XPS Pensions

The APC Pension Scheme

Trustee's Annual Report and Financial Statements for the year ended 5 April 2023

Registration Number - 10251159

Contents

Key Highlights

Trustee Responsibilities

> Act in accordance with the Trust Deed and Rules of the Scheme and within the framework of the law;

> Act prudently, conscientiously and honestly, and with the utmost good faith;

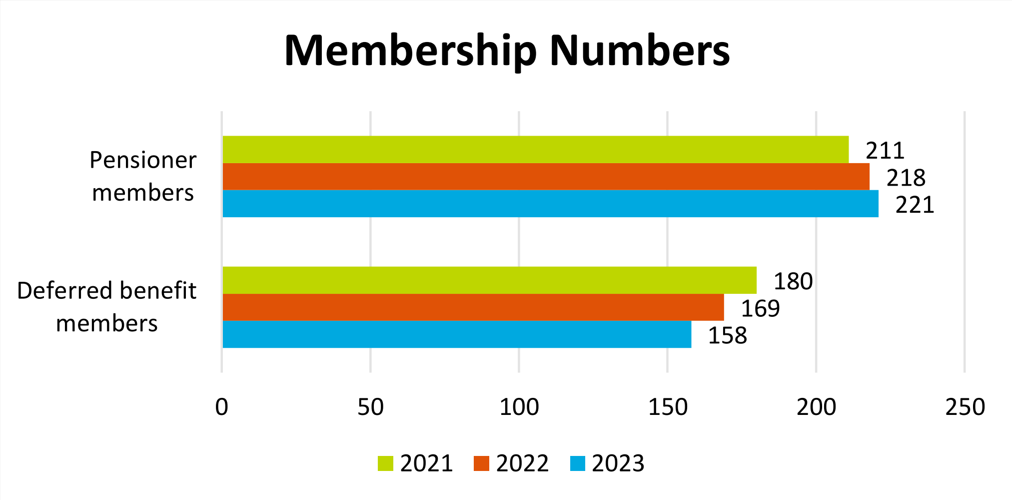
> Act in the best interest of beneficiaries and strike a fair balance between the interests of different classes of beneficiary;

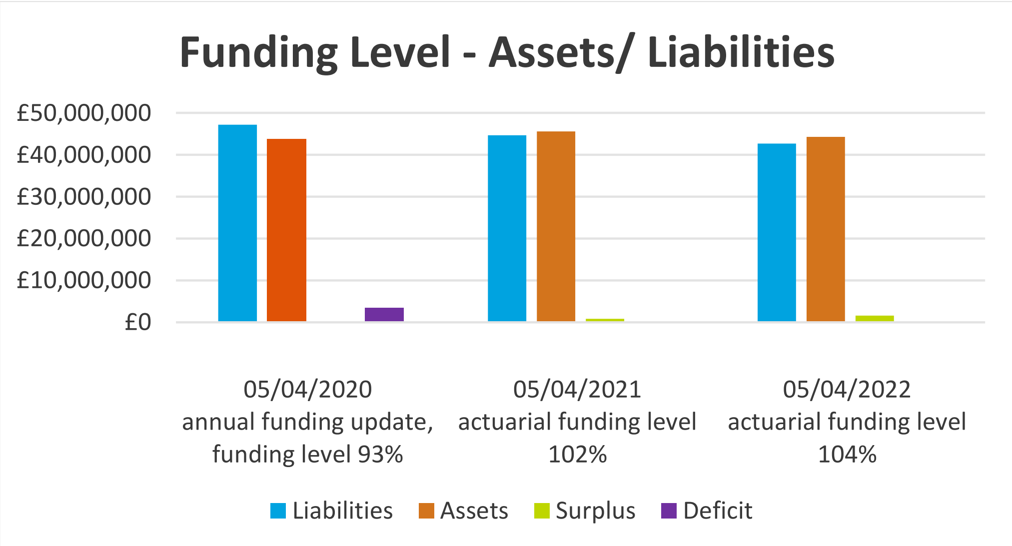
> Safeguard members' benefits by managing Scheme assets effectively;

> Take advice on technical matters, and other matters where appropriate;

> Keep proper accounting records which accurately disclose the financial position of the Scheme; and

> Deliver a high level of service to all members.





The latest funding update indicated that the funding level of the Scheme had improved slightly to 104% as at 5 April 2022, mostly attributable to changes in the actuarial assumptions used to value the liabilities which have placed a significantly lower value on the liabilities and returns on the Scheme's investments were slightly lower than expected, which partially offset the improvement in funding level. The annual update at 5 April 2023 is currently underway.

Trustee's Report for the year ended 5 April 2023

Introduction

The Trustee is pleased to present the Annual Report and Financial Statements of The APC Pension Scheme ("the Scheme") for the year ended 5 April 2023.

Constitution of the Scheme

The Scheme is designed to provide salary related benefits for employees of Schneider Electric IT UK Limited (referred to as "the Employer").

The Scheme is administered in accordance with the Definitive Trust Deed and Rules dated 22 September 2000 and subsequent amendments.

The Scheme was closed to future accrual after 12 July 2010. Employees who were active contributory members of the Scheme as at this date continued to retain a link to final pensionable salary for as long as they remained in employment. The link to final pensionable salary ceased after 20 May 2019.

The Scheme was contracted-out of the additional component of the State Second Pension.

Management of the Scheme

The Trustee is a corporate body, Schneider Trustees Limited "STL", consisting of both Employer appointed and Member nominated Directors. The formal appointment or removal of the Trustee Directors rests with Schneider Electric Limited.

The Directors of the Trustee company during the year to 5 April 2023 are detailed in Appendix 1.

The responsibilities and duties of the Trustee are to act as custodian of the Scheme's assets and to ensure that the Scheme is administered in accordance with the formal Trust Deed and Rules and are further outlined on page 1.

To allow the Trustee to achieve this, professionals are employed to handle the day-to-day management of the Scheme and to pursue the most appropriate investment strategy for the Scheme's funds. During the year, relevant elements of the administration of the Scheme were undertaken on behalf of the Trustee by XPS Pensions Group.

The Trustee's advisers are listed in Appendix 1.

Activities and Developments in 2022/23

The governance structure of Schneider Trustees Limited "STL" encompasses the full Trustee board, the administrative and governance committee, the funding and investment committee, and a dedicated guaranteed minimum pension (GMP) working group.

During the Scheme year, there were 4 Trustee Board meetings, 4 Funding and Investment Committee meetings, 2 ad-hoc investment meetings in relation to the fiduciary management agreement and the long-term funding objective, 4 Administration and Governance committee meetings, and 4 GMP working group meetings,

Training was provided to the Trustee on Liability Driven Investment (LDI), Cyber Security, Environmental, Social and Governance (ESG) as well as topical actuarial, legal and investment items.

The STL Administration and Governance Committee and the STL Funding and Investment and Committee have delegated authority as detailed in the appropriate Terms of Reference, and any decisions and discretions exercised are ratified with the Trustee Board at the next full Trustee Board Meeting.

Trustee's Report for the year ended 5 April 2023

Activities and Developments in 2022/23 (continued)

The following developments occurred during the Plan year:

- The Trustee is continuing to carry out an exercise to reconcile the (GMP) records held by the Scheme with the data held centrally by HMRC. This project is expected to continue throughout 2023. After the GMP records are reconciled an exercise will be carried out to rectify deferred benefits and pensions in payment for the outcome of the reconciliation exercise and equalisation of benefits inclusive of GMPs.
- A newsletter was issued in February 2023.
- The Trustee board appointed a fiduciary management oversight provider to assess the performance of the current fiduciary manager against set objectives.
- The Trustee has implemented a tracing project with the aim of updating plan records and verifying the status of existing members.
- Following the Government's announcement of the 'mini-budget' on 23 September 2022, the financial markets experienced a period of heightened volatility. Investors reacted negatively to the economic policies and 'unfunded' tax cuts set out within the plan. Consequently, the long-term yield on government bonds (gilts) spiked within a very short period, reflecting waning confidence in the UK economy. The magnitude of the volatility experienced in the gilt market was unprecedented and the Bank of England was forced to intervene between 28 September and 14 October, purchasing £19.3bn of gilts, in a bid to stabilise the market.

  Across the defined benefit (DB) pensions industry, it is common for pension scheme liabilities to be measured with respect to gilt yields. Schemes often employ liability-driven investment (LDI) strategies, investing in a combination of physical and leveraged gilts funds, such that their assets mirror the movement of their liabilities over time. In this way, schemes are able to hedge their exposure to interest rate and inflation risks and so stabilise their funding positions.

  To the extent that some LDI funds are 'leveraged', they provide greater exposure to gilt movements than the value of their underlying gilt holdings would provide without leverage (borrowing). In the event gilt yields rise enough (i.e. gilt values fall), leveraged funds require additional capital to maintain their exposure, which is provided via 'capital calls'. In the event additional capital is not provided, the level of exposure to gilts is reduced. Conversely, if gilt yields fall (i.e. gilt values rise), leveraged LDI funds deliver cash, akin to a dividend payment.

  When yields spiked during the 2022 LDI crisis period (from 23 September 2022 to 14 October 2022), LDI managers called for capital on their leveraged gilt funds at an unprecedented rate. This presented a range of problems across the DB pension scheme landscape, with schemes faring differently depending on their particular characteristics. Some schemes struggled to meet these payments due to the illiquid nature of their assets, and saw the level of their hedging fall if they were unable to meet capital calls on their leveraged LDI positions. Other schemes were forced into selling illiquid assets at heavy discounts in order to fund the capital payments. Some schemes sought help from their sponsor companies in the form of short-term loans to provide liquidity to maintain their LDI exposures. Each scheme's governance framework, the level of leverage employed in its LDI strategy, and the liquidity of its assets were key factors in how well it performed during the crisis.

  The APC Pension Scheme entered the crisis with very high liquidity, low levels of leverage in its LDI strategy, and a robust fiduciary management framework, meaning it performed relatively well throughout the period.

Trustee's Report for the year ended 5 April 2023

Activities and Developments in 2022/23 (continued)

Since the 'mini-budget', LDI managers have responded by reducing the level of leverage available across their product ranges, and the gilt market has stabilised. The APC Pension Scheme's LDI arrangements were re-evaluated following the LDI Crisis and appropriate changes were made to ensure these maintain high levels of resilience to future gilt market volatility. The Scheme's fiduciary manager conducted a comprehensive stress-testing assessment and provided guidance to support the Scheme's compliance with the Pensions Regulator's '10 Steps Towards LDI Resilience' recommendations, last updated on 24 April 2023.

Financial Development of the Scheme

The audited Financial Statements record the financial transactions of the Scheme during the year. During the year, the value of the Scheme's assets decreased from £44,414,018 as at 5 April 2022 to £30,916,540 as at 5 April 2023.

The Financial Statements have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

Further details of the financial developments of the Scheme may be found in the audited Financial Statements on pages 23 to 36.

Equalisation of pension benefits for guaranteed minimum pensions

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension (GMP) benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. Any actions would lead to increases in future pension instalments for deferred members' benefits, and future pension instalments and arrears for current pensioners.

An estimate of the additional liabilities for members who have had service in respect of the affected period – 17 May 1990 to 5 April 1997 has been calculated and the Trustee has therefore made an allowance of 1.2% of the total liability value in the Technical Provisions. The allowance was produced using a bespoke modeller, but the results may be subject to change once the detailed calculations have been undertaken. The Trustee is working with its advisers and the Employer on determining the approach to implement changes to benefits required for individual members.

On 20 November 2020, a further judgment was passed down on the Lloyds case, confirming that pension scheme trustees are responsible for ensuring that all historic transfers out of their DB pension scheme must also be adjusted to allow for the impact of GMP equalisation. This judgement also found that schemes have a concurrent responsibility to equalise pensions containing GMP that have been transferred into a scheme. As a consequence of this, if the ceding scheme can no longer equalise for GMP, perhaps because it has wound up, the receiving scheme will retain a responsibility to equalise. It is yet to be seen how practical it is for schemes to trace and claim liabilities in respect of GMP equalisation from each other.

Trustee's Report for the year ended 5 April 2023

Equalisation of pension benefits for guaranteed minimum pensions (continued)

With effect from 1 June 2020 the basis for calculating transfer values was amended to include an allowance for the equalisation of benefits inclusive of GMPs. It has been estimated that the value of any required adjustments in respect of past transfer values is not expected to be material to the Financial Statements and therefore the Trustee has not included a liability in respect of these in these Financial Statements.

Internal Controls

Risk Register

The Trustee maintains a Risk Register to document the risks that the Scheme faces and to evaluate the effectiveness of the internal control processes that are in place.

As the nature of the risks that the Scheme faces (as well as the likelihood of their occurrence) will change over time, a section of the Risk Register is reviewed at each quarterly Administration and Governance committee meeting on an ongoing basis.

Conflicts of Interest

The Trustee continues to ensure compliance with guidance issued by the Pensions Regulator regarding conflicts of interest.

The disclosure of conflicts of interest is formally reviewed on an annual basis and is also included as a standing agenda item at the commencement of all Trustee meetings, with any disclosures recorded on a Register of Interests.

Actuarial Review

The latest formal actuarial valuation was completed at 5 April 2021. This revealed an estimated Scheme funding surplus of £0.89m, therefore no Recovery Plan is required with the Employer.

The funding position as at 5 April 2021 has improved since the previous actuarial valuation. This is due to an increase in surplus due to deficit reduction contributions, although a change in assumptions used to value the liabilities have placed a significantly higher value on the liabilities and have partially offset the improvements to the funding position.

The next formal actuarial valuation will be at 5 April 2024 when the funding position and future contributions are required to be formally reviewed again.

Trustee's Report for the year ended 5 April 2023

Increases in pensions

Pensions excluding GMP benefits are increased by 5% per annum or the equivalent rise in the Consumer Price Index, if lower, for members and dependants. GMP benefits are increased in line with statutory requirements. Pensions are increased on the annual anniversary of the date of retirement.

There were no discretionary increases during the year.

Preserved pensions were increased in accordance with the Scheme Rules and statutory requirements.

Transfer Values

All transfer values paid to other pension schemes or credits given in respect of transfer values received from other pension schemes during the year were calculated and verified by the Scheme's Actuary or calculated in accordance with instructions prepared by them, in accordance with statutory regulations. The Trustee has instructed the Actuary not to take account of discretionary increases in calculating cash equivalents for transfer purposes.

Additional Voluntary Contributions

Members were able to make Additional Voluntary Contributions (AVCs) into the Scheme subject to HMRC limitations. With effect from 12 July 2010, no further AVCs were paid into the Scheme. Further details of AVC funds held are given in the note 9 of Financial Statements.

Membership

The membership of the Scheme at the beginning and end of the year and changes during the year are set out below:

	Membership
Deferred Members	
Deferred members as at 6 April 2022	**169**
Adjustments*	(3)
Retirements	(6)
Trivial commutations	(1)
No liability	(1)
Deferred members as at 5 April 2023	**158**
Pensioners	
Pensioners as at 6 April 2022	**218**
Adjustments*	1
Retirements	6
Deaths	(6)
New dependents	2
Pensioners as at 5 April 2023	**221**
Total membership as at 5 April 2023	**379**

*The adjustment relates to the late notification of a change in member status.

Trustee’s Report for the year ended 5 April 2023

Investment Report

Investment Management

The Trustee appointed SEI as Fiduciary Manager for the Scheme’s assets in September 2021. 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. SEI Global Nominee acts as Custodian of the relevant portfolio of assets.

The Custodian is responsible for ensuring the safe keeping of share certificates and other documents relating to the ownership of listed securities. The Trustee is responsible for ensuring that the Scheme’s assets continue to be held securely.

A Statement of Investment Principles (SIP) has been produced as required by Section 35 of the Pensions Act 1995 and is available online at https://www.pensions.schneider-electric.co.uk/documents/or on request from the Trustee at the address shown in Appendix 1. An updated SIP was signed in May 2022 to reflect recent investment changes.

Financially material considerations

The Trustee has considered how financially material considerations (including environmental, social and governance ('ESG') factors such as climate change) should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members. The Trustee considers that the appropriate time horizon to be more than 10 years.

The Trustee has delegated asset manager selection to the Fiduciary Manager. The Fiduciary Manager will seek to appoint asset managers that have appropriate skills and processes to take account of financially material considerations in the selection, retention and realisation of investments, and regularly reviews how its asset managers are doing so in practice. The Trustee expects the Fiduciary Manager to provide updates on the latest position on ESG factors and any material decisions that have been taken by SEI or third party asset managers as a result of considering such issues.

Non-financially material considerations

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 mean 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. In reaching this decision, the Trustee has considered both the challenges of engaging a properly representative sample of members and the strong likelihood of a lack of consensus among those most likely to respond to such a consultation.

Trustee's Report for the year ended 5 April 2023

Investment Report

Asset manager arrangements

Incentivising and monitoring managers to align with Trustee's investment strategy

The Fiduciary Manager is incentivised to align its investment strategies with the Trustee's policies mentioned in this SIP through the terms set out in the Fiduciary Management Agreement and through the Trustee setting investment objectives, which are reviewed annually. The Trustee will monitor performance quarterly and assess performance against these investment objectives annually. Such review will also include how well the Fiduciary Manager is aligned with the SIP, including in terms of ESG factors and the quality of service provided.

If the Fiduciary Manager does not meet its objectives, it may ultimately result in the termination of its mandate. The agreement with SEI allows the Trustee to terminate with one month's notice.

SEI engages third party asset managers either through the use of third-party pooled funds or through the appointment of asset managers within multi-manager pooled funds.

SEI will monitor the asset managers' performance on an ongoing basis against the particular investment strategy and objectives agreed with that manager. Where an asset manager is not performing or acting in a manner SEI feels is appropriate it may ultimately result in the termination of their mandate.

The fees paid to the Fiduciary Manager, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the Scheme. The Fiduciary Manager is responsible for fee arrangements with asset managers, the costs of which are borne directly by the Scheme.

Medium to long term and non-financial performance

Performance in the medium to long term can be improved where asset managers (i) make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity; and (ii) engage with issuers of debt or equity. The Trustee has delegated this to SEI and will monitor performance against this.

Monitoring portfolio turnover and costs

The Trustee has delegated the monitoring of the costs incurred by asset managers in the buying, selling, lending or borrowing of investments to the Fiduciary Manager.

The Trustee recognises that portfolio turnover (being the frequency with which the assets are expected to be bought/sold) and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the Fiduciary Manager. However, the Fiduciary Manager will incorporate portfolio turnover and resulting transaction costs in its advice on the Scheme's investment mandates. When the Trustee agrees a particular strategy and investment mandate, this will then set an expected level of turnover and transaction costs. The Trustee reviews and monitors the actual level of the costs and turnover against this expected level.

Duration of asset manager agreements

The agreement with the Fiduciary Manager has an indefinite term but can be terminated by the Trustee giving one month's notice. The Scheme does not have any direct agreements with third party managers used by the Scheme.

Trustee’s Report for the year ended 5 April 2023

Investment Report

Voting Stewardship & Engagement

The Scheme's investments are achieved via pooled investment funds, in which the Scheme's investments are pooled with those of other investors. The direct control of the process of engaging with the companies that issue these securities, whether for corporate governance purposes, social, ethical or environmental factors, is delegated to SEI, or in the case of a third-party pooled fund, its investment manager.

The management of the Trustee’s policy in relation to the exercise of rights (including voting rights) and other engagement activities in respect of an investment is as follows:

- Voting decisions on stocks are delegated to the investment manager of the pooled fund. Where this is SEI, SEI has pooled the holdings in their funds with other investors and employed a specialist ESG provider for voting and engagement services. The Fiduciary Manager is also a signatory to the UK Stewardship Code issued by the Financial Reporting Council. The Fiduciary Manager will report on voting and engagement activity to the Trustee on a periodic basis together with its adherence to the UK Stewardship Code.
- SEI, or the investment manager of a third-party pooled fund, has full discretion for undertaking engagement activities in respect of the investments:

  (a) with relevant persons (which term includes (but is not limited to) an issuer of debt or equity, an investment manager, another stakeholder or another holder of debt or equity);

  (b) about relevant matters including (but not limited to) matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance. Under the Investment Regulations the Trustee must document the methods by which and the circumstances under which the Trustee monitors and engages with the relevant persons about relevant matters. The Trustee has delegated the responsibility for such monitoring and engagement to SEI.

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.

Investment Objectives and Strategy

The Trustee’s long-term objectives are:

> The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with any deficit rectification contributions required from the Principal Employer, the cost of the benefits which the Scheme provides, as set out in the Trust Deed and Rules.

> To limit the risk of the assets failing to meet the liabilities over the long term, in particular in relation to the Technical Provisions under Section 222 of the Pensions Act 2004, by considering the liability profile of the Scheme when setting the investment policy.

> To minimise the long-term costs of the Scheme by optimising the return on the assets whilst having regard to the objectives shown above.

> To adhere to the provisions contained within the Scheme's Statement of Funding Principles.

Trustee's Report for the year ended 5 April 2023

Investment Report

Investment Objectives and Strategy (continued)

The strategic asset allocation for the Scheme is set such as to ensure that the Scheme can meet the return objective required by the Statutory Funding Objective. The allocation takes account of the liability profile of the Scheme and seeks to limit the risk of the assets failing to meet the liabilities over the long term to the extent possible given the return target. The high-level asset allocation is as follows:

Asset Class	Target asset allocation
Return Enhancement assets	
Equities, liquid alternatives, HY Bonds, EMD and global credit	20.0%
Risk Management assets	
Liability Driven Investment funds and investment grade UK corporate bonds to match interest rate and inflation risk.	80.0%

The Risk Management assets aim to provide a better match of the Scheme's assets to the interest rate and inflation risk inherent in the liabilities and hence reduce the exposure of the Scheme's funding position to movements in rates and inflation expectations.

Implementation Statement

The Implementation Statement, which forms part of the Trustee's Report, is included in Appendix 4.

Trustee's Report for the year ended 5 April 2023

Investment Report (continued)

Asset allocation as at 5 April 2023

The majority of the Scheme's assets are invested with SEI Investments Limited ("SEI"). The distribution of the Scheme's invested assets (excluding AVCs and accrued income) as at 5 April 2023 was as follows:

Fund	Value (£)	Allocation (%)	Target asset allocation (%)
Return enhancement investments	**4,897,412**	**16.1**	**20.0**
SGMF Glb Man Vol GBP Inst	1,136,759	3.7	
SEI Global Master Emg Mkt Debt Instl	836,020	2.8	
SGMF GLB Opp FI GBP Hdg Inst	675,642	2.2	
SGMF High Yld FI GBP Hdg Inst	820,695	2.7	
SGMF Liquid Alternative Fund GBP Hdg	1,428,296	4.7	
Risk management investments	**25,487,945**	**83.9**	**80.0**
SGMF Uk Long Duration Credit Fund	5,192,485	17.1	
SGMF Uk Credit Fi Gbp Inst	3,979,084	13.1	
Blackrock ICS Sterling Liquidity Fd	3	0.0	
LDI Portfolio	16,316,373	53.7	
Total	**30,385,357**	**100.0**	**100.0**

Scheme Performance during the year

The Trustee monitors the performance of the Scheme's assets on an ongoing basis. Performance is measured quarterly and is shown over periods to 31 March 2023.

The portfolio performance since the Scheme's inception date (30 November 2021) to 31 March 2023 was (28.17%) pa. The performance was primarily weighed down by the Risk Management section of the portfolio, given the pronounced rise in yields over this period. The investment performance of different parts of the portfolio and the relevant benchmarks are shown in the table below.

Trustee's Report for the year ended 5 April 2023

Investment Report (continued)

Scheme Performance during the year (continued)

Fund	Value (£)	1 Year	1 Year benchmark	Inception to 31 March 2023 Fund (annualised performance)	Inception to 31 March 2023 benchmark
		%	%	%	%
Return enhancement investments	**4,897,412**				
SGMF Glb Man Vol GBP Inst	1,136,759	3.4	N/a	7.9	N/a
SEI Global Master Emg Mkt Debt Instl	836,020	(1.0)	(1.6)	(5.5)	(6.2)
SGMF GLB Opp FI GBP Hdg Inst	675,642	(5.9)	(5.3)	(8.3)	(8.3)
SGMF High Yld FI GBP Hdg Inst	820,695	(7.3)	(5.2)	(6.9)	(6.0)
SGMF Liquid Alternative Fund GBP Hdg	1,428,296	4.4	2.3	3.7	1.8
Risk management investments	**25,487,945**				
SGMF Uk Long Duration Credit Fund	5,192,485	(22.5)	(22.8)	(26.7)	(27.1)
SGMF Uk Credit Fi Gbp Inst	3,979,084	(9.8)	(10.3)	(12.2)	(12.9)
Blackrock Ics Sterling Liquidity Fd	3	N/a	N/a	N/a	N/a
LDI Portfolio	16,316,373	(47.3)	N/a	(46.0)	N/a
Total	**30,385,357**				

Trustee’s Report for the year ended 5 April 2023

Investment Report (continued)

Economic Background - SEI

There was no safe harbour from choppy market cross currents during the second quarter of 2022. Equities and fixed-interest asset classes alike capsized around the globe, and even commodity prices ran aground as the likelihood of recession increased. Emerging-market equities fell by double digits during the quarter, although they still fared better than their developed-market counterparts, buoyed by a rebound in China. UK shares posted significant losses, but they were not as steep as those of Japanese or European equities. US shares, meanwhile, had the sharpest drop among major markets as the US dollar appreciated by 6.49% versus a trade-weighted basket of foreign currencies. Value-oriented equities tended to fall by less than growth-oriented equities across both large- and small-cap markets, although the performance spread was much wider within larger companies. No sectors were spared from losses, but energy and consumer staples had the mildest declines, while information technology and consumer discretionary had the steepest. Government-bond rates climbed throughout the second quarter as prices fell. UK gilt and eurozone government-bonds rates rose across the yield curve, with longer-term rates increasing by more than shorter-term rates. US Treasury yields also increased across the curve, but shorter-term rates outpaced longer-term rates for the full quarter. Fixed-interest performance ran the gamut of losses, moving from relatively modest declines for government bonds to more severe losses for emerging-market and high-yield bonds. The European Union (EU) imposed a partial ban on Russian crude oil and petroleum products in early June, blocking seaborne oil shipments but allowing Hungary, Slovakia and the Czech Republic to continue pipeline imports for domestic consumption. In a farther-reaching move, EU companies were banned from providing shipping insurance to transporters of Russian petroleum products—regardless of the destination country—depriving shippers of a critical market for insurers.

A line chart of global equity market performance during the third quarter of 2022 looks remarkably like a mirror image: climbing higher toward mid-quarter, then tumbling downward thereafter. The relationship between signs of softening economic activity in late spring and the presumption that it would enable central banks to increase rates by less than feared spurred a rally across equity and fixed-interest markets from June to August. US Federal Reserve (Fed) Chair Jerome Powell shattered this complacency by explaining that lower growth and softer labour markets will likely be the unfortunate costs of hiking rates to fight inflation, and that expectations for a premature pivot to looser policy will probably be disappointed. His remarks sent markets reeling through the end of the quarter. Developed-market equities fell by less than emerging markets during the third quarter, although the relatively small decline posted by the US masked steeper declines by Europe and the UK. Latin American shares had the only positive regional performance for the period, while Hong Kong had the steepest decline. Government-bond rates climbed in the UK, eurozone and US for the full third quarter—declining during July in the UK and eurozone while the US yield curve flattened as short-term rates rose and long-term rates fell; rates then climbed through August and September across all three jurisdictions. The UK and US yield curves grew more inverted (that is, when shorter-term rates are higher than longer-term rates) as the quarter progressed. Fixed-interest performance produced a range of losses during the quarter as yields increased around the globe (yields and prices have an inverse relationship). Global government bonds had the deepest losses, while US high-yield bonds had a comparably modest decline.

Trustee's Report for the year ended 5 April 2023

Investment Report (continued)

Economic Background – SEI (continued)

Most equity markets finished in positive territory during the fourth quarter of 2022, trimming their losses for the full calendar year. Developed-market stocks marginally outperformed their emerging-market counterparts. Regionally, emerging markets in Europe generated the world's strongest equity gains over the quarter, while developed markets in Europe and the Asia-Pacific region also performed well. Conversely, the North American market lagged as US stocks posted relatively smaller gains. Despite the upturn in the fourth quarter, both fixed-income and equity markets chalked up big losses for the full 2022 calendar year—almost regardless of region or style. US long-duration bonds, as represented by the Bloomberg Long US Government/Credit Index, endured a stunning decline of 27%, exceeding the sharp losses sustained by US and international equities. While emerging-market equities and bonds fared relatively better, the only asset class to post a positive absolute return for the year was commodities. Yields on US Treasury securities rose in the short and long parts of the curve over the quarter and declined modestly in the intermediate segment (yields and prices have an inverse relationship). Short-term yields increased by a larger margin than long-term yields. Consequently, the 2-to-10-year yield curve inverted further (short-term yields exceeded long-term yields), widening by 0.14% to 0.53%. UK gilt yields decreased across the curve during the reporting period. Eurozone government bond yields increased for all maturities, particularly at the short end of the curve. US fixed-income asset classes garnered positive returns in the fourth quarter as intermediate-term bond yields declined. High-yield bonds led the rally, while investment- grade corporate bonds also performed well. Liz Truss resigned as UK prime minister in late October after the disastrous reception of her fiscal program sent gilt and sterling markets reeling, collapsing her support within the Conservative Party. Her departure cleared the way for Rishi Sunak to ascend as Conservative leader and prime minister. Sunak was forced to deal with his first domestic crisis as prime minister just weeks after succeeding Truss, when members of trade unions representing National Health Service (NHS) nurses, ambulance workers and rail and Border Force employees staged targeted strikes over compensation and working conditions. Negotiations with the unions have proven especially challenging given that UK Chancellor Jeremy Hunt is seeking to reduce the government's £55 billion deficit through tax increases and drastic spending cuts. Under the government's current deficit-reduction plan, a gross domestic product (GDP) growth rate of 2% would result in savings of approximately £23 billion for the UK government by the 2027-to-2028 fiscal year.

Global equity markets finished in positive territory for the first quarter of 2023, amid numerous periods of volatility in reaction to the latest monetary policy actions and public comments from central banks. Additionally, late in the period, turbulence in the banking sectors in the U.S. and Europe led to a selloff in equity markets globally before stocks rallied towards the end of the quarter. In early March, California-based Silvergate Capital, a major lender to the highly speculative cryptocurrency industry, announced that it was entering a voluntary liquidation due to significant losses following massive withdrawals of funds by depositors. Soon thereafter, two U.S.-based regional banks–Silicon Valley Bank (SVB) and Signature Bank–failed after depositors withdrew funds on fears regarding the valuation of the institutions' bond portfolios. The Federal Deposit Insurance Corporation (FDIC), an independent agency that insures deposits, and examines and supervises financial institutions, was appointed as receiver to SVB on 12 March after the California Department of Financial Protection and Innovation closed the bank. Occurring on the heels of the collapse of Silvergate Capital, SVB's failure prompted investors to reconsider the safety of their positions across the banking industry. Signature Bank, which was shut down by New York state regulators on 12 March, also was closely aligned with the cryptocurrency industry. In a separate matter, 11 of the largest U.S. banks deposited $30 billion with First Republic Bank, another troubled lender. The bank troubles were not limited to the U.S. Swiss lender Credit Suisse also came under pressure after suffering significant investment losses in 2021 and 2022. Credit Suisse reported that clients had withdrawn 110 billion francs (US$119 billion) of funds in the fourth quarter of 2022. The Swiss National Bank, Switzerland's central bank, announced that

Trustee's Report for the year ended 5 April 2023

Investment Report (continued)

Economic Background – SEI (continued)

it would provide the embattled bank with 50 billion francs (US$54 billion) in financial support. Soon thereafter, Swiss bank UBS took control of rival lender Credit Suisse in an emergency 3 billion franc (US$3.2 billion) deal negotiated by Swiss government regulators. While this development was not directly related to the failures of the U.S. regional banks, the timing resulted in significant declines in the share prices of other banks worldwide. Developed markets garnered positive returns over the quarter and outperformed emerging markets. Europe was the top-performing region among developed markets for the quarter due primarily to strength in Ireland and the Netherlands. North America also performed well. The Far East region generated the largest gains in emerging markets, buoyed by robust performance in Taiwan and Korea. U.S. fixed-income assets ended the quarter in positive territory as Treasury yields declined for all maturities of one year or greater (yields and prices have an inverse relationship). High-yield bonds (below-investment-grade fixed-income securities) were the top performers for the period, followed by corporate bonds and U.S. Treasuries. Mortgage-backed securities (MBS) saw relatively more modest gains. The yields on two-, three-, five-, and ten-year Treasury notes decreased 0.35%, 0.41%, 0.39%, and 0.40%, respectively, over the quarter. The spread between ten- and two-year notes widened 0.05% to -0.58% during the period, further inverting the yield curve. Global commodities markets generally lost ground over the quarter. In the U.S., all eyes (and ears) were on the Federal Reserve (Fed) over the quarter. During a speech in early February, soon after the Federal Open Market Committee (FOMC) had implemented a 0.25% increase in the federal-funds rate, Fed Chair Jerome Powell commented that the central bank's efforts to cool inflation are "likely to take quite a bit of time. It's not going to be smooth. So we think we're going to have to do further [rate] increases, and we think we'll have to hold policy at a restrictive level for some time." The subsequent banking crisis in March may have tempered the Fed's aggressive rate-hiking policy. At a news conference following the announcement of a 0.25% increase in the federal-funds rate to a range of 4.75%-5.00%, a reporter inquired about the possibility of interest-rate cuts later this year. Powell responded, "That's not our baseline expectation." He acknowledged that the FOMC members had considered a pause in the rate-hiking cycle, given the recent turmoil in the banking sector. He also noted that prior to the onset of the banking crisis, the Fed had discussed the possibility of a more hawkish 0.50% rate increase as U.S. economic data remained relatively strong.

Equity Markets

Whilst the Scheme has a diversified allocation to different return enhancing assets, it is partially dependent upon equities to help deliver returns in excess of liabilities. The Scheme has a strategic allocation of 5% to the SEI Global Managed Volatility Fund, which has performed well since the Scheme's inception date (30 November 2021), delivering returns of 7.94% pa.

Bond Markets

Yields on longer dated (20 year) UK government bonds rose over the year which meant that the present

value of liabilities decreased. The Scheme has an 80% strategic allocation to assets that behave in a way similar to the liabilities, known as risk management investments, which helped stabilize funding position. Within the risk management investments, there is a 30% strategic allocation to investment grade UK corporate bonds.

The Scheme also has a 10% strategic allocation to return enhancing fixed income funds, consisting of A combination of high yield debt, emerging market debt and global opportunistic credit; collectively, these investments have returned -6.75% pa since the Scheme's inception date.

Trustee's Report for the year ended 5 April 2023

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 at the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 5 April 2021. This showed that on that date:

The value of the Technical Provisions was:	£44,719,000
The value of the assets at that date was:	£45,610,000
Funding level	102%

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

Method
The actuarial method to be used in the calculation of the Technical Provisions is the Defined Benefit Accrued Method.

Significant actuarial assumptions

> **Discount interest rate before retirement:** 0.70% above the Bank of England gilt yield curve.

> **Discount interest rate after retirement:** 0.25% above the Bank of England gilt yield curve.

> **Future Retail Price inflation (RPI):** Derived from the Bank of England inflation yield curve less 0.4%.

> **Future Consumer Price inflation (CPI):** Calculated as RPI – 0.5% pa pre 2030 and equal to RPI post 2030.

> **Revaluation of pensions in deferment:** Pensions in excess of GMP has been assumed to increase in line with the future CPI assumption.

> **Pension increases:** derived from the assumption for Retail Price Inflation allowing for the caps and floors on pension increases according to the provisions in the Scheme's rules.

> **Salary increases:** the Scheme ceased its salary link for in-service deferred members on 5 April 2019 so this assumption is no longer applicable.

> **Mortality:** 100% of the S3PA table projected from 2013 in line with the CMI 2020 projections with the default smoothing parameter, long term improvement rates of 1.5% pa and no weighting on 2020 mortality experience.

Trustee's Report for the year ended 5 April 2023

Report on Actuarial Liabilities (continued)

Updated funding position

The latest funding update indicated that the funding level of the Scheme had improved slightly to 104% as at 5 April 2022, mostly attributable to the following:

> the changes in the actuarial assumptions used to value the liabilities have placed a significantly lower value on the liabilities;

> returns on the Scheme's investments were slightly lower than expected, which partially offset the improvement in funding level.

The next formal actuarial valuation will be at 5 April 2024 when the funding position and future contributions are required to be formally reviewed again.

Trustee’s Report for the year ended 5 April 2023

Statement of Trustee’s Responsibilities in respect of the Financial Statements

The Financial Statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) 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 the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the Financial Statements on a going concern basis unless it is inappropriate to presume that the 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.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the dates on or before which such contributions are to be paid. The Trustee is also responsible for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule of Contributions occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Trustee's Report for the year ended 5 April 2023

Approval of the Trustee's Report

The Trustee's Report, which includes the Investment Report, the Report on Actuarial Liabilities, the Statement of Trustee's Responsibilities and the Implementation Statement was approved by the Trustee of the APC Pension Scheme on:

DocuSigned by: B1F0185E920B4AD...	DocuSigned by: Trevor Lambeth 4C65100477BC4B5...
Trustee Director	**Trustee Director**
04-Oct-2023	04-Oct-2023
Date	

Independent Auditor's Report to the Trustee of the APC Pension Scheme

Opinion

We have audited the Financial Statements of the APC Pension Scheme for the year ended 5 April 2023 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including 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 5 April 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;

> have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

> contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

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

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.

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 authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Trustee of the APC Pension Scheme

Other information

The Trustee is responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 18, the Trustee is responsible for the preparation of the Financial Statements, 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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.

Independent Auditor's Report to the Trustee of the APC Pension Scheme

Auditor's responsibilities for the audit of the Financial Statements (continued)

We set out below the key areas which, in our opinion, the Financial Statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities and sample testing on the posting of journals.
- Misappropriation of investment assets owned by the Scheme. This is addressed by obtaining direct confirmation from the investment fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. A sample of transactions are agreed to fund manager transaction reports.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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.

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 12 October 2023

Fund Account for year ended 5 April 2023

	Notes	2023 £	2022 £
Benefits and other payments			
Benefits paid or payable	5	(1,574,308)	(1,458,310)
Payments to and on account of leavers	6	(38,450)	(17,673)
Administrative expenses	7	(402)	(477)
		(1,613,160)	**(1,476,460)**
Net withdrawals from dealings with members		**(1,613,160)**	**(1,476,460)**
Returns on investments			
Investment income	8	897,148	839,841
Change in market value of investments	9	(12,674,339)	(546,643)
Investment management expenses	10	(107,127)	(109,663)
Net returns on investments		**(11,884,318)**	**183,535**
Net decrease in the fund during the year		**(13,497,478)**	**(1,292,925)**
Net assets of the Scheme at start of year		**44,414,018**	**45,706,943**
Net assets of the Scheme at end of year		**30,916,540**	**44,414,018**

The notes on pages 25 to 36 form part of these Financial Statements.

Statement of Net Assets (available for benefits) as at 5 April 2023

	Notes	2023 £	2022 £
Investment assets:	9		
- Pooled investment vehicles		30,385,357	44,057,696
- AVC investments		42,112	96,634
- Cash		337,368	-
- Other investment balances		-	78,374
Total net investment assets		**30,764,837**	**44,232,704**
Current assets	11	234,968	292,856
Current liabilities	12	(83,265)	(111,542)
Total net assets of the Scheme at 5 April		**30,916,540**	**44,414,018**

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 obligations, is dealt with in the Report on Actuarial Liabilities on pages 16 and 17 and these accounts should be read in conjunction with that Report.

The notes on pages 25 to 36 form part of these Financial Statements.

The Financial Statements on pages 23 to 36 were approved by the Trustee and signed on its behalf by:

DocuSigned by:
B1F0185E920B4AD...
Trustee Director
04-Oct-2023

DocuSigned by:
Trevor Lambeth
4C65100477BC4B5...
Trustee Director
04-Oct-2023

Date

Notes to the Financial Statements for the year ended 5 April 2023

1. Basis of Preparation

The Financial Statements have been prepared in accordance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1997, as amended by The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) (Amendment) Regulations 2016, Financial Reporting Standard 102 ("FRS 102") – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (Revised 2018) ("the Revised SORP").

The Financial Statements have been prepared on the going concern basis. At the date of signing these Financial Statements the Trustee believes that; due to its investments structure the Scheme is able to comfortably cover its related outgoings until at least 12 months from signing. As a result, and together with the relatively strong position of the Principal Employer, the Trustee considers the preparation of the Financial Statements on a going concern basis to be appropriate.

2. Identification of the Financial Statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included within Appendix 1.

3. Accounting policies

The principal accounting policies of the Scheme are as follows:

Payments to members
Pensions in payment are accounted for in the period to which they relate.

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Individual transfers out are accounted for when member liability is discharged which is normally when paid.

Expenses
Expenses are accounted for on an accruals basis.

Investment income
Investment income from cash deposits and other investments are accounted for on an accruals basis. Dividends from quoted and unquoted investments are accounted for on the date the investment goes 'ex-dividend'.

Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income.

Investment income arising from the underlying investments of the Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicles and reflected in the unit price. It is reported within 'Change in Market Value'.

Investments
Pooled investment vehicles are valued at the bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.

Notes to the Financial Statements for the year ended 5 April 2023

3. Accounting policies (continued)

Additional Voluntary Contributions (AVC) Arrangements
Investments are stated as at the date of the net assets statement at the bid price of the units, as advised by the Investment Managers. These are held separately from the rest of the Scheme's funds and are not for the general use by the Trustee.

Foreign currency
The functional and presentation currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the year-end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction. Investment income denominated in foreign currencies is recorded by applying the spot exchange rate ruling at the date on which the income relating to the investment falls due.

4. Contributions

In accordance with the Schedule of Contributions certified by the Actuary on 8 November 2021 there was no deficit for the Scheme on the Technical Provisions basis. Therefore, the Employer does not need to make any further deficit funding contributions at this time.

5. Benefits paid or payable

	2023 £	2022 £
Pensions	1,361,126	1,300,284
Commutations of pensions and lump sum retirement benefits	195,044	158,026
Lump sum death benefits	18,138	-
	1,574,308	**1,458,310**

6. Payments to and on account of leavers

	2023 £	2022 £
Individual transfers out to other schemes	38,450	21,836
State Scheme premiums	-	(4,163)
	38,450	**17,673**

The negative balance of State Scheme premiums relates to a historical accrual, previously recorded under current liabilities, that was no longer deemed payable during the prior year.

Notes to the Financial Statements for the year ended 5 April 2023

7. Administrative expenses

	2023 £	2022 £
Administration and processing	402	477
	402	**477**

The cost of the Pension Protection Fund levy and all other expenses incurred in the running of the Scheme are payable by the Employer.

8. Investment income

	2023 £	2022 £
Income from bonds	-	1,487
Dividends from equities	-	21,345
Income from pooled investment vehicles	893,259	816,981
Interest on cash deposits	3,889	28
	897,148	**839,841**

9. Investment assets

Reconciliation of investments held at the beginning and the end of the year:

	Value at 05/04/2022 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 05/04/2023 £
Pooled investment vehicles	44,057,696	35,146,412	(36,147,353)	(12,671,398)	30,385,357
AVC investments	96,634	-	(51,581)	(2,941)	42,112
	44,154,330	**35,146,412**	**(36,198,934)**	**(12,674,339)**	**30,427,469**
Cash	-				337,368
Other investment balances – accrued income	78,374				-
	44,232,704				**30,764,837**

Please see market commentary in the investment report on pages 13 to 15 for information relating to the change in market value movement during the year.

Notes to the Financial Statements for the year ended 5 April 2023

9. Investment assets (continued)

Transaction costs are included in the cost of purchases and deducted from the sale proceeds. Direct transaction costs include costs charged to the scheme such as fees, commissions and stamp duty.

Transaction costs analysed by main asset class and type of cost are as follows.

	Commission	**Sundries**	**Stamp duty**	**Total**
	£	**£**	**£**	**£**
2023 – Equities	-	-	-	-
2022 – Equities	873	73	993	1,939

In addition to the direct transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investments vehicles and charges made within those vehicles.

Pooled investment vehicles

	2023	**2022**
	£	**£**
Equity	1,136,759	3,356,183
Bonds	11,503,925	18,336,006
LDI funds	16,316,373	19,843,365
Liquid alternatives	1,428,297	2,522,139
Cash	3	3
	30,385,357	**44,057,696**

Additional voluntary contributions (AVCs)

The Trustee holds assets invested separately from the main investments to secure additional benefits on a money purchase basis for members who elected to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 5 April confirming the amounts held in their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2023	**2022**
	£	**£**
Clerical Medical (unit-linked)	37,369	57,226
Utmost Life and pensions (unit-linked)	4,743	39,408
	42,112	**96,634**

Notes to the Financial Statements for the year ended 5 April 2023

9. Investment assets (continued)

Concentration of investments

The following investments were valued in excess of 5% of the net assets of the Scheme as at 5 April 2023:

	2023 £	2023 %	2022 £	2022 %
Uk Long Duration Index-Linked Gilts	7,532,207	24.4	-	-
SGMF U.K. Long Duration Credit Fund	5,192,485	16.8	6,371,322	14.3
LDI Sol Pls IX/L GLT 21-30-1	4,606,598	14.9	-	-
SGMF UK Credit FI GBP Inst	3,979,084	12.9	6,031,952	13.6
LDI Sol Pls IX/L GLT 31-40-1	3,705,606	12.0	-	-
SGMF UK Gilts FI GBP Inst	-		7,770,212	17.5
SGMF Glb Man Vol GBP Inst	-	-	3,354,379	7.6
LDI Sol Pls IX/L Glt 51-60-1	-	-	2,951,766	6.6
SGMF Liquid Alternative Fund GBP Hdg	-	-	2,522,139	5.7
SGMF High Yld FI GBP Hdg Inst	-	-	2,328,475	5.2
LDI Sol Pls Part IX/L GLT 2041-2050	-	-	2,224,176	5.0
SEI Global Master Emg Mkt Debt Instl	-	-	2,208,096	5.0

Fair value hierarchy

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

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.	**Level 1**
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 2**
Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.	**Level 3**

Fair value breakdown of investment assets at current accounting date

	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	30,385,357	-	**30,385,357**
AVCs	-	42,112	-	**42,112**
Cash	337,368	-	-	**337,368**
	337,368	**30,427,469**	**-**	**30,764,837**

Notes to the Financial Statements for the year ended 5 April 2023

9. Investment assets (continued)

Fair value hierarchy (continued)
Fair value breakdown of investment assets at previous accounting date:

	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	44,057,696	-	**44,057,696**
AVCs	-	96,634	-	**96,634**
Other investment balances	78,374	-	-	**78,374**
	78,374	**44,154,330**	**-**	**44,232,704**

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

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

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

> Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

> Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

> Other price risk: this is the risk that the fair value of future cashflows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to the individual financial investment or its insurer, or factors affecting all similar financial instruments traded in the market.

Notes to the Financial Statements for the year ended 5 April 2023

9. Investment assets (continued)

Investment risk disclosures (continued)

Summary of risk exposure

The following table summarises the extent to which the various classes of investments are affected by the financial risk. The risks noted affect the asset class [●] significantly, [◐] partially or [○] hardly/not at all and relate to both the current and preceding year.

	Indirect credit risk	Market risk			2023	2022
		Currency	Interest	Other price	£	£
Matching assets						
Pooled Investment vehicles						
> SGMF U.K. Long Duration Credit Fund	◐	◐	◐	○	5,192,485	6,371,322
> SGMF UK Credit FI GBP Inst	◐	○	◐	○	3,979,084	6,031,952
> Uk Long Duration Index-Linked Gilts	○	○	●	○	7,532,207	-
> Uk Long Duration Gilts Fund	○	○	●	○	471,963	-
> LDI Sol Pls IX/L GLT 31-40-1	○	○	●	○	3,705,606	-
> LDI Sol Pls IX/L GLT 21-30-1	○	○	●	○	4,606,597	-
> LDI Sol Pls Part IX/L GLT 2031-2040	○	○	●	○	-	1,541,948
> LDI Sol Pls Part IX/L GLT 2041-2050	○	○	●	○	-	2,224,176
> LDI Sol Pls Part GLT 21-30-1	○	○	●	○	-	1,326,759
> SGMF UK Idx Lkd Fxd Int GBP Instl	○	○	◐	○	-	2,022,609
> SGMF UK Gilts FI GBP Inst	○	○	◐	○	-	7,770,212
> LDI Sol Pls IX/L Glt 61-70-1	○	○	●	○	-	521,584
> LDI Sol Pls IX/L Glt 51-60-1	○	○	●	○	-	2,951,766
> LDI Sol Pls FND Glt 31-40-1	○	○	●	○	-	1,484,312
> BlackRock ICS Sterling Liquidity FD	○	○	○	○	3	3
					25,487,945	**32,246,643**

Notes to the Financial Statements for the year ended 5 April 2023

9. Investment assets (continued)

Investment risk disclosures (continued)

Summary of risk exposure (continued)

	Indirect credit risk	Market risk			2023	2022
		Currency	Interest	Other price	£	£
Growth assets						
Pooled investment vehicles						
> SGMF Glb Man Vol GBP Inst	○	◐	○	◐	1,136,759	3,354,379
> SEI Global Master Emg Mkt Debt Instl	○	◐	○	◐	836,020	2,208,096
> SGMF GLB Opp FI GBP Hdg Inst	◐	○	◐	○	675,642	1,396,160
> SGMF High Yld FI GBP Hdg Inst	◐	○	◐	○	820,695	2,328,475
> SGMF Liquid Alternative Fund GBP Hdg	◐	○	○	◐	1,428,296	2,522,139
> LF Ruffer Pacific & Emerging Markets I Acc	○	◐	○	●	-	1,804
					4,897,412	**11,811,053**
Other investment balances						
Cash	○	○	●	○	337,368	-
Accrued income	○	○	●	○	-	78,374
					337,368	**78,374**
Total investment assets					**30,722,725**	**44,136,070**

Notes to the Financial Statements for the year ended 5 April 2023

9. Investment assets (continued)

Investment risk disclosures (continued)

Investment strategy

The Trustee determines it's 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 fiduciary manager and monitored by the Trustees by regular reviews of the investment portfolio.

Credit risk

The Scheme is subject to credit risk because the Scheme also 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 carry 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.

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

A summary of pooled investment vehicles by type of arrangement is as follows:

	2023 £	2022 £
Open ended investment companies	30,385,357	44,057,696
	30,385,357	**44,057,696**

Notes to the Financial Statements for the year ended 5 April 2023

9. Investment assets (continued)

Investment risk disclosures (continued)

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles (indirect exposure). There is no direct exposure (segregated accounts) within the Scheme.

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 (either as segregated investments or 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.

Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio, which includes investment in equities, emerging market debt, credit and liquid alternatives via pooled vehicles.

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

10. Investment management expenses

	2023 £	2022 £
Administration, management and custody	107,127	109,663
	107,127	**109,663**

Notes to the Financial Statements for the year ended 5 April 2023

11. Current assets

	2023 £	2022 £
Cash balances	232,611	290,499
Amounts due from Employer	2,357	2,357
	234,968	**292,856**

12. Current liabilities

	2023 £	2022 £
Income tax	31,056	30,632
Unpaid benefits	30,037	40,659
Accrued expenses	22,172	40,251
	83,265	**111,542**

Included within the Income tax liability is a c£14k PAYE refund due to the previous payroll service provider. This relates to a duplicate PAYE payment that was made by the previous provider on behalf of the Scheme at the time of transition of payroll services to XPS.

13. Employer related investment

The Scheme did not participate in any employer-related investment during the year or at the year end (2022: none).

14. Related party transactions

Apart from the transactions detailed in Note 4, there were no related party transactions in the year (2022: none). All the Directors of the Scheme's Trustee are also Directors of the Trustee of a separate scheme, the Schneider Pension Plan.

15. Taxation

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

Notes to the Financial Statements for the year ended 5 April 2023

16. Equalisation of pension benefits for guaranteed minimum pensions

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension (GMP) benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. Any actions would lead to increases in future pension instalments for deferred members' benefits, and future pension instalments and arrears for current pensioners.

An estimate of the additional liabilities for members who have had service in respect of the affected period – 17 May 1990 to 5 April 1997 has been calculated and the Trustee has therefore made an allowance of 1.2% of the total liability value in the Technical Provisions. The allowance was produced using a bespoke modeller, but the results may be subject to change once the detailed calculations have been undertaken. The Trustee is working with its advisers and the Employer on determining the approach to implement changes to benefits required for individual members.

On 20 November 2020, a further judgment was passed down on the Lloyds case, confirming that pension scheme trustees are responsible for ensuring that all historic transfers out of their DB pension scheme must also be adjusted to allow for the impact of GMP equalisation. This judgement also found that schemes have a concurrent responsibility to equalise pensions containing GMP that have been transferred into a scheme. As a consequence of this, if the ceding scheme can no longer equalise for GMP, perhaps because it has wound up, the receiving scheme will retain a responsibility to equalise. It is yet to be seen how practical it is for schemes to trace and claim liabilities in respect of GMP equalisation from each other.

With effect from 1 June 2020 the basis for calculating transfer values was amended to include an allowance for the equalisation of benefits inclusive of GMPs. It has been estimated that the value of any required adjustments in respect of past transfer values is not expected to be material to the Financial Statements and therefore the Trustee has not included a liability in respect of these in these Financial Statements.

Independent Auditor's Statement about Contributions to the Trustee of the APC Pension Scheme

Statement about contributions payable under the Schedule of Contributions

We have examined the summary of contributions payable to the APC Pension Scheme, for the Scheme year ended 5 April 2023 which is set out on page 38.

In our opinion contributions for the Scheme year ended 5 April 2023, as reported in the summary of contributions and payable under the Schedule of Contributions, have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the scheme Actuary on 8 November 2021.

Basis of opinion

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedule 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 Schedule of Contributions.

Responsibilities of trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions, which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

Auditor's responsibilities for the statement about contributions

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Scheme's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them 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 Scheme's Trustee as a body, for our work, for this statement, or for the opinion we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 12 October 2023

Summary of Contributions

Trustee's Summary of Contributions payable under the Schedule of Contributions in respect of the year ended 5 April 2023

In accordance with the Schedule of Contributions certified by the Actuary on 8 November 2021 there was no deficit for the Scheme on the Technical Provisions basis. Therefore, the Employer was not required to make any deficit funding contributions during the year.

Signed for and on behalf of the Trustee of The APC Pension Scheme:

DocuSigned by: B1F0185E920B4AD...	DocuSigned by: Trevor Lambeth 4C65100477BC4B5...
Trustee Director	**Trustee Director**
04-Oct-2023	04-Oct-2023
Date	

Actuarial Statements

Actuary's Certification of Schedule of Contributions

APC Pension Scheme

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 could have been expected on 5 April 2021 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 20 September 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** 8 November 2021
Name Shelley Jeffery FIA Scheme Actuary	**Qualification** Fellow of the Institute and Faculty of Actuaries
Address Phoenix House 1 Station Hill Reading Berkshire RG1 1NB	**Employer** XPS Pensions Consulting Limited

Actuarial Statements

Schedule of Contributions

APC Pension Scheme ("the Scheme")

This Schedule of Contributions has been prepared by the Trustee after obtaining the advice of Shelley Jeffery, the actuary to the Scheme. It sets out the contributions the Employer must pay to the Trustee, and has been agreed by the Employer

This schedule covers contributions payable in the period from 1 October 2021 to 30 September 2026.

Shortfall in funding

The results of the actuarial valuation at 5 April 2021 showed there was no deficit for the Scheme on the Technical Provisions basis. Therefore the Employer does not need to make any deficit reduction contributions at this time.

Expenses

The cost of the Pension Protection Fund Levy and all other ongoing expenses incurred in the running of the Scheme are payable by the Employer.

Notes

Nothing in this Schedule shall prevent any Employer paying contributions in addition to those payable in accordance with this Schedule. In particular, contributions payable in respect of individual augmentations or general benefit improvements are to be paid in addition to those set out in this Schedule.

DocuSigned by:

B1E0185E920B4AD

20-Sep-2021

Signed on behalf of the Trustee **Date**

DocuSigned by:

Trevor Lambeth

4C8510047ZBC4B5

20-Sep-2021

Signed on behalf of Schneider Electric IT UK Ltd **Date**

Appendix 1 – Trustee and Advisers

Principal Employer	Schneider Electric IT UK Limited Stafford Park 5 Telford Shropshire TF3 3BL
Trustee	Schneider Trustees Limited
Trustee Directors	Employer nominated Rodney Turtle (Chair) Michael Gulwell Trevor Lambeth Member nominated John Hamley Gary Hopkins
Actuary	S Jeffery Phoenix House 1 Station Hill Reading RG1 1NB
Consultant	XPS Pensions Limited 11 Strand London WC2N 5HR
Administrator	XPS Administration Limited PO Box 205 Huddersfield HD8 1ET
Fiduciary Manager	SEI Investments Limited
Fiduciary Manger Oversight	IC Select Ltd
Investment Managers	SEI Investments Limited Ruffer LLP (until 30 August 2022)

Appendix 1 – Trustee and Advisers

AVC Providers	Clerical Medical Utmost Life and Pensions
Custodian	SEI Global Nominee RBC Investor Services (until 30 August 2022)
Independent Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Banker	Bank of Scotland plc New Uberior House Earl Grey Street Edinburgh EH3 9BN
Legal Adviser	Pinsent Masons LLP 1 Park Row Leeds West Yorkshire LS1 5AB
Enquiries	Schneider APC Administration Team XPS Administration Limited PO Box 205 Huddersfield HD8 1ET Schneider@xpsplc.com

Appendix 2 – Internal Dispute Resolution Procedure

The Scheme has a formal internal procedure for the resolution of any complaints or disputes between the beneficiaries of the Scheme and the Trustee. A complaint or dispute can be raised by a member or a member's surviving beneficiaries after a member's death.

Complaints should normally be made within 6 months of the event that led to the complaint. If a member ceases to be a beneficiary of the Scheme, any complaint or dispute must be raised within 6 months of the date of ceasing to be a beneficiary.

Details of the internal dispute resolution procedure can be obtained from the Schneider Electric Pensions Manager at:

Schneider Electric Limited
2nd Floor
80 Victoria Street
London
SW1E 5JL

Appendix 3 – Additional Contacts

The Pension Scheme Registry

The Scheme is registered with the Pension Scheme Registry, which is part of the Pensions Regulator's office. The data held by the Registry is used by the Pension Tracing Service to assist former members of schemes to trace their scheme benefits. The Pension Tracing Service can be contacted at:

Pension Tracing Service
The Pension Service
Post Handling Site A
Wolverhampton
WV98 1AF

Telephone: 0800 731 0193
Website: www.gov.uk/find-pension-contact-details
Tel: 0800 731 0193

MoneyHelper

MoneyHelper provides pension guidance, money guidance and debt advice. These services were previously provided by three separate government entities: The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. MoneyHelper can be contacted at:

MoneyHelper
Holborn Centre
120 Holborn
London
EC1 2TD

Tel: 0800 011 3797
Email: pensions.enquiries@moneyhelper.org.uk
Website: www.moneyhelper.org.uk

Pensions Ombudsman

Any concern connected with the Scheme should be referred to the Pension Administrator of the Scheme who will try to resolve the problem as quickly as possible. Members and beneficiaries of occupational pension schemes who have problems concerning their scheme and who are not satisfied by the information or explanation given by the Administrators or the Trustee can consult with the Pensions Ombudsman at:

10 South Colonnade
Canary Wharf
London
E14 4PU

Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

Appendix 3 – Additional Contacts

The Pensions Regulator (tPR)

The Pensions Regulator can intervene if they consider that a Scheme's trustees, advisers, or the employer are not carrying out their duties correctly. The address for the Pensions Regulator is:

The Pensions Regulator
Telecom House
125-135 Preston Road
Brighton
BN1 6AF

Tel: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

Appendix 4 – Implementation Statement (forming part of the Trustee's Report)

IMPLEMENTATION STATEMENT

The APC Pension Scheme

The Trustee of the APC Pension Scheme has prepared this implementation statement in compliance with the governance standards introduced under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended). Its purpose is to demonstrate how, and the extent to which, the Scheme's Statement of Investment Principles (SIP) dated 9 May 2022 has been followed, if there has been any review of the SIP and how the policies on voting, stewardship and engagement have been followed. This statement covers the period 6 April 2022 to 5 April 2023.

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 Trustee still monitors and engages 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 Scheme'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. The Fiduciary Manager is a signatory to the UK Stewardship Code 2020.

vi. 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.

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 issues to which the votes relate are provided.
- SEI's engagement priorities, which for 2022 included priorities in each of the following categories:
    - Climate Change

Appendix 4 – Implementation Statement (forming part of the Trustee's Report) (continued)

- 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 Trustee was satisfied with the content of the reports and that SEI's performance was in line with the SIP and the Trustee's 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.

- SEI's engagement efforts are primarily focused on public equities; however, many companies represented in our engagement efforts are also held in fixed income strategies. SEI believes that these fixed income funds also benefit from the positive progress that results from productive shareholder engagement. The engagement on climate change through SEI's collaboration with their engagement partner spans both equity and fixed income.

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's 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.

Appendix 4 – Implementation Statement (forming part of the Trustee's Report) (continued)

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 uses a Specialist ESG Provider, namely Glass Lewis, as a proxy for all voting. SEI provides the Specialist Provider with the holdings across all SEI's pooled funds and the proxy votes are cast according to a policy set out by SEI. During the period from 6 April 2022 to 5 April 2023, across the Scheme's holdings[1] SEI voted as follows, including the percentage of overall votable items voted on:

Fund Name	Global Managed Volatility
ISIN	IE00B19H3542
Number of Votable Meetings	572
Number of Votable Items	7690
% of Items Voted	90%
For	90%
Against	9%
Abstain/Withheld/Other	1%
% of votes with management	91%
% of votes against management	8%
% of votes other	1%
Voting Against/Abstain by Category	
Capital Related	7%
Board/Directors/Governance	45%
Remuneration Related	18%
Shareholder Proposals	25%
Other	5%

C. Significant Votes

Highlights 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 selects votes based on one or more of the following criteria:

- Votes SEI considers 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 change and diversity, as well as initiatives including Climate Action 100+ and the United Nations Global Compact.
- Votes relating to our 2022 thematic priorities as described in section D.

[1] SEI has shown voting data for the relevant quarters the fund was invested in.

Appendix 4 – Implementation Statement (forming part of the Trustee's Report) (continued)

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

Company Name	Held in Fund(s) (% size of holding)[2]	Theme	Date of Vote and Outcome	Vote Decision and Significance of Vote
Bezeq	Global Managed Volatility (<0.01%)	Corporate Governance	Date: 28/04/2022	Voted Against the proposal 'amend employment terms of executive chair'. SEI believes that the shareholders should be concerned that management would keep the right to grant an annual bonus to the chair on a discretionary basis, without the need for any quantitative measure of performance. SEI believe this is not in the shareholders' best interests and the company has also failed to disclose a clear description of their performance hurdles. This vote is deemed significant because without this disclosure it makes it hard to evaluate the extent to which the company aligns annual executive compensation with short-term performance and Bezeq has a high ESG risk rating.
Rami Levi Chain Stores Hashikma Marketing Ltd	Global Managed Volatility (<0.01%)	Corporate Governance	Date: 29/06/2022 Outcome: For	Voted Against the proposal 'elect Mordechai Berkovitch'. In 2021 Rami Levi acknowledged that their long-serving board chair Mordechai Berkovitch had criminal charges brought to him by the Jerusalem District Attorney's Office. There has been a very slow response from the company in making the shareholders aware of the allegations and these charges were in connection to activities that allegedly occurred during his time as an external legal consultant of Beit Shemesh municipality. This vote is deemed significant because Mordechai Berkovitch is a long-standing board member and SEI believes that Rami Levi's shareholders should be concerned with the criminal investigations he is involved in as matters may worsen and it may dampen shareholder value. Rami Levi has a high ESG risk rating.
Shufersal Ltd	Global Managed Volatility (<0.01%)	Corporate Governance	Date: 22/09/2022 Outcome: For	Voted Against the proposal 'elect Itzik Abercohen'. In this year's annual meeting a competitive election has made it possible for there to be more recommendations than actual seats on the board. A popular candidate being backed by a few institutional investors is

[2] % holding as at last day of the quarter in which vote occurred.

Appendix 4 – Implementation Statement (forming part of the Trustee's Report) (continued)

				Shufersal's former CEO Itzik Abercohen who resigned in January 2022. His resignation was fast tracked because of the 2 scandals he was involved in. The first, revealed by Israel's Channel 10, showed that the company was marketing discounted prices to ultra-Orthodox Jewish parts of the population. The second involved a raid of Shufersal's offices and Itzik Abercohen being questioned on suspicion of price fixing. Whilst it is noted that investigations are in the early stages, SEI is concerned by the circumstances surrounding Abercohen's departure and the hasty attempt to return him to the board. Shufersal also has a high ESG risk rating.

D. Engagement Activity

A highlight of some of the engagements during the period are shown in the table below. SEI conducts shareholder engagement collaboratively through third party specialists Sustainalytics and Columbia Threadneedle Investment reo. Each case study describes a milestone achieved relating to our engagement priorities as described in section D.

Company Name	Held in Fund(s)	Theme	Objective	Description
Archer-Daniels-Midland (ADM) Q2	Global Managed Volatility	Sustainable Agriculture	Progress on ESG governance, land use, biodiversity and carbon management activities	Through our collaborative engagement with Sustainalytics, we have engaged with ADM to encourage a transition to more sustainable agricultural practices, a holistic response to environmental challenges, and to contribute to a more sustainable food system. During a call in May 2022, ADM discussed its approach to carbon and land management risks. The company explained recent updates to their executive share plan, outlining the integration of ESG metrics (carbon emissions and employee diversity criteria) to replace total shareholder return, which are more reflective of stakeholder materiality and desired behaviour change. Archer-Daniels-Midland also mentioned their attention to deforestation and carbon sequestration exposures, and has put a stakeholder materiality assessment in place to monitor these exposures and impacts. This includes a goal to mitigate deforestation in all supply chains by 2030, which is already in progress. ADM has set a robust target to reduce 25% of its scope 3 greenhouse gas emissions by 2035

Appendix 4 – Implementation Statement (forming part of the Trustee's Report) (continued)

				from a 2019 baseline, outlined by a clear strategy focused on the company's supply chain activities. Through various approaches to supply chain management, ADM is taking steps to reduce its ecological impacts and risks.
Shell PLC Q3	Global Managed Volatility	Thematic – Climate Change	Climate Progress – Net Zero Strategy	The Royal Dutch Shell (Shell PLC) company was one of the first oil and gas companies to set a net zero target as a part of their "Climate Progress" strategy. Despite this approach, Columbia Threadneedle reo has continued to engage the company to push their efforts to support progress in this area, specifically to disclose a clear methodology for how their assessment of a 1.5°C scenario is aligned with capex spending and fossil fuel investment. Shell has set scope 3 emissions intensity targets, but there is no clear alignment of these targets to achieving an absolute emissions reduction to achieve a 1.5 degree scenario. Although the company has published a "Climate Progress Report", stakeholders have remained concerned about the impact of this strategy. Shell continues to remain open to engagement, and commits to updating their plans and targets as regulatory and economic environments evolve in the face of the current energy crisis. Outside of an emissions strategy, Shell PLC has taken strides to engage stakeholders on biodiversity risks, including the creation of "net positive impact" on biodiversity at newly developed sites and nature-based solutions projects. Through engagement efforts, these commitments will encourage further assessment and disclosure of how Shell measures impacts and progress.
Walmart, Inc.	Global Managed Volatility	Global Standards Engagement	Labour Rights – Milestones Achieved	Sustainalytics began its bilateral engagement dialogue with Walmart, Inc. in 2011. At the beginning of engagement efforts, labour rights were a major controversy within Walmart's engagement and management activities. Although initially exposed to a high degree of labour risk across the supply chain and within the brick and mortar stores, the company has evolved to a place where Walmart now welcomes constructive dialogue and engagement on industry best practices in human capital management. Since the inception of Walmart's engagement with Sustainalytics, the company has attended almost twenty conference calls and conducted two in-person meetings to discuss reducing their exposure to labour rights. Walmart, Inc. implemented and published a human rights

Appendix 4 – Implementation Statement (forming part of the Trustee's Report) (continued)

				policy statement across business operations, which led to an improvement in disclosure practices on the topic. Walmart, Inc. has taken the necessary steps to mitigate its risk associated with labour rights management, including resolving any related legal incidents and providing detailed human capital disclosures aligned with their strategy. Resulting from Walmart's consistent willingness to engage, and transition their leadership approach to one that supports transparent human rights management, Sustainalytics considers this case to be resolved.

Registration

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

XPS Pensions (RL) Limited, Registered No. 5817049.

XPS Pensions (Trigon) Limited, Registered No. 12085392.

All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

Authorisation

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).