

## **Fluor Limited Retirement Benefits Scheme**

### **Annual Report for the year ended 5 April 2023**

#### **Trustee's Report**

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#### **Implementation statement**

##### **Introduction**

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the year to 5 April 2023. This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator.

The Trustee keeps its policies within the SIP under regular review, subject to full review at least triennially and without delay if there are relevant, material changes to the Scheme and/or the Company. The SIP was last reviewed in September 2020 and may be found available online at <https://www.fluor.com/sitecollectiondocuments/ftl-sip.pdf>.

##### **Investment Objectives of the Scheme**

###### ***DB Section***

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the DB Section of the Scheme included in the SIP are as follows:

The Trustee's ultimate objective is to ensure the security of the members' benefits. In light of this objective, the Trustee has agreed to enter into a bulk annuity policy with LGAS.

LGAS is an insurance company authorised and regulated by the Prudential Regulation Authority. The policy has not been structured with expected return in mind, but instead aims to exactly match the Scheme's benefit obligations.

The Trustee's ultimate objective is to ensure it can meet its obligations to the beneficiaries of the Scheme. To this end, existing assets in conjunction with a balancing payment from the Company were used to fund the purchase of a bulk annuity contract. Under the contract, LGAS will provide payments to the Trustee in line with the benefits promised by the Scheme.

###### ***AVC Section***

The objectives for the AVC section are as follows:

The Scheme provides a facility for members of the DB Section to pay Additional Voluntary Contributions ("AVCs") to enhance their benefits at retirement. The Trustee wishes to give such members a reasonable degree of freedom over the investment of their AVCs. The Trustee's objective is to provide access to funds which the Trustee is advised by the Investment Consultant are expected to provide a suitable long-term return for members' consistent with member's reasonable expectations and risk preferences.

##### **Review of the SIP**

The Scheme's SIP was last revised on 16 September 2020 to reflect the new requirements under the Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019. No further revisions were made since.

##### **Responsible Investment and Corporate Governance**

The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment returns. With respect to the AVC investments with Prudential, the Trustee has given the Investment Manager full discretion when evaluating ESG issues and in exercising rights and stewardship obligations attached to the Scheme's investments.

The Trustee does not make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by Prudential, who are in a position to engage directly with such issuers in order to improve their performance in the medium to long term.

The Trustee expects details of voting and engagement activities associated with each of the AVC funds invested in, to be available if requested. Should the need arise, the Trustee may challenge manager decisions that appear out of line with the investment fund's objectives or the objectives/policies of the Trustee.