,393	11,359

Per the Schedules of Contributions certified by the Scheme Actuary on 1 April 2021, the employer is to make the following deficit funding and expense funding contributions to the Scheme:

Amey Section for the period 1 April 2021 to 1 April 2026:

Deficit funding	Nil
Expense funding	£20,000 per month

Accord Section for the period 1 April 2021 to 1 April 2026:

Deficit funding	Nil
Expense funding	£30,000 per month
Payments to escrow account	£148,520 per month (from 1 April 2021 to 31 July 2023)

APS Section for the period 1 April 2021 to 30 April 2026:

Payments to escrow account	£562,531 per month (from 1 April 2021 to 30 November 2023)
Expense funding	£50,000 per month

The Accord Section operates a salary sacrifice arrangement.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements (continued)**5. CONTRIBUTIONS (continued)**

The Accord section received an additional contribution of £2,000,000 on 18 December 2020, paid from the Escrow account.

6. OTHER INCOME

	30 September 2021			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Claims on Insurance term benefits	95	-	-	-
	<u>95</u>	<u>-</u>	<u>-</u>	<u>-</u>

	30 September 2020			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Claims on Insurance term benefits	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Death in service is insured with Legal & General.

7. BENEFITS PAID OR PAYABLE

	30 September 2021			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Pensions	(913)	(2,083)	(8,167)	(11,163)
Commutations and lump sums on retirement	(89)	(1,086)	(1,000)	(2,175)
Lump sum death benefits	-	-	(5)	(5)
Lump sums on death in service	(95)	-	-	(95)
Death benefits in retirement	-	(3)	(25)	(28)
	<u>(1,097)</u>	<u>(3,172)</u>	<u>(9,197)</u>	<u>(13,466)</u>

	30 September 2020			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Pensions	(943)	(2,083)	(8,392)	(11,418)
Commutations and lump sums on retirement	(196)	(650)	(1,850)	(2,696)
Lump sum death benefits	-	-	-	-
Lump sums on death in service	-	-	-	-
Death benefits in retirement	(31)	(14)	(2)	(47)
	<u>(1,170)</u>	<u>(2,747)</u>	<u>(10,244)</u>	<u>(14,161)</u>

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements (continued)**8. PAYMENTS TO AND ON ACCOUNT OF LEAVERS**

	30 September 2021			
	Amey Section £000	Accord Section £000	APS Section £000	
			Total	
Individual transfers to other schemes	(169)	(148)	(2,518)	2,835

	30 September 2020			
	Amey Section £000	Accord Section £000	APS Section £000	
			Total	
Individual transfers to other schemes	(608)	(460)	(3,713)	(4,781)

9. ADMINISTRATION EXPENSES

	30 September 2021			
	Amey Section £000	Accord Section £000	APS Section £000	
			Total	
Actuarial	(99)	(123)	(137)	(359)
Administration	(89)	(145)	(175)	(409)
PPF and other levies	(3)	(16)	(103)	(122)
Legal and professional	7	(12)	(7)	(12)
Audit	(6)	(6)	(6)	(18)
Member communication	(7)	(7)	(7)	(21)
Trustee fees	(58)	(58)	(58)	(174)
Other professional fees	(4)	(2)	(2)	(8)
	(259)	(369)	(495)	(1,123)

	30 September 2020			
	Amey Section £000	Accord Section £000	APS Section £000	
			Total	
Actuarial	(24)	(28)	(39)	(91)
Administration	(87)	(125)	(150)	(362)
PPF and other levies	(4)	(17)	(128)	(149)
Legal and professional	(28)	(95)	(33)	(156)
Audit	(5)	(5)	(5)	(15)
Member communication	(9)	(9)	(9)	(27)
Trustee fees	(51)	(51)	(51)	(153)
Other professional fees	(12)	(10)	(10)	(32)
	(220)	(340)	(425)	(985)

The Company reimburses the Scheme for the Amey Section, Accord Section and APS Section Pension Protection Fund Levy in accordance with the schedules of contributions. The reimbursement is shown in Note 5.

Amey OS Pension Scheme annual report and financial statements
 Year ended 30 September 2021

Notes to the financial statements (continued)

10. INVESTMENT INCOME

	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Interest from pooled fund investments	46	116	4,036	4,198
Annuity income	-	3	-	3
Interest on cash deposits	1	-	-	1
	47	119	4,036	4,202

	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Interest from pooled fund investments	-	-	3,465	3,465
Annuity income	-	8	-	8
Interest on cash deposits	11	-	-	11
	11	8	3,465	3,484

11. RECONCILIATION OF INVESTMENTS

The movements in total investments during the year were as follows:

AMEY SECTION

	Value at 30 Sept 2020 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Value at 30 Sept 2021 £000
Pooled investment vehicles	36,387	22,363	(28,604)	541	30,687
Insurance policies	17,100	-	(728)	118	16,490
AVC investments	-	-	(6)	6	-
	53,487	22,363	(29,338)	665	47,177
Cash	-				4,368
Cash in transit	-				1,138
Total	53,487				52,683

ACCORD SECTION

	Value at 30 Sept 2020 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Value at 30 Sept 2021 £000
Pooled investment vehicles	86,146	38,701	(53,083)	6,712	78,476
Insurance policies	33,100	-	(1,512)	892	32,480
AVC investments	114	-	(35)	(16)	63
	119,360	38,701	(54,630)	7,588	111,019
Cash	-				9,642
Cash in transit	-				3,851
Total	119,360				124,512

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements (continued)**11. RECONCILIATION OF INVESTMENTS (continued)****APS SECTION**

	Value at 30 Sept 2020 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Value at 30 Sept 2021 £000
Pooled investment vehicles	381,781	132,701	(160,291)	16,703	370,894
Insurance policies	89,400	-	(3,510)	1,310	87,200
AVC investments	2,310	12	(313)	256	2,265
	473,491	132,713	(164,414)	18,269	460,359
Cash	-				21,087
Cash in transit	2,109				10,306
Total	475,600				491,752

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 the sales of investments during the year.

Included within the purchases and sales figures are transaction costs which are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the fund such as fees, commissions, stamp duty and other fees. Direct transaction costs were £Nil (Sep 2020: £Nil). Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and are not separately disclosed to the Scheme.

The Accord Section holds some historic annuity policies which are not considered to be material and have therefore not been valued and are included in these financial statements at £Nil value.

12. POOLED INVESTMENT VEHICLES

As at 30 September 2021 the Scheme's investment in pooled investment vehicles comprised:

AMEY SECTION

	30 Sept 2021 £000	30 Sept 2020 £000
Equity funds	2,849	7,756
Bond funds	16,694	26,117
Cash	7,943	-
Credit funds	1,969	1,355
Property funds	1,232	1,159
	30,687	36,387

ACCORD SECTION

	30 Sept 2021 £000	30 Sept 2020 £000
Equity funds	17,491	27,953
Bond funds	45,343	52,508
Credit funds	2,668	1,835
Cash	8,881	-
Property funds	4,093	3,850
	78,476	86,146

Amey OS Pension Scheme annual report and financial statements
 Year ended 30 September 2021

Notes to the financial statements (continued)

12. POOLED INVESTMENT VEHICLES (continued)

APS SECTION

	30 Sept 2021 £000	30 Sept 2020 £000
Equity funds	72,781	99,476
Bond funds	251,743	249,577
Property funds	18	18
Private equity funds	24,144	32,710
Cash	22,208	-
	370,894	381,781

13. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

The Trustee holds assets invested separately from the main fund in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions.

Members participating in this arrangement each receive an annual statement made up to 5 April each year, confirming the amounts held to their account and the movements during the year. The total amount of AVC investments at the year-end is shown below.

The fair value of the Legal & General policy has been taken as the pooled fund unit price of the policies at the year-end, as advised by the AVC provider. The fair value of the Prudential policy was not available as at the year-end, so as per the SORP, the values have been taken as at the latest available valuation, 31 March 2021 and adjusted for cash movements.

AMEY SECTION

	30 Sept 2021 £000	30 Sept 2020 £000
Prudential	-	-

ACCORD SECTION

	30 Sept 2021 £000	30 Sept 2020 £000
Prudential	63	114

APS SECTION

	30 Sept 2021 £000	30 Sept 2020 £000
Utmost Life and Pensions Limited	485	427
Prudential	90	90
L&G	1,690	1,793
	2,265	2,310

Amey OS Pension Scheme annual report and financial statements
 Year ended 30 September 2021

Notes to the financial statements (continued)

14. INSURANCE POLICIES

AMEY SECTION

	30 Sept 2021 £000	30 Sept 2020 £000
JUST	16,490	17,100

ACCORD SECTION

	30 Sept 2021 £000	30 Sept 2020 £000
JUST	32,480	33,100

APS SECTION

	30 Sept 2021 £000	30 Sept 2020 £000
JUST	87,200	89,400

15. INVESTMENT FAIR VALUE HIERARCHY

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

- Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investments have been analysed using the above hierarchy categories as follows:

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements (continued)**15. INVESTMENT FAIR VALUE HIERARCHY (continued)**

30 September 2021				
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
AMEY SECTION				
Pooled investment vehicles	-	27,486	3,201	30,687
Insurance policies	-	-	16,490	16,490
AVC investments	-	-	-	-
Cash	4,368	-	-	4,368
Cash in transit	1,138	-	-	1,138
	5,506	27,486	19,691	52,683
ACCORD SECTION				
Pooled investment vehicles	-	71,715	6,761	78,476
Insurance policies	-	-	32,480	32,480
AVC investments	-	-	63	63
Cash	9,642	-	-	9,642
Cash in transit	3,851	-	-	3,851
	13,493	71,715	39,304	124,512
APS SECTION				
Pooled investment vehicles	-	346,732	24,162	370,894
Insurance policies	-	-	87,200	87,200
AVC investments	-	-	2,265	2,265
Cash	21,087	-	-	21,087
Cash in transit	10,306	-	-	10,306
	31,393	346,732	113,627	491,752
	50,392	445,933	172,622	668,947

30 September 2020				
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
AMEY SECTION				
Pooled investment vehicles	-	33,873	2,514	36,387
Insurance policies	-	-	17,100	17,100
AVC investments	-	-	-	-
	-	33,873	19,614	53,487
ACCORD SECTION				
Pooled investment vehicles	-	80,461	5,685	86,146
Insurance policies	-	-	33,100	33,100
AVC investments	-	-	114	114
	-	82,461	38,899	119,360
APS SECTION				
Pooled investment vehicles	-	349,053	32,728	381,781
Insurance policies	-	-	89,400	89,400
AVC investments	-	-	2,310	2,310
Cash in transit	2,109	-	-	2,109
	2,109	349,053	124,438	475,600
	2,109	463,387	182,951	648,447

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

16. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks.

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

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

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial instrument 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 instrument 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 instrument 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 Trustee determines their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

AVC investments are not covered in this analysis as they are not considered material to the financial statements.

The following tables outline each sections' pooled investment vehicles held as at 30 September 2021 and the relevant investment risks:

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

AMEY SECTION

Asset name	Sep 2021	Sep 2020	RISKS				
	Value £000	Value £000	Credit	Currency	Interest rate	Inflation	Other
SGIF Global Select Equity Fund	1,381	4,058	<input type="checkbox"/>				
SGMF Emerging Markets Equity	402	607	<input type="checkbox"/>				
SGMF UK Dynamic Asset Alloc Fund	-	1,388	<input type="checkbox"/>				
SGMF Emerging Markets Debt	-	1,735	<input type="checkbox"/>				
SGMF High Yield Fixed Income	-	1,744	<input type="checkbox"/>				
SGMF UK Credit Fixed Income	3,747	8,558	<input type="checkbox"/>				
SGMF UK Long Duration Credit Fund	1,795	3,800	<input type="checkbox"/>				
SGMF Pan Euro Small Co Equity	-	414	<input type="checkbox"/>				
SGMF US Small Companies Equity	-	386	<input type="checkbox"/>				
SEI UK Property Fund	1,232	1,159	<input type="checkbox"/>				
SEI Credit fund offshore	1,969	1,354	<input type="checkbox"/>				
SGMF UK Gilts FI	-	-	<input type="checkbox"/>				
SGMF Managed Volatility	884	903	<input type="checkbox"/>				
SGMF UK I-L Fixed Interest	-	392	<input type="checkbox"/>				
BMO LDI Funds	4,943	9,889	<input type="checkbox"/>				
BlackRock ICS Sterling Liquidity Fund	7,943	-	<input type="checkbox"/>				
Insight Investment LDI Funds	2,296	-	<input type="checkbox"/>				
Insight Investment Bond Funds	3,535	-	<input type="checkbox"/>				
Vanguard FTSE All-World ETF	71	-	<input type="checkbox"/>				
Vanguard FTSE Developed Markets ETF	111	-	<input type="checkbox"/>				
BMO Short Profile Leveraged Gilt Fund	378	-	<input type="checkbox"/>				
		-					

- Significant
- Partial
- Negligible

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2021

Notes to the financial statements (continued)

16. INVESTMENT RISKS (continued)

ACCORD SECTION

Asset name	Sep 2021	Sep 2020	RISKS				
	Value £000	Value £000	Credit	Currency	Interest rate	Inflation	Other
SGIF Global Select Equity Fund	11,330	16,081	<input type="checkbox"/>				
SGMF Emerging Markets Equity	2,854	3,750	<input type="checkbox"/>				
SGMF UK Dynamic Asset Alloc Fund	-	1,415	<input type="checkbox"/>				
SGMF Emerging Markets Debt	-	5,690	<input type="checkbox"/>				
SGMF UK Credit FI	3,895	11,186	<input type="checkbox"/>				
SGMF UK Long Duration Credit Fund	4,600	6,643	<input type="checkbox"/>				
SGMF High Yield Fixed Income	-	5,876	<input type="checkbox"/>				
SGMF Pan Euro Smaller Co Equity	-	2,384	<input type="checkbox"/>				
SGMF US Small Companies Equity	-	2,228	<input type="checkbox"/>				
SEI UK Property Fund	4,093	3,850	<input type="checkbox"/>				
SEI Credit fund offshore	2,668	1,835	<input type="checkbox"/>				
SGMF UK Gilts FI	-	-	<input type="checkbox"/>				
SGMF Managed Volatility	2,035	2,094	<input type="checkbox"/>				
SGMF UK Long Duration ILFI Gilts	2,165	-	<input type="checkbox"/>				
BMO LDI Funds	17,814	23,114	<input type="checkbox"/>				
Insight Investment LDI Funds	5,678	-	<input type="checkbox"/>				
BlackRock ICS Sterling Liquidity Fund	9,506	-	<input type="checkbox"/>				
Insight Investment Bond Funds	8,884	-	<input type="checkbox"/>				
Vanguard FTSE All-World ETF	498	-	<input type="checkbox"/>				
Vanguard FTSE Developed Markets ETF	774	-	<input type="checkbox"/>				
Amundi Funds Liquid Credit Opportunities Fund	279	-	<input type="checkbox"/>				
BNY Mellon Efficient US High Yield Beta Fund	459	-	<input type="checkbox"/>				
Legg Mason Western Asset Macro Opportunities Bond Fund	124	-	<input type="checkbox"/>				
Neuberger Berman Emerging Markets Debt	199	-	<input type="checkbox"/>				
Neuberger Berman Global Flexible Credit Fund	621	-	<input type="checkbox"/>				

■ Significant
 Partial
 Negligible

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements (continued)

16. INVESTMENT RISKS (continued)

APS SECTION

The following table outlines the section's pooled investment vehicles held as at 30 September 2021 and the relevant investment risks:

Asset name	Sep 2021	Sep 2020	RISKS				
	Value £'000	Value £'000	Credit	Currency	Interest rate	Inflation	Other
SGIF Global Select Equity Fund	24,284	29,356	□	□	□	□	□
SGMF Emerging Markets Equity	8,620	11,476	□	□	□	□	□
SGMF UK Dynamic Asset Alloc Fund	-	10,160	□	□	□	□	□
SGMF Emerging Markets Debt	-	7,481	□	□	□	□	□
SGMF High Yield Fixed Income	-	7,985	□	□	□	□	□
SGMF UK Credit Fixed Income	23,369	34,654	□	□	□	□	□
SGMF Global Managed Volatility	28,254	32,529	□	□	□	□	□
SGMF Pan Euro Small Co Equity	2,910	8,108	□	□	□	□	□
SGMF US Small Companies Equity	2,843	7,577	□	□	□	□	□
SGMF UK I-L Fixed Interest	16,413	5,199	□	□	□	□	□
SGMF UK Long Duration Credit Fund	25,407	39,961	□	□	□	□	□
BMO LDI Funds	83,592	101,820	□	□	□	□	□
SGMF UK Gilts FI	5,230	3,466	□	□	□	□	□
Hayfin DLF	24,144	32,710	□	□	□	□	□
M&G Inflation opportunities	51,116	49,011	□	□	□	□	□
Aviva Recovery Fund	18	18	□	□	□	□	□
Insight Investment LDI Funds	27,467	-	□	□	□	□	□
BlackRock ICS Sterling Liquidity Fund	22,208	-	□	□	□	□	□
Insight Investment Bond Funds	19,148	-	□	□	□	□	□
Vanguard FTSE All-World ETF	2,299	-	□	□	□	□	□
Vanguard FTSE Developed Markets ETF	3,572	-	□	□	□	□	□

- Significant
- Partial
- Negligible

(i) Credit Risk

The Scheme is subject to credit risk because the Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

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, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled funds. The Trustee reviews the prospectus of funds on offer and carries out due diligence checks on the Fiduciary Manager who in turn monitors the credit risk within the pooled funds on behalf of the Trustee.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicle. The Trustee recognises that this risk may lead to volatility in the short term and is mitigated by limiting allocation to such assets.

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2021

Notes to the financial statements (continued)**16. INVESTMENT RISKS (continued)**

The Scheme is also subject to credit risk exposure via its holdings in annuity policies, the values of which are disclosed in note 13.

The information about exposures to and mitigation of credit risk above applied at both the current year end and previous year end.

(ii) Currency risk

The Scheme is subject to indirect currency risk because some of the underlying assets in the Scheme's GBP priced pooled investment vehicles are held in overseas markets. There is no direct currency risk exposure within the Scheme.

(iii) Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds and interest rate swaps (through pooled vehicles), and cash.

Under this strategy, if interest rates fall, the value of risk management investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the risk management investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

(iv) Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes, equities and alternative investments such as hedge funds and real estate held within the investments in pooled investment vehicles.

The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various sectors.

The Scheme is also subject to other price risk exposure via its holdings in annuity policies, the values of which are disclosed in note 13.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements (continued)**17. CONCENTRATION OF INVESTMENTS**

Investments exceeding 5% of the value of each section's net assets as at 30 September 2021 or 30 September 2020 are detailed below:

AMEY SECTION

	Value at 30 Sep 2021 £000	%	Value at 30 Sep 2020 £000	%
Blackrock ICS Sterling Liquidity	3,747	7.0	-	-
SGMF UK Credit Fixed Income	3,747	7.0	8,558	15.9
Blackrock ICS Sterling Liquidity - Heritage	4,196	7.9	-	-
JUST Insurance Policy	16,490	31.0	17,100	31.8
SGIF Global Select Equity Fund	N/a	N/a	4,058	7.6
BMO Regular Profile Nominal Swap	N/a	N/a	5,604	10.4
SGMF UK Long Duration Credit Fund	N/a	N/a	3,800	7.1

ACCORD SECTION

	Value at 30 Sep 2021 £000	%	Value at 30 Sep 2020 £000	%
SGIF Global Select Equity Fund	11,330	8.9	16,081	13.3
BMO Regular Profile Swap Fund	9,018	7.1	11,255	9.3
Blackrock ICS Sterling Liquidity - Heritage	8,881	7.0	-	-
JUST Insurance Policy	32,480	25.6	33,100	27.4
SGMF UK Credit FI	N/a	N/a	11,186	9.2
SGMF UK Long Duration Credit Fund	N/a	N/a	6,643	5.5

APS SECTION

	Value at 30 Sep 2021 £000	%	Value at 30 Sep 2020 £000	%
SGMF UK Long Duration Credit Fund	25,407	5.1	39,961	8.3
SGMF Global Managed Volatility	28,254	5.7	32,529	6.8
BMO Regular Profile Real Swap Fund	43,244	8.8	55,020	11.5
BMO Regular Profile LVG Real Gilt	31,712	6.4	31,657	6.6
M&G Inflation Fund	51,116	10.4	49,011	10.2
JUST Insurance Policy	87,200	17.7	89,400	18.7
SGIF Global Select Equity Fund	N/a	N/a	29,356	6.1
Hayfin DLFII GDP Feeder	N/a	N/a	32,710	6.8
SGMF UK Credit Fixed Income	N/a	N/a	34,654	7.2

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements (continued)**18. INVESTMENT MANAGEMENT EXPENSES**

	30 September 2021		
	Amey Section £000	Accord Section £000	APS Section £000
	Total		
Investment fund management	(182)	(410)	(1,157)
			(1,749)

	30 September 2020		
	Amey Section £000	Accord Section £000	APS Section £000
	Total		
Investment fund management	(177)	(385)	(1,096)
			(1,658)

19. CURRENT ASSETS

	30 September 2021		
	Amey Section £000	Accord Section £000	APS Section £000
	Total		
Contributions receivable			
- Employer	37	34	50
- Members	1	1	-
Prepaid benefits	-	29	-
Cash	604	2,663	2,531
	642	2,727	2,581
			5,950

	30 September 2020		
	Amey Section £000	Accord Section £000	APS Section £000
	Total		
Contributions receivable			
- Employer	29	37	50
- Members	1	2	-
Cash	376	1,909	4,448
	406	1,948	4,498
			6,733
			6,852

The contributions due at 30 September 2021 were received after the year end in accordance with the due dates as set out in the schedules of contributions.

Amey OS Pension Scheme annual report and financial statements
 Year ended 30 September 2021

Notes to the financial statements (continued)

20. CURRENT LIABILITIES

	30 September 2021		
	<i>Amey Section £000</i>	<i>Accord Section £000</i>	<i>APS Section £000</i>
	Total		
Benefit payments	(4)	-	(482)
Taxation	-	(4)	(2)
Administrative expenses	(40)	(53)	(84)
Investment management expenses	(45)	(100)	(290)
	(89)	(157)	(858)
			(1,104)

	30 September 2020		
	<i>Amey Section £000</i>	<i>Accord Section £000</i>	<i>APS Section £000</i>
	Total		
Benefit payments	(95)	(150)	(752)
Taxation	-	-	-
Administrative expenses	(35)	(47)	(116)
Investment management expenses	(44)	(95)	(290)
	(174)	(292)	(1,158)
			(1,624)

21. RELATED PARTY TRANSACTIONS

The directors of the Independent Trustee are not members of the Scheme. Trustee Fees of £174,000 (year ended 30 September 2020: £153,000) were paid to PTL, the independent Corporate Trustee during the year. At the end of the year the Scheme owed the Corporate Trustee £13,500 (2020: £13,666).

22. EMPLOYER RELATED INVESTMENTS

There were no employer-related investments at any time during the year.

23. CONTINGENT ASSETS

At the 30 September 2021 there was £4,117,342 (2020: £2,200,712) held in the Accord Section Escrow account.

24. TAX STATUS OF THE SCHEME

The Scheme is a registered pension scheme for tax purposes under chapter 2, part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential treatment.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Notes to the financial statements (continued)**25. GMP EQUALISATION**

In October 2018, the High Court determined that benefits built up between May 1990 and April 1997 must be recalculated for both men and women to remove the inequality. This is known as Guaranteed Minimum Pension Equalisation ("GMP Equalisation"). Under the ruling, where an uplift to benefits is necessary, schemes are required to backdate benefit adjustments in relation to GMP Equalisation and, where the benefits are already in payment, provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and, therefore, have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year in which they are determined. The Trustee has held a number of meetings over the course of the year with the advisers to review the data requirements and the approach that will be taken in respect of GMP Equalisation. A further update will be made available in next year's accounts and communications will be issued to members when appropriate.

On 20 November 2020, the High Court handed down a further judgement on the GMP Equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgement in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgement confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Fund may have experienced historical transfers out which might be subject to adjustment as a result of this second ruling. The Trustee will be considering this at a future meeting and decisions will be made as to the next steps.

26. SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure in the financial statements.

Amey OS Pension Scheme annual report and financial statements
 Year ended 30 September 2021

Summary of Contributions

During the year ended 30 September 2021, the contributions payable to the Scheme were as follows:

	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Contributions payable under the Schedules of Contributions				
Contributions from employer				
Normal	220	128	-	348
Deficit funding	-	-	4,841	4,841
Expenses contributions	180	300	600	1,080
Reimbursement of PPF levies	1	15	143	159
	401	443	5,584	6,428
Contributions from members				
Normal	16	15	-	32
Added years	-	-	-	-
Additional voluntary contributions	-	-	12	12
	16	15	12	43
Contributions payable under the Schedules (as reported on by the Scheme auditor)	417	458	5,596	6,471
Other contributions payable				
Other	-	2,000	-	2,000
	-	2,000	-	2,000
Contributions reported in the financial statements	417	2,458	5,596	8,471



..... Trustee Director

Date: 25/3/2022

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Independent auditor's statement about contributions to the Trustee of Amey OS Pension Scheme

We have examined the summary of contributions to the Amey OS Pension Scheme (the 'Scheme') for the Scheme year ended 30 September 2021 which is set out on page 47.

In our opinion, contributions for the Scheme year ended 30 September 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 Scheme actuary on 27 March 2018 and on 14 April 2021 (in relation to all three sections).

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 scheme and the timing of those payments under the schedules of contributions.

Respective responsibilities of trustees and the auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 19, the Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of 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 statement

This statement is made solely to the Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

25/3/2022
Date :

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Actuarial Certification of Schedule of Contributions – Amey section

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the Schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 1 April 2021.

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

Signature: <i>Andrew Allsopp</i>	Date: 14 April 2021
Name: Andrew Allsopp	Qualification: Fellow of the Institute and Faculty of Actuaries
Address: Quattro Pensions Prospect House Fishing Line Road Redditch Worcestershire B97 6EW	Name of employer (if applicable): Quattro Pensions Consulting Ltd

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2021**Actuarial Certification of Schedule of Contributions – Accord section****Adequacy of rates of contributions**

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 1 April 2021.

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

Signature:	Date:
Andrew Allsopp	14 April 2021
Name:	Qualification:
Andrew Allsopp	Fellow of the Institute and Faculty of Actuaries
Address:	Name of employer (if applicable):
Quattro Pensions Prospect House Fishing Line Road Redditch Worcestershire B97 6EW	Quattro Pensions Consulting Ltd

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2021**Actuarial Certification of Schedule of Contributions – APS Section****Adequacy of rates of contributions**

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the Schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 1 April 2021.

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

Signature: <i>Andrew Allsopp</i>	Date: 14 April 2021
Name: Andrew Allsopp	Qualification: Fellow of the Institute and Faculty of Actuaries
Address: Quattro Pensions Prospect House Fishing Line Road Redditch Worcestershire B97 6EW	Name of employer (if applicable): Quattro Pensions Consulting Ltd

Amey OS Pension Scheme annual report and financial statements
 Year ended 30 September 2021

Appendix 1

IMPLEMENTATION STATEMENT
Amey OS Pension Scheme



The Trustee for each of the three sections in the scheme: the Amey Section, the Accord Section and the APS Section, has prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. Its purpose is to demonstrate how the Scheme has followed the policy on voting, stewardship and engagement as set out in the Scheme's Statement of Investment Principles (SIP), dated September 2018 and updated on September 2020. This statement covers the period 30 September 2020 to 30 September 2021. It should be noted that following the period covered by this statement, SEI have been replaced by Schroders Solutions (previously River & Mercantile) and a new SIP was adopted from 17th December 2021 to reflect the investment strategy implemented with Schroders Solutions. Further information in respect of the change will be included in the Implementation Statement for the period 30 September 2021 to 30 September 2022.

A. Voting and Engagement Policy

The policy as set out in the SIP in respect of voting, stewardship and engagement is in summary as follows:

- i. The Scheme only invests via pooled investment funds, meaning that the Scheme's investments are pooled with those of other investors. It can be harder for those invested in pooled funds to exert their influence, given the other investors with a stake, but the Trustees still monitor and engage as much as possible.
- ii. Voting decisions on stocks are delegated to the investment manager of the pooled funds held by the Scheme.
- iii. SEI, the Fund's Fiduciary Manager, or the investment manager of a third party pooled fund, has full discretion for undertaking engagement activities in respect of the investments.
- iv. Where the investment manager is SEI, they have pooled their holdings in their funds with other investors and employed a specialist ESG provider for voting and engagement services.
- v. SEI will report on voting and engagement activity to the Trustee on a periodic basis together with its adherence to the UK Stewardship Code. The Trustee will consider whether the approach taken was appropriate or whether an alternative approach is necessary.
- vi. The SIP dated September 2020 set out new policies in respect of asset manager arrangements. In relation to voting, stewardship and engagement, a policy was introduced that the Trustee will assess the Fiduciary Manager's performance against objectives annually including how well the Fiduciary Manager is aligned with the SIP in terms of ESG factors. No other changes were made to the voting, stewardship and engagement policies.
- vii. The Trustee has decided not to take non-financial considerations into account in the selection, retention and realisation of investments. For this purpose, non-financial matters means the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Scheme.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

The Trustee is of the opinion that this policy has been followed during the year. In particular:

- The Trustee has received and reviewed quarterly reports from SEI that set out
 - How SEI has voted on all the shares where SEI has voting rights including number of votes for, against and abstentions. For votes against, details of the issue to which the vote relate is provided.
- SEI's engagement priorities which for 2021 included priorities in each of the following categories:
 - Climate change
 - Sustainable Agriculture
 - Modern Slavery
 - Future of Work
 - Board Governance
 - The number of companies engaged and the number of milestones achieved by engagement issue and a rating of its significance.
 - The Trustee reviewed the above quarterly reports throughout the Scheme year and monitored performance. The Trustees were satisfied with the content of the report and that SEI's performance was in line with the SIP and the Trustees' expectations.
 - The Trustee has considered SEI's voting practices and stewardship policies noting that they are a signatory to the UN Principles for Responsible Investment.
 - The Trustee has a process in place to review SEI's performance against objectives, including ESG factors.

In light of the above and otherwise, the Trustee has considered their policy in regard to voting and stewardship and concluded that

- SEI's voting and stewardship policies and implementation on behalf of the Trustee remain aligned with the Trustee' views on these matters.
- The current policy is appropriate and no further action is required at this stage, albeit the Trustee will continue to monitor the performance of this policy and SEI's performance in the future (albeit noting the change to Schroders Solutions following the period covered by this statement).

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

B. Voting Record

All underlying securities in pooled funds that have voting rights are managed by SEI with SEI having the legal right to the underlying votes. SEI in turn use a Specialist ESG Provider, namely BMO REO for 2020 and Glass Lewis for votes cast in 2021, as a proxy for all voting. The proxy votes are voted according to a policy set out by SEI. SEI provide the Specialist provider with the holdings across all SEI's pooled funds. During the period from 30 September 2020 to 30 September 2021, across the Scheme's holdings¹ SEI voted as follows, including the percentage of overall votable items voted on:

Fund Name	Global Managed Volatility	Global Select Equity	Emerging Market Equity	Europe Small Cap
ISIN	IE00B19H3542	IE00B295X008	IE0002515637	IE0034296248
Number of Votable Meetings	517	541	781	249
Number of Votable Items	5941	9198	7327	3920
% of Items Voted	93%	95%	99%	87%
For	90%	91%	82%	94%
Against	9%	1%	13%	5%
Abstain/ Withheld/ Other	1%	0%	5%	1%
% of votes with management	90%	92%	79%	94%
% of votes against management	9%	8%	15%	6%
% of votes other	1%	1%	6%	1%
Voting Against/Abstain by Category				
Capital Related	7%	5%	15%	12%
Board/Directors/Governance	53%	44%	52%	30%
Remuneration Related	17%	23%	11%	38%
Shareholder Proposals	17%	20%	1%	7%
Other	6%	8%	21%	13%

Amey OS Pension Scheme annual report and financial statements
 Year ended 30 September 2021

Fund Name	US Small Equity	Dynamic Asset Allocation
ISIN	IE0034296800	IE00B5NNKL10
Number of Votable Meetings	381	783
Number of Votable Items	3527	14813
% of Items Voted	100%	94%
For	95%	92%
Against	3%	7%
Abstain/ Withheld/ Other	2%	0%
% of votes with management	94%	92%
% of votes against management	6%	7%
% of votes other	0%	1%
Voting Against/Abstain by Category		
Capital Related	1%	6%
Board/Directors/Governance	38%	38%
Remuneration Related	45%	25%
Shareholder Proposals	7%	21%
Other	9%	10%

C. Significant Votes

A highlight of some of the significant votes during the period are shown in the table below. These votes are considered to be significant as they have a material impact on the company or the wider community. SEI's selects votes based on one or more of the following criteria's:

- Votes SEI consider to be high profile which have such a degree of controversy that there is high client and/or public scrutiny.
- Votes relating to companies with a high or severe ESG risk rating.
- Votes relating to companies on one of SEI's watch lists. Watch lists cover ESG topics such as climate and diversity as well as initiatives including Climate Action 100+ and the United Nations Global Compact.
- Votes that are part of a wider engagement that SEI has been conducting and reflect the achievement of an ESG engagement milestone.
- Votes relating to our 2021 thematic priorities as described in section A.

To date the Trustee have accepted SEI's position on what constitutes a significant vote but this will be kept under consideration.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Company Name	Held in Fund(s)	Theme	Description
Boeing Co	Dynamic Asset Allocation	Governance	<p>Boeing supplied the aircraft for the Lion Air Flight 610 and the Ethiopian Airlines Flight 302, which both fatally crashed in October 2018 and March 2019. The investigations and hearings which followed these crashes have indicated that it was due to poor oversight by many parties including the board, the firm's executives and U.S. Federal Aviation Administration's aircraft certification process. SEI therefore voted Against the re-election of Edmund Giambastiani and Lawrence Kellner who are the longest serving members on the board and were on the audit committee when the planes were being developed and the certification of them. Therefore, they had a significant role in the decisions regarding these planes. This vote is considered high profile as it addresses concerns over passenger safety and helps to hold the board accountable for the fatal consequences of the Boeing crashes. Boeing also has a high ESG risk rating and is part of the Climate Action 100+ initiative.</p>
DuPont de Nemours Inc	Dynamic Asset Allocation	Environmental	<p>Voted For the proposal for a 'Report on Plastic Pollution'. Although DuPont have made commitments to reducing its environmental footprint by plastic pollution e.g. zero discharge of plastics to marine and freshwaters it has not provided much disclosure on how it is going to meet these commitments. Therefore, this report will provide better oversight of this. This vote is considered significant as it addresses important environmental issues and DuPont is part of the United Nations Global Compact as well as having a high ESG risk rating.</p>
Petroleo Brasileiro S.A. Petrobras	Emerging Markets	Governance	<p>Voted Against the proposal for the 'Dismissal of Director Roberto da Cunha Castello Branco'. This proposal is considered to be a politically motivated change in governance as it was proposed by the Brazilian Government who are the biggest shareholder. Branco who is the current CEO is set to be replaced by the Government's proposed candidate Joaquim Silva e Luna; a retired army general and former Minister of Defense. It is questionable whether a military official has the right professional background for this role and considering the risk of political intervention SEI believes he might not act in the shareholders' interests. Due to the political aspect of the vote it is considered significant as it has an impact of society which poses serious business risks for the company. Petroleo Brasileiro S.A – Petrobras also has a severe ESG risk rating and is part of Climate Action 100+ and United Nations Global Compact.</p>

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

General Electric Company	Dynamic Asset Allocation	Governance	Voted Against the proposal on 'Advisory Vote on Executive Compensation'. This vote decision was mainly driven by the CEO's updated inducement award to 9.3 million shares from 5 million and its lower performance goals. Despite this increase being due to the drop in value of the award (pandemic impact to the share value) and a need to retain top executives, SEI believe that this award and its targets misalign long-term performance and pay outcomes. This vote is considered significant due to the high executive pay and the impact this has on governance of a high profile company. General Electric Company has a severe risk rating and is part of multiple watch lists including Climate Action 100+ and United Nations Global Compact.
Glencore	Dynamic Asset Allocation	Climate Change	Voted For the 'Advisory Vote on Climate Action Transition Plan'. Glencore's plan which will be updated every 3 years and targets to become net total emissions by 2050. This proposal would encourage the engagement between the company and the shareholders to ensure the company is producing strong reporting on climate related issues. The company have also clarified that the Board would remain responsible for the management and oversight of all risks and opportunities relating to climate change and the vote would not be a way for the Board to defer issues of strategy to shareholders. This vote is deemed high profile due to the nature of Glencore's business, which has a high exposure to ESG issues. Therefore, this vote will help to address its environmental impact on the wider society. Glencore has a high ESG risk rating and is part of Climate Action 100+ and United Nations Global Compact.
Imperial Oil Ltd	Dynamic Asset Allocation	Climate Change	Voted For the 'Shareholder Proposal Regarding Net Zero by 2050 Ambition'. Many companies, particularly energy companies are adopting net zero emission goals to align their operations with the goals of the Paris Agreements. This proposal was flagged as a Climate Action 100+ shareholder proposal and requests an ambition to achieve net zero carbon emissions at or before 2050 on Scope 1 and 2 emissions. Considering the market and regulatory momentum towards cutting carbon emissions this proposal is important since this company is one of Canada's largest integrated oil companies. This vote is deemed high profile due to the nature of Imperial Oil Ltd.'s business, which has a high exposure to ESG issues. Therefore, this vote will help to address its environmental impact on the wider society. Imperial Oil Ltd. has a high ESG risk rating and is part of Climate Action 100+.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Johnson & Johnson	Global Managed Volatility Global Select Dynamic Asset Allocation	Community Relations	Voted For the 'Shareholder Proposal Regarding Racial Impact Audit'. Johnson & Johnson have faced many legal challenges on the safety of its talc-based baby powder where patients alleged it caused cancer. It has also been accused of marketing the product to minority women even after concerns about potential carcinogens in the product were raised. Although the legal battle continues, this report will require a third party audit to assess the racial impact of its policies, products and services. This vote is deemed high profile because of the concerns of product safety and its impact on society. This issue disproportionately impacted women of colour due to the focused marketing therefore the report will help to identify and mitigate potential risks. Johnson & Johnson has a high ESG rating and is part of SEI's United Nations Global Compact watch list.
Phillips 66	Dynamic Asset Allocation	Climate Change	Voted For the 'Shareholder Proposal Regarding Greenhouse Gas Reduction Targets'. The proposal implicitly requests the company to set Scope 1, 2 and 3 emissions reduction targets on its operations and energy products. Although the company has raised that it is working towards setting attainable targets that are tied to projects, SEI believes that they should do more given the regulatory momentum in US which could make Phillips 66 and others in the industry significantly reduce their emission levels. Scope 3 targets can require significant operational changes but for a company that has not set scope 1 or 2 emission reductions it is lagging behind oil and gas industry peers. This vote is deemed high profile due to the nature of Phillips 66 business, which has a high exposure to ESG issues. Therefore, this vote will help to address its environmental impact on the wider society. Phillips 66 has a high ESG risk rating and is part of Climate Action 100+.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Rio Tinto Ltd	Dynamic Asset Allocation	Governance	Voted Against the proposal 'Remuneration Report'. SEI is hesitant to support the remuneration report due to the size of the awards for the former CEO. In May 2020 in Western Australia as part of an iron-ore mine expansion, the company blasted two ancient rock shelters in the Juukan Gorge. This caused permanent damage to an Aboriginal cultural heritage site. Despite knowing the cultural significance of them before blasting, it went ahead and also later admitted they did not advise the traditional owners of other options available, which would not have involved destruction of the shelters. As CEO at the time, they would have had a significant role in this decision and therefore SEI does not support the high Long Term Incentive Plan of the CEO as part of the remuneration report. This vote is deemed high profile as the destruction of the Gorge sparked a public outcry and therefore, it seeks to address poor corporate behaviour by not compensating those responsible. Rio Tinto has a high ESG risk rating and is part of Climate Action 100+.
Santos Ltd	Dynamic Asset Allocation	Climate Change	Voted For 'Shareholder Proposal Regarding Disclosure of Paris-aligned Capital Expenditure and Operations'. As one of the largest oil and gas producers in Australia , additional reporting on how the Company's capital expenditures is consistent with the climate goals of the Paris Agreement would benefit shareholders and provide insight into how the Company manages an important issue and wider climate goals. This vote is deemed high profile due to the nature of Santos Ltd's business, which has a high exposure to ESG issues. Therefore, this vote will help to address its environmental impact on the wider society. Santos Ltd has a high ESG risk rating and is part of Climate Action 100+.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Alibaba	Emerging Markets Equity	Governance	Voted Against the proposal 'elect Joseph Tsai Chung'. SEI believes shareholders are best served if the board has basic standards of independence for its board leadership and committees. Chung is executive vice chair of the Company and is a member of the compensation committee. SEI does not believe it is appropriate for an executive to serve on their own company's compensation committee, as they would be in charge of setting their own compensation. Additionally, he also serves as chair of the nominating and corporate governance committee which SEI believes should consist of solely independent directors. Finally, the board has no independent chair or lead director since both roles are held by company insiders. An independent chair is better able to oversee the executives of the company without conflicts. Alibaba has a high ESG risk rating and the company is deemed high profile after recent investigations by the Chinese regulatory body overseeing business.
---------	-------------------------	------------	---

Approved by the Trustee of the Amey OS Pension Scheme on 22 March 2022

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Implementation Statement – AVC arrangements

Period covered: 1 October 2020 – 30 September 2021

Members have the choice to invest their AVC accounts in one or more pooled funds operated by the following insurance companies:

- Prudential Assurance Company Limited
- Utmost Life and Pensions Limited
- Legal and General Assurance Society Limited

The Trustees are aware that as all investments are held in pooled funds, the Trustees can only view, rather than influence, their managers' ESG and stewardship behaviour including the exercise of voting rights. The Trustees' policy is to delegate the exercise of voting rights to their managers.

Review of AVC arrangements

The Trustees did not fully review AVC arrangements during the period, but did commission a full review shortly after the year-end. Initial advice on the suitability of the AVC arrangements was received in November 2021, which did not raise any particular concerns for the Trustees, although further work is continuing. The Implementation Statement next year will contain further information on the outcome of this review.

Stewardship reports

Summaries of the fund managers' approach to ESG and stewardship can be found via the following links:

Prudential Assurance Company Limited
[mandg-2020-annual-stewardship-report.pdf](#)

Utmost Life and Pensions Limited
[Sustainability \(utmost.co.uk\)](#)

Legal and General Assurance Society Limited
[LGIM Active ownership 2020 2021](#)

The Trustees are satisfied that the fund managers' behaviour is consistent with the Trustees' expectations, responsibilities and SIP.

Statement of compliance with the Regulations

The Trustees are pleased to report that during the Period they have, in their opinion, adhered to the policies set out in their SIP in respect of their AVC arrangements and have complied with the Regulations.

Agreed by the Trustee of the Amey OS Pension Scheme on 23 March 2022

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2021

Appendix 2

Statement of Investment Principles

Amey OS Pension Scheme

September 2021

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

Introduction

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 (as amended) for the Amey OS Pension Scheme ('the Scheme'). It describes the investment policy being pursued by the Trustee for each of the three Sections in the Scheme: the Amey Section, the Accord Section and the APS Section. The Trustee believes these are in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK ('the Myners Principles') and TPR's Investment Guidance for defined benefit pension schemes. This SIP also reflects the requirements of Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

The Scheme Actuary is Andrew Allsopp of Quattro Pensions Consulting Actuaries (now part of Broadstone Group), and the Investment Adviser is River and Mercantile Solutions (collectively termed 'the Advisers'). The Trustee confirms that, before preparing this SIP, they have consulted with Amey Services Limited ('the Sponsoring Employer') and the Scheme Actuary and have obtained and considered written advice from the Investment Adviser.

The Trustee is responsible for the investment of the Scheme's assets and where they are required to make an investment decision, the Trustee always receives advice from the relevant Advisers first. They believe that this ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000 ('FSMA'), the Trustee sets general investment policy but has delegated day-to-day investment of the Scheme's assets to be undertaken through the fiduciary management service of River and Mercantile Investments Limited ('R&M Solutions'), hereafter referred to as the 'Investment Manager'.

Scheme Governance

The Trustee is responsible for the governance and investment of the Scheme's assets. The Trustee considers that the governance structure is appropriate for the Scheme as it allows the Trustee to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Manager or the Advisers as appropriate.

The Trustee will review this SIP at least every three years, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Sponsoring Employer if deemed appropriate. There will be no obligation to change this SIP, the Investment Manager or Adviser as part of such a review.

Suitability

The Trustee has defined the investment objective and investment strategy with due regard to the Scheme's liabilities.

The Trustee has taken advice from the Advisers to ensure that the proposed strategy, and the assets held by the Scheme through that strategy, are suitable given its liability profile, the Trustee's objectives, legislative requirements, regulatory guidance and specifications in the trust deed and rules governing the Scheme (the Trust Deed).

Statutory Funding Requirement

The Trustee will obtain and consider proper advice on the question of whether the investments and investment strategy are satisfactory having regard to both the investment objectives and the requirement to meet any statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary, with a

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

full actuarial valuation at least every three years.

The Trustee will consider with the Investment Adviser and the Scheme Actuary whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement.

Investment Objectives

The overall objective of the Scheme is to meet the benefit payments promised as they fall due. In order to achieve this, the Trustee of the Scheme has set the following qualitative objectives:

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

In quantitative terms, the Trustee invests the assets in a blend of Growth assets (including an Equity Derivative Overlay Strategy) that broadly targets 3%-4% above cash, a portfolio of Investment Grade credit that broadly targets up to 1% above cash, a liability hedge which aims to mitigate the change in the liabilities. The Trustee decides the blend of these funds (excluding the buy-in where applicable) to target the appropriate return for the Scheme and this is shown in the Quarterly Monitoring Report.

Implementation of investment strategy

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

Monitoring

The Trustee will monitor the performance of the Investment Manager against the agreed performance objectives.

The Trustee, or any other suitably qualified Adviser on behalf of the Trustee, will regularly review the activities of the Investment Manager to satisfy themselves that the Investment Manager continues to carry out their work competently and have the appropriate knowledge and experience to manage the assets of the Scheme.

As part of this review, the Trustee will consider whether or not the Investment Manager:

- Is carrying out their function competently.
- Has regard to the need for diversification of investments.
- Has regard to the suitability of each investment and each category of investment.
- Has been exercising their powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

If the Trustee is not satisfied with the Investment Manager they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustee's requirements, the Trustee will remove the Investment Manager and appoint another.

Corporate Governance and Stewardship

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

The Trustee has appointed the Investment Manager to implement the Scheme's investment strategy. The Investment Manager manages assets directly on behalf of the Trustee as well as having delegated authority to appoint, monitor and change the Underlying Managers.

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

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

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

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

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

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

The Trustee acknowledges the inherent potential for conflicts of interest which exist as part of ongoing Investment management business activities. As an FCA regulated firm, the Investment Manager is required to prevent or manage conflicts of interest. Where Underlying Managers are also regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

incorporation or operations. The Investment Manager directly monitors these as part of their regulatory filings (where available), the Investment Manager also monitors this as part of ongoing review. The Investment Manager's Conflict of Interest policy is available publicly here:

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

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

Realisation of Investments

The majority of assets (excluding the buy-in where applicable) are held in underlying pooled funds, most of which can be realised easily if the Trustee so requires. The Investment Manager is permitted to hold illiquid investments (as defined in the Fiduciary Management Agreement), which the Trustee acknowledges can take additional time to realise. The Trustees have considered this risk against the possibility of needing to realise these assets and are comfortable it is a reasonable approach to take.

Derivatives

The Trustee may enter into contracts with counterparties, including investment banks, in order to execute derivative transactions. The Trustee has taken advice on the suitability of the contracts and has delegated responsibility to the Investment Manager to implement these instruments on its behalf. Derivative instruments are typically used for risk management purposes in the portfolio.

Additional Voluntary Contributions (AVCs)

Under the Scheme's Trust Deed and Rules, members were previously allowed to invest Additional Voluntary Contributions to improve the benefits they receive at retirement. The Trustee has selected a range of investment funds (to allow for portfolio diversification) with AVC providers for the AVCs to be invested in. The AVC providers are Prudential Assurance company Limited, The Equitable Life Assurance Society and Friends Life. Members investing with these AVC providers are responsible for their own investment decisions.

The Trustee reviews these arrangements regularly having regard to their performance, the objectives and the views of the Advisers.

Financially material investment considerations

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

The Trustee's policy is to delegate consideration of financially material factors, including ESG to the Investment Manager (for the Scheme assets excluding the buy-in where applicable) who considers these when constructing the portfolio, including looking at Underlying Managers. All references to ESG relate to financial factors only. All references to ESG also include climate change. As part of their ongoing monitoring, the Trustee reviews some key metrics on a regular basis that are provided by the Investment Manager covering ESG which enable them to engage with the Investment Manager and understand the impact of ESG on the portfolio.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

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

Risks

The Trustee recognises a number of risks involved in the investment of the assets of the Scheme. These risks, and how they are measured and managed, include:

- **Funding and asset/liability mismatch risk** – the risk that the funding level is adversely affected due to a mismatch between the assets and liabilities. This risk is managed in the following ways:

- A liability benchmark or 'LB' is used as a proxy for the liabilities (excluding those covered by the buy-in where applicable) in order to measure the approximate changes in these liabilities (due to changes to the relevant gilt yields only). The Trustee monitors this change relative to the change in asset values (excluding the buy-in where applicable) on a quarterly basis. The LB is reviewed following each actuarial review, or when significant market or Scheme events (e.g. a significant change in inflation expectations) imply that an amendment may be appropriate.
- The Trustee also recognises the risk of a negative impact on the funding level due to changes in the actuarial assumptions used to calculate the liabilities and variation in experience. This is managed by aiming for a higher overall investment return than implied by the liability discount rate.
- When setting and reviewing investment strategy, the Trustee examines how the investment strategy impacts on downside risk. Downside risk of the investment strategy is also measured by reference to the LB and can therefore also be assessed as part of the quarterly review process.
- This risk is also monitored through regular actuarial and investment reviews including monthly portfolio updates.

- **Underperformance risk** – the risk of underperforming the benchmarks and objectives set by the Trustee. This risk is minimised using the following techniques:

- Appropriate diversification across asset classes, within sectors and between individual stocks to minimise the effect of a particular stock or sector performing badly.
- The use of instruments and strategies designed to control the extent of downside exposure.
- The selective use of active management when appropriate given market conditions, the asset class considered and where the benefits (risk and/or return) are expected to outweigh the additional costs/fees.
- Regular monitoring of the managers' performance, processes and capabilities with respect to their mandate and by the diversification across multiple Underlying Managers by the Investment Manager.

- **Cash flow risk** – addressed through

- The buy-in, which provides cashflows over time in order to meet a portion of the Scheme's pensioner benefit outgo
- The monitoring of the cash flow requirement of the Scheme to control the timing of any investment/disinvestment of assets.
- The Trustee has also put in place a dedicated cashflow matching portfolio that is intended to mitigate the risk

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2021

caused by significantly high levels of benefit payments.

- **Concentration risk** – the risk of an adverse influence on investment values from the concentration of holdings is reduced by the diversification of the assets.
- **Counterparty risk** – the risk of a counterparty to an agreement not carrying out their side of the deal. Where derivatives are used, the risk of counterparty default is reduced through the requirement in the relevant documentation that regular collateral or margin payments be made. It is also considered in the selection of counterparties and the incorporation of protection mechanisms in the documentation in the event of a downgrade in credit quality of an existing counterparty.
- **Country risk** – the risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.
- **Currency risk** – the risk that fluctuations in the value of overseas currencies affect the total return of the Scheme's investments when compared to a Sterling benchmark. The Trustee mitigates this risk by allowing the Investment Manager to use currency hedging.
- **Default risk** – the risk of income from assets not being paid when promised. This is addressed through restrictions for the Investment Manager and Underlying Managers, e.g. a minimum credit rating of the bonds they are allowed to buy and also a high proportion of the bonds held are government bonds which have little default risk.
- **ESG risk** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by the Investment Manager's ESG assessment at the point of investment with Underlying Managers. A summary of the overall ESG characteristics is in the portfolio in the quarterly governance report.
- **Mismanagement risk** – the risk of unsuitable investment activity by the Investment Manager. This is addressed in the agreement with the Investment Manager, and in turn by the Investment Manager with the Underlying Managers, which contain restrictions on the proportion and type of asset classes that the Investment Manager or Underlying Managers may invest in.
- **Organisational risk** – the risk of inadequate internal processes leading to problems for the Scheme. This is addressed through regular monitoring of the Investment Manager, buy-in provider and Advisers by the Trustee, and of the Underlying Managers by the Investment Manager.
- **Sponsor risk** – the risk of the Sponsoring Employer ceasing to exist which, for reasons of prudence, has been taken into account when setting the asset allocation strategy. The Trustee regularly reviews the covenant of the Sponsoring Employer.

The Trustee will keep these risks and how they are measured and managed under regular review.

Non-financial matters

The Trustee does not at present take into account non-financial matters (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold. At this time the Trustee has no Schemes to seek the views of the membership on ethical considerations.

Dan Richards

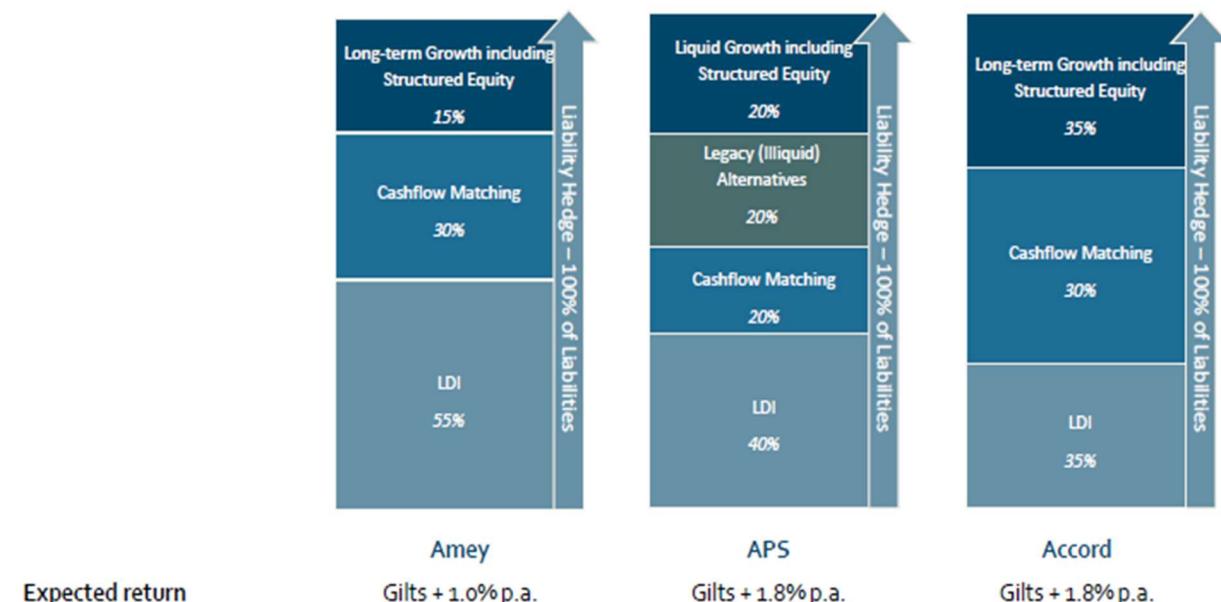
Signed:.....Dan Richards (Feb 23, 2022 09:27 GMT).....

Date: ..17 December 2021.....

For and on behalf of the Trustee of the Amey OS Pension Scheme

Amey OS Pension Scheme annual report and financial statements
 Year ended 30 September 2021

Appendix A – Current Investment Strategy



Source: R&M as at 30th June 2021. For deriving Expected return, we have assumed Cash+4% p.a. for the growth assets, Cash+1% p.a. on the Matching credit/Cashflow Matching assets and Gilts+0% p.a. on LDI assets. Liability hedge is on a Gilts + 0.25% p.a. liability basis.