XPS Pensions

Schneider Pension Plan

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

Registration Number - 101985915

Contents

Key Highlights

Trustee Responsibilities

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

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

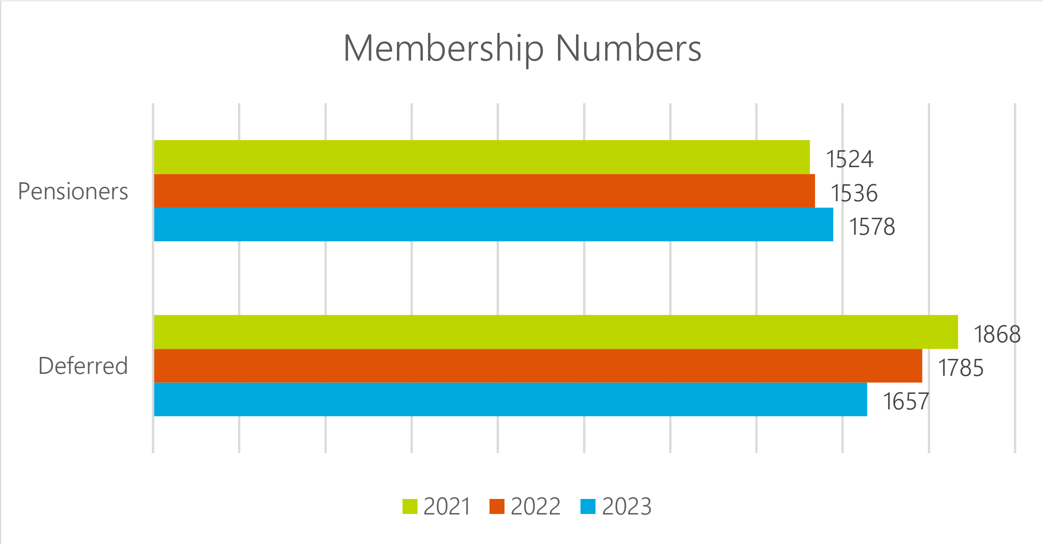
> Act in the best interest of beneficiaries and strike a fair balance between the interests of different classes of beneficiary;

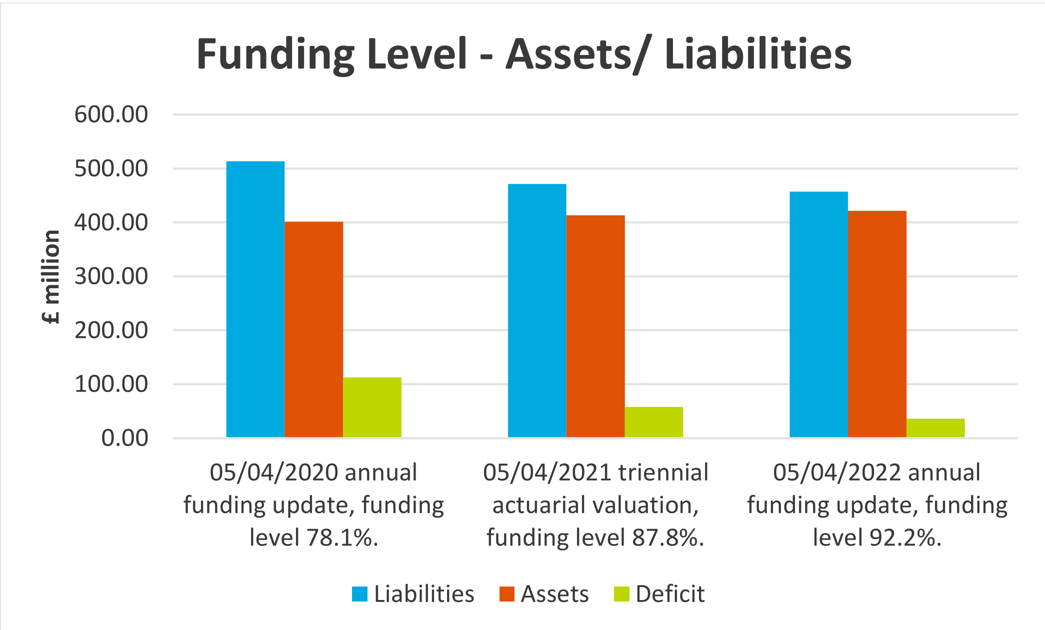
> Safeguard members' benefits by managing the Plan's assets effectively;

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

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

> Deliver a high level of service to all members.





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 Schneider Pension Plan ('the Plan') for the year ended 5 April 2023.

Constitution of the Plan

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

The Plan is administered in accordance with the Definitive Trust Deed and Rules dated 30 October 2002 and subsequent amendments.

The Plan was closed to future accrual after 31 May 2010. Employees who were active contributory members of the Plan 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 31 March 2019.

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

Management of the Plan

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 Plan's assets and to ensure that the Plan is administered in accordance with the formal Trust Deed and Rules.

To allow the Trustee to achieve this, professionals are employed to handle the day-to-day management of the Plan and to pursue the most appropriate investment strategy for the Plan's funds. During the year, relevant elements of the administration of the Plan were undertaken on behalf of the Trustee by XPS Pensions Group. Since 31 May 2019 the whole of the Plan's assets have been under the management of Aon Investments Limited.

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 the guaranteed minimum pension (GMP) working group. During the Plan 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, 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, investment, legal and governance items.

Trustee's Report for the year ended 5 April 2023

Activities and Developments in 2022/23 (continued)

The STL Administration and Governance Committee and the STL Funding and Investment 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.

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 Plan 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 to members in February 2023.
- The Trustee has implemented a tracing project with the aim of updating plan records and verifying the status of existing members.
- Over 2022 gilt yields had been steadily rising up to September 2022, driven up by increasing inflationary pressures and the expectation of the Bank England shifting to a programme of Quantitative Tightening (selling gilts). This trend of rising gilt yields was accelerated on Friday 23 September following the Chancellor's "mini-budget" announcement. What followed was a rapid rise in yields, with daily moves far in excess of historical norms.

  On Wednesday 28 September, the Bank of England ("BoE") stepped in to calm markets, agreeing to purchase gilts in order to stem the sell-off. Prior to the BoE's intervention, real yields were up almost 2.5% in a matter of days, and by around 11am on 28 September were up 0.7% in a day. The magnitude, as well as the speed, of these rises in gilt yields placed a significant pressure on the liquidity of LDI portfolios, which need to post cash as collateral at such times. Over this period, the Plan's fiduciary manager had to raise cash by selling assets in the growth portfolio to meet a large number of collateral calls. Following the BoE's intervention, real yields fell by an extraordinary 1.7%, ending the day 1% lower.

  The Plan's assets and liabilities fell materially initially as gilt yields rose sharply over the period. In 2022, the Trustee changed its hedging target from 100% assets to 100% TP liabilities which ensures that movements in the value of the deficit are minimised (rather than movements in the funding level).

Financial Development of the Plan

The audited Financial Statements record the financial transactions of the Plan during the year. During the year, the value of the Plan's assets decreased from £421,713,360 as at 5 April 2022 to £308,223,587 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 Plan may be found in the audited Financial Statements on pages 20 to 34.

Equalisation of pension benefits for guaranteed minimum pensions ("GMP")

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, which were formerly contracted out between 17 May 1990 and 6 April 1997, 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. The Trustee is working together with the Employer to consider how to allow for equalisation of benefits for GMPs going forward. Under the judgment, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts

Trustee’s Report for the year ended 5 April 2023

Equalisation of pension benefits for guaranteed minimum pensions (“GMP”) (continued)

and related interest the Trustee does not expect these to be material to the Financial Statements and therefore have not included a liability in respect of these matters in these Financial Statements. They will be accounted for in the year they are determined.

After the 12 December 2018 Trustee Board meeting, the Company was advised that equalisation of benefits for guaranteed minimum pensions of current Plan members was estimated to result in an increase in liabilities of c.£4.5m with the final amount subject to updating of membership data, the equalisation method adopted and clarification of some outstanding legal points. As part of the 5 April 2018 actuarial valuation an additional contribution of £4.5m was paid in March 2019 to cover the liability increase. The additional liability was reviewed as part of the 5 April 2021 actuarial valuation, the assessment concluded a £4.5m allowance was still appropriate and therefore no extra funding was required.

On 20 November 2020 a further judgment was passed down by Justice Morgan on the Lloyds Bank GMP equalisation case, confirming that pension scheme trustees are responsible for equalising GMP benefits that have already been transferred out of their DB schemes. The judgment also found that schemes have a concurrent responsibility to equalise for GMP transferred in, so if the ceding scheme can no longer equalise for GMP, perhaps if 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 GMP equalisation liabilities from each other. The case confirmed that there is no limitation period for this, so transfers need to be traced right back to 1990, but it excluded bulk transfers.

With effect from 1 January 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 Plan faces and to evaluate the effectiveness of the internal control processes that are in place.

As the nature of the risks that the Plan 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.

Trustee's Report for the year ended 5 April 2023

Actuarial Review

The last formal actuarial valuation was completed at 5 April 2021. This revealed a funding shortfall (Technical Provisions minus value of assets) of £57.7m. To eliminate the funding shortfall the Employer agreed with the Trustee a Recovery Plan aimed at eliminating the shortfall by the end of February 2025. The Recovery Plan provides for the following contributions payable from April 2021:

> £15.35m per annum, payable in equal monthly instalments, from April 2021 to March 2024 inclusive,

> £0.85m per month from April 2024 to February 2025 inclusive.

The Recovery Plan will be reviewed at the next valuation which will be undertaken at 5 April 2024.

Increases in Pensions

Pensions excluding GMP benefits are increased by 5% per annum or the equivalent rise in the Retail Price Index, if lower, for members and dependants. For Pensionable Service from 6 April 2005, pension increases are limited to 2.5% rather than 5%. Pensions are increased on 6 April each year.

GMP benefits are increased in line with statutory requirements.

Benefits for members transferred in from a legacy scheme, with Transfer Credits in respect of Pensionable Service, are increased in accordance with the Rules of those legacy schemes.

There were no discretionary increases during the year.

Preserved pensions were increased in accordance with the Plan rules and statutory requirements.

Transfer Values

All transfer values are calculated in accordance with the requirements of The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 using assumptions determined by the Trustee on advice provided by the Plan Actuary.

No discretionary increases are included in the calculation of transfer values. No transfers were reduced to less than their cash equivalent value.

Additional Voluntary Contributions

Members were able to make Additional Voluntary Contributions (AVCs) into the Plan subject to HMRC limitations. With effect from 31 May 2010 no further AVCs were paid into the Plan. Further details of AVC funds held are given in the note 10 of Financial Statements.

Trustee's Report for the year ended 5 April 2023

Membership

The membership of the Plan 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	1,785
Adjustments*	(32)
Retirements	(74)
Trivial commutations	(8)
No liability	(9)
Deaths	(5)
Deferred Members as at 5 April 2023	**1,657**
Pensioners	
Pensioner Members as at 6 April 2022	1,536
Adjustments*	11
Retirements	73
Deaths	(56)
New Dependent or Child's pensions	14
Pensioner Members as at 5 April 2023	**1,578**
Total Membership as at 5 April 2023	**3,235**

*Membership adjustments relate to the late notification of changes in member status as follows: -

	Membership
Deferred members	
Deferred members who retired in previous year	(7)
Deferred members who died in previous years	(23)
Deferred members who trivially commuted their pension before 5 April 2022	(2)
Net adjustment	**(32)**
Pensioner members	
Pensioners who died in previous years	(9)
Pensioner from deferred status	9
Dependants who became pensioners before 5 April 2022	11
Net adjustment	**11**

Trustee's Report for the year ended 5 April 2023

Investment Report

Investment Management

The Trustee has delegated the investment of the Plan's assets to the Fiduciary Investment Manager, Aon Investments Limited ("AIL"), with the Bank of New York Europe Limited appointed to act 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 Plan'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 www.pensions.schneider-electric.co.uk/documents or on request from the Plan Administrators at the address shown in Appendix 1.

Arrangements with Investment Managers

The Trustee has appointed AIL as its Fiduciary Investment Manager, who they consider to be its asset manager. References to 'underlying asset managers' refers to those asset managers which AIL in turn appoints to manage investments on behalf of the Trustee.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the Fiduciary Manager, and regular monitoring of the Fiduciary Manager's performance and investment strategy, is sufficient to incentivise the Fiduciary Manager to make decisions that align with the Trustee's policies and are based on assessments of medium-term and long-term financial and non-financial performance.

Socially Responsible Investment & Corporate Governance

The Trustee considers investment risk to include environmental, social and governance (ESG) factors and climate change. These risks could negatively impact the Plan's investments. The Trustee considers these risks by taking advice from its Fiduciary Investment Manager.

AIL invests in a range of underlying investment vehicles.

As part of AIL's management of the Plan's assets, the Trustee expects AIL to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying managers
- Use its influence to engage with underlying managers to ensure the Plan's assets are not exposed to undue risk; and
- Report to the Trustee on its ESG activities as required.

Fiduciary Investment Manager's fee structure

The AIL fiduciary management fees are charged as a fixed fee in addition to a percentage of assets under management. This fee covers the cost of any underlying managers and the majority of regular investment advisory services provided by AIL.

For significant areas of advice, which the Trustee would like AIL to provide, which are agreed to be outside of the scope, the Trustee will endeavour to agree a project budget.

The Trustee considers this structure and fee to be appropriate given the services rendered.

Trustee’s Report for the year ended 5 April 2023

Investment Report (continued)

Portfolio Turnover

The Trustee acknowledges that portfolio turnover costs are necessary to generate investment returns and that the level of these costs varies across asset classes and manager. The Fiduciary Manager monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the investment managers appointed on behalf of the Trustee.

Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as ultimately this creates long-term financial value for the Plan and its beneficiaries.

The Trustee’s Fiduciary Management oversight provider, IC Select Ltd, has been appointed to support the Trustee with an annual review of the stewardship activity of the Fiduciary Manager to ensure the Plan's stewardship policy is being appropriately implemented in practice. The Trustee receives annual reports on stewardship activity carried out by its Fiduciary Manager, these reports include detailed voting and engagement information from underlying asset managers.

As part of the Fiduciary Manager's management of the Plan’s assets, the Trustee expects the manager to:

- Ensure that (where appropriate) underlying asset managers exercise the Trustee's voting rights in relation to the Plan’s assets; and
- Report to the Trustee on stewardship activity by underlying asset managers as required.

The Trustee will engage with its Fiduciary Manager as necessary for more information, to ensure that robust active ownership behaviours, reflective of its active ownership policies, are being actioned. This will take the form of annual reporting which will be made available to Plan members [on the website / on request].

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Plan, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained.

Where voting is concerned, we would expect our underlying asset managers to recall stock lending, as necessary, in order to carry out voting actions.

The Trustee recognises that its collaborative behaviours can further work to mitigate the risks for the Plan that we have identified above.

The Trustee may engage with its Fiduciary Manager, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made. Where a significant concern is identified, the Trustee will consider, on a case-by-case basis, a range of methods by which they would monitor and engage so as to bring about the best long-term outcomes for the Plan.

Members' Views and Non-Financial Factors

In setting and implementing the Plan’s investment strategy the Trustee does not explicitly consider the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

Trustee's Report for the year ended 5 April 2023

Investment Report (continued)

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 contributions from the Employer, the cost of the current and future benefits payable from the Plan;

> To limit the risk of the assets failing to meet the liabilities over the long-term, in particular in relation to the Technical Provisions, by considering the liability profile of the Plan when setting the asset allocation policy;

> To minimise the long-term costs of the Plan by maximising the return on the assets whilst having regard to the objectives stated above; and

> To acquire suitable assets to achieve the above objectives while controlling volatility and the long-term costs of the Plan.

In setting the Plan's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

The Trustee's investment objective is to outperform a gilts-based measure of the Plan's liabilities by 1.25% per annum (measured over rolling three year periods). The Trustee's investment simultaneously seeks to mitigate against funding level movements caused by interest rate and inflation risk arising from the Plan's liability – this is measured against an appropriate Liability Proxy Benchmark scaled to the market value of the Plan's assets.

In broad terms, the strategy aims to deliver asset growth in excess of the growth of the Plan's liabilities over the long term. This is achieved by holding a risk-reducing Matching portfolio which is designed specifically to mitigate against funding level movements caused by interest rate and inflation risk arising from the Plan's liabilities - this is measured against an appropriate Liability Proxy Benchmark scaled to the market value of the Plan's assets. The remaining assets are invested in a diversified portfolio of Growth investments designed to deliver sufficient investment return to improve the funding position over time.

The Trustee has delegated responsibility for achieving this objective in an appropriate, low risk manner, to its Fiduciary Investment Manager – AIL.

The Fiduciary Manager will manage the balance between Growth and Matching assets and as a result there is no formally agreed split. The previously agreed allocation between matching and growth assets was 60% and 40% respectively and it is expected that this split will move over time and it will be monitored by the Trustee at regular intervals. In line with the maximum allocations to asset classes as per the Statement of Investment Principles, at the year end the allocation between matching and growth assets was approximately 60% and 40% respectively.

Trustee's Report for the year ended 5 April 2023

Investment Report (continued)

Implementation Statement

The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 require an annual Implementation Statement to be prepared in which trustees set out how and the extent to which the SIP has been followed during the year. The Implementation Statement is included in Appendix 4 and available online at www.pensions.schneider-electric.co.uk/documents

Matching assets

The matching assets are invested in leveraged gilts, leveraged swaps and cash and are expected to respond in the same way as the Plan's liabilities to changes in interest rates and inflation expectations. Investing in matching assets helps to reduce the volatility of the Plan's funding position.

Growth assets

The objective for the growth assets is to generate a long-term rate of return in excess of inflation. Over time the use of growth assets is expected to gradually improve the Plan's funding position.

Asset allocation as at 5 April 2023

The matching assets and growth assets are invested with AIL in AIL managed pooled investment vehicles where the underlying assets are held in a low-risk bond strategy, a managed growth strategy and a hedging component.

	Amount of investment (£'000)		Proportion of Plan's invested assets	
	2023	**2022**	**2023**	**2022**
Matching assets	180,980	240,633	59.8%	57.7%
Growth Assets	119,740	174,560	39.6%	41.9%
Cash held with Custodian	1,906	1,794	0.6%	0.4%
Grand total	**302,626**	**416,987**	**100%**	**100.0%**

In addition to the above, the Plan also had an un-invested cash balance of £5,599,801 (2022: £4,728,141) at 5 April 2023. This relates to contributions received prior to the year end.

Performance of the Plan's invested assets

The Plan's growth and matching assets are invested with AIL in the Bespoke S12 Fund. Performance of the investment strategy implemented for the year to 31 March 2023 and from inception on 31 May 2019 is shown below.

	1 Year %	3 Years %	Since Inception (p.a.) %
Portfolio	(28.1)	(8.0)	**(6.3)**
Benchmark	(26.3)	(9.5)	**(6.7)**
Relative to target	(25.0)	(8.3)	**(5.4)**

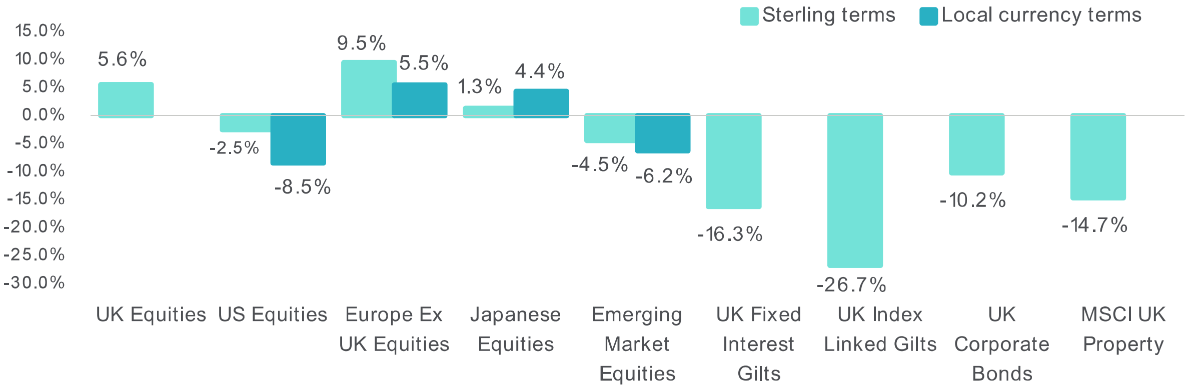
Source: Aon Hewitt / Bank of New York Mellon. Returns are in GBP and quoted net of fees.

Note: The annual management charge is £300,000 p.a. increasing with RPI (capped at 3%) annually + 5 bps on total assets under management. Fees are met by the Plan by deduction from the invested assets.

Trustee's Report for the year ended 5 April 2023

Investment Report (continued)

General Background (Aon Hewitt)



Global equities generated negative returns over the last twelve months, suffering a sharp sell-off over the first six months, as geopolitical risk continued to take centre stage with Russia's ongoing invasion of Ukraine and central banks sharply tightening monetary policy in response to elevated inflationary pressures. However, equity markets recouped more than half of the losses over the last six months of the year as markets felt confident that a deep recession would be avoided, and investor concerns on tighter monetary policy abated.

Significant volatility in the gilt market occurred following the UK's 'mini-budget' in September, affecting many UK schemes using leveraged liability-driven investments (LDI). The resulting collateral calls were met by forced selling of gilts, swaps, and credit. The Bank of England (BoE) subsequently intervened to restore normal market function.

UK prime minister Liz Truss resigned after her forty-nine-day premiership and became the shortest-serving prime minister in Britain's history. Before resigning, Truss sacked chancellor Kwasi Kwarteng. Former chancellor Rishi Sunak was sworn in as the new UK prime minister.

In the US, Silicon Valley Bank (SVB) entered receivership with the Federal Deposit Insurance Corporation (FDIC) on 10 March 2023, with the regulator citing inadequate liquidity and solvency protection. SVB was the 16th largest bank in the US and represents the largest failure of a bank since the Global Financial Crisis. US Treasury Secretary Yellen approved actions that will enable the FDIC to resolve SVB in a way that fully protects all depositors. Shareholders and certain unsecured debt holders were not protected. The Fed also launched a new programme called the "Bank Term Funding Program" which will provide $25 billion of liquidity should banks require it. Shortly after SVB's demise, investor concerns regarding Credit Suisse accelerated amidst reports that its top shareholder had ruled out further funding. UBS later agreed to buy Credit Suisse for $3.25bn at CHF0.76 per share on 19 March 2023, representing a significant discount to its pre-crisis share price, after Swiss regulators urgently stepped in to broker a deal. The Swiss National Bank has offered a CHF100bn liquidity line as part of the deal and the government will provide a loss guarantee of up to CHF9bn after UBS takes on the first CHF5bn of losses on certain assets. Under the deal's terms, CHF16bn of Credit Suisse's additional tier 1 capital bonds are being written off to zero.

UK prime minister Rishi Sunak and the European Commission President Ursula von der Leyen announced a new post-Brexit deal on Northern Ireland under the "Windsor Framework" on 27 February 2023. The agreement aims to ease trade barriers between Northern Ireland and the rest of the UK. The UK Parliament passed a vote on the deal on 22 March 2023 after Sunak gathered the support of some Democratic Unionist

Trustee's Report for the year ended 5 April 2023

Investment Report (continued)

General Background (Aon Hewitt) continued

Party and Eurosceptic Tory members of parliament. The UK announced a deal to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership on 31 March 2023, becoming the first nation to join the group since its establishment in 2018. Current members of the group include Australia, Canada, Japan, and Mexico, amongst seven other countries. The UK government estimates that the agreement will increase UK GDP by only around 0.08% in the next 10 years.

Geopolitical tension remained elevated. In June 2022, the European Union (EU) agreed to implement the sixth package of sanctions on Russia. The package includes removing Sberbank, Russia's largest bank, from the SWIFT cross-border payment system and a ban on sea-borne oil purchases from Russia, which is almost two-thirds of Europe's imports from Russia. In September 2022, the Russia-Ukraine conflict escalated after Moscow announced the annexation of four regions in south-eastern Ukraine - Donetsk, Luhansk, Kherson, and Zaporizhzhia. President Vladimir Putin vowed to use "all the means" to defend the annexed territories. The European Union (EU) decided to implement a price cap on seaborne Russian oil while the US imposed sanctions on the governor of Russia's central bank. The US unveiled its plans to impose fresh sanctions on more than 200 entities throughout Europe, Asia, and the Middle East "that are supporting Russia's war effort" in February 2023. Russian President Vladimir Putin announced on 21 February 2023 that Russia would suspend its nuclear weapons treaty with the US and also unveiled its plans to deploy tactical nuclear weapons in Belarus by July in March 2023. Russia cut oil production by 500,000 barrels a day in response to a price cap imposed by Western nations. Elsewhere, the US imposed a ban on five Chinese entities from acquiring US technology and put 28 Chinese groups allegedly in breach of US sanctions on a trade blacklist. In a series of coordinated actions following a G7 meeting in February 2023, the UK also announced sanctions on selected Chinese entities, whilst the EU and Japan finalised similar trade bans. US-China trade tensions saw further escalation as Japan and the Netherlands entered into a trilateral agreement with the US that restricts exports of chip manufacturing tools to China. The agreement is designed to hinder the Chinese military's ability to develop advanced weapons.

Over the last year, the BoE raised its benchmark interest rate cumulatively by 350bps to 4.25%. The BoE noted that the need for further monetary policy tightening would depend on future evidence concerning the persistence of price pressures. Meanwhile, the BoE became the first major central bank to actively start to unwind quantitative easing as it sold £750mn of government bonds in November 2022. The US Federal Reserve (Fed) increased its benchmark interest rate by 450bps to a range of 4.75%-5%, the highest level since 2007. In Q1 2023, the Federal Open Market Committee (FOMC) dropped its previous warning that "ongoing increases" would be needed to bring soaring inflation under control, instead noting that "some additional policy firming may be appropriate". The European Central Bank (ECB) raised its deposit rates by 350bps to 3.0% over the year, its highest level in 14 years. The ECB announced plans to start shrinking the €5tn of bonds it purchased over the last eight years from March 2023.

US equities were the worst performer over the year, falling 8.5% in local currency terms. Equities sold off sharply in 2022 as elevated inflation and expectations for higher interest rates weighed on the region, leading to the underperformance of sectors such as Information Technology and Consumer Discretionary. Following SVB's collapse in March 2023, investors shrugged off short-lived concerns over the banking sector and priced in a quicker end to the sharpest tightening cycle in recent memory. For a major part of last year, the US dollar exhibited strength due to its status as a safe haven, improving returns in sterling terms.

Trustee's Report for the year ended 5 April 2023

Investment Report (continued)

General Background (Aon Hewitt) continued

UK equities were the best-performing equity market over the year, rising 5.6%. Performance was supported the heavy-weighted energy sector as fears over the supply of energy grew as a result of the conflict in Ukraine. The energy sector was the best performer with a return of 22.5%. Economically sensitive sectors outperformed, with the industrials and consumer discretionary sectors returning 9.8% and 9.0% respectively.

Emerging markets (EM) were the second worst-performing market in local currency terms over the last twelve months, falling 6.2%. Increases in interest rates by major central banks and a strong dollar resulted in EM returns lagging other markets. Brazilian (-12.8%) and South Korean (-7.6%) equities underperformed while Chinese (-3.1%) and Indian (-4.2%) equities were among the best performers. Brazil experienced anti-government riots amidst softening economic data whilst Indian markets is the midst of allegations of share price manipulation and fraud at a major conglomerate in the country.

On a global sector level, Energy (11.0%) was the only sector to generate a positive return in local currency terms. Real Estate (-17.8%) was the worst-performing sector, followed by Communication Services (-14.2%) and Consumer Discretionary (-10.5%).

The UK gilt curve rose across all maturities over the year as inflationary concerns drove yields higher. In September 2022, the BoE temporarily announced an emergency £65bn bond-buying programme to stabilise the government debt market after an unexpected expansionary fiscal package was announced. The package increased investor concern over the sustainability of public finances, resulting in a considerable spike in yields. The sharpness of the sell-off was exacerbated by the forced unwinding of LDI positions, as UK pension schemes worked to provide collateral to LDI managers following sharp yield increases. However, in the fourth quarter, yields fell back across the curve following a government U-turn on fiscal policy and Liz Truss' resignation as prime minister. Later, in Q1 2023, the UK nominal gilt curve fell across all maturities except for the shortest end of the curve, as markets priced in additional rate increases in the immediate future but a lower terminal rate thereafter. Overall, according to FTSE All-Stocks indices, UK fixed-interest gilts fell by 16.3% and index-linked gilts fell by 26.7% over the last twelve months.

Credit markets declined over the past twelve months. UK investment-grade credit spreads (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, widened by 37bps to 167bps. The index declined 10.2% as rising gilt yields and widening spreads outweighed the income yield. Sterling ended the twelve months 2.6% lower on a trade-weighted basis.

Brent crude oil prices fell by 26.1% to $80/BBL over the last twelve months. In Q2 2022, OPEC+ agreed to a larger-than-expected oil production increase as oil prices surged. The group decided to increase production by 648,000 barrels per day for July and August. However, a sharp fall in oil prices in the third quarter amid growing fears of recession and weak oil demand from China due to its "zero-covid" policy prompted OPEC+ to agree to 100,000 barrels a day oil production cut from October. In Q4 2022, OPEC+ agreed to cut 2m barrels a day in oil production to keep oil prices from falling as a result of weaker global demand. In Q1 2023, OPEC+ announced surprise oil production cuts of more than 1 million barrels a day (b/d), including a 500,000 b/d cut by Saudi Arabia. The timing of the announcement was unusual as it wasn't made during a formal OPEC+ meeting.

The MSCI UK property index returned -14.7% over the year as capital values depreciated, following sharply higher capitalisation rates over the last year. The income return was 5.0% but the 18.8% decrease in capital values weighed over. The retail, office, and industrials sectors fell 7.8%, 13.2%, and 21.2% respectively.

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 Plan members on request.

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

The value of the Technical Provisions was:	£471,500,000
The value of the assets was:	£413,800,000

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 Projected Unit Method.

Significant actuarial assumptions

> **Discount rate**: the Bank of England gilt yield curve plus an adjustment equal to 1.0% per annum.

> **Future Retail Price inflation:** the Bank of England inflation curve.

> **Future Consumer Price inflation:** Pre-2030: the Bank of England inflation curve, Post-2030: the Bank of England inflation curve less 0.4%.

> **Future Consumer Price inflation:** Pre-2030: the Future Retail Price Inflation assumption less 1.0%, Post-2030: equal to the Future Retail Price Inflation assumption.

> **Pension increases:** calculated using the Institute and Faculty of Actuaries Model.

> **Pay increases:** general pay increases per annum in line with the assumption for future Retail Price Inflation.

> **Mortality:** SAPS S3PxA tables with a scaling factor of 99% for male members and female members and CMI 2020 core projections with a 1.5% per annum long term trend.

Updated funding position

Since the formal 5 April 2021 actuarial valuation, an annual update as at 5 April 2022 has been carried out. This revealed that the funding position had improved from 88% at 5 April 2021 to 92% 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;

> Contributions paid by the Employer acted to reduce the Plan's deficit.

The next actuarial valuation will be undertaken as 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 Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan 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 Plan will not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an Annual Report.

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

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 Plan 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 Plan by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and 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 Schneider Pension Plan on:

DocuSigned by:
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Trustee Director

DocuSigned by:
Trevor Lambeth
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Trustee Director

Date 03-Oct-2023

Independent Auditor's Report to the Trustee of the Schneider Pension Plan

Opinion

We have audited the Financial Statements of the Schneider Pension Plan 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 Plan 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 Plan in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the 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 Plan's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

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

Independent Auditor's Report to the Trustee of the Schneider Pension Plan

Other information

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

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 15, 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 Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Plan or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

Auditor's responsibilities for the audit of the Financial Statements

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 Plan. This is addressed by obtaining direct confirmation from the investment fund managers of investments held at the Statement of Net Assets date.
- Non-receipt of contributions due to the Plan from the employer. This is addressed by testing contributions due are paid to the Plan in accordance with the schedule of contributions agreed between the employer and Trustee.
- Payment of large transfers out to invalid schemes or members. This is addressed through testing that there is evidence the receiving scheme is valid, the member identity is verified and of the authorisation of the amount and approval of the payment of the transactions.

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 Plan'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 Plan'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 Plan'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 £
Contributions and other income			
Employer contributions	4	15,350,000	15,350,000
Total contributions		**15,350,000**	**15,350,000**
Other income	5	23,472	5,184
		15,373,472	**15,355,184**
Benefits and other payments			
Benefits paid or payable	6	(13,505,688)	(12,189,097)
Payments to and on account of leavers	7	(1,834,546)	(8,692,679)
Administrative expenses	8	(2,415)	(10,316)
		(15,342,649)	**(20,892,092)**
Net additions/(withdrawals) from dealings with members		**30,823**	**(5,536,908)**
Returns on investments			
Investment income	9	337,685	307,367
Change in market value of investments	10	(113,857,942)	13,180,266
Investment management expenses	11	(339)	(662)
Net returns on investments		**(113,520,596)**	**13,486,971**
Net (decrease)/increase in the fund during the year		**(113,489,773)**	**7,950,063**
Net assets of the Plan at start of the year		**421,713,360**	**413,763,297**
Net assets of the Plan at end of the year		**308,223,587**	**421,713,360**

The notes on pages 22 to 34 form part of these Financial Statements.

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

	Notes	2023 £	2022 £
Investment assets	10		
- Pooled investment vehicles		302,626,226	416,987,291
- AVC investments		271,554	359,947
- Other investment balances		-	8,092
Total investment assets		**302,897,780**	**417,355,330**
Current assets	12	5,599,801	4,728,141
Current liabilities	13	(273,994)	(370,111)
Total net assets of the Plan at 5 April		**308,223,587**	**421,713,360**

The Financial Statements summarise the transactions of the Plan 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 Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities on page 14 and these accounts should be read in conjunction with them.

The notes on pages 22 to 34 form part of these Financial Statements.

The Financial Statements on pages 20 to 34 were approved by the Trustee and signed on their behalf by:

DocuSigned by:
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Trustee Director

DocuSigned by:
Trevor Lambeth
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Trustee Director

Date 03-Oct-2023

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

3. Accounting policies

The principal accounting policies of the Plan are as follows:

Contributions
Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer and Trustee.

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.

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

3. Accounting policies (continued)

Investment Income (continued)

Investment income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicles managed by Aon Investments Limited ("AIL") and reflected in the unit price. It is reported within 'Change in Market Value'. Income that is distributed by pooled investment vehicles is accounted for on an accruals basis.

Income from annuity policies is accounted for on an accruals basis.

Insurance Policies

Individual annuity policies are not shown as assets of the Plan as the Trustee does not consider these to be material.

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. Pooled investment vehicles, which are held with AIL, have been valued in these accounts using the price as at 31 March as this is the nearest trade date to the year end.

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, or on a cash basis where no current year valuation has been received. With profit policies are reported at the value provided by the AVC provider based on cumulative reversionary bonuses declared and the current terminal bonus. These are held separately from the rest of the Plan'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

	2023	**2022**
	£	**£**
Employer:		
- Deficit funding contributions	15,350,000	15,350,000
	15,350,000	**15,350,000**

In order to eliminate the funding shortfall, deficit funding contributions of £15.35m per annum are payable into the Plan in equal monthly instalments from December 2021 to March 2024 inclusive and £0.85m per month from April 2024 to February 2025 inclusive.

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

5. Other income

	2023 £	2022 £
Other income	23,472	5,184
	23,472	**5,184**

Other income for 2023 includes historical accruals totalling £20,139, previously recorded under current liabilities, that were no longer deemed payable during the prior year, a taxation claim receipt of £2,653 and receipts from XPS in respect of the refund of charges totalling £680. Other income for 2022 relates to transfer calculation fees received and also includes a receipt from XPS of £3,374 for the reimbursement of overpaid benefits.

6. Benefits paid or payable

	2023 £	2022 £
Pensions	11,147,970	10,619,674
Commutations and lump sum retirement benefits	2,297,228	1,539,236
Lump sum death benefits	45,070	23,260
Refund of contributions on death	15,041	6,927
Flexible drawdown benefits	379	-
	13,505,688	**12,189,097**

7. Payments to and on account of leavers

	2023 £	2022 £
Individual transfers out to other schemes	1,834,546	8,785,378
State Scheme premiums	-	(92,699)
	1,834,546	**8,692,679**

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

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

8. Administrative expenses

	2023 £	2022 £
Bank charges	2,362	1,456
Other expenses	53	8,860
	2,415	**10,316**

Other expenses during 2022 included £8,770 which was paid to Schneider Electric DC Trust to settle a receipt that was incorrectly received from the DC Trust to the Plan in 2016.

Except as noted above, the cost of the Pension Protection Fund levy and all other expenses incurred in the running of the Plan are payable by the Employer.

9. Investment income

	2023 £	2022 £
Dividends from equities	-	4,311
Income from pooled investment vehicles	-	1,348
Annuity income	285,423	300,430
Interest on cash deposits	52,262	1,278
	337,685	**307,367**

Amounts recorded as dividends from equities relate to refunds of foreign withholding tax from previously held equity investments.

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

10. Investment assets

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

	Value at 5 April 2022	Purchases at cost	Sales proceeds	Change in market value	Value at 5 April 2023
	£	£	£	£	£
Pooled investment vehicles	416,987,291	-	(500,000)	(113,861,065)	302,626,226
AVC investments	359,947	-	(91,516)	3,123	271,554
	417,347,238	**-**	**(591,516)**	**(113,857,942)**	**302,897,780**
Other investment balances – cash in transit	8,092				-
	417,355,330				**302,897,780**

Transaction costs are included in the cost of purchases and deducted from sale proceeds. These are indirect costs, incurred through the bid-offer spread on investments within pooled investments vehicles and charges made within those vehicles.

Please see market commentary in the investment report on pages 11 to 13 for information relating to the change in market value movement during the year.

Pooled investment vehicles
The Plan's investments in pooled investment vehicles at the year-end comprised:

	2023	2022
	£	£
Multi-Asset funds	45,220,671	156,722,416
Bond funds	39,632,136	17,837,801
Cash funds	1,906,713	1,793,697
LDI funds	180,979,863	240,633,377
Alternative	34,886,843	-
	302,626,226	**416,987,291**

Qualifying Investment Fund

The Plan's pooled investment vehicle holdings are held in the Bespoke S12 Fund, which is a Qualifying Investment Fund ("QIF"). A QIF is a pooled arrangement where the Plan is the only participant in the fund. This fund comprises of a number of non-QIF Adept Strategy Funds, the breakdown of which is disclosed in the above table, and a Blackrock LDI fund which is a QIF and makes up the total of the LDI funds in the above table. At the year end the holdings in the Blackrock LDI QIF were as follows:

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

10. Investment assets (continued)

Qualifying Investment Fund (continued)

LDI funds - Hedging component:	**2023** **£**	**2022** **£**
Fixed interest bonds	82,472,197	94,562,392
Index linked bonds	189,542,098	251,765,807
Swap Assets*	5,555,798	123,041,794
Swap Liabilities*	(6,452,928)	(119,495,491)
Total return swaps	-	(743,020)
Cash and other investment balances	(90,137,302)	31,058,271
Amounts due under repurchase agreements	-	(139,556,376)
	180,979,863	**240,633,377**

*Swap assets and liabilities for the 2023 year-end are reported on the net position of the asset and liability leg on an individual contract level while for the 2022 year-end the total of the asset legs and the total of the liability legs are reported on a gross basis.

Investment underlying swap contracts:	**Nominal amount** **£**	**Market value asset** **£**	**Market value (liability)** **£**
Interest rate swaps	80,012,000	5,555,798	-
Inflation rate swaps	36,405,844	-	(6,452,928)
		5,555,798	**(6,452,928)**

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

10. Investment assets (continued)

Additional Voluntary Contributions (AVCs)

Additional Voluntary Contributions are invested separately from the main Plan with Utmost Life and Pensions and Prudential Assurance.

Members participating in this arrangement each receive an annual statement made up to 5 April confirming the amounts held to their account and the movements in the year.

	2023 £	2022 £
Prudential with profits fund	184,198	187,204
Prudential deposit fund	17,539	17,221
Prudential unit linked fund	25,912	88,608
Utmost Life and Pensions unit-linked fund	43,905	66,914
	271,554	**359,947**

Concentration of investments

The following investments account for more than 5% of the Plan's net assets at the end of the year:

	2023		2022	
	£	%	£	%
LDI funds (Hedging Component)	180,979,863	58.7	240,633,377	57.1
Global Multi-Factor Equity Strategy	45,220,671	14.7	-	-
Diversified Alternatives Strategy	30,107,163	9.8	-	-
Active Global Fixed Income Strategy	19,817,606	6.4	-	-
Aon – Adept 9 GBP 0 CI Managed Growth Strategy	-	-	156,722,416	37.2

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

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

10. Investment assets (continued)

Fair value breakdown of investment assets at current accounting date

	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	302,626,226	-	302,626,226
AVC investments	-	87,356	184,198	271,554
Other investment balances	-	-	-	-
		302,713,582	**184,198**	**302,897,780**

Fair value breakdown of investment assets at previous accounting date

	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	416,987,291	-	416,987,291
AVC investments	-	172,743	187,204	359,947
Other investment balances	8,092	-	-	8,092
	8,092	**417,160,034**	**187,204**	**417,355,330**

Investment risks

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

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

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

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

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

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

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

10. Investment assets (continued)

Summary of risk exposure

The following table summarises the extent to which the various classes of investments are affected by the financial risk:

	Indirect credit risk	Market risk			2023	2022
		Currency	Interest	Other price	£	£
Matching assets						
Pooled Investment vehicles						
- LDI funds	◐	○	●	○	180,979,863	240,633,377
					180,979,863	**240,633,377**
Growth assets						
Pooled investment vehicles						
- Managed Growth Fund	◐	◐	◐	●	-	156,722,416
- Low Risk Bond Strategy	●	◐	●	◐	9,898,648	17,837,801
-Global Multi-Factor Equity Strategy	○	●	○	●	45,220,671	-
-Active Global Fixed Income Strategy	●	◐	●	◐	19,817,606	-
-Sustainable Multi-Asset Credit Strategy	●	◐	●	◐	9,915,882	-
-Diversified Alternatives Strategy	○	●	●	●	30,107,163	-
-Opportunities Strategy	●	◐	◐	◐	4,779,680	-
Other investment balances	○	○	●	○	1,906,713	1,793,697
					121,646,363	**176,353,914**
					302,626,226	**416,987,291**

Statements for the year ended 5 April 2023

10. Investment assets (continued)

Summary of risk exposure (continued)

In the above table, the risks noted affect the asset class [●] significantly, [◐] partially or [○] hardly/not at all and relate to both the current and preceding year. A summary of the types of investments in the pooled investment vehicles are disclosed above.

The Trustee determines their investment strategy after taking advice from a professional investment adviser. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Credit risk

The Plan is subject to credit risk because the Plan has cash balances. The Plan also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the investments it holds in the pooled investment vehicles. The Plan is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Cash is held within financial institutions which are at least investment grade credit rated. This is the position at the year-end and the prior year.

The Plan's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled managers, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The manager carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled managers.

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

	2023 £	2022 £
Open ended investment company	119,739,650	201,882,472
Unit trust	180,813,953	213,146,064
	300,553,603	**415,028,536**

Total market value in the table above excludes cash balances of £2,073k (2022: £1,959k) and therefore may differ to the table on page 30 (Summary of risk exposure).

In the table on page 30 (indirect financial risks), cash balances held in any LDI accounts, are included in the LDI Funds (Hedging Component) market value.

Indirect credit risk arising from underlying investments held in the bond and liability matching pooled investment vehicles is mitigated by the underlying exposures on an aggregate basis being predominantly investment grade credit securities. However, the funds may invest in debt securities, which may be unrated by a recognised credit rating agency or below investment grade and are subject to greater risk of loss of principal and interest than higher-rated debt securities. The funds may invest in debt securities, which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may

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

10. Investment assets (continued)

Credit risk (continued)

be secured on substantially all of that issuer's assets. The funds may invest in debt securities, which are not protected by financial covenants or limitations on additional indebtedness. Risk is mitigated by holding a diverse portfolio of investments with exposure to a range of issues and issuers, through the higher yield available on these investments, which compensates on an aggregate basis for the risk taken and through the use of an active fund manager who, through careful stock selection, will aim to reduce the impact of defaults and downgrades.

Currency risk

No direct currency risk exists as all of the pooled investment vehicles held by the Plan are denominated in GBP.

Indirect currency risk arises because some investments are held in overseas markets via pooled investment vehicles. The manager may enter into currency exchange transactions and/or use techniques and instruments to seek to protect against fluctuation in the relative value of its portfolio positions. This fluctuation results from changes in currency exchange rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions.

Interest rate risk

The Plan is subject to interest rate risk because some of the Plan's investments are held in leveraged gilts through pooled vehicles, and cash, as part of their LDI investment strategy (Hedging Component). Under this strategy, if interest rates fall, the value of LDI 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 LDI investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. The Plan also has some exposure to bond pooled investment vehicles as part of its diversified return seeking growth portfolio.

Other price risk

Other price risk arises principally in relation to the Plan's return seeking portfolio which includes a range of strategies invested in pooled vehicles (global equities, return-seeking bonds (active global fixed income), return-seeking bonds (multi-asset credit), low risk bonds, liquid alternatives, opportunities portfolio). This exposure to overall price movements is managed by constructing a diverse portfolio of investments across various markets.

11. Investment management expenses

	2023 **£**	**2022** **£**
Administration, management and custody	339	662
	339	**662**

No investment management expenses are paid directly from the Scheme, apart from an annual charge deducted from AVC funds held with Prudential. Investment management expenses payable in relation to funds held with AIL are reflected within the fund unit price.

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

12. Current assets

	2023 £	2023 £
Cash balances	5,599,801	4,728,141
	5,599,801	**4,728,141**

13. Current liabilities

	2023 £	2022 £
Unpaid benefits	37,185	114,154
Inland revenue – PAYE	146,210	145,219
Investment fees	90,599	90,599
Sundry creditors	-	20,139
	273,994	**370,111**

14. Employer related investments

There were no employer related investments at the current or preceding year end.

15. 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 Plan's Trustee are also Directors of the Trustee of a separate scheme, the APC Pension Scheme.

16. Taxation

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

17. 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, which were formerly contracted out between 17 May 1990 and 6 April 1997 should be amended to equalise pension benefits for men and

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

17. Equalisation of pension benefits for guaranteed minimum pensions (continued)

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. The Trustee is working together with the Employer to consider how to allow for equalisation of benefits for GMPs going forward. Under the judgment, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the Financial Statements and therefore have not included a liability in respect of these matters in these Financial Statements. They will be accounted for in the year they are determined.

After the 12 December 2018 Trustee Board meeting, the Company was advised that equalisation of benefits for guaranteed minimum pensions of current Plan members was estimated to result in an increase in liabilities of c.£4.5m with the final amount subject to updating of membership data, the equalisation method adopted and clarification of some outstanding legal points. As part of the 5 April 2018 actuarial valuation an additional contribution of £4.5m was paid in March 2019 to cover the liability increase. The additional liability was reviewed as part of the 5 April 2021 actuarial valuation, the assessment concluded a £4.5m allowance was still appropriate and therefore no extra funding was required.

On 20 November 2020 a further judgment was passed down by Justice Morgan on the Lloyds Bank GMP equalisation case, confirming that pension scheme trustees are responsible for equalising GMP benefits that have already been transferred out of their DB schemes. The judgment also found that schemes have a concurrent responsibility to equalise for GMP transferred in, so if the ceding scheme can no longer equalise for GMP, perhaps if 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 GMP equalisation liabilities from each other. The case confirmed that there is no limitation period for this, so transfers need to be traced right back to 1990, but it excluded bulk transfers.

With effect from 1 January 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 Schneider Pension Plan

Statement about contributions payable under the Schedule of Contributions

We have examined the summary of contributions payable to the Schneider Pension Plan, for the Plan year ended 5 April 2023 which is set out on page 36.

In our opinion contributions for the Plan 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 Plan Actuary on 30 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 Plan 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 Plan'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 Plan 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 Plan and for monitoring whether contributions are made to the Plan 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 Plan'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 Plan'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 Plan'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 in respect of the Plan year ended 5 April 2023

	£
Contributions payable under the Schedule in respect of the Plan year	
Employer:	
> Deficit funding contributions required by the Recovery Plan and Schedule of Contributions	15,350,000
Total contributions payable under the Schedule of Contributions as reported on by the Plan Auditor and as disclosed in the Financial Statements	**15,350,000**

Signed for and on behalf of the Trustee of the Schneider Pension Plan:

DocuSigned by:
B1F0185F920B4AD...
Trustee Director

DocuSigned by:
Trevor Lambeth
4C65100477BC4B5...
Trustee Director

Date 03-Oct-2023

Actuarial Statements

XPS Pensions

Actuary's Certification of the Schedule of Contributions

The Schneider Pension Plan ("the Plan")

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the Recovery Plan dated 30 November 2021.

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 30 November 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 Plan's liabilities by the purchase of annuities if the Plan were to be wound up.

Signature

Date
30/11/21

Name
Jonathan Bernstein FIA

Qualification
Fellow of the Institute and Faculty of Actuaries

Address
11 Strand
London
WC2N 5HR

Employer
XPS Pensions Consulting Limited

Actuarial Statements

XPS Pensions

Schedule of Contributions

The Schneider Pension Plan ("the Plan")

This Schedule of Contributions has been prepared by the Trustee after obtaining the advice of Jonathan Bernstein, the Actuary to the Plan. It sets out the contributions Schneider Electric Limited ("the Employer") must pay and the dates these contributions must be paid to the Trustee and has been agreed by the Employer.

This schedule covers contributions payable in the period from 1 December 2021 to 31 December 2026.

Contributions to be paid by the Employer

Contributions in respect of the shortfall in funding	Due payment dates
£1,279,166.67 each month from December 2021 up to and including March 2024	No later than the 19th of the month following each instalment
£850,000 each month from April 2024 up to and including February 2025	No later than the 19th of the month following each instalment
£0 from March 2025 to December 2026	n/a

Notes

1. 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 or general benefit improvements are to be paid in addition to those set out in this Schedule.
2. Items of administrative expenditure, including all Plan Levies, are met directly by the Employer and are accordingly not shown on this Schedule of Contributions.
3. Payments will be monitored against the amounts and dates on this schedule. Any amount unpaid must be treated as a debt due to the Trustee from the Employer

Signed on behalf of the Trustees	Date
[signature]	30/11/21
Signed on behalf of Schneider Electric Limited	**Date**
[signature]	30/11/21.
Signed on behalf of the Scheme Actuary	**Date**
[signature]	30/11/21

Appendix 1 - Trustee and Advisers

Principal Employer	Schneider Electric Limited Stafford Park 5 Telford TF3 3BL
Trustee	Schneider Trustees Limited
Trustee Directors	<u>Employer nominated</u> Rodney Turtle (Chair) Michael Gulwell Trevor Lambeth <u>Member nominated</u> John Hamley Gary Hopkins
Actuary	Shelley Jeffery XPS Pensions Limited 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	Aon Investments Limited (“AIL”)
Fiduciary Manger Oversight	IC Select Ltd
AVC Providers	Utmost Life and Pensions Prudential Assurance

Appendix 1 - Trustee and Advisers

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 Pension Plan Administration Team XPS Administration Limited PO Box 205 Huddersfield HD8 1ET Schneiderpp@XPSGroup.com

Appendix 2 – Internal Dispute Resolution Procedure

The Plan has a formal internal procedure for the resolution of any complaints or disputes between the beneficiaries of the Plan 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 Plan, 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 Plan 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
Tel: 0800 731 0193
Web address: www.gov.uk/find-pension-contact-details

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

If a member has a complaint against the Plan that has not been resolved to his or her satisfaction through the Plan's Dispute Procedure, the government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the Trustee or Plan administrators, or disputes of fact or law. The Pensions Ombudsman can be contacted at:

Pensions Ombudsman
10 South Colonnade
Canary Wharf
E14 4PU

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

Appendix 3 – Additional Contacts

The Pensions Regulator (tPR)

The Pensions Regulator can intervene if they consider that a Plan's Trustee, 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)

Engagement Policy Implementation Statement ("EPIS")

Schneider Pension plan (the "Plan")

Plan Year End – 5 April 2023

The purpose of the EPIS is for us, the Trustee of the Schneider Pension Plan, to explain what we have done during the year ending 5 April 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP"). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan's investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the 'most significant' votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Plan's material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations. We believe the activities completed by our fiduciary manager to review the underlying managers' voting and engagement policies, and activities align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

We delegate the management of the Plan's assets to our fiduciary manager Aon, and we are comfortable with the management and the monitoring of ESG integration and stewardship of the underlying managers that have been carried out on our behalf.

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

How voting and engagement policies have been followed

The Plan is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers. We reviewed the stewardship activity of the material investment managers carried out over the Plan year and in our view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Plan's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly Environment Social Governance ("ESG") ratings from Aon for the funds the Plan is invested in where available.

During the year, we received training on ESG and stewardship topics, and agreed our policies in relation to these.

Each year, we review the voting and engagement policies of the Plan's investment managers to ensure they align with our own policies for the Plan and help us to achieve them.

The Plan's stewardship policy can be found in the SIP:
https://www.pensions.schneider-electric.co.uk/documents/

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. While LGIM and BlackRock did provide a comprehensive list of fund level engagements, which we find encouraging, they did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consultants Sustainability Working Group ("ICSWG") industry standard. Our fiduciary manager, Aon, will continue to engage with these managers to better understand their voting and engagement practices and discuss the areas which are behind those of their peers.

2. We will invite our fiduciary manager to a meeting to get a better understanding of how it is monitoring voting practices and engaging with underlying managers on our behalf, and how these help us fulfil our Responsible Investment policies

3. We will continue to ensure our fiduciary manager is using its resources to effectively influence positive outcomes in our relevant funds.

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

Our fiduciary manager's engagement activity

We delegate the management of the Plan's defined benefit assets to our fiduciary manager, Aon. Aon manages the Plan's assets in a range of funds which can include multi-asset, multi-manager and liability matching funds. Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon's latest annual Stewardship Report and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

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

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment managers to responsibly exercise their voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Voting statistics

The table below shows the voting statistics for each of the Plan's underlying material funds within the Aon delegated funds with voting rights for the year to 5 April 2023. Managers collate voting information on a quarterly basis. The voting information provided is for the year to 31 March 2023 which broadly matches the Plan year.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM – Multi-Factor Equity Fund	11,712	99.8%	20.2%	0.1%
BlackRock – Emerging Markets Equity Fund	33,350	97.0%	11.0%	3.0%

Source: Managers

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Plan's managers use proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

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

	Description of use of proxy voting adviser(s)
Legal and General Investment Management ("LGIM")	LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
BlackRock	BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Plan's funds. A sample of these significant votes can be found in the appendix

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

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's underlying material funds within the Aon delegated funds. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the fund invested in by the Plan.

Funds	**Number of engagements**		**Themes engaged on at a fund-level**
	Fund specific	**Firm level**	
LGIM – Multi-Factor Equity Fund	279	1,224	Environment – Climate change Social – Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health Governance – Remuneration
BlackRock – Emerging Markets Equity Fund	450	3,886	Environment – Climate Risk Management Social – Human Capital Management Governance – Corporate Strategy, Board Composition and Effectiveness, Business Oversight/Risk Management, Remuneration
Robeco – SDG Credit Income Fund	11	252	Environment – Climate change, Pollution, Waste Social – Human and labour rights (e.g. supply chain rights, community relations) Governance – Board effectiveness - Other Other – SDG Engagement
Aberdeen ("Abrdn") – Climate Transition Bond Fund	44	2,484	Strategy, Financial and Reporting – Capital allocation, Reporting (e.g. audit, accounting, sustainability reporting), Financial performance, Strategy/purpose, Risk management (e.g. operational risks, cyber/information security, product risks) Other – Climate, Environment, Human Rights & Stakeholders, Corporate Behaviour, Corporate Governance
Aegon Asset Management ("Aegon") – European Asset Backed Securities (ABS) Fund	132	441	Environment – Climate change Social – Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance – Board effectiveness - Diversity Other – Proprietary ESG assessment
BlackRock Absolute Return Bond Fund	391	3,886	Environment - Climate Risk Management, Operational Sustainability, Environmental Impact Management Social - Human Capital Management, Social Risks and Opportunities Governance - Board Composition and Effectiveness, Remuneration, Corporate Strategy, Business Oversight/Risk Management

Source: Managers

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- LGIM and BlackRock did provide fund-level engagement information but not in the industry standard ICSWG template.

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

This report does not include commentary on the Plan's liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Plan's assets that are held as AVCs.

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

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Plan's managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below

LGIM – Multi-Factor Equity Fund	**Company name**	Eli Lilly and Company
	Date of vote	02-May-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.9%
	Summary of the resolution	Require Independent Board Chair
	How you voted	LGIM voted in favour of the shareholder resolution (management recommendation: against).
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an Annual General Meeting ("AGM") as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.
	Outcome of the vote	Failed
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).
BlackRock – Emerging Markets Equity Fund	**Company name**	Grupo Mexico S.A.B. de C.V.
	Date of vote	28-Apr-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Elect or Ratify Chairmen and Members of Board Committees
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We endeavor to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party

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

		research and, where relevant, insights from recent and past company engagement and our active investment colleagues.
	Rationale for the voting decision	BIS determined that it is in the best interests of our clients as long-term shareholders to not support the director bundled ballot election at the 2022 AGM. The company has not updated their sustainability-related reporting, and in particular, their climate-related disclosures since the release of their "2020 Sustainable Development Report." In addition, the company has not addressed shareholder concerns, including BlackRock's, regarding the quality and effectiveness of their Board of Directors.
	Outcome of the vote	Passed
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	On which criteria have you assessed this vote to be "most significant"?	Not provided

Source: Managers

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).