The Allen & Overy Pension Scheme

Registration Number: 10108297

Trustee's Annual Report and Financial Statements
For the Year Ended 31 December 2022

Contents

Trustee and Advisers

Principal Employer

Allen & Overy LLP

Trustee

Allen & Overy Pension Trustee Limited

Directors:
J Parr (Chair)
N Bowden (ENT)
G Fraser (MNT)
L Thompson (MNT)
P Watson *(retired 12.10.2022)*
P Regan (MNT)
D Morris ENT (*appointed 17.10.2022*)

Trustee Secretary

Claire Perusko
c/o Allen & Overy Pension Trustee Limited
One Bishops Square
London E1 6AD

Address for general and benefit enquiries

Capita Pension Solutions Limited
PO Box 555
Stead House
Darlington DL1 9YT
Tel 01227 771445
AllenOvery@capita.co.uk

Employer's covenant adviser

Lane Clark & Peacock LLP
St Paul's House, St Paul's Hill
Winchester, SO22 5AB

Investment Managers

DB Section Only
Legal & General Assurance (Pensions Management) Limited
One Coleman Street
London EC2R 5AA

BlackRock Investment Management (UK) Ltd.
12, Throgmorton Avenue
London EC2N 2DL

Insight Investment Management (Global) Limited
160 Queen Victoria Street
London EC4V 4LA

M&G Investment Management Limited
10, Fenchurch Avenue,
London, EC3M 5AG or c/o
State Street Fund Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2

Adept Investment Management plc (appointed January 2022)
C/o BNY Mellon, Wexford Business Park
Rochestown, Drinagh,
Wexford, Ireland

Trustee and Advisers

DC Section and DB AVCs	Standard Life Investments Limited 1 George Street Edinburgh EH2 2LL
With Profits AVCs Investment Managers	Prudential Assurance Company Limited Stirling FK9 4UE Prudential Life & Pensions UK Limited Six Hills Way Stevenage SG1 2WH
Investment Advisory Services	Aon Solutions UK Limited 122 Leadenhall Street London EC3V 4AN
Scheme Actuary	Darren Charles FIA (Aon Solutions UK Limited) 122 Leadenhall Street London EC3V 4AN
Independent Auditors	PricewaterhouseCoopers LLP 29 Wellington St Leeds LS1 4DL
Bankers	Lloyds Bank plc 25, Gresham Street London EC2V 7HN
Legal Adviser	Sacker & Partners LLP 20 Gresham Street London EC2V 7JE
Scheme Administrator	Capita Pension Solutions Limited PO Box 555 Stead House Darlington DL1 9YT
Life Cover Insurers	American International Group Limited 58 Fenchurch Street London EC3M 4AB Legal & General Assurance Society One Coleman Street London EC2R 5AA

Chair's Review

For the year ended 31 December 2022

This review sets out a summary of the main events having an impact on the Scheme.

Although the Coronavirus posed less disruption over the course of 2022, the conflict in Ukraine had a significant impact on global markets.

Following the announcement of the Russian invasion of Ukraine, the Trustee began to receive quarterly updates from their investment advisors on the response by fund managers. These updates contained:

- The proportion of assets under management with direct exposure to Russia, broken down by fund.
- Changes in fund exposure to Russia compared to the previous quarter.
- Accompanying wording on what the Scheme's fund managers were doing to comply with sanctions imposed on Russia.

Through regular monitoring, I am pleased to report that the Trustee continued to ensure that it was business as usual for the Scheme.

Defined Benefit (DB) Section

In 2020, the Trustee reviewed the DB investment strategy to explore whether a similar level of expected return could be achieved with a strategy that is more efficient from a risk/return and income perspective. At the start of the 2022 the final phase of the implementation of this updated investment strategy took place. This involved the full redemption from the Insight Bonds Plus 400 mandate and an investment into the Adept 18 – Sustainable Multi-Asset Credit Fund.

The Liability Driven Investment (LDI) portfolio managed by Insight returned c.-81.0% over the year. The negative performance has principally been driven by the significant rise in gilt yields over 2022. This has meant that liabilities have fallen significantly in value and the LDI portfolio, which is designed to move in the same way as a proportion of the Scheme's liabilities, also fell significantly in value. Throughout this though, the Scheme has remained in a well-funded position (over 100% on its Technical Provisions basis).

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 Scheme's liability hedge was maintained over this volatile period and to support collateral requirements within the LDI portfolio, the following funds which formed part of the Scheme's allocation to more liquid, less risky assets were fully redeemed:

- Insight Liquidity Fund; + Insight High Grade ABS Fund; and
- BlackRock Diversified Growth Fund.

As at the 31 December 2022, the Scheme asset allocation was outside of the ranges outlined in the Statement of Investment Principles ("SIP"). This is due to portfolio changes made during Q4 2022 and the reduced leverage LDI managers are willing to accommodate; hence the value of assets within the LDI portfolio is overweight relative to target. The Trustee is in the process of reviewing its investment strategy and any changes to the strategy will be reflected in a revised SIP.

Chair's Review

For the year ended 31 December 2022 (continued)

Defined Contribution (DC) Section

In respect of the DC section, over the course of 2022, the Trustee reviewed the investment strategy, including analysis of the default arrangements (Multi-Asset Lifecycle Strategy and the Standard Life Deposit and Treasury Pension Fund) and the Scheme's self-select fund range. As a part of the investment strategy review, the Trustee carried out an analysis of the membership of the Scheme, in order to reassess the appropriateness of the strategy for different groups of members. The Trustee completed the review in Q4 2022. At the time of writing, the Trustee is in the process of agreeing the most suitable changes for the Scheme. Once a decision has been finalised, the Trustee will communicate this to members directly. More information on this review can be found in the Chair's Statement on 54.

At the end of 2022 the Trustee agreed to close the SL Liontrust UK Equity Pension Fund (formerly the SL Majedie UK Equity Pension Fund) to new contributions and switches in, based on advice given by its investment advisors. The change was implemented successfully in December 2022.

J Parr
Chair of Trustee

Date:

Trustee's Report

The Trustee of The Allen & Overy Pension Scheme has pleasure in presenting its annual report together with the audited financial statements for the year ended 31 December 2022.

Scheme Management

The Scheme

The Allen & Overy Pension Scheme ("the Scheme") is an occupational pension scheme established under an irrevocable trust dated 30 December 1983 and is governed by a Definitive Trust Deed and Rules which is available for inspection on request to Claire Perusko at the address on page 2. An outline of the Scheme's benefits is found on the Scheme website, www.myallenoverypension.com. The Scheme is a hybrid pension arrangement covering both defined benefit (DB) and defined contribution (DC) sections.

The Trustee and its Directors

The current Trustee is Allen & Overy Pension Trustee Limited ("the Trustee"). The right of appointing and removing Directors of the Trustee is determined by the company's Articles of Association. The current directors of the Trustee are shown on page 2 of this document.

The Board of Directors of the Trustee of the Scheme normally comprises six Directors. As at 31 December 2022 it comprised three Employer Nominated Trustee Directors (N Bowden, D Morris and J Parr) and three Member Nominated Trustee Directors (L Thompson, P Regan and G Fraser). Member Nominated Trustee Directors are elected for a period of three years. The Trustee Directors are all members of the Scheme with the exception of J Parr and N. Bowden.

Trustee Training

All Trustee Directors are provided with comprehensive training opportunities through external courses. Training for new Trustee Directors includes Defined Benefit and Defined Contribution training. In addition, training on topical issues during the year was organised for all Trustee Directors where a need was identified.

Financial Statements

The financial statements included in this report are the accounts required by the Pensions Act 1995. They have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of that Act.

Increases of Pensions

Pension payments were increased at 1 January 2022 by 5.0% (2021: 1.3%) for pensions earned before 23 September 1996 and by 3.1% for pensions earned after 23 September 1996. These were based on the rise in the Consumer Price Index (CPI) over the year to September 2021. This was pro-rated for new pensioners in the year.

Deferred pensions have been increased in accordance with statutory requirements. No discretionary increases were made to Scheme pensions by the Trustee or the Employer.

Trustee's Report

Scheme Management

Risk Register

A Risk Register has been created and is reviewed periodically by the Trustee. The purpose of the Risk Register is:

- to highlight the scope of risk to which the Scheme is exposed from the Trustee's perspective;
- to rank those risks in terms of likelihood and impact; and
- to identify management actions that are either currently being taken, or that are believed should be taken, in order to mitigate the identified risks.

Actuarial Position

The actuarial position of the Scheme, which takes into account the obligations for the Defined Benefit section, is dealt with in the Report on Actuarial Liabilities which can be found on pages 50 and 51.

Single Code of Practice

The Pensions Regulator (tPR) released a consultation document on 17 March 2021 on the new Single Code of Practice (including a full draft of the Code). The new Code aims to bring together 10 of the 15 existing Codes of Practice, plus various pieces of existing guidance and new material required as a result of the 2018 Occupational Pension Schemes (Governance) regulations.

The consultation closed in May 2021 and tPR have carried out a full review of the responses.

TPR has revealed that the consolidated single code of practice will be called the ***General Code*** and whilst they do not have a firm final publication date for the new code it is not expected to be published until autumn 2023 at the earliest.

The Trustee has started a review of the draft Code and will assess whether current governance practices meet tPR's new expectations once the new code becomes effective.

Post Balance Sheet Event

Capita Cyber Incident

The Trustee was notified by Capita on 17 May 2023 that personal data which Capita processes on behalf of the Trustee has been part of the data exfiltrated as a result of the cyber incident. The Trustee is taking action to comply with its regulatory obligations, including informing relevant regulators and has communicated with all affected members. In addition Capita has offered a complementary 12 month credit monitoring service to support members who have concerns about others using their data. Importantly, Capita's HartLink pension administration platforms were not affected and this was evidenced to the Service Auditor. A small number of the network controls were impacted; however, the actions to contain the incident and quickly recover infrastructure and systems, have enabled Capita to service clients and process key financial transactions. The Directors of Capita Pension Solutions Limited have concluded that the cyber incident does not change their opinion regarding the ongoing operating effectiveness of Capita's controls.

Trustee's Report

Membership and Beneficiaries

	Active Members	Employed Defined Benefit Early Leavers	Deferred Members	Pensioners	Total
Defined Contribution Section					
Totals at 31/12/2021	**1,773**	**-**	**3,778**	**-**	**5,551**
Adjustments	**(3)**	**-**	**4**	**-**	**1**
New Members	**356**	**-**	**-**	**-**	**356**
Leavers – preserveds	**(278)**	**-**	**278**	**-**	**-**
Uncrystallised funds pension lump sums	**(1)**	**-**	**(4)**	**-**	**(5)**
Deaths	**-**	**-**	**(2)**	**-**	**(2)**
Retirements	**(1)**	**-**	**(2)**	**-**	**(3)**
Transfers out	**-**	**-**	**(80)**	**-**	**(80)**
Totals at 31/12/2022 for Defined Contribution	**1,846**	**-**	**3,972**	**-**	**5,818**
Defined Benefit Section					
Totals at 31/12/2021	**-**	**-**	**458**	**300**	**758**
Adjustments for late notifications	**-**	**-**	**-**	**-**	**-**
Deaths	**-**	**-**	**-**	**(9)**	**(9)**
Retirements	**-**	**-**	**(18)**	**18**	**-**
Commutations	**-**	**-**	**-**	**(2)**	**(2)**
New dependants	**-**	**-**	**-**	**2**	**2**
Transfers out	**-**	**-**	**(8)**	**-**	**(8)**
Sub totals at 31/12/2022	**-**	**-**	**432**	**309**	**741**
Defined Benefit Early Leavers					
Totals at 31/12/2021	**-**	**64**	**48**	**27**	**139**
Adjustments	**-**	**(2)**	**1**	**1**	**-**
Leavers preserved	**-**	**(1)**	**1**	**-**	**-**
Death	**-**	**(1)**	**-**	**(1)**	**(2)**
Retirements	**-**	**-**	**(3)**	**3**	**-**
Sub totals at 31/12/2022	**-**	**60**	**47**	**30**	**137**
Totals at 31/12/2022 for Defined Benefit	**-**	**60**	**479**	**339**	**878**
Overall totals at 31/12/2022	**1,846**	**60**	**4,451**	**339**	**6,696**

As at 31 December 2022, there were 33 (2021: 32) dependant pensioners in the Defined Benefit section. Included in the above are 9 (2021: 17) members who receive pensions through annuities directly from the insurer.

Employees who, under auto enrolment, opt out of becoming a member of the Scheme are included in "New members" above and then shown under "Leaver – refunds or no benefit" when they have opted out within the required period. Employed DB Early Leavers are members of the DB Section who were in pensionable service when the Scheme closed to accrual on 31 December 2006.

Investment Matters

Overview

The Trustee, with the assistance of its appointed investment consultants, determines the overall investment strategy for the Scheme and sets out the broad policy to be adopted by each of the appointed fund managers.

Investment managers

The names of those who have managed the Scheme's investments during the year are listed on pages 2 and 3. The Trustee has delegated the day-to-day management of investment to its appointed fund managers. A written agreement between the Trustee and each manager sets out the terms on which the manager will act.

The managers' duties include the consideration of environmental, social and governance (ESG) as well as ethical issues in the selection, retention, and realisation of investments as well as voting and corporate governance in relation to the Scheme's assets. The Trustee has reviewed each of the investment managers' policies on these issues. The Trustee believes that the policies adopted by the managers are consistent with its own views.

Investment principles

In accordance with Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles which has been updated in May 2022 and includes the Trustee's policy relating to ESG investment and the exercise of the rights attaching to investments. Any member may request a copy. This Statement sets out the investment strategy and may change from time to time according to advice received from the investment manager or consultants.

See https://www.myallenoverypension.com/Library/AOLibMemComm.ASP

Custodial arrangement

The DB assets and the DC assets are invested in unitised pooled investment vehicles where the manager makes its own arrangements for the custody of the underlying investments.

Employer-related investments

The law restricts the extent to which the assets of the Scheme can be invested in investments relating to the Employer. At 31 December 2022, the Scheme did not hold any employer-related investments (2021: £nil) either directly or indirectly through pooled investment vehicles.

Trustee's Report

Investment Matters (continued)

Defined Benefit section

Investment strategy

The Trustee's aim is to invest the assets of the Scheme with the objective that the benefits promised to members are provided as far as can reasonably be expected. In setting the investment strategy, the Trustee first considered a range of asset allocations modelled by Aon that they could adopt in relation to the Scheme's liabilities. The asset allocation strategy they have selected is designed to achieve a higher return than the lowest risk strategy whilst maintaining a prudent approach to meeting the Scheme's liabilities.

The Trustee sets the investment strategy taking into account considerations such as the strength of the employer covenant and the long-term liabilities of the Scheme. The current strategy was set following written advice from the Trustee's investment advisers and the Trustee also consulted the employer regarding the change of strategy. The investment strategy is set out in the Scheme's Statement of Investment Principles (SIP).

As at the 31 December 2022, the Scheme asset allocation was outside of the ranges outlined in the Statement of Investment Principles ("SIP"). This is due to portfolio changes made during Q4 2022 and the reduced leverage LDI managers are willing to accommodate; hence the value of assets within the LDI portfolio is overweight relative to target. The Trustee is in the process of reviewing its investment strategy and any changes to the strategy will be reflected in a revised SIP.

Performance to 31 December 2022

Scheme performance

The investment performance of the Scheme's investment managers over one-, three- and five-year periods up to 31 December 2022 is shown below:

	12 Months		3 Years (p.a.)		5 Years (p.a.)	
	Scheme	Bench-mark	Scheme	Bench-mark	Scheme	Bench-mark
L&G World Equity	-7.4%	-7.2%	8.3%	8.5%	8.5%	8.7%
L&G World Equity GBP Hedged	-16.2%	-15.9%	4.8%	5.1%	5.8%	6.0%
BlackRock UK Property	-10.1%	-9.5%	1.3%	2.2%	2.4%	2.9%
M&G Inflation Opportunities	-24.7%	13.4%	-5.0%	7.3%	-0.8%	5.3%
Aon – Multi Asset Credit	-	-	-	-	-	-
Insight LDI Funds	-81.0%	-80.9%	-33.9%	-33.7%	-30.5%	-30.2%
Insight Liquidity Fund	1.3%	1.4%	-	-	-	-
L&G Cash	1.3%	1.4%	0.4%	0.5%	0.5%	0.5%
Total Scheme	**-39.7%**	**-38.4%**	**-9.2%**	**-9.0%**	**-3.8%**	**-3.7%**

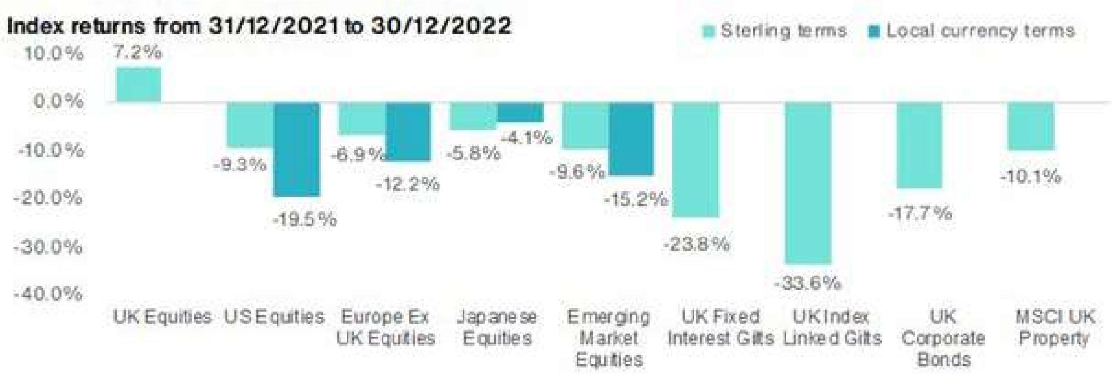
Source: Managers, Aon

Notes:
1. One, three and five year returns have been provided for investments that have been in place for these periods.
2. All performance is shown in GBP, net of fees. Where net performance was reported by the fund manager, we have used it. Where gross performance was reported, an adjustment for fees has been made.
3. Total Scheme performance is calculated by Aon. Total Scheme performance includes performance of funds which are no longer invested in by the Scheme but were invested in during the period.

Trustee's Report

Investment Matters (continued)

Scheme Market Commentary: 12 months to 31 December 2022



General Background

The Russian invasion of Ukraine created significant market volatility and economic uncertainty over the first half of 2022. The European Union (EU) agreed to implement a sixth package of sanctions on Russia which 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 account for almost two-thirds of Europe's imports from Russia. In Q3 2022, the Russia-Ukraine conflict escalated after Moscow announced the annexation of four regions in south-eastern Ukraine - Donetsk, Luhansk, Kherson, and Zaporizhzhia. In Q4 2022, the G7 decided to implement a price cap of $60/bbl on seaborne Russian oil in an effort to impair Moscow's ability to finance its conflict in Ukraine. In response, President Vladimir Putin signed a decree banning Moscow from selling oil to countries participating in a price cap mechanism. However, "special permission" for sales may be granted by Russia under certain circumstances, paving the way for continuing sales to countries such as China and India.

In 2022, the US Federal Reserve (Fed) began to tighten monetary policy by increasing its benchmark interest rate. The Fed implemented several increases bringing the Fed funds rate to a range of 1.50-1.75%, by the end of Q2 2022, the most significant series of rate increases since 1994. The Fed also announced and began its plans to shrink its $9 trillion balance sheet. Later, in Q3 2022, the Fed increased its benchmark interest rate by 150bps to a range of 3-3.25%. In Q4 2022, the Fed increased its benchmark policy rate by another 125bps over the quarter to a range of 4.25%-4.5%. According to minutes from the Fed's November meeting, a "substantial majority" of officials supported easing the pace of interest rate hikes in future meetings. The European Central Bank (ECB) raised its deposit rates by 250bps to 2% over the year, its highest level in 14 years. Meanwhile, the ECB announced plans to start shrinking the €5tn of bonds it purchased over the last eight years from March 2023.

The Liability Driven Investment (LDI) portfolio managed by Insight returned c.-81.0% over the year. The negative performance has principally been driven by the significant rise in gilt yields over 2022. This has meant that liabilities have fallen significantly in value and the LDI portfolio, which is designed to move in the same way as a proportion of the Scheme's liabilities, also fell significantly in value.

Trustee's Report

Investment Matters (continued)

Defined Contribution section

The objective for the investment strategy of the DC Section of the Scheme is to provide members with an appropriate range of investment options depending on their retirement needs and appetite for risk.

15 individual funds are made available for members to invest in, covering a range of different asset classes and management styles. In addition to the 15 individual funds, members are also able to choose from three Lifecyle strategies. The Lifecyle Strategies consist of an accumulation phase, a transition phase (beginning 15 years from a member's planned retirement age) and a pre-retirement phase (beginning five years from a member's planned retirement age). During the accumulation phase, the Lifecycle strategies invest in higher risk assets such as equities and diversified growth funds in order to give higher potential for growth. Over the transition phase and pre-retirement phase, the strategies gradually shift into lower risk assets in order to provide some protection to member's accumulated savings as they approach retirement.

The Multi-Asset Lifecyle Strategy is the primary default strategy for the DC Section of the Scheme which is designed to be suitable for those members who do not make investment decisions for themselves whilst providing maximum flexibility at retirement for members to take benefits as they choose, for example by transferring to a flexible income drawdown product.

An investment strategy review, including a review of the Multi-Asset Lifecycle Strategy (primary default arrangement), is undertaken at least every three years, or following any significant changes in the demographic profile of the Scheme members, which is in line with the Regulatory requirements.

The last full investment strategy review, which included a review of the primary default arrangement, for the Scheme was completed on 12 September 2019. The review analysed the membership profile of the Scheme and took into account factors such as age, salary, contribution level, accumulated fund values and term to retirement to identify different types of members in order to test alternative investment strategies. The analysis included multiple simulations of future economic and investment scenarios, and considered the various options members have regarding the way in which they draw their benefits in retirement. The Trustee took advice from its DC investment consultants, Aon, on all these aspects.

Investment risk disclosures for both sections

Investment risks are disclosed in note 17 to the financial statements on pages 104 to 109.

Defined Contribution Performance

Fund performance figures are calculated net of annual management charge (excluding any rebates) over the stated periods, with income reinvested. Where any fund or benchmark is shown as '-' this indicates no data is available for that period.

Trustee's Report

Investment Matters (continued)

Defined Contribution Performance

Fund Names ***Fund Benchmark***	**12 months to 31/12/2022 %**	**3 Years to 31/12/2022 %**	**5 Years to 31/12/2022 %**
Standard Life Global Equity 50:50 Tracker	-3.5	5.8	6.1
50% FTSE All-Share, 50% MSCI World ex UK Total Return Index	*-3.8*	*5.8*	*6.3*
SL Schroder Life Intermediated Diversified Growth (CR)	-11.5	0.8	-
UK Consumer Price Index (CPI) +5% p.a.	*-17.7*	*-4.9*	-
SL NinetyOne Diversified Growth (CR)	-7.8	-0.3	-
(ABI) Mixed Investment 40%-85% Shares (Pen)	*-9.7*	*1.5*	-
SL Veritas Global Focus	-10.9	4.3	7.0
MSCI World Index (net)	*-7.8*	*8.4*	*8.7*
SL Lion Trust UK Equity	-9.9	-0.4	0.3
SL Vanguard FTSE All Share Index	0.3	2.2	2.8
FTSE All Share (TR) Index	*0.3*	*2.3*	*2.9*
Standard Life Overseas Equity Tracker	-7.4	9.1	9.3
MSCI World ex UK Total Return Index	*-8.0*	*9.2*	*9.6*
Standard Life UK Fixed Interest 60:40	-26.5	-8.0	-3.2
60%iBoxx Sterling Non-Gilts, 40% FTSE British Govt > 15 yrs Indices	*-27.0*	*-8.4*	*-3.4*
Standard Life Corporate Bond	-18.5	-5.1	-1.6
Markit iBoxx GBP Non-Gilts Total Return Index	*-17.7*	*-4.9*	*-1.6*
Standard Life Index Linked Bond	-38.3	-10.5	-5.4
FTSE Actuaries UK Index-Linked Gilts Over 5 Years Total Return GBP Index	*-38.0*	*-10.1*	*-5.0*
Standard Life Deposit & Treasury	1.2	0.4	0.5
Sterling overnight interbank average Index	*1.4*	*0.5*	*0.6*
Standard Life Pooled Property	-18.0	0.6	0.7
MSCI/AREF UK Property Funds Index – All balanced fund index, weighted average	*9.6*	*8.9*	*6.9*
SL Vanguard Emerging Markets Stock Index	-10.4	0.0	0.5
MSCI Emerging Markets Total Return (net) GBP Index	*-10.0*	*0.5*	*0.9*
Standard Life ASI Global Real Estate Institutional	-1.0	1.9	4.1
SL Vanguard UK Investment Grade Bond Index	-17.7	-4.9	-1.7
Bloomberg Barclays GBP Non-Government Float Adjusted Bond Total Return Index	*-17.6*	*-4.8*	*-1.5*

Trustee's Report

Implementation Statement

The Allen and Overy Pension Scheme (the "Scheme")

Scheme Year End – 31 December 2022

The purpose of the Implementation Statement is for us, the Trustee of the Allen and Overy Pension Scheme (the "Trustee") to explain what we have done over the year ending 31 December 2022 to implement our policies and achieve our objectives as set out in the Statement of Investment Principles ("SIP").

This statement includes:

1. A summary of any review and changes made to the SIP over the year;
2. How our policies in the SIP have been followed during the year; and
3. 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.

Our conclusion

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

Based on the information provided, we are comfortable that most of the Scheme's managers are carrying out stewardship activities – including the exercise of voting rights that we have delegated to them - that are in line with our expectations and policies set out in the SIP.

Where managers have been unable to provide the requested information, we are engaging with these managers to set expectations regarding the provision of this data in the future and encourage improvement in future reporting.

Managers who have been unable to provide any information will be the first priority, followed by those who have only been able to provide partial information e.g., engagement information only at a firm level rather than fund-specific engagements.

1. Changes to the SIP during the year

We have a separate Statement of Investment Principles for the DB and DC Sections of the Scheme.

For the DB Section, we undertake a review of the Statement of Investment Principles ("SIP") at least annually with support from our investment consultant.

The DB section was updated in Q1 2022 following the successful implementation of the updated investment strategy agreed as a part of the 2020 strategy review.

For the DC Section, we have a policy to review the SIP at least every three years, or without delay after any significant change in investment policy or member demographics.

We updated the DC Section SIP on 12 May 2022 to reflect the various investment changes that were implemented to the lifecycle strategies on 10 November 2021. Further information on the specific changes made to each lifecycle strategy can be found in the annual Chair's Statement located here:

https://www.myallenoverypension.com/library/AOLibMemComm.asp.

The Scheme's latest SIPs can be found here:

https://www.myallenoverypension.com/Library/AOLibMemComm.asp.

Trustee's Report

Implementation Statement (continued)

2. How the policies in the SIP have been followed

In the table below we set out what we have done during the year to implement our policies and achieve our objectives as set out in the DB and DC sections SIPs.

A. DB Section

i: Strategy	The current investment strategy set out in the SIP was set following a detailed review and advice from our investment consultant, Aon, and following consultation with the Employer regarding the change of investment strategy. In the second half of 2020, a strategy review was carried out to explore whether a similar level of expected return could be achieved with a strategy that is more efficient from a risk/return and income perspective. The review highlighted that whilst the overall current investment strategy remains fit for purpose in terms of achieving the target return, there was scope for improvement by replacing underperforming mandates. We consulted with the Employer for the changes in investment strategy. Over 2021 and early 2022 the implementation of the updated investment strategy was completed. This was undertaken in two phases. First, the Scheme's asset allocation was rebalanced, with the net redemption proceeds being utilised by Insight as a part of the Scheme's matching assets. This was completed on 21 May 2021. The second phase, which involved the full redemption from the Insight Bonds Plus 400 Fund and the investment into the Aon Sustainable Multi-Asset Credit Fund, was completed on 31 January 2022. Following volatility in the gilt market in September 2022, it was also necessary to further re-balance our asset allocation, albeit on a temporary basis, in order to meet collateral requirements in the LDI portfolio held with Insight in a timely manner. This involved a full redemption of the Blackrock Diversified Growth Fund and asset-backed securities as well as a rebalance of the equity mandates. We have already scheduled to re-visit the strategy in 2023 once the markets have settled with a view to simultaneously meeting ESG requirements when selecting new asset classes/managers.

Trustee's Report

Implementation Statement (continued)

ii: Implementation and ongoing monitoring	We appointed Aon as our investment consultant in relation to the funds within the Defined Benefit Section. We have a number of direct investments in pooled funds managed by the investment managers. Aon provides formal advice on the suitability of the direct investments, Section 36 of the Pensions Act 1995, ahead of investment and provides ongoing monitoring of the suitability. Investment monitoring takes place on a quarterly basis with monitoring reports being provided to us by our investment consultant, Aon. We receive these reports on a quarterly basis which monitor the performance, strategic asset allocation and risk management of the Scheme's investments, covering a number of different objectives and policies set out in the SIP. The report includes: ▪ Absolute performance and performance relative to the benchmark over the quarter, one year and three-year periods ▪ Asset allocation relative to the strategic asset allocation ▪ An overview of Aon's ratings of the investments and detailed commentary for any major developments ▪ Economic market review and outlook Outside of this, during this Scheme year, we also monitored exposure to Russia following the introduction of UK sanctions against Russia in response to its invasion of Ukraine on 24 February 2022. With support of our investment consultants, we found that the following funds that the Scheme invests in have direct exposure to Russia; LGIM Global Equity Fund (both the currency hedged and unhedged versions), BlackRock DDGF and Aon Sustainable Multi-Asset credit. We found that the Scheme's direct exposure to Russia was small relative to the total assets invested and has reduced significantly since the onset of the Russia/Ukraine crisis. We are comfortable that the Scheme's fund managers have and continue to comply with sanctions imposed on Russia.
iii: Risk	Please refer to "Implementation and ongoing monitoring" for further details on how risks within the Scheme are monitored and reported. In addition to the regular monitoring, we review the risk within the investment strategy as part of the investment strategy review carried out triennially alongside the actuarial valuation.

Trustee's Report

Implementation Statement (continued)

iv: Arrangements with asset managers	We are supported by Aon in monitoring the activity of Scheme investments. As noted in "Implementation and ongoing monitoring", we receive investment monitoring reports on a quarterly basis, which include Aon's ratings of the investments and include ESG ratings for each manager when available. Aon's Investment Manager Research ("IMR") Team is responsible for researching, rating, and monitoring investment managers across all asset classes. This includes some aspects on the manager's alignment with Trustee policies generally, for example, whether the manager is expected to achieve the performance objective and a review of their approach to ESG issues. IMR meet with each of buy rated managers on a quarterly basis to receive an update on the portfolio, performance, and any major developments. Following discussions with the manager, they review each sub-component rating and overall rating. In addition to regular monitoring, triennially IMR perform a deep dive review of every buy rated manager. It also meets with managers on an ad-hoc basis if there are significant changes to any monitoring points which raise concern (changes to investment team, poor performance, etc.). Although IMR do not rate the Aon Sustainable Multi-Asset Credit Fund, it rates the underlying managers in the Fund.
v: Cost transparency	We are in the process of gathering the cost information of our investments to provide a consolidated summary of all the investment costs incurred for the investments over 2022 which will be compared with data from 2021. This will include a breakdown of the costs into their various component parts, including the costs of buying and selling assets (transaction costs) incurred by the underlying managers. This disclosure was produced in line with the requirements of the Competition and Markets Authority on fiduciary management cost disclosures. We will receive and review this report on an annual basis. The 2021 report is scheduled to be discussed at the Q2 2023 meeting.

B. DC/AVC Section

The Defined Contribution ('DC') section of the Scheme invests via an insurance policy held on the UK Institutional Trustee Investment Plan investment platform that is managed by abrdn (formerly Aberdeen Standard Investment).

A legacy additional voluntary contribution (AVC) arrangement was also set up for members of the Defined Benefit section that allowed investments to be made into unit-linked funds held with abrdn, the selection of which are identical to those available within the DC Scheme, as well as with-profits funds that are managed by Prudential Assurance Company and Aviva Life & Pensions UK Limited. These funds are now all "Closed" policies. Members who opted to transfer from the DB Scheme to the DC Scheme can still choose to invest in the Prudential Assurance Company and abrdn investment vehicles.

The core DC Section is used as a Qualifying Scheme for auto-enrolment purposes and has both a primary and secondary default arrangement :

- **Primary default arrangement**: The Multi-Asset Lifecycle Strategy is for members who join the Scheme and do not choose an investment option for their contributions. Members can also choose to invest in this strategy.
- **Secondary default arrangement**: The Standard Life Deposit and Treasury Pension Fund was designated a secondary arrangement in April 2020, following the temporary suspension of Standard Life Pooled Property Pension Fund due to the Covid-19 pandemic, which prevented members' contributions from being paid into the Fund. For members affected by the Standard Life Pooled Property Pension Fund's temporary suspension, who did not select an alternative fund for redirection of their contributions, we decided to move contributions the Standard Life Deposit and Treasury Pension Fund.

Further information about the primary and secondary default arrangements can be found in the Chair's Statement.

We apply the policies set out in the SIP to all default arrangements.

Trustee's Report

Implementation Statement (continued)

i. Implementing and Monitoring a suitable Investment strategy	Members have the opportunity to place their DC investments in either a lifecycle strategy or into a range of individual funds available via a self-select arrangement. We have made three lifecycle strategies available to members – the Multi-Asset Lifecycle Strategy (the primary default arrangement), the Annuity Lifecycle Strategy and the Cash Lifecycle Strategy. Members that choose to invest their DC pension contributions into the self-select arrangement are able to choose from a range of funds that cover a number of different asset classes, enabling members to construct a portfolio to meet their individual investment objectives and constraints. During the Scheme year to 31 December 2022, we made 15 self-select funds available to members. However, the Standard Life Pooled Property Pension Fund and the Liontrust UK Equity Fund are now closed to new investments. Further information about the investment arrangements available to DC Scheme members can be found in the annual Chair's Statement. Over the course of the Scheme year, we monitored the individual funds that are used by the DC Scheme against their respective benchmarks and performance objectives via quarterly investment monitoring reports received from the Scheme's DC investment consultants (Aon). These reports include information on both the short and long-term performance of each fund relative to their objective as well a red, amber or green ('RAG') status to indicate whether funds were delivering in line with their objectives. A number of the actively managed funds that are used by the DC Scheme are also monitored by Aon's Investment Manager Research ("IMR") team on a quarterly basis. We will be notified by Aon should any of the monitored funds be impacted by any material events or if the overall ratings assigned to the monitored funds be changed by the IMR team. Over the course of the Scheme year to 31 December 2022, we were notified the following by Aon: ▪ The overall rating of the Standard Life Liontrust UK Equity Pension Fund was downgraded by the IMR team from "Qualified" to "Sell" due to concerns about the fund's potential long-term performance. Following this, we soft-closed the fund in 12 December 2022, enabling members currently contributing to the fund to continue doing so while preventing new investments being made into the fund. ▪ The Aon IMR team had downgraded the overall ratings of all Diversified Growth Funds to "Qualified" due to poor historical performance and that these types of investment strategies no longer aligned with Aon's "best ideas". This action impacted the Standard Life Schroder Intermediated Diversified Growth Pension Fund and the Ninety One Global Multi-Asset Sustainable Growth Pension Fund, both of which are underlying component funds used within the Lifecycle Strategies as well as funds made available to members within the Self-Select arrangement.

Trustee's Report

Implementation Statement (continued)

	Following this announcement, we requested Aon analyse these funds within the triennial Investment Strategy Review, which is discussed below. In addition to the quarterly investment monitoring reports, we also undertake an in-depth review of the Scheme's investment strategy at least every three years. The most recent investment strategy review was completed by us on 28 November 2022. Further information about this review and its outcome can be found in the Chair's Statement, which is located here: https://www.myallenoverypension.com/library/AOLibMemComm.asp. In addition to monitoring the underlying investment strategy, we also monitored the Scheme's exposure to Russian assets during the Scheme year, following the introduction of UK sanctions against Russia in response to its invasion of Ukraine on 24 February 2022. Based on the reports produced by our investment consultants, Aon, we found that the Scheme's direct exposure to Russia was small relative to the total assets invested. We were comfortable that the Scheme's fund managers have and continue to comply with sanctions imposed on Russia.
ii: Ensuring reasonable costs and charges	We have established a cost-benefit analysis framework for the DC Section in order to assess whether the member borne charges deliver good value for members. This assessment forms part of the annual Chair's Statement and includes consideration of both explicit and implicit charges and a comparison versus costs in the wider market as well as wider benefits DC members receive through the Scheme. The 2022 review is currently ongoing with the outcome to be published upon completion of the 2022 Chair's Statement (expected before 31 July 2023). The 2021 assessment, which was completed before 31 July 2022, concluded that both the primary and secondary default arrangements were well below the charge cap of 0.75% p.a., and that the charges associated with the investment options available across both the DC Section and AVCs offered good value for members. More detail can be found in the annual Chair's Statement located here: https://www.myallenoverypension.com/library/AOLibMemComm.asp.

iii: Reviewing investment consultant’s performance	We assessed our DC investment consultants against a range of objectives that are set out by us. During the Scheme year, we deemed our DC investment consultants to have performed in line with our expectations and needs. As at 1 October 2022, we are now legally required to assess the performance of our investment consultants against objectives at least every 12 months. Additionally, the objectives themselves must be reviewed at least every three years or without delay after any significant change in investment policy. Compliance with these requirements is monitored by the Pension Regulator via the Scheme Return. We reviewed the investment consultant objectives on 23 June 2022 and agreed that the objectives set remain appropriate.
iv: Risk	Please refer to section 2.B.I for further details on how risks within the Scheme are monitored and reported. In addition to the regular monitoring, we review the risks within the investment strategy as part of the triennial Investment Strategy Review. During the Scheme year, we considered the possible impact of the rise in the cost of living on the Scheme’s members and their retirement outcomes. We agreed that it would be useful for current members to be informed on the Retirement Living Standards (RLS) as part of on-going communications from the firm.

C. Joint DB and DC/AVC Policies

Some policies and objectives that we have in place are consistent across the Scheme's DB and DC Section SIPs. This predominantly relates to policies and objectives on Responsible Investment.

i: Responsible Investment – Financially Material Considerations	We recognise that environmental, social and governance ("ESG") risk factors, including climate change may negatively impact the value of investments held if not fully understood and evaluated properly. In order to take these risks into account, we reviewed ESG ratings for the funds used by the Scheme as part of the quarterly investment monitoring reports received over the Scheme year for both the DB and DC Sections of the Scheme. The ESG ratings focus on a set of principles and whether the fund manager's overarching approach has successfully integrated ESG factors within those principles. For the DB section of the Scheme, manager selection relies on the ESG ratings provided by the Investment Consultant and their research team who provide ratings for managers. As stated above, we will further consider ESG when re-investing into new asset classes or managers in the upcoming review in early 2023. For the DC Section of the Scheme, we have agreed with our investment consultant's recommendation to add the abrdn Sustainable Index Fund to the self-select arrangement once an insured version of the fund becomes available on the investment platform used by the Scheme. We have incorporated ESG-related risks, including climate change, on the Scheme's risk register as part of ongoing risk assessment and monitoring.
ii: Responsible Investment – Stewardship (Voting and Engagement)	With the help of our investment consultants, we have collated and reviewed the voting and engagement activity of each individual fund manager over the course of the Scheme year as part of the production of the annual Implementation Statement. Details of this review can be found in Section 3 of this Statement.
iii: Responsible Investment – Members' views and Non-Financial Factors	For the DB Section, in setting and implementing the Scheme's investment strategy we do not explicitly take into account the views of Scheme 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"). For the DC Section, we believe that it has provided a range of investment options that enable members to construct a portfolio that satisfies their investment objectives and constraints based on analysis of the Scheme's membership profile (further information given in Section 2.B.I). Regarding member views on ESG matters (including non-financially material considerations), our policy is to give due consideration to any member feedback received. With the support of our DC investment consultants, we have identified a suitable ESG-Fund and intend to add this fund once it is made available on the abrdn platform.

3. The exercise of our voting rights

The Scheme invests in pooled funds, and we have delegated responsibility for the selection, retention, and realisation of investments to the Scheme's appointed investment managers. This means that we have also delegated our stewardship activities, including the exercise of our voting rights, to our managers.

The rest of this section sets out the stewardship activities, including the exercise of our voting rights, carried out on our behalf over the year to 31 December 2022.

Based on the information provided, we are comfortable that most managers are carrying out stewardship activities that are in line with our expectations and policies set out in the SIP.

Where managers have been unable to provide the requested information, we are engaging with these managers to set expectations regarding the provision of this data in the future.

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 Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

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

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

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

Trustee's Report

Implementation Statement (continued)

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds[1] that have voting rights attached to them for the year to 31 December 2022

Scheme Section	Fund	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
DB	LGIM World Equity Index Fund	67,139	100%	20%	1%
	BlackRock Dynamic Diversified Growth Fund	11,842	92%	5%	1%
	Ninety One Global Multi-Asset Sustainable Growth Pension Fund	976	100%	7%	1%
	Liontrust UK Equity Pension Fund	2,705	100%	3%	1%
DC	Schroder Intermediated Diversified Growth Pension Fund	15,081	96%	8%	1%
	Standard Life Global Equity 50:50 Tracker Pension Fund	*Not Provided*			
	Standard Life Overseas Tracker Pension Fund	*Not Provided*			
	Veritas Global Focus Pension Fund	423	100%	56%	0%

Source: Managers

1 *The Scheme's material funds (for the purposes of this Implementation Statement) include: funds that have voting rights attached to the underlying investments (e.g. equity or multi-asset funds); funds that constitute significant proportion of the assets invested in by the Scheme; funds that were held for a significant proportion of the year and/or are held at the end of the reporting period; and/or funds that form part of the DC default arrangement. Funds that hold predominantly gilts or cash investments, including LDI, are not considered material due to the lack of applicability of stewardship to these asset classes.*

Trustee's Report

Implementation Statement (continued)

Use of proxy voting advisers	Why use a proxy voting adviser?
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 Scheme's managers use proxy voting advisers.	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.

Trustee's Report

Implementation Statement (continued)

Scheme Section	Fund	Description of use of proxy voting adviser(s) *Wording provided directly by each manager*
	LGIM	LGIM's Investment Stewardship team uses ISS's '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.
DB	BlackRock	While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research. In summary, proxy research firms help us deploy our resources to greatest effect in meeting client expectations. • BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to and enhance the value of clients' assets, using our voice as a shareholder on their behalf to ensure that companies are well led and well managed. • We use proxy research firms in our voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that our analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. • We do not follow any single proxy research firm's voting recommendations and in most markets, we subscribe to two research providers and use several other inputs, including a company's own disclosures, in our voting and engagement analysis. • We also work with proxy research firms, which apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision. • The proxy voting operating environment is complex and we work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting.

Trustee's Report

Implementation Statement (continued)

DC	Ninety One	We make use of the ISS Proxy Exchange research service for all voting. ISS provide us with research recommendations and recommendations based on our internal voting policy, we consider and discuss this with the investment teams that hold the issuer to make a decision in the best interest of the shareholders (which may differ from ISS & management recommendations). We cast our vote via the ISS voting platform.
	Liontrust Asset Management	We use ISS for voting research and place electronic votes through ISS ProxyExchange. We have a custom voting policy but review each voting decisions individually.
	Schroder Investment Management Limited	ISS act as our one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with our own bespoke guidelines, in addition, we receive ISS's Benchmark research. This is complemented with analysis by our in-house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. For our smallest holdings in the US, Hong Kong, Japan, Australia and New Zealand, ISS implements a custom Schroders voting policy for us, with only a few resolutions referred to Schroders for a final decision.
	Standard Life Investment Limited	*Not Provided*
	Veritas Asset Management (VAM)	VAM LLP has appointed, Institutional Shareholder Services ("ISS"), for vote execution and policy application.

Source: Managers

Voting policies

We have delegated the exercise of our voting rights to our investment managers, and therefore take responsibility for how they cast votes on our behalf. A summary of each manager's voting policy is included in the Appendix.

Significant voting examples

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

Our managers' engagement activity

As well as voting, stewardship also encompasses engagement. 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 Scheme's material managers over the year. Some of the engagement information provided is at a firm level i.e. is not necessarily specific to the fund invested in by the Scheme.

A further summary of each manager's overall engagement policy can be found in the Appendix.

Note that Standard Life were unable to provide any information regarding their engagement activities on the following material funds:

- Global Equity 50:50 Tracker Pension Fund
- Overseas Tracker Pension Fund
- Corporate Bond Fund
- UK Fixed Interest 60:40 Pension Fund

Section	Funds	Number of engagements		Themes engaged on at a firm-level
		Fund specific	Firm level	
DB	LGIM World Equity Index Fund	669	Not Provided	Climate change, Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health, Board effectiveness - Diversity, Board effectiveness - Other, Remuneration, Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose, and others.
	LGIM Global Diversified Credit SDG Fund	79	Not provided	Climate change, Natural resource use/impact (e.g. water, biodiversity), Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Board effectiveness – Diversity and Remuneration.
	BlackRock Dynamic Diversified Growth Fund	693	Not Provided	E-Climate Risk Management, G-Board Composition and Effectiveness, G-Corporate Strategy, G-Remuneration, S-Human Capital Management.
	Insight High Grade ABS Fund	40	948	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity), Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Strategy, Financial and Reporting - Risk management (e.g. operational risks, cyber/information security, product risks), Strategy/purpose, Capital allocation

Trustee's Report

Implementation Statement (continued)

Section	Funds	Number of engagements		Themes engaged on at a firm-level
		Fund specific	Firm level	
	Robeco SDG Credit Income Fund (Adept)	23	252	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity), Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Governance - Remuneration
	M&G Investments Inflation Opportunities Fund	Not Provided	157	Environment - Climate change, Governance - Board effectiveness - Independence or Oversight, Remuneration, Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management (e.g. inclusion & diversity, employee terms, safety)
DC	Ninety One Global Multi-Asset Sustainable Growth Pension Fund	30	Not Provided	Governance - Board effectiveness – Diversity, Social - corporate culture, Climate Change and Social - Corporate Culture
	Liontrust UK Equity Pension Fund	94	817	Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Governance - Board effectiveness – Diversity, Independence or Oversight, Leadership - Chair/CEO, Strategy, Financial and Reporting - Financial performance, Strategy/purpose
	Schroder Intermediated Diversified Growth Pension Fund	1193	>2800	Environment - Climate change, Governance - Board effectiveness - Independence or Oversight, Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Human and labour rights (e.g. supply chain rights, community relations)
	Veritas Global Focus Pension Fund	38	19	Environment - Climate change, Governance - Board effectiveness and Financial and Reporting.

Data limitations

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

1. Standard Life did not provide any voting or engagement data for the Standard Life Global Equity 50:50 Tracker Pension Fund, Standard Life Corporate Bond Fund, Standard Life Index Linked Bond Pension Fund and the Standard Life Overseas Tracker Pension Fund.
2. Ninety One, LGIM and M&G have not provided a complete set of engagement data.
3. BlackRock has not provided engagement data for the UK Property Fund invested in by the DB Section. The manager stated that they do not produce engagement report due to the nature of the underlying investments (i.e., not publicly listed equities).
4. Schroders has not provided significant voting examples.

This report does not include commentary on the Scheme's liability driven investments, cash or gilt investments 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 Scheme's assets that are held as AVCs.

Our fiduciary manager's engagement activity *DB Section only*

As well as investing directly with managers we have appointed, we also invest some of the Scheme's DB assets with a fiduciary manager. The fiduciary manager we have chosen to employ is Aon Investments Limited ("AIL"), and we invest in their Adept Sub-Fund 18. This is a fund of funds arrangement.

We delegate the monitoring of ESG integration and stewardship of the underlying managers to AIL. We have reviewed AIL's latest annual Stewardship Report and we believe it shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests. Over the year, AIL held several engagement meetings with many of the underlying managers in its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity, and modern slavery with the investment managers. AIL provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios. Over the year, AIL engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations. In 2021, AIL 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). AIL 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 Trustee still retains responsibility for setting the high-level investment strategy. In fiduciary management arrangements, the Trustee will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

Trustee's Report

Implementation Statement (continued)

Our conclusion

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

In our view, most of the Scheme's material investment managers were able to disclose good evidence of voting and engagement activity, and this activity was in line with our expectations. However, some managers did not provide information requested. This included both voting and engagement data. We will engage with the relevant managers to encourage improvements in its reporting, with our initial priority being on those managers who were unable to provide any information.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme'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.

Section	Fund	Voting example	
DB	**LGIM World Equity Index Fund**	**Company name**	Alphabet Inc.
		Date of vote	6-June-2022
		How the manager voted	For
		Did the manager communicate its intent to the company ahead of the vote?	Yes
		Summary of the resolution	Report on Physical Risks of Climate Change
		Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.1%
		Outcome of the vote	Failed to pass (17.7% support)
		Rationale for the voting decision	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
		Implications of 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.
		Criteria on which the vote is considered significant?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.
DB	**BlackRock Dynamic Diversified Growth Fund**	**Date of vote**	20-January-2022
		How the manager voted	Against
		Did the manager communicate its intent to the company ahead of the vote?	*Not Provided*
		Summary of the resolution	Report on Greenhouse Gas (GHG) Emissions Reduction Targets
		Approximate size of fund's holding as at the date of the vote (as % of portfolio)	*Not Provided*
		Outcome of the vote	Pass

Trustee's Report

Implementation Statement (continued)

Section	Fund	Voting example	
DB	**BlackRock Dynamic Diversified Growth Fund (continued)**	Rationale for the voting decision	The shareholder proposal requested that at least 180 days prior to the next annual meeting, "Costco adopt short, medium, and long-term science-based greenhouse gas emissions reduction targets, inclusive of emissions from its full value chain, in order to achieve net-zero emissions by 2050 or sooner and to effectuate appropriate emissions reductions prior to 2030. We did not support this shareholder proposal because the request included reduction targets across the "full value chain" by July 2022. Disclosing emissions across the "full value chain" – which would include Scope 3 emissions – within such a short timeframe is beyond our current expectations for this type of disclosure at this company, given Costco's business model and emissions profile. Although Costco initially lagged their peers, the company responded to shareholder feedback and announced, prior to the shareholder meeting, new quantitative targets for GHG emissions reductions for both Scope 1 and 2 and committed to explore targets for further reductions. In addition, the company is already taking steps to address Scope 3 emissions. Within their updated Climate Action Plan, Costco has estimated and disclosed Scope 3 emissions from the Greenhouse Gas Protocol-defined category, "Waste Generated from Operations." The company will estimate Scope 3 emissions from the GHG Protocol "Purchased Goods and Services", which represents the majority of their Scope 3 emissions, and disclose a Scope 3 Action plan by the end of December 2022. We will continue to engage and monitor progress against these targets and other climate action commitments Costco has made. More information is available here.
		Implications of the outcome	*Not Provided*
		Criteria on which the vote is considered significant?	Vote Bulletin

Trustee's Report

Implementation Statement (continued)

Section	Fund	Voting example	
DC	**Ninety One Global Multi-Asset Sustainable Growth Pension Fund**	**Company name**	Comcast Corporation
		Date of vote	1-June-22
		How the manager voted	Against
		Did the manager communicate its intent to the company ahead of the vote?	We voted in line with management.
		Summary of the resolution	Report on Retirement Plan Options Aligned with Company Climate Goals
		Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~2.5%
		Outcome of the vote	Failed
		Rationale for the voting decision	A vote AGAINST this resolution is warranted. The company offers an option to employees that want to invest more responsibly, even if it is not well-promoted. The US Department of Labour is finalizing rules on how ESG factors should be considered by fiduciaries. Still, this may be a growing potential risk for the company if it does not make any changes.
		Implications of the outcome	We will continue to support shareholder proposals on this issue as long as it is needed.
		Criteria on which the vote is considered significant?	Shareholder - ESG - Environmental

Trustee's Report

Implementation Statement (continued)

DC	Liontrust UK Equity Pension Fund	Company name	AVEVA
		Date of vote	15-July-22
		How the manager voted	Against Management
		Did the manager communicate its intent to the company ahead of the vote?	No
		Summary of the resolution	Re-elect Olivier Blum as Director
		Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~1.9%
		Outcome of the vote	The resolution was passed.
		Rationale for the voting decision	ISS recommends voting against item 8, re-elect Olivier Blum as Director. This is because he sits on the remuneration committee which should be comprised of at least three non-executive directors. He is a Non-Executive Director who is not considered independent due to being a shareholder representative.
		Implications of the outcome	-
		Criteria on which the vote is considered significant?	This item was from a meeting of one of the portfolio's top 5 holdings in the reporting year where ISS and Management voting recommendations disagreed.

Trustee's Report

Implementation Statement (continued)

DC	**Schroder Intermediated Diversified Growth Pension Fund**	Company name	Microsoft Corporation
		Date of vote	13-December-22
		How the manager voted	Against
		Did the manager communicate its intent to the company ahead of the vote?	*Not Provided*
		Summary of the resolution	Data Security & Privacy
		Approximate size of fund's holding as at the date of the vote (as % of portfolio)	*Not Provided*
		Outcome of the vote	*Not Provided*
		Rationale for the voting decision	Data Security, Privacy, and Internet Issues, Report on Government Use of Microsoft Technology
		Implications of the outcome	Not Provided
		Criteria on which the vote is considered significant?	Not Provided

Trustee's Report

Implementation Statement (continued)

DC	**Veritas Global Focus Pension Fund**	**Company name**	CoStar Group, Inc.
		Date of vote	09-June-2022
		How the manager voted	Against
		Did the manager communicate its intent to the company ahead of the vote?	No
		Summary of the resolution	Elect Director Michael R. Klein
		Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.5%
		Outcome of the vote	Pass
		Rationale for the voting decision	The company does not have an Environmental Sustainability Committee chaired by a board director, or a named board member with responsibility for this area as evidence of appropriate concern. The company has failed to disclose quantitative and qualitative environmental information through CDP's climate change, water and forests questionnaires. The company does not disclose its GHG emissions. The company has failed to introduce and disclose emission reduction targets. The company has failed to commit to introducing and disclosing science-based emission reduction targets with a coherent strategy and action plan in line with a 2 degree scenario. The company does not have a Corporate Social Responsibility and Health & Safety Committee chaired by a board director, or a named board member with responsibility for this area as evidence of appropriate concern. The level of gender diversity on board is below 40% and has not improved compared to the previous year.
		Implications of the outcome	None to report
		Criteria on which the vote is considered significant?	Votes against management

Source: Managers

Appendix - Manager Voting and Engagement summary

A summary of each manager’s voting and engagement policy (as provided by the managers themselves) is given below.

LGIM

Voting Policy

Voting is a fundamental tool used by investors to signal support for, or concern with, management actions to promote good corporate governance in the marketplace. The Investment Stewardship team exercises LGIM’s voting rights globally, holding directors and companies to account. The majority of our clients’ shares are held through pooled funds. As such, LGIM votes with one voice on all shares for which it has authority to do so. We vote in developed and emerging market countries, covering the FTSE All-World Index.

We aim to keep abstentions to a minimum. The disclosures provided below are in line with our execution of these obligations across these pooled funds. We use proxy advisory firm Institutional Shareholder Services’ (ISS) ProxyExchange voting platform to vote electronically and to ensure, in markets where we have unimpeded voting rights, that no votes remain unexercised.

It is vital that the proxy voting service are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out our expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM’s internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of our formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM’s proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

LGIM’s voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients. Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Trustee's Report

Implementation Statement (continued)

Appendix - Manager Voting and Engagement summary (continued)

LGIM (continued)

Voting Policy (continued)

All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

Engagement Policy

Our Investment Stewardship and active investment teams engage with companies to address company specific and market-wide risks and opportunities. We regularly engage with both management and non-executive directors, although our initial contact is usually with board chairs. In 2021, the teams' engagements predominantly took the form of calls, video conferences and email communication due to the continuing pandemic. These calls are normally attended by the sector lead and may include portfolio managers and active research analysts. Depending on the topic, a thematic expert may also be present, for example, on remuneration, health and human rights or climate change. To provide transparency, we publish our quarterly ESG impact reports on our website, in addition to sending them to clients. These documents contain detailed case studies of many of the companies highlighted as examples of our engagement activity in this report.

BlackRock

Voting Policy

BlackRock votes annually at approximately 16,000 shareholder meetings, taking a case-by-case approach to the items put to a shareholder vote. Our analysis is informed by our internally developed proxy voting guidelines, our pre-vote engagements, research, and the situational factors at a particular company. We aim to vote at all shareholder meetings of companies in which our clients are invested. In cases where there are significant obstacles to voting, such as share blocking or requirements for a power of attorney, we will review the resolutions to assess the extent of the restrictions on voting against the potential benefits.

We generally prefer to engage with the company in the first instance where we have concerns and give management time to address the issue. BIS have Engagement Priorities in place which reflect the five themes on which we most frequently engage companies, where they are relevant, as these can be a source of material business risk or opportunity. BIS five Engagement Priorities are: 1) Board quality and effectiveness; 2) Strategy, purpose, and financial resilience; 3) Incentives aligned with financial value creation; 4) Climate and natural capital; and 5) Company impacts on people.

We will vote in favour of proposals where we support the approach taken by a company's management or where we have engaged on matters of concern and anticipate management will address them. BlackRock will vote against management proposals where we believe the board or management may not have adequately acted to and advance the interests of long-term investors. We ordinarily refrain from abstaining from both management and shareholder proposals, unless abstaining is the valid vote option (in accordance with company by-laws) for voting against management, there is a lack of disclosure regarding the proposal to be voted, or an abstention is the only way to implement our voting intention.

Trustee's Report

Implementation Statement (continued)

Appendix - Manager Voting and Engagement summary (continued)

BlackRock (continued)

Voting Policy (continued)

In all situations the economic interests of our clients will be paramount. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. 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. We inform our vote decisions through research and engage as necessary. We review our voting guidelines annually and update them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year.

Our market-specific voting guidelines are available on our website at

https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines

Engagement Policy

BlackRock views engagement as an important activity; engagement provides us with the opportunity to improve our understanding of the business and of the risks and opportunities that are material to the companies in which our clients invest. Engagement may also inform our voting decisions. As long-term investors on behalf of clients, we seek to have regular and continuing dialogue with executives and board directors to advance sound governance and durable business practices aligned with long-term value creation, as well as to understand the effectiveness of the company's management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where we believe they could be enhanced to support a company's ability to deliver financial performance. Similarly, it provides us with an opportunity to hear directly from company boards and management on how they believe their actions are aligned with durable, long-term value creation.

Engagement is core to our stewardship efforts. Each year we prioritize our work around engagement themes to encourage sound governance practices and deliver sustainable long-term financial performance for clients. Our five engagement themes for 2023 are: 1) Board quality and effectiveness; 2) Strategy, purpose, and financial resilience; 3) Incentives aligned with financial value creation; 4) Climate and natural capital; and 5) Company impacts on people.

Ninety One

Voting Policy

We regard proxy voting as a means to bring about change. Ninety One votes at shareholders' meetings throughout the world as a matter of policy and principle. Our 'Stewardship Policy and Proxy Voting Guidelines' establish our voting and engagement approach, which applies across all of our equity holdings.

The proxy voting guidelines are part of our broader stewardship policy framework and focus on the following four principles. Ninety One will: (i) disclose how it discharges its stewardship duties through publicly available policies and reporting; (ii) address the internal governance of effective stewardship, including conflicts of interest and potential obstacles; (iii) support a long-term investment perspective by integrating, engaging, escalating and monitoring material ESG issues; and (iv) exercise its ownership rights responsibly, including engagement and voting rights. Ninety One publicly discloses its voting decisions on a quarterly basis on its website.

Trustee's Report

Implementation Statement (continued)

Appendix - Manager Voting and Engagement summary (continued)

Ninety One (continued)

Voting Policy (continued)

While our proxy voting guidelines apply globally, we recognise regional differences. In markets where the codes are still evolving and not yet fully aligned with global best practice, we take this into account. In these markets, we aim to engage actively with policymakers, regulators, and stock exchanges, together with other investors, to address any critical potential shortcomings.

Some clients may have policies that differ from ours. Although we welcome views on voting items, we do not currently take direction or override our policy for pooled fund clients. For clients invested in segregated portfolios, we put mechanisms in place to adhere to their voting guidelines, if required. We do not take part in stock lending, so this does not affect our voting process. We use an external proxy-research and vote-execution service provided by Institutional Shareholder Services (ISS). ISS delivers its benchmark research and Ninety One's custom policy research based on our internal voting policy; we take these into consideration when making a vote decision in the best interest of shareholders (which may differ from ISS recommendations).

Engagement Policy

We are active (not passive or activist) investors. Our engagement policy is driven by a clear purpose: to preserve and grow the real value of the assets entrusted to us by our clients over the long-term. We use one database, accessible to all investment teams, to record all engagement interactions, progress and outcomes.

Engagement for Ninety One is communication with purpose, where Ninety One has the ability and intention to influence outcomes around issues which can potentially improve long-term returns. This includes listening in order to improve our understanding of strategy and governance and expressing views and concerns to those who can do something to address them - a company's board and management. We define engagement in three categories:

- **General engagements** form part of the investment process, focusing on engagement goals that are not prioritised for strategic engagement, including particularly corporate governance.
- **Strategic engagements** focus on critical issues with entities we believe we can influence. These can cover sustainability, business-model and operational issues. We believe these engagements enhance our understanding of sustainability risks and can provide the opportunity to improve outcomes.
- We identify a limited number of **advocacy projects** that matter for our clients and the firm. The Sustainability Committee provides guidance to investment teams on their participation in advocacy, including through collaboration, where this is aligned to their investment priorities.

For all of our strategic and general engagements, the relevant portfolio manager or analyst responsible for covering the stock will set the engagement objective. The engagement issue may arise as a result of a forthcoming proxy vote, a rating change or ESG controversy, or through company analysis which has indicated an ESG issue. On some occasions Ninety One may collaborate with other shareholders or other collective shareholder initiatives, especially if we have a less material shareholding which may mean engagement is less effective.

Trustee’s Report

Implementation Statement (continued)

Appendix - Manager Voting and Engagement summary (continued)

Liontrust

Voting Policy

Liontrust operates a global voting policy, which guides our voting decisions across funds. We strive to be responsible stewards of our clients’ assets within a Framework of good governance and transparency. Liontrust recognises that good stewardship means active engagement in voting, and Liontrust will endeavour to vote all AGM's/EGM's across all investment teams where feasible or actively consider an abstention.

We assess voting matters on a case-by-case basis, taking into account a company’s circumstances, although we are guided by our overarching principles on good corporate governance. We recognise that regulatory frameworks vary across markets and corporate governance practices vary internationally so we will normally vote on specific issues in line with the proxy guidelines for the relevant market. Where a proposal is inconsistent with our principles and guidelines, we will consider voting against the proposal.

In terms of reaching a voting decision, where a management recommendation and our proxy voting research provider's recommendation are in alignment, we will be minded to vote the same, except where items concern approval of political donations and expenditure, where we will be minded to vote against. Where there is divergence, the relevant fund manager will make a decision on how to vote.

We define significant votes as any instance where board and ISS voting recommendations disagree at a top 5 holding's meeting.

Engagement Policy

We believe monitoring and engagement are essential parts of being a shareholder in a company. It allows us to improve our understanding of investee companies and their governance structures and informs our voting decisions. The materiality and immediacy of a given issue will generally determine the level of our engagement.

To identify areas in which there are governance concerns, we use a range of resources including our own fundamental research. We hold regular meetings with the management of the companies in which we invest to discuss relevant issues including strategy, sustainability and performance, and to review management processes against the principles and best practice outlined above.

At a minimum, we expect companies to comply with the UN Global Compact guidelines and the accepted corporate governance standards in their domestic market or to explain why not doing so is in the interest of shareholders. We believe that well-managed companies will report on material social and environmental risks and opportunities and explain how these are managed. We will engage directly with company management or the Board where we believe there is the potential for a material impact on shareholder returns.

Liontrust prioritises its group wide proactive engagement in consultation with the Sustainability & Stewardship Working Group on an annual basis. We adopt a case-by-case approach to reactive engagement on material governance, environmental or social issues. We will engage with company management, in an appropriate manner and make a record of this engagement. Company-wide engagement is coordinated by Liontrust’s centralised Governance & Stewardship team.

Trustee's Report

Implementation Statement (continued)

Appendix - Manager Voting and Engagement summary (continued)

Liontrust (continued)

Engagement Policy (continued)

Where we believe shareholder value is threatened or is not being realised, we may request that the board takes appropriate action. A robust private dialogue with executive management, nonexecutive directors and company advisors is our preferred way to protect our clients' interests. We will also engage with the chair of the board or the senior independent director where appropriate. Where initial engagement does not lead to an appropriate outcome, we may choose to adopt a stronger stance. As some issues may take a number of years to resolve, we shall use our position as a long-term investor to maintain the pressure on companies and aim to monitor these companies over a number of years. Where appropriate, we may reduce our holding or divest to protect our clients' assets.

Schroder

Voting Policy

On behalf of our clients, we vote to hold management and boards to account and ensure they're managing the business for the long term. We do this to create, sustain and protect the value of our clients' money. As active owners we vote on all resolutions at all shareholder meetings globally, unless we are restricted from doing so. Our house voting policy is refreshed annually to capture market changes and evolving best practice.

Voting decisions are made using a framework developed by our Active Ownership team. Our team includes experts with local market knowledge who collaborate with the wider Sustainable Investment team, as well as our investment professionals on key resolutions. We're committed to voting in the best interests of our clients and see taking a considered approach to voting as part of our fiduciary duty, as well as a key part of the investment process. That is why we do not rely solely on third party recommendations and use both external and our own proprietary research and consider resolutions on a case-by-case basis.

We aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with our published ESG policy. The overriding principle governing our voting is to act in the best interests of our clients. Where proposals are not consistent with the interests of shareholders and our clients, we are not afraid to vote against resolutions. We may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

We evaluate voting resolutions arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. Our Corporate Governance specialists assess each proposal, applying our voting policy and guidelines (as outlined in our Environmental, Social and Governance Policy) to each agenda item. In applying the policy, we consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Our specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Our own research is also integral to our process; this will be conducted by both our financial and Sustainable Investment analysts.

Trustee's Report

Implementation Statement (continued)

Appendix - Manager Voting and Engagement summary (continued)

Schroder (continued)

Voting Policy (continued)

For contentious issues, our Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context. We also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

Schroders have six core themes for active ownership: climate change; natural capital and biodiversity; human rights; human capital management; diversity and inclusion; and corporate governance.

Engagement Policy

Constructive and committed engagement with management teams at the companies and assets we invest in is a key element of the value we bring to our clients. Social and environmental forces are reshaping societies, economies, industries, and financial markets. Approached thoughtfully and with focus, encouraging management teams to adapt to those changes, and holding them accountable for doing so, can strengthen the long-term competitiveness and value of those assets and can accelerate positive change towards a fairer and more sustainable global economy.

We also have a long-standing commitment to support and collaborate with several industry groups, organisations, and initiatives to promote well-functioning financial markets. Our key stakeholders include exchanges, regulators, and international and regional trade associations. For example, Schroders is a member of trade bodies such as the Investment Association in the UK, the European Fund and Asset Management Association (EFAMA), the Asia Securities Industry and Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in the US.

We have tracked all of our engagement activity through our internal ESG database since 2000. Our data shows us that on average it takes two years to effect change, but we have historically had a high level of success. This data base also flags engagements that are due for review and follow up, which we hope will increase our success rate.

We are in the process of building a new engagement database which will enable us to set SMART (specific, measurable, achievable, realistic and time-bound) engagement objectives where they are suitable for the engagement.

Standard Life

Not provided.

Trustee's Report

Implementation Statement (continued)

Appendix - Manager Voting and Engagement summary (continued)

Veritas

Voting Policy

We have mandated Institutional Shareholder Services ("ISS") to construct a customised screen for ESG issues which incorporates the Association of Member Nominated Trustees ("AMNT") Red Lines, on a best endeavours basis. The AMNT Red Line Voting Policy contains 29 guidelines covering topics associated with ESG. Should any of the 29 red lines be breached, the instruction is to either comply or explain. As the Red Line Voting Policy was developed principally for pooled fund investors (who have been unable to direct votes) and for UK stocks only, we have instructed ISS to apply the guidelines globally where applicable and apply the policy across all Global Strategy Funds. In addition, ISS provide vote recommendations based on their benchmark policy. This ensures that guidance is provided for ballots related to topics that are not captured by the ESG voting policy.

The investment analyst will receive all proxies and determine if he or she believes that we should vote in favour or against management. The investment analyst will consider the vote recommendations and any research when making their decision. Following a discussion with the Portfolio Manager, the analyst will instruct the custodian or prime broker via the Operations Team on how to instruct the vote. In the case where VAM LLP decides to vote against management or the ESG policy vote recommendation, an explanation will be provided to clients. VAM LLP use Institutional Shareholder Services ("ISS") to execute voting on behalf of clients. The role of the Operations Team is to ensure that all votes are instructed a timely manner. The Role of the Chief Operating Officer ("COO") is to monitor the effectiveness of these policies.

Engagement Policy

Our approach to stewardship focuses on materiality and encouraging constructive behaviour. We seek to engage with management if we deem there to be financially material sustainability issues. Material issues differ from company to company and sector to sector. We will have an assessment from the original research as to what is material for a particular business. These are the issues that have the most potential to affect the company's ability to create value for shareholders. If the company engages in an activity that challenges the sustainability of its operation or demonstrates lack of vision to adapt, we will have cause to engage. Coupled with Materiality, we believe VAM has a part to play in encouraging constructive behaviour. As such, we effectively have two tiers of engagement. Tier one is defined as significant engagement which as described above, is a specific attempt to influence governance/business practices that have a material impact on long-term sustainable value creation. Second tier engagement is classified as interactions with a company to promote good business practice. For example, ensuring the business has a robust strategy to address systemic risks such as climate change. For 2022, engagement has predominantly focussed on areas related to environmental and governance. More specifically, on environmental disclosure and carbon emissions reduction frameworks; in relation to governance, remuneration. As long-term investors, we prefer to engage directly with a business to encourage change. However, where necessary, we will pursue collaborative engagements alongside other investors to encourage progress.

Trustee's Report

Compliance Matters

The information deals with matters of administrative routine.

Transfer Values

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

Taxation

The Scheme is a registered pension scheme under Chapter 2 of part 4 of the Finance Act 2004.

Problems and Complaints

To comply with the requirements of the Pensions Act 1995, the Trustee maintains a formal Internal Dispute Resolution Procedure. Scheme members and beneficiaries can take advantage of the procedure if they wish to complain about maladministration or dispute a question of fact or law relating to the Scheme. Details of the procedure can be obtained from Capita Pension Solutions Limited at the address shown on page 53 of the Annual Report.

MoneyHelper

The Money and Pensions Service (MaPS) was created in 2019 as a single body to bring together the services previously delivered by The Pensions Advisory Service (TPAS), the Money Advice Service and Pension Wise, providing information to the public on matters relating to workplace and personal pensions. With effect from 30 June 2021 MaPS has been re-branded as MoneyHelper but still offers all the same services.

MoneyHelper may be contacted at 120 Holborn, London, EC1N 2TD

Telephone: 0800 011 3797

Email: pensions.enquiries@moneyhelper.org.uk

Website: https://www.moneyhelper.org.uk

Pensions Regulator

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

The Pensions Regulator may be contacted at Napier House, Trafalgar Place, Brighton, BN1 4DW Telephone 0345 600 7060 or via their website at www.thepensionsregulator.gov.uk

Pension Tracing

A pension tracing service is carried out by the Department for Work and Pensions. The Pension Tracing Service can be contacted at The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU Telephone: 0800 731 0193 or via the website at www.gov.uk/find-pension-contact-details

Trustee's Report

Pensions Ombudsman

The Pensions Ombudsman will assist members and beneficiaries of the Scheme in connection with difficulties which they have failed to resolve with the Trustee or Administrator of the Scheme and may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme.

The Pensions Ombudsman 1st Floor, 10 South Colonnade, Canary Wharf, London E14 4PU

or Email: enquiries@pensions-ombudsman.org.uk

Telephone: 0800 917 4487

Related Party Transactions

The Principal Employer has paid the majority of the costs of administering the Scheme for the year, and also premiums in respect of Death-in Service benefits.

Further details of related party transactions are given in note 21 to the financial statements.

Trustee's Report

Statement of Trustee's Responsibilities

The Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

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

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

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

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

The Trustee is also responsible for the maintenance and integrity of the myallenoverypension website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's responsibilities in respect of contributions

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

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

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

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every UK pension scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its "technical provisions". The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustee and Allen & Overy LLP ("the Employer") and set out in a statement of funding principles, which is available to pension scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 1 January 2020. This showed that on that date:

The value of the technical provisions was:	£239.9 million
The value of the assets was:	£241.1 million
The funding surplus was:	£1.2 million
The funding ratio was:	101%

The assets and technical provisions above comprise only those in the Defined Benefit Section of the Scheme excluding additional voluntary contributions.

The actuarial valuation of the Scheme as at 1 January 2020 was carried out by Darren Charles FIA, and the Scheme Actuary's report was published on 20 July 2020.

The Scheme Actuary also estimated that as at 1 January 2020, the assets were sufficient to buy-out 81% of total benefits with an insurance company, if the Scheme were wound-up with no further funding from the Employer. In practice, the Scheme continues to be run on an ongoing basis and there is no reason to expect that it will be wound-up.

The Scheme Actuary has carried out approximate calculations as at 1 January 2022, which showed an estimated surplus of £19.1 million and a funding ratio of 107%. Over the period from the valuation date to 1 January 2022, the Scheme's funding target increased due to falls in long-term interest rates linked to the impact of COVID-19 on financial markets. The Scheme's risk reduction measures meant that the assets also increased significantly, whilst there were positive returns on growth assets, which led to the overall improvement.

As part of the most recent actuarial valuation, the Trustee determined and agreed with the Employer the assumptions to be used to calculate the technical provisions. The technical provisions are calculated on the basis that the Scheme will continue in its present form. They are based on assumptions about various factors that will influence the Scheme in the future, such as investment returns (reflected in the "discount rate"), salary and pension increases, and how long members will live.

The method used to value benefits was the projected unit method.

The main financial assumptions underlying the valuation calculations were:

Pre-retirement discount rate	Gilt yields plus 0.75% p.a.
Post-retirement discount rate	Gilt yields plus 0.5% p.a.
RPI inflation	Derived from the difference between yields on fixed-interest and index-linked gilts
Rate of salary increases	RPI inflation
CPI inflation	RPI inflation less 0.6% p.a.
Rate of deferred revaluations	Based on CPI inflation

Trustee's Report

Report on Actuarial Liabilities (continued)

The other key assumption is life expectancy. Based on the assumptions adopted as at 1 January 2020, a 62 year old pensioner is assumed on average to live to 88.4 (males) or 89.8 (females).

Following the 1 January 2020 actuarial valuation it was agreed that the Employer would pay:

- Expenses of running the Scheme
- Insurance premiums
- Such levies required by the Pension Protection Fund
- The cost of any augmentations to benefits
- Contributions for defined contribution (DC) members as required under the Rules plus 0.70% of Pensionable Salaries for spouse's death-in-service pensions

No deficit reduction contributions are required as the Scheme was in surplus at 1 January 2020.

The Schedule of Contributions reflecting these agreed contributions dated 20 July 2020 has been adopted by the Trustee and the Employer, and the Actuary's certification of the latest schedule is shown on page 84.

Since 1 January 2020, there has been extreme volatility in financial markets due to COVID-19. The impact on the Scheme was mitigated by the risk reduction measures put in place in recent years, in particular: a reduction in the Scheme's exposure to return-seeking assets such as equities, diversification and an increase in the coverage of the Scheme's interest and inflation hedging. The Trustee is pleased to report that funding updates over the period have shown that the Scheme remains in a healthy funding position. The Trustee continues to monitor the funding position closely and will consider further updates to the investment strategy as and when appropriate.

The Scheme Actuary carries out a full actuarial valuation, including a review of Employer contributions, at least every three years. The effective date of the next scheduled valuation is 1 January 2023 and is currently in progress and therefore the 2020 valuation is used in these financial statements .

Summary of Contributions

This Summary of Contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedule of Contributions certified by the actuary on 20 July 2020 in respect of the Scheme year ended 31 December 2022. The Scheme's Auditors' report on contributions payable under the Schedule in the Auditors' Statement about Contributions on page 88.

Contributions payable under the Schedule of Contributions in respect of the Scheme year:	**£000**
Employer normal contributions – DC section	**15,025**
Employer death benefit contributions – DB section	**1,143**
Employee normal contributions – DC section	**5,504**
Contributions payable under the Schedule (as reported on by the Scheme's auditors)	**21,672**

Contributions payable in addition to those due under the Schedule of Contributions (and not reported on by the Scheme's Auditors):	
Employer Bonus Salary Sacrifice Contributions – DC section	**1,133**
Employee additional voluntary contributions – DB section	**8**
Employee additional voluntary contributions – DC section	**2,134**
Total contributions included in the financial statements	**24,947**

Contact for Further Information

Any enquiries or complaints about the Scheme, including requests from individuals for information about their benefits or Scheme documentation, should be sent to:

Capita Pension Solutions Limited
PO Box 555
Stead House
Darlington
DL1 9YT

Tel: 01227 771445
Email: AllenOvery@capita.co.uk

Approval

The Trustee's Report on pages 6 to 53, including the Summary of Contributions, was approved by the Trustee and signed on its behalf by:

.... **Date:** ....

Trustee Director

DC Governance Statement

Annual Chair's Statement for the DC and AVC sections of the Allen & Overy Pension Scheme

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (“the Administration Regulations”) require the Trustee to prepare an annual statement regarding governance, which must be included in the annual Trustee's report and accounts. The governance requirements apply to all trust-based Defined Contribution (“DC”) pension arrangements, including DC schemes with Additional Voluntary Contribution arrangements where they are not the only money purchase benefits. They aim to help members achieve a good outcome from their pension savings.

This statement relates to the Defined Contribution Section (the “DC Section”) of the Allen & Overy Pension Scheme (the “Scheme”) and the money purchase additional voluntary contributions held by members of the Defined Benefit Section of the Scheme (the “AVCs”). It covers the period from **1 January 2022 to 31 December 2022.** It has been signed on behalf of the Trustee by the Chair.

This statement covers governance and charge disclosures in relation to the following:

1. The primary and secondary default arrangements,
2. Net investment returns
3. Member borne charges and transaction costs,
4. Assessing Value for Members,
5. Processing of core financial transactions, and
6. Trustee knowledge and understanding.

The Trustee has a process in place to publish relevant parts of this statement online and notify members within annual benefit statements about its availability.

DC Governance Statement (continued)

1. The Primary and Secondary Default Arrangements

The Trustee is required to design the default arrangements in members' interests and keep them under review. The Trustee needs to set out the aims and objectives of the default arrangements and take account of the level of costs and the risk profile that are appropriate for the Scheme's membership.

The DC Section is used as a Qualifying Scheme for auto-enrolment purposes and has both a primary and secondary default arrangement:

- **Primary default arrangement:** The Multi-Asset Lifecycle Strategy is for members who join the Scheme and do not choose an investment option for their contributions. Members can also choose to invest in this strategy on a self-select basis.
- **Secondary default arrangement**: The temporary suspension of trading in the Standard Life Pooled Property Pension Fund, due to the impact of the Covid-19 pandemic, prevented members 'contributions from being paid into the fund. These contributions were temporarily diverted to the Standard Life Deposit and Treasury Pension Fund. As a result, the Deposit and Treasury Pension Fund was designated a secondary default arrangement in March 2020.

More details regarding the primary and secondary default arrangements can be found in the sections that follow.

The Trustee is responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's primary and secondary default arrangements.

Details of the objectives and the Trustee's policies regarding the primary and secondary default arrangements can be found in the 'Statement of Investment Principles' ("SIP") for the DC and AVC Sections of the Scheme.

The SIP covering the DC and AVC Sections of the Scheme, which was prepared in accordance with regulation 2A of the Investment Regulations 2005, was updated and signed by the Chair of the Trustee on 12 May 2022, to reflect the changes made to the Lifecycle strategies on 10 November 2021.The latest SIP for the DC and AVC Sections of the Scheme, dated 12 May 2022, is attached to this statement and can also be viewed here:

https://www.myallenoverypension.com/Library/AOLibMemComm.asp

Primary Default Arrangement – The Multi-Asset Lifecycle Strategy

The Multi-Asset Lifecycle Strategy is suitable for members who join the Scheme and do not choose to take an active role in managing their investment options. However, members that do take an active role with managing their investment options can select this strategy should it align with their investment and retirement objectives.

The Multi-Asset Lifecycle Strategy invests in several underlying funds and automatically changes the funds members are invested in as they approach retirement. This approach aims to maximise the growth potential of investments in the early years and reduce investment risk (by investing across a broader range of asset classes) the closer members get to retirement.

DC Governance Statement (continued)

1. The Primary and Secondary Default Arrangements (continued)

The Multi-Asset Lifecyle strategy comprises three phases:

- **Accumulation phase**: this phase is the period leading up to 15 years before retirement. It aims to provide members with the potential of long-term capital growth by investing in higher risk assets, such as equities. It is assumed that in this phase, members have a greater capacity for risk as they have more time to recover from changes in the value of their retirement savings that may be caused by short-term market volatility.
- **Transition phase**: In this phase, the aim is to reduce investment risk in the lead-up to retirement. Between 15 and 10 years prior to retirement, allocations to lower risk assets, such as multi-asset funds, are gradually introduced and this is achieved by reducing the allocations to equities. Between 10 and 5 years prior to retirement, allocations to government and corporate bonds are introduced. This is achieved by reducing the allocations to equities and multi-asset funds, as mentioned above.
- **Pre-retirement phase**: Starting at 5 years to retirement, this phase aims to further reduce risk and to ensure the strategy is invested in a mix of assets at retirement broadly appropriate for members to use an income drawdown approach in retirement (this would involve a member transferring their funds to an external arrangement at retirement).

Secondary default arrangement – Standard Life Deposit and Treasury Pension Fund

The Standard Life Deposit and Treasury Pension Fund became a secondary default arrangement in March 2020, following the temporary suspension of the Standard Life Pooled Property Pension Fund as the fund manager was unable to obtain accurate valuations of the Fund’s holdings to the restrictions imposed by the UK government to address the Covid-19 pandemic.

The temporary suspension of the Standard Life Pooled Property Pension Fund prevented further contributions being made into the Fund during that period.

The Trustee notified affected members of the suspension and that members could redirect their contributions to an alternative fund in the DC Scheme arrangement.

However, members that did not provide an alternative receiving fund before the given deadline had their contributions automatically invested into the Standard Life Deposit and Treasury Pension Fund. Consequently, the Deposit and Treasury Fund was classified as a secondary default investment option for regulatory reporting and monitoring purposes.

The primary aim of the Standard Life Deposit & Treasury Pension Fund is to maintain capital and provide returns (before charges) in line with short term money market rates by investing in deposits and short-term money market instruments.

The Trustee believed that the Standard Life Deposit and Treasury Pension Fund was an appropriate investment option in which to temporarily hold contributions intended for the Standard Life Pooled Property Pension Fund as it has historically experienced low levels of volatility and was deemed to be a suitable option to protect the value of members' contributions on a short-term basis.

The Standard Life Pooled Property Fund's suspension was lifted in September 2020. The affected members were notified of this and informed that they could choose to redirect their future contributions and any retirement savings accrued during the period of suspension back to the Standard Life Pooled Property Fund.

DC Governance Statement (continued)

1. The Primary and Secondary Default Arrangements (continued)

Investment Strategy Review

The Trustee is required by regulations to carry out an Investment Strategy Review, which includes formally reviewing the suitability of the primary and secondary default arrangements, at least every three years or following any significant changes in the demographic profile of the Scheme members.

The latest Investment Strategy Review to be carried out for the Scheme was completed by the Trustee on 28 November 2022 and consisted of the following:

- Analysis of the membership profile of the Scheme, which also considered the suitability of the primary and secondary default arrangements;
- Retirement adequacy analysis, which highlighted the proportion of members that would likely retire with a sufficient pension pot to achieve their desired standard of living throughout retirement as well as how alterations to member contributions and retirement ages would impact the statistics;
- A critical review of the current investment strategy deployed by the Scheme, with the Trustee's investment consultants providing recommendations that could improve potential returns for members over the long-term based on in-house modelling and assumptions. The Trustee's investment consultants also highlighted a number of limitations associated with the current DC pension provision.

Following the review, the Trustee acknowledged the information and recommendations put forward by its investment consultants. However, any decisions on changes to the investment strategy were deferred by the Trustee, pending the outcome of ongoing discussions with its advisers and the Firm about potential changes to the current DC pension structure.

Additional Performance monitoring

During the Scheme year, the Trustee, with support of its investment consultant, carried out a review of the Aviva Life & Pensions UK Limited and Prudential Assurance Company Limited With Profit funds held within the legacy AVC arrangement. The review was completed on the 26 May 2022 and did not identify any major concerns over the longer-term suitability of the With Profits Funds' providers. The recommendation put forward to the Trustee by its investment consultant was to maintain these funds as they are.

The Trustee, with support from its investment consultant, also carries out regular investment monitoring. The performance of all funds, including those underlying the primary and secondary default arrangements, are incorporated into quarterly monitoring reports that are produced by the Trustee's investment consultants. These reports are then reviewed by the Trustee at each quarterly meeting.

This performance monitoring includes an assessment of fund performance against stated benchmarks and targets over various periods, as well as a red-amber-green rating system to help identify any concerns.

Over the course of the Scheme year, there were no changes made to the funds as a result of this monitoring.

2. Net Investment Returns

The Trustee is required to report on net investment returns for each default arrangement and for each non-default fund which scheme members were invested in during the scheme year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges. The net investment returns have been prepared having regard to statutory guidance. It is important to note that past performance is not a guarantee of future performance.

Multi-Asset Lifecycle Strategy (the primary default arrangement)

The net investment returns for the Multi-Asset Lifecycle Strategy, across a 1-year reporting period as at 31 December 2022, is shown in the table below.

The Trustee, with the support of its investment consultants, implemented a number of changes to the underlying component funds that make up the Multi-Asset Lifecycle Strategy in November 2021. As such, performance has been shown over the 1-year period only.

Performance to 31 December 2022	**Annualised Returns (%)**	
Age of member on 1 January 2022	**1 Year**	**5 Year**
25	-7.0	3.6
45	-7.0	3.6
55	-9.7	0.8

Source: Standard Life and underlying managers. Returns quoted net of total expense ratios and transaction costs. Performance figures are annualised for periods in excess of one year. The retirement age shown in this table is 65, which is line with the retirement age selected by the majority of members.

All members suffered a negative net return over the 1-year reporting period, a reflection of the challenges faced by financial markets throughout 2022.

Members closer to retirement suffered greater losses than those further from retirement across the 1-year reporting period. This would typically not be expected, given that a proportion of members assets transition to “lower risk” assets, primarily fixed income as retirement approaches. However, the gradual increase in interest rates by central banks across the developed world throughout 2022 has resulted in bond prices to fall, leading to negative returns for fixed income funds.

Furthermore, UK bonds experienced a period of significant difficulty across September and October 2022, following a negative market reaction to a number of proposals set out by the UK government at the time. While many of these proposals were reversed, there has been significant volatility across UK bond markets, resulting in significant negative returns for UK government bonds.

The level of net returns achieved over the five-year period was positive for members across all ages and decreased as members approach retirement, which is assumed to be 65 years in this case. This is to be expected as the Multi-Asset Lifecycle Strategy automatically switches members’ savings into a more diversified mix of assets in order to reduce risk as they approach retirement age. The mix of assets includes multi-asset funds as well as corporate and government bond funds, which are expected to generate lower returns than equities over the long-term given their lower risk profile.

2. Net Investment Returns (continued)

Standard Life Deposit and Treasury Pension Fund (the secondary default arrangement)

The net investment returns for the Standard Life Deposit and Treasury Pension Fund, across a 1-year and 5-year reporting periods as at 31 December 2022, are shown in the table below.

Performance to 31 December 2022	Annualised Returns (%)	
Fund Name	**1 Year**	**5 Year**
Standard Life Deposit and Treasury Pension Fund	1.2	0.5

Source: Standard Life and underlying managers. Returns quoted net of total expense ratios and transaction costs. Performance figures are annualised for periods in excess of one year. The retirement age shown in this table is 65, which is line with the retirement age selected by the majority of members.

Members invested in the Standard Life Deposit and Treasury Pension Fund generated a positive net investment return across both the one year and five year reporting periods.

The rise in interest rates across most developed nations has been beneficial for the Standard Life Deposit and Treasury Pension Fund, diverging from the performance of equity and fixed income funds during the same period.

The lower net investment return achieved over the 5-year reporting period reflects the low returns associated with investing in money-market instruments across a period when interest rates for many developed nations were much lower.

Additional Lifecycle Strategies

Cash Lifecycle Strategy

The net investment returns for the Cash Lifecycle Strategy, across a 1-year reporting period as at 31 December 2022, are shown in the table below.

The Trustee, with the support of its investment consultants, implemented a number of changes to the underlying component funds that make up the Cash Lifecycle Strategy in November 2021. As such, performance has been shown over the 1-year period only.

Performance to 31 December 2022	Annualised Returns (%)	
Age of member on 1 January 2022	**1 Year**	**5 Year**
25	-7.0	3.6
45	-7.0	3.6
55	-9.7	0.8

Source: Standard Life and underlying managers. Returns quoted net of total expense ratios and transaction costs. Performance figures are annualised for periods in excess of one year. The retirement age shown in this table is 65, which is line with the retirement age selected by the majority of members.

Similar to the Multi-Asset Lifecycle Strategy, most members suffered a negative absolute return over the 1-year reporting period, a reflection of the challenges faced by financial markets throughout 2022 (see commentary for the Multi-Asset Lifecycle Strategy above).

DC Governance Statement (continued)

2. Net Investment Returns (continued)

Members achieved positive returns over the 5-year period, which decreased as members approach their selected retirement age. Similar to the Multi-Asset Lifecycle Strategy, this is to be expected as the Cash Lifecycle Strategy automatically switches members' savings into a more diversified mix of assets in order to reduce risk as they approach retirement age.

Annuity Lifecycle Strategy

The net investment returns for the Annuity Lifecycle Strategy, across a 1-year reporting period as at 31 December 2022, are shown in the table below.

The Trustee, with the support of its investment consultants, implemented a number of changes to the underlying component funds that make up the Annuity Lifecycle Strategy in November 2021. As such, performance has been shown over the 1-year period only.

Performance to 31 December 2022	**Annualised Returns (%)**	
Age of member on 1 January 2022	**1 Year**	**5 Year**
25	-7.0	3.6
45	-7.0	3.6
55	-9.7	0.8

Source: Standard Life and underlying managers. Returns quoted net of total expense ratios and transaction costs. Performance figures are annualised for periods in excess of one year. The retirement age shown in this table is 65, which is line with the retirement age selected by the majority of members.

Similar to the members investment in the Multi-Asset Lifecycle Strategy, all members invested in the Annuity Lifecycle Strategy suffered a negative absolute return over the 1-year reporting period, a reflection of the challenges faced by financial markets throughout 2022.

Members closer to retirement generated a more negative absolute return across the 1-year reporting period relative to younger members. This would typically not be expected, given that a proportion of members assets transition to "lower risk" assets, primarily fixed income. However, the gradual increase in interest rates by central banks across the developed world throughout 2022 has resulted in bond prices to fall, leading to negative returns for fixed income funds.

Furthermore, UK bonds experienced a period of significant difficulty across September and October 2022, following a negative market reaction to a number of proposals set out by the UK government at the time. While many of these proposals were reversed, there has been significant volatility across UK bond markets, resulting in significant negative returns for UK government bonds.

Members achieved positive returns over the 5-year period, which decreased as members approach their selected retirement age. Similar to the Multi-Asset Lifecycle Strategy, this is to be expected as the Annuity Lifecycle Strategy automatically switches members' savings into a more diversified mix of assets in order to reduce risk as they approach retirement age.

DC Governance Statement (continued)

2. Net Investment Returns (continued)

Self-Select Investment Funds

The table below shows the net investment returns achieved by each of the self-select funds over the 1-year and 5-year reporting periods.

Performance to 31 December 2022	**Annualised Returns (%)**	
Fund Name	**1 Year**	**5 Year**
Standard Life Overseas Tracker Pension Fund	-7.4	9.3
SL Vanguard FTSE UK All Share	0.3	2.8
Standard Life Global Equity 50:50 Tracker	-3.5	6.1
SL Vanguard Emerging Markets Stock Index Pension Fund	-10.4	0.5
SL Veritas Global Focus Pension Fund	-10.9	7.0
Standard Life Liontrust (formerly Majedie) UK Equity Pension Fund	-9.9	0.3
SL Schroder Intermediated Diversified Growth Pension Fund	-11.5	n/a
SL Ninety-One Global Multi-Asset Sustainable Growth Fund	-7.8	n/a
SL Corporate Bond Fund	-18.5	-1.6
Standard Life Index Linked Bond Pension Fund	-38.3	-5.4
SL Vanguard UK Investment Grade Bond Index Pension Fund	-17.7	-1.7
Standard Life UK Fixed Interest 60:40 Pension Fund	-26.5	-3.2
SL ASI Global Real Estate Institutional Pension Fund	-1.0	4.1
Standard Life Pooled Property Pension Fund	-18.0	0.7
Standard Life Deposit and Treasury Pension Fund	1.2	0.5

Source: Standard Life and underlying managers. Returns quoted net of total expense ratios and transaction costs. Performance figures are annualised for periods in excess of one year.

DC Governance Statement (continued)

2. Net Investment Returns (continued)

Additional Voluntary Contributions

The Trustee had previously set up an arrangement for members of the Defined Benefit section to invest AVCs. However, these policies are now all "Closed".

Members who opted to transfer from the Defined Benefit Section to the DC Section for future accrual were able to maintain their holdings in the legacy AVC policies, subject to the terms and conditions of each vehicle.

Members that held legacy AVC policies had the ability to invest in unit linked funds that are identical to those made available to members within the DC Scheme. Net investment return information for these funds can be found in the table above.

Additionally, there are legacy AVC policies in place with Aviva and Prudential in the form of With Profits Funds.

Performance to 31 December 2022	**Annual Bonuses declared (%)**	
Fund Name	**1 Year**	**5 Year**
Prudential With Profits Cash Accumulation Fund	1.0	1.1
Aviva Conventional With Profits Fund	*Not provided*	*Not provided*

For the With Profit Funds, the returns shown are the annualised bonus rate declared on the funds over the relevant period. Whilst in practice we would expect a terminal bonus to increase returns to levels close to those achieved on the underlying assets in the With Profit fund over the period held (after all costs of running the fund), these amounts are unknown and are not guaranteed. Furthermore, a market value reduction which can reduce the return delivered to investors may be applied on exit at any time other than maturity date, or in the event of death before retirement.

Aviva were contacted but were unable to provide a response in time for the publication of this statement.

DC Governance Statement (continued)

3. Member Borne Charges and Transaction costs

The Trustee should regularly monitor the level of costs and charges borne by members through the investment funds. These comprise:

- *Charges: these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (TER), or as an Annual Management Charge (AMC), which is a component of the TER;*
- *Transaction costs: these are not explicit and are incurred when the Scheme's fund manager buys and sells assets within investment funds but are exclusive of any costs incurred when members invest in or sell out of funds.*

The Trustee is also required to confirm that the total costs and charges paid by any member in the default arrangement have not exceeded 0.75% p.a. (the charge cap) and produce an illustration of the cumulative effect of the overall costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

DC Section

As part of the Lifecycle strategies (including the primary default arrangement), members' assets are invested in a different blend of funds depending on how far away they are from retirement and, as such, the TERs for the Lifecycle strategies will vary in accordance with the blend of funds held at any point in time.

Over the reporting period, the Multi-Asset Lifecycle Strategy (the primary default arrangement) levied a Total Expense Ratio (TER) ranging from 0.10% p.a. to 0.42% p.a. of assets under management, depending on term to retirement, well below the charge cap of 0.75% p.a.

The Total Expense Ratio for the Standard Life Deposit and Treasury Pension Fund (the secondary default arrangement) was 0.16% over the Scheme year, which is also below the 0.75% p.a. charge cap.

In addition to the primary and secondary default arrangements, the Scheme also offers a range of 15 self-select funds and 2 other Lifecycle strategies that members can choose to invest in as an alternative to the default strategy.

The TERs that were levied on these funds and strategies as at 31 December 2022 are set out in the table below. The TERs applicable to different funds are readily available to members and can be found via the Scheme's website. The TER is deducted as a percentage of members' funds.

The tables below also indicate the transaction costs incurred for each of the Lifecycle strategies and self-select funds available to members over the Scheme year to 31 December 2022. The transaction costs shown below are calculated using the standardised method set by the Financial Conduct Authority.

The transaction costs shown were incurred largely as a result of buying and selling investments in a fund. These comprise explicit transaction costs and implicit transaction costs, which are explained in more detail here:

- As defined by the Financial Conduct Authority, explicit transaction costs are the costs that are directly charged to or paid by the fund and may include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker in order to buy and sell investments) and costs of borrowing or lending securities.
- Implicit transaction costs are calculated as the difference between the actual price paid (execution price) and the quoted 'mid-market price' at the time of the order was placed (arrival price). This method, although reasonable if observed over a long period of time, can result in a volatile measure from one year to another.

DC Governance Statement (continued)

3. Member Borne Charges and Transaction costs (continued)

Lifecycle strategies	**Total Expense Ratio (TER) (%)**	**Transaction Costs (%)**	**Total costs (%)**
Multi-Asset Lifecycle Strategy *(primary default arrangement)*	0.10 – 0.42	*0.07 - 0.15*	*0.25 - 0.52*
Cash	0.10 – 0.42	*0.04 – 0.15*	*0.20 – 0.52*
Annuity	0.10 – 0.42	*0.05 – 0.15*	*0.25 - 0.52*
Funds used in the Lifecyle strategies and also available within the Self-Select arrangement			
Standard Life Overseas Tracker Pension Fund	0.10	*0.15*	*0.25*
Standard Life Vanguard FTSE UK All Share Index Pension Fund	0.10	*0.19*	*0.29*
Standard Life Schroder Intermediated Diversified Growth Pension Fund	0.68	*0.07*	*0.75*
Standard Life Ninety One Global Multi-Asset Sustainable Growth Pension Fund (1)	0.80	*0.03*	*0.83*
Standard Life Corporate Bond Fund	0.31	*0.06*	*0.37*
Standard Life Index Linked Bond Pension Fund	0.31	*0.06*	*0.37*
Standard Life Deposit and Treasury Pension Fund *(secondary default arrangement)*	0.16	*0.04*	*0.20*
Self-Select Funds			
Standard Life Global Equity 50:50 Tracker Pension Fund	0.11	*0.03*	*0.14*
Standard Life Veritas Global Focus Pension Fund	0.94	*0.04*	*0.98*
Standard Life Liontrust (formerly Majedie) UK Equity Fund (3)	0.80	*0.03*	*0.83*
Standard Life Vanguard Emerging Markets Stock Index Pension Fund	0.25	*0.23*	*0.48*
Standard Life Vanguard UK Investment Grade Bond Index Pension Fund	0.10	*0.08*	*0.18*
Standard Life UK Fixed Interest 60:40 Pension Fund	0.31	*0.00*	*0.31*
Standard Life ASI Global Real Estate Institutional Pension Fund (2)	0.88	*0.00*	*0.88*
Standard Life Pooled Property Pension Fund (2)	0.53	*0.14*	*0.67*

Source: abrdn. The TERs and Transaction Costs quoted are applicable for the 12 months to 31 December 2022.

1. The Ninety One Global Multi-Asset Sustainable Growth Fund's name was changed from SL Ninety One Diversified Growth Fund in April 2021.
2. Following on-going concerns about the historical performance of the Standard Life Pooled Property Pension Fund, the Trustees soft-closed the fund to new investments in Q2 2021. The Trustee chose to add the Standard Life ASI Global Real Estate Institutional Pension Fund to self-select fund range in Q2 2021.
3. The LionTrust UK Equity Pension Fund was soft-closed to new investments in Q4 2022.

DC Governance Statement (continued)

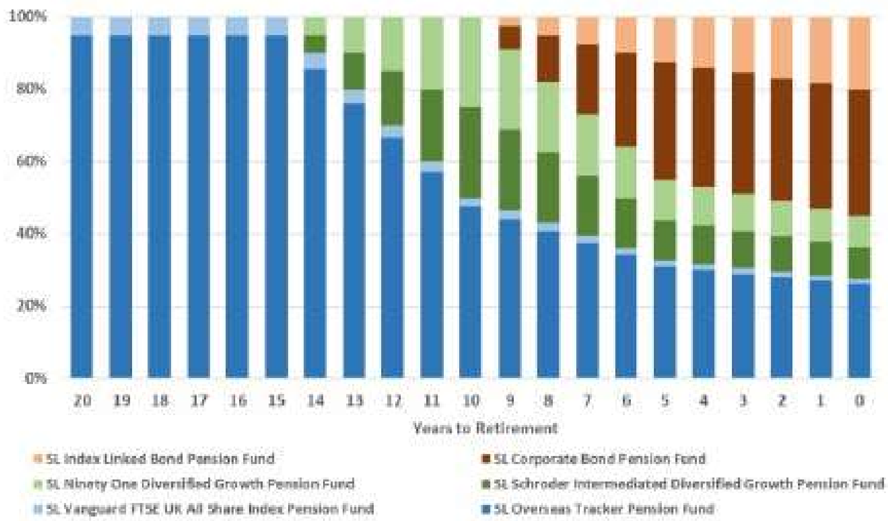
3. Member Borne Charges and Transaction costs (continued)

Multi-Asset Lifecycle Strategy (Primary Default arrangement)

During the Scheme year, the costs and charges applicable to each member that was invested in the Multi-Asset Lifecycle Strategy were dependant on the number of years the member had remaining until their selected retirement age, as the allocation to each underlying component fund automatically adjusts as a member approaches retirement.

The chart below displays the allocation of underlying component funds that make up the Multi-Asset Lifecycle Strategy.

The tables provide a breakdown of the TERs and transaction costs applicable to a member each year up to retirement. Please note that that due to rounding it is possible that the total cost value displayed below may not be equal to the sum of the TER and transaction cost.



Years to retirement	15+	14	13	12	11	10	9	8
TER % p.a.	**0.10**	**0.16**	**0.23**	**0.29**	**0.36**	**0.42**	**0.40**	**0.39**
Transaction Costs %	0.15	0.14	0.13	0.12	0.11	0.10	0.09	0.09
Total Cost %	0.25	0.30	0.36	0.41	0.47	0.52	0.49	0.48

Years to retirement	7	6	5	4	3	2	1	0
TER % p.a.	**0.37**	**0.35**	**0.34**	**0.34**	**0.33**	**0.33**	**0.33**	**0.33**
Transaction Costs %	0.09	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Total Cost %	0.46	0.43	0.42	0.42	0.41	0.41	0.41	0.41

DC Governance Statement (continued)

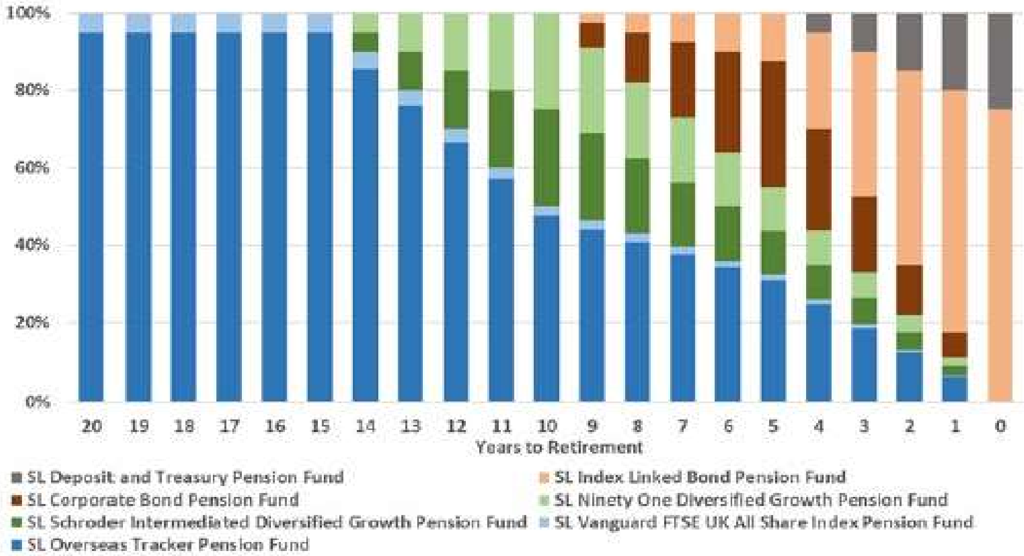
3. Member Borne Charges and Transaction costs (continued)

Annuity Lifecycle strategy

During the Scheme year, the costs and charges applicable to each member that was invested in the Annuity Lifecycle Strategy were dependant on the number of years the member had remaining until their selected retirement age, as the allocation to each underlying component fund automatically adjusts as a member approaches retirement.

The chart below displays the allocation of underlying component funds that make up the Annuity Lifecycle Strategy.

The tables provide a breakdown of the TERs and transaction costs applicable to a member each year up to retirement. Please note that that due to rounding it is possible that the total cost value displayed below may not be equal to the sum of the TER and transaction cost.



Years to retirement	15+	14	13	12	11	10	9	8
TER % p.a.	0.10	0.16	0.23	0.29	0.36	0.42	0.40	0.39
Transaction Costs %	0.15	0.14	0.13	0.12	0.11	0.10	0.09	0.09
Total Cost %	0.25	0.30	0.36	0.41	0.47	0.52	0.49	0.48

Years to retirement	7	6	5	4	3	2	1	0
TER % p.a.	0.37	0.35	0.34	0.33	0.31	0.30	0.29	0.27
Transaction Costs %	0.09	0.08	0.08	0.08	0.07	0.07	0.06	0.05
Total Cost %	0.46	0.43	0.42	0.41	0.38	0.37	0.35	0.32

DC Governance Statement (continued)

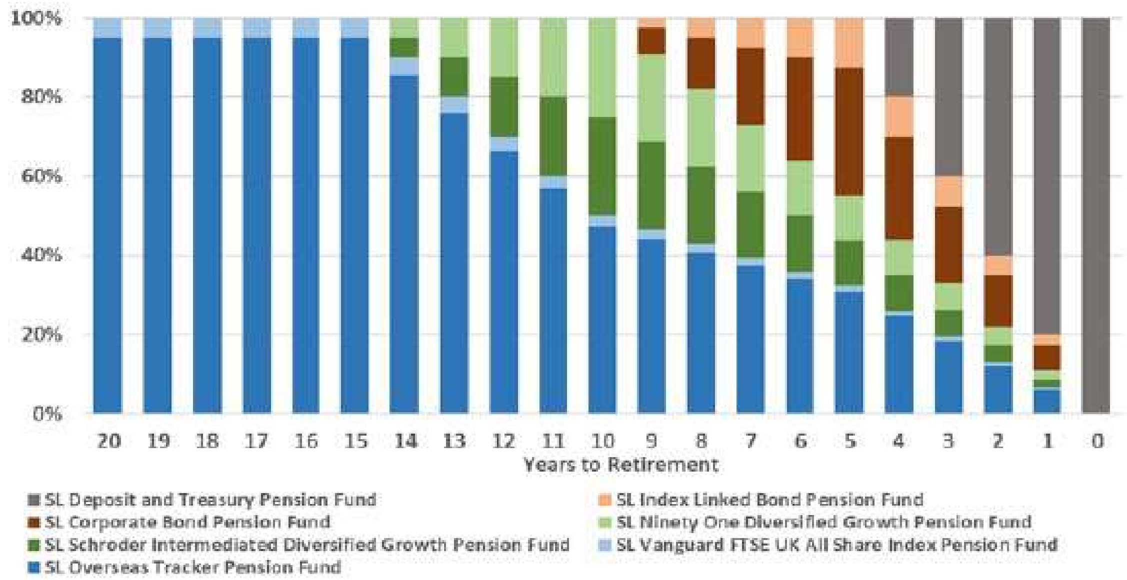
3. Member Borne Charges and Transaction costs (continued)

Cash Lifecycle strategy

During the Scheme year, the costs and charges applicable to each member that was invested in the Annuity Lifecycle Strategy were dependant on the number of years the member had remaining until their selected retirement age, as the allocation to each underlying component fund automatically adjusts as a member approaches retirement.

The chart below displays the allocation of underlying component funds that make up the Annuity Lifecycle Strategy.

The tables provide a breakdown of the TERs and transaction costs applicable to a member each year up to retirement. Please note that that due to rounding it is possible that the total cost value displayed below may not be equal to the sum of the TER and transaction cost.



Years to retirement	15+	14	13	12	11	10	9	8
TER % p.a.	0.10	0.16	0.23	0.29	0.36	0.42	0.40	0.39
Transaction Costs %	0.15	0.14	0.13	0.12	0.11	0.10	0.09	0.09
Total Cost %	0.25	0.30	0.36	0.41	0.47	0.52	0.49	0.48

Years to retirement	7	6	5	4	3	2	1	0
TER % p.a.	0.37	0.35	0.34	0.30	0.27	0.23	0.20	0.16
Transaction Costs %	0.09	0.08	0.08	0.07	0.06	0.06	0.05	0.04
Total Cost %	0.46	0.43	0.42	0.37	0.33	0.29	0.25	0.20

DC Governance Statement (continued)

3. Member Borne Charges and Transaction costs (continued)

Legacy AVC Arrangements

As discussed in section 2, members that were able to invest in the legacy AVC arrangement had the ability to invest in the unit-linked policies that were available to the DC Section membership. A table showing the breakdown of the charges and transaction costs associated with each fund can be found in the table above.

The Trustee has also requested charges and transaction cost information from the legacy AVC With-Profits Funds providers, Prudential Assurance Company Limited and Aviva Life & Pensions UK Limited.

The Prudential With Profits Cash Accumulation Fund was the only fund managed by Prudential Assurance Company Limited that held member assets at the end of the reporting period. There are no explicit fund management charges for this Fund - charges are inherent within the annual bonus declarations, which is a standard market practice for With Profits funds. Prudential Assurance Company Limited's estimated management charge is 0.8% per annum assuming investment returns are 5% p.a. plus AE of 0.18% per annum.

Fund Name	TER (%)	Transaction costs (%)	Total Cost (%)
Prudential With Profits Cash Accumulation Fund	**n/a**	0.10[1]	n/a

[1]Transaction costs provided are for the period 1 April 2021 – 31 March 2022.

The Aviva Conventional With Profits Fund was the only Aviva Life & Pensions UK Limited managed fund that held member assets at the end of the period in question. Aviva have confirmed that there are no explicit charges or transaction costs applying to the Conventional With Profits Fund available to members through the Scheme.

The costs of operating the Aviva Conventional With Profits Fund are taken account of when the annual bonus rate on the Fund is declared. Aviva Life & Pensions UK Limited does not provide any indication of the costs of investing in the Conventional With Profits Fund, and this is common market practice for older style conventional With Profits Fund.

Illustration of the cumulative impact of costs and charges on member fund value over time

From 6 April 2018, the Occupational Pension Schemes (Administration and Disclosure) (Amendment)Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided 3 illustrations of their cumulative effect on the value of typical scheme members savings over the period to their retirement. The typical scheme members used for the illustrations and the strategies and funds modelled below are in line with the requirements set out in the DWP Guidance on producing illustrations for Chair's Statements. The typical scheme members have been selected as they enable the Trustee to provide a realistic and representative range of combinations of pot size, contribution rates and effect of costs and charges over different time periods in the illustrations.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on a number of assumptions about the future which are set out in the appendix.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme, they are not a substitute for the individual and personalised illustrations which are provided to members in their annual Benefit Statements.

DC Governance Statement (continued)

3. Member Borne Charges and Transaction costs (continued)

Each illustration [the youngest active member, a typical active member, and a typical deferred member] is shown for a different type of member invested in the Multi-Asset Lifecycle strategy (the primary default arrangement) and the SL Deposit and Treasury Fund (the secondary default). Each illustration is shown as a chart and a table as follows:

- The Chart shows a projection of the member's retirement savings at retirement age, with and without costs and charges applied, if they invested solely in the Multi-Asset Lifecyle Strategy (the primary default arrangement) and the SL Deposit and Treasury Fund (the secondary default arrangement).
- As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, we have also included some comparison figures with other investments in the Tables for the Multi-Asset Lifecycle Strategy. For comparison purposes and following updated guidance, we also show the projected retirement savings if the typical member were invested in the fund with the highest and lowest charges - the SL Veritas Global Focus Pension Fund - which has higher charges – the Standard Life Global Equity 50:50 Tracker - which has the lowest charges.

All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.

Please note that not all investment options available are shown in the illustrations. Members are also offered a range of self-select funds which, as the tables above show, which have different TERs and transaction costs.

It should be noted that returns for cash instruments have historically been very low, and after the reduction for charges, some members may incur capital erosion due to inflation being higher than our assumed cash returns (2.5% p.a. vs 1.2% p.a.). Members may want to consider reviewing their fund options if they are invested in the Standard Life Deposit and Treasury Pension Fund (the secondary default arrangement) to ensure it is appropriate for their personal circumstances.

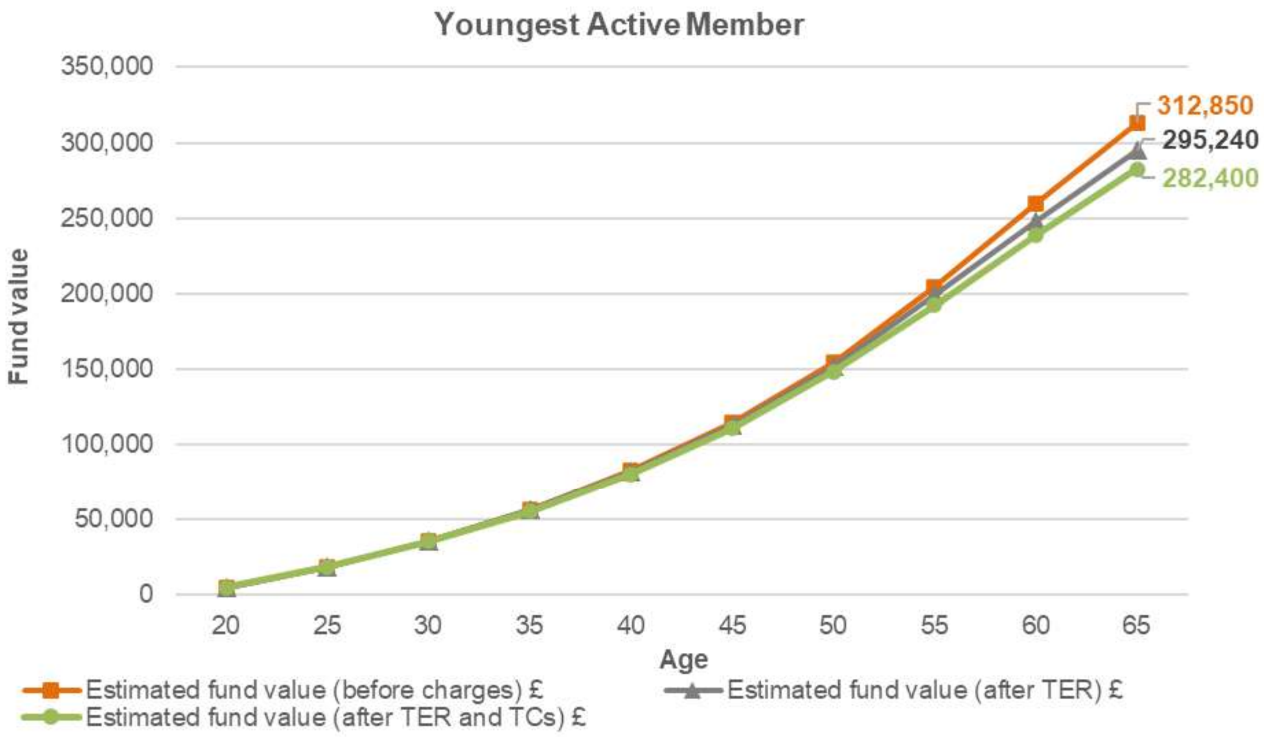
Youngest Active Member

For the youngest active member invested in the Multi-Asset Lifecycle (the primary default arrangement) and the Standard Life Deposit and Treasury Fund (the secondary default arrangement), the estimated impact of charges on accumulated fund values is shown in the table and chart below. The amounts shown relate to a member aged 18, current fund value of £1,600, salary of £25,000, ongoing contributions of 9% of salary and a Normal Retirement Age of 65.

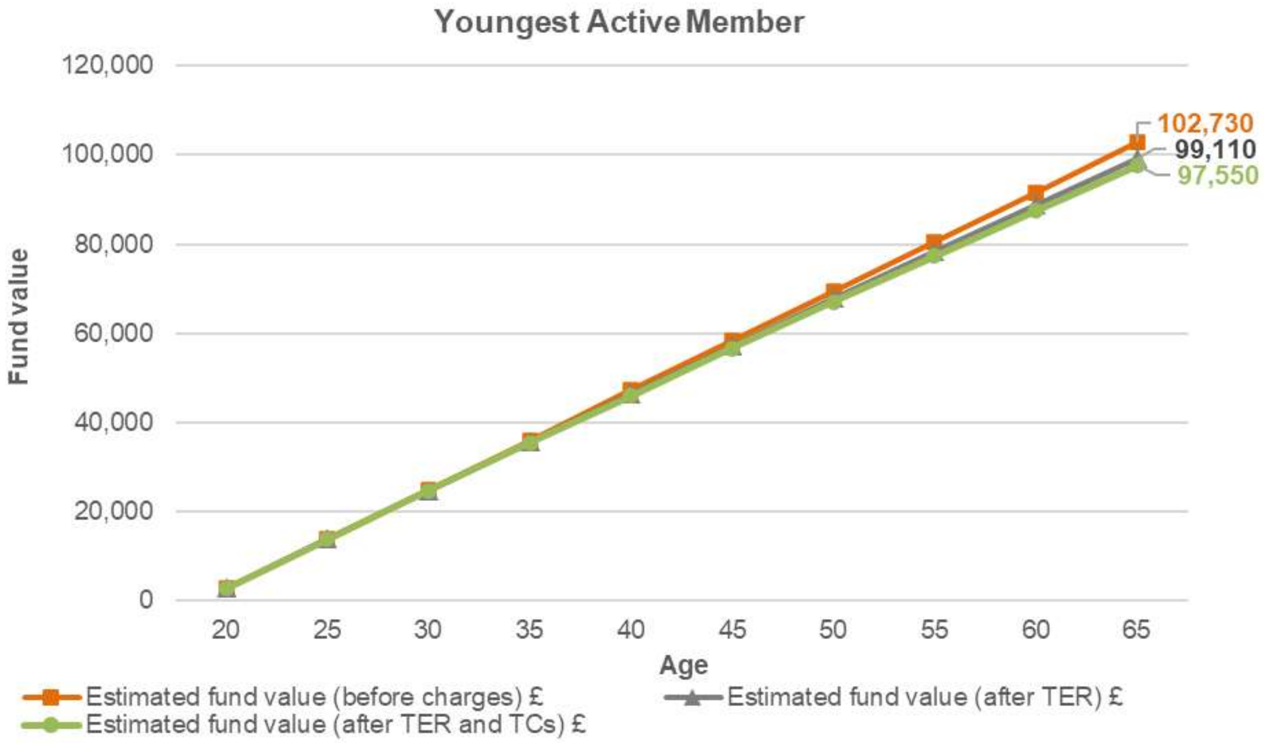
DC Governance Statement (continued)

3. Member Borne Charges and Transaction costs (continued)

Multi-Asset Lifecycle



Standard Life Deposit and Treasury Fund



DC Governance Statement (continued)

3. Member Borne Charges and Transaction costs (continued)

Age	Multi-Asset Lifecycle Strategy (Primary Default Arrangement)			SL Veritas Global Focus Pension Fund		
	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)
18	500	500	0	500	500	0
20	5,190	5,180	20	5,230	5,180	60
25	18,820	18,760	160	19,360	18,730	690
30	35,730	35,510	530	37,550	35,420	2,340
35	56,690	56,180	1,210	60,960	55,980	5,460
40	82,670	81,680	2,340	91,070	81,290	10,690
45	114,870	113,150	4,080	129,810	112,470	18,930
50	154,800	151,980	6,670	179,670	150,860	31,390
55	204,290	198,710	11,840	243,810	198,150	49,680
60	259,410	248,210	20,810	326,350	256,390	75,990
65	312,850	295,240	30,450	432,550	328,110	113,250

DC Governance Statement (continued)

3. Member Borne Charges and Transaction costs (continued)

Age	Standard Life Global Equity 50:50 Tracker			Standard Life Deposit and Treasury Fund (Secondary Default Arrangement)		
	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)
18	500	500	0	500	500	0
20	5,190	5,180	10	2,720	2,720	0
25	18,820	18,750	110	13,830	13,770	90
30	35,730	35,490	370	24,950	24,730	320
35	56,690	56,130	860	36,060	35,610	650
40	82,670	81,580	1,660	47,170	46,400	1,110
45	114,870	112,980	2,880	58,280	57,100	1,690
50	154,800	151,700	4,720	69,390	67,730	2,390
55	204,290	199,450	7,360	80,510	78,270	3,210
60	265,640	258,340	11,080	96,620	88,730	4,140
65	341,700	330,970	16,270	102,730	99,110	5,180

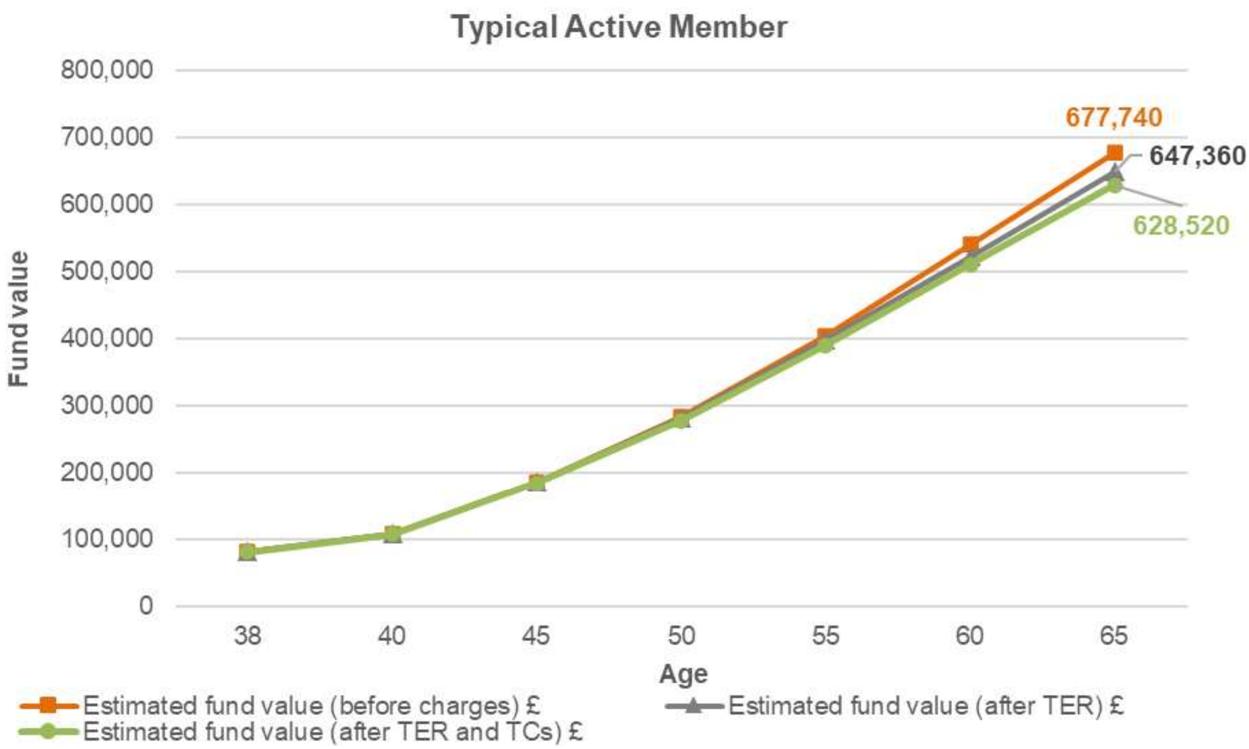
Typical Active Member

For a typical active member invested in the Multi-Asset Lifecycle strategy (primary default arrangement) and the Standard Life Deposit and Treasury Fund (the secondary default arrangement), the estimated impact of charges on accumulated fund values is shown in the table and charts below. The amounts shown relate to a member aged 38, current fund value of £80,000, salary of £80,000, ongoing contributions of 12% of salary and a Normal Retirement Age of 65, which reflects a typical active member based on the Scheme's current membership. Compared to the youngest active member, note the contribution level of 12% (compared to 9% which reflects the youngest active member) is a key driver of the higher total fund value at retirement.

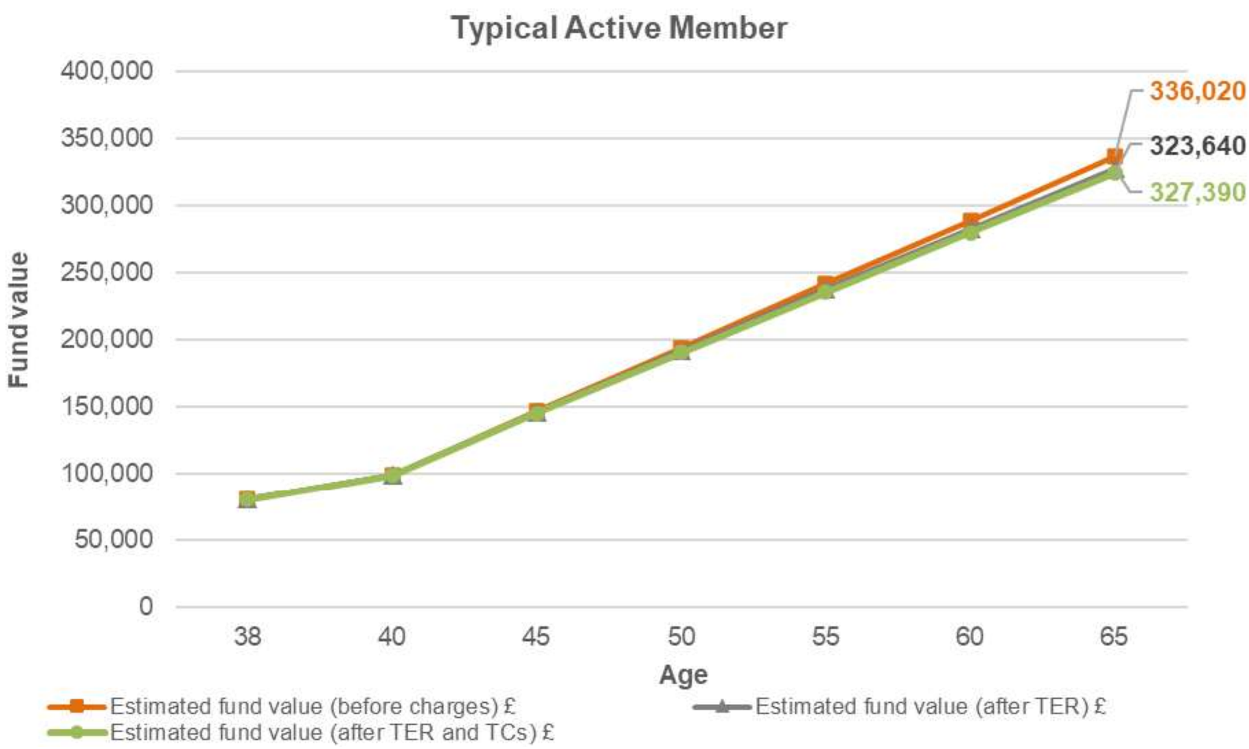
DC Governance Statement (continued)

3. Member Borne Charges and Transaction costs (continued)

Multi-Asset Lifecycle



Standard Life Deposit and Treasury Fund



DC Governance Statement (continued)

3. Member Borne Charges and Transaction costs (continued)

Age	Multi-Asset Lifecycle Strategy (Primary Default Arrangement)			SL Veritas Global Focus Pension Fund		
	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)
38	80,000	80,000	0	80,000	80,000	0
40	106,980	106,800	430	108,440	106,730	1,890
45	185,500	184,530	2,310	193,440	184,150	10,200
50	282,840	280,450	5,710	302,820	279,490	25,560
55	403,510	396,500	14,110	443,550	396,920	51,010
60	540,300	522,680	30,560	624,630	541,540	90,740
65	677,740	647,360	49,220	857,620	719,640	150,410

Age	Standard Life Global equity 50:50 Tracker			Standard Life Deposit and Treasury Fund (Secondary Default Arrangement)		
	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)
38	80,000	80,000	0	80,000	80,000	0
40	106,980	106,780	310	98,960	98,690	400
45	185,500	184,440	1,630	146,380	145,140	1,780
50	282,840	280,210	4,020	193,790	191,240	3,670
55	403,510	398,320	7,910	241,200	236,980	6,070
60	553,100	543,990	13,870	288,610	282,360	8,980
65	738,530	723,650	22,650	336,020	327,390	12,380

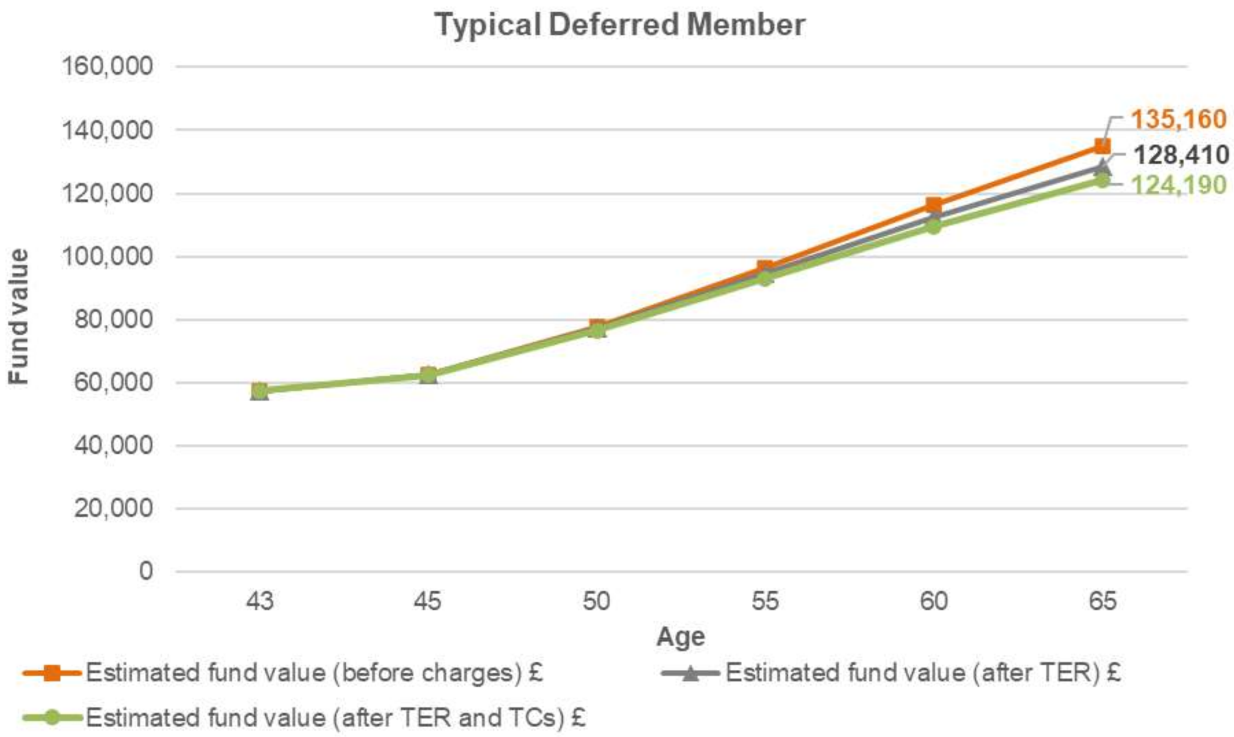
Typical Deferred Member

For a deferred member invested in the Multi-Asset Lifecycle strategy (primary default arrangement) and the Standard Life Deposit and Treasury Fund (the secondary default arrangement), the estimated impact of charges on accumulated fund values is shown in the table and charts below. The amounts shown relate to a member aged 43, current fund value of £57,500, no ongoing contributions and a Normal Retirement Age of 65, which reflects a typical deferred member based on the Scheme's current membership.

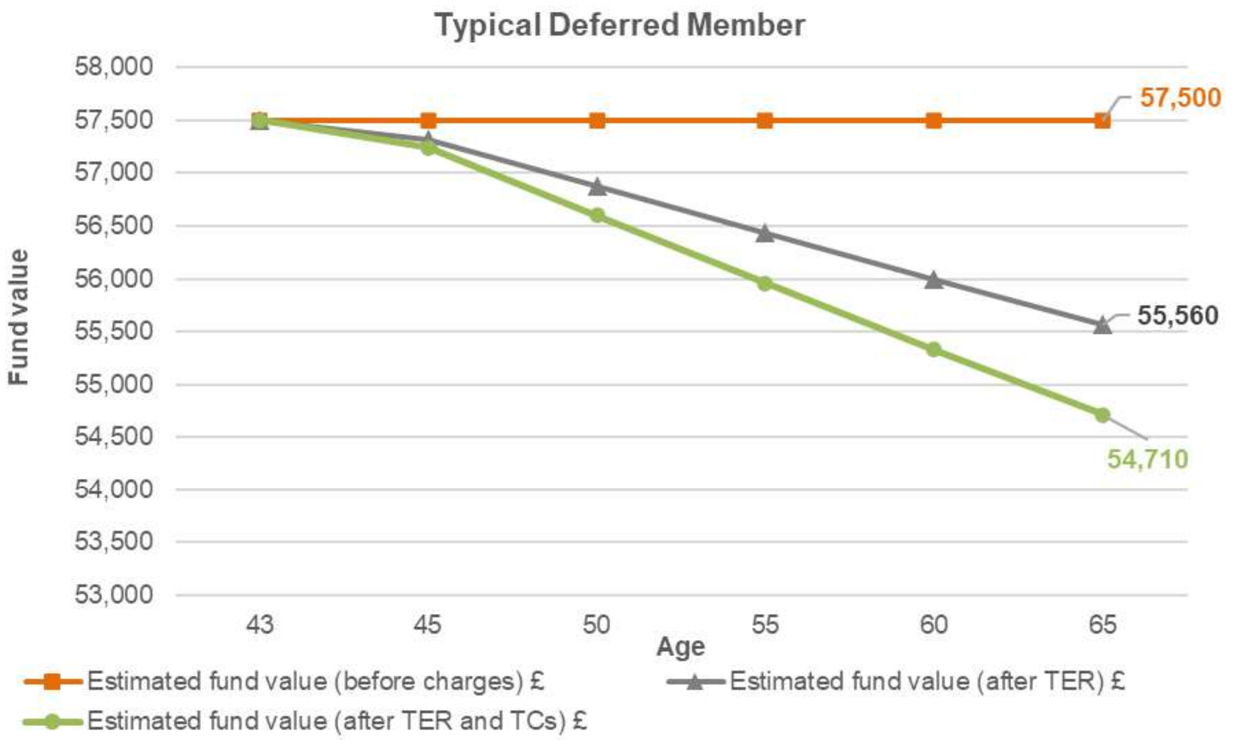
DC Governance Statement (continued)

3. Member Borne Charges and Transaction costs (continued)

Multi-Asset Lifecycle



Standard Life Deposit and Treasury Fund



DC Governance Statement (continued)

3. Member Borne Charges and Transaction costs (continued)

Age	Multi-Asset Lifecycle Strategy (Primary Default Arrangement)			SL Veritas Global Focus Pension Fund		
	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)
42	57,500	57,500	0	57,500	57,500	0
45	62,660	62,540	280	63,600	62,500	1,210
50	77,680	77,170	1,210	81,830	76,970	5,340
55	96,290	94,650	3,270	105,290	94,790	11,500
60	116,530	112,470	7,020	135,480	116,740	20,480
65	135,160	128,410	10,970	174,320	143,770	33,320

Age	Standard Life Global Equity Tracker			Standard Life Deposit and Treasury Fund (Secondary Default Arrangement)		
	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)
42	57,500	57,500	0	57,500	57,500	0
45	62,660	62,530	200	57,500	57,320	260
50	77,680	77,120	860	57,500	56,870	900
55	96,290	95,110	1,800	57,500	56,430	1,540
60	119,370	117,300	3,160	57,500	55,990	2,170
65	147,970	144,660	5,040	57,500	55,560	2,790

The following assumptions have been made for the purposes of the above illustrations:

1. *Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.*
2. *Inflation is assumed to be 2.5% each year.*
3. *Salary growth is assumed to be in line with inflation.*
4. *Values shown are estimates and are not guaranteed.*
5. *Contributions for active members are assumed from current age to 65.*

DC Governance Statement (continued)

3. Member Borne Charges and Transaction costs (continued)

6. *The transaction costs, as defined in regulation 2(1) of the Occupational Pension Schemes (Charges and Governance) Regulations 2015, should be based on an average of the previous 5 years' transaction costs or, where data is available for fewer than 5 years, an average of transactions costs over the years for which data is available. Currently, less than 5 years of transaction cost information is available from providers, however we expect data provision to improve over time. For the majority of funds, four years of transaction cost information is available and as such, the transaction costs in the table below (which have been used in providing the above illustrations) reflect the average over the last four years.*

7. *The assumed growth rates (gross of costs and charges) are included in the table below:*

Fund	**Assumed growth rates* (%)**	**TER (%)**	**Average Transaction Costs (%)**	**Total Cost (%)**
Standard Life Overseas Tracker Pension Fund	*7.0*	*0.10*	*0.15*	*0.25*
Standard Life Vanguard FTSE UK All Share Index Pension Fund	*7.0*	*0.10*	*0.19*	*0.29*
Standard Life Schroder Intermediated Diversified Growth Pension Fund	*7.0*	*0.68*	*0.07*	*0.75*
Standard Life Ninety-One Diversified Growth Fund	*7.0*	*0.80*	*0.03*	*0.83*
Standard Life Corporate Bond Fund	*4.4*	*0.31*	*0.05*	*0.36*
Standard Life Index Linked Bond Pension Fund	*3.5*	*0.31*	*0.06*	*0.37*
Standard Life Deposit and Treasury Pension Fund	*2.5*	*0.16*	*0.04*	*0.20*
Standard Life Global Equity 50:50 Tracker Fund	*7.0*	*0.11*	*0.03*	*0.14*
Standard Life Veritas Global Focus Equity Fund	*7.8*	*0.94*	*0.04*	*0.98*

*The assumed growth rates are calculated gross of charges and are shown per annum.

4. Value for Members assessment

The Administration Regulations require the Trustee to make an assessment of charges and transactions costs borne by members and the extent to which those charges and costs represent good value for money for members.

There is no legal definition of "good value" and the process of determining this for members is a subjective one. Based on advice from the Scheme's investment consultant, Aon, the Trustee has established a cost-benefit analysis framework in order to assess whether the member borne charges deliver good value for members. The assessment is relevant to the current membership and covers the year to 31 December 2022. The cost part of the analysis considers the costs and charges members pay. The benefits part of the analysis includes a range of other factors that the Trustee has chosen to consider (including administration, communications, and governance) that members do not bear the cost of.

Costs

- The costs and charges associated with both default arrangements are well below the charge cap of 0.75% per annum and this information is made available to members through the Scheme website.
- Based on the profile of the Scheme's DC arrangements, the Trustee believes that the explicit charges are competitive when compared to the current market on a like for like basis.
- The costs have been identified as TER and transaction costs and are set out in section 3 of this statement. The Trustee has considered the benefits of membership under the following categories: Scheme governance, investments, administration and member experience, member communications and engagement and retirement support.

Administration

- The Trustee monitors the Scheme’s administration service provided on a quarterly basis and found that the necessary administration standards were being achieved during the Scheme year.
- In addition to this, the Trustee Secretary and Pensions Manager meet with the administrator directly on behalf of the Trustee on an annual basis in order to ensure ongoing adherence to the standards set.

Communications

- The Scheme provides members with clear, regular communications regarding any changes to the Scheme’s investments, as well as a quarterly summary of fund performance available to members via the website, benefit statements and 'at retirement' communications.
- Members have the ability to ask the Trustee any questions in relation to the Scheme’s underlying investment strategies. Throughout the Scheme year, the Trustee, with support of its investment consultants, have addressed a number of member queries. This includes questions about the availability of ESG strategies in the DC Section as well as the performance of the funds / lifecycle strategies available to members.
- Scheme literature and information is available through the Scheme website at www.myallenoverypension.com.

DC Governance Statement (continued)

4. Value for Members assessment (continued)

Governance

- The Trustee continues to carry out an annual assessment against the DC Code of Practice ahead of the General Code of Practice being launched in 2023.
- The Trustee has built a robust governance approach for the Scheme, and the DC Section is a regular standing item at quarterly Trustee meetings. With the support of its advisers, the quarterly meetings are an opportunity to review quarterly administration reports in detail and assess the effectiveness of the Trustee Board in their oversight of the Scheme.

Investment Choices

- The Trustee believes the Scheme provides members with an appropriate range of Lifecycle strategies and self-select fund options, covering a range of risk profiles and asset classes.
- The structure of the primary default for the DC Section, the Multi-Asset Lifecycle Strategy, reflects how members are expected to access their funds at retirement.
- Investments are monitored by the Trustee against their agreed benchmarks and performance objectives on a quarterly basis.
- The Trustee completed the triennial Investment Strategy Review of the DC Section on 28 November 2022. Further details of the Investment Strategy Review are given in section 1 of this Statement.
- The Trustee also conducted a review of the legacy AVC arrangements held with Prudential and Aviva on 26 May 2022. Further details of the review are given in section 1 of this Statement.

Conclusion

The Trustee's overall assessment described above concluded that based on the charges and transaction costs members pay on the funds available, the DC and AVC Sections offer good value for members and the other factors assessed as part of the Trustee’s wider value assessment enhance the overall quality of the DC Section further. An AVC review was conducted in May 2022 and the Trustees concluded that there was no major concerns on the longer term suitability of the With Profit Funds providers. The DB AVC members are expected to receive additional value from smoothed investment returns and any guarantees applying within the With Profit Funds.

DC Governance Statement (continued)

5. Processing of Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the investment of contributions, transfer of member funds into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members/beneficiaries.

DC Section

Capita provide administration services for the DC Section. Members of the Defined Benefit Section of the Scheme who have Additional Voluntary Contributions ("AVCs") also have access to the DC fund range through Standard Life, with Capita also providing administration services for these funds.

To enable the Trustee to monitor the processing of core financial transactions, the Board receives quarterly stewardship reports from Capita on key aspects of the administration which includes special projects, member statistics, contribution monitoring, a schedule of transactions and performance against the service levels agreed. This report is presented and discussed at each Board meeting to ensure the Trustee can monitor Capita's compliance with the service levels agreed and that core financial transactions are processed accurately and in a timely manner.

The Trustee has a Service Level Agreement ("SLA") in place with Capita. This covers contributions, website maintenance, investment switches, benefit statements, general enquiries, and member events (such as retirements and transfers). Under the current SLA, Capita aims to accurately complete all tasks (including administration tasks and pension payroll processing) within a maximum of 15 working days. The SLA success rates reported by Capita over the 12 months to 31 December 2022 for the DC Section were high, with an overall success rate of above 92%.

Capita has confirmed that there are processes in place for each type of core financial transaction, to ensure that all transactions are processed accurately and in a timely manner. All work processes are documented and subject to a peer review process, with work being calculated and independently checked by another member of the team. Capita also have their own internal quality control processes to ensure the accuracy of transactions and monthly unit reconciliations are carried out. There is day-to-day contact with Capita to ensure any issues can be flagged as they arise and dealt with on a timely basis.

In addition, the administration team at Capita is subject to internal audits as well as an annual external audit. The administration team are subject to "on the job" and ad hoc training and development, are actively encouraged to obtain formal qualifications in relevant areas.

The Trustee has up-to-date copies of Capita's AAF report which outlines the administration controls within Capita and these controls will be reviewed on a regular basis as part of a risk register framework. The AAF report did not highlight any areas of concern with regard to the core financial transactions.

Allen & Overy LLP are responsible for ensuring that contributions are paid over to the Scheme promptly, and the Scheme secretary also checks that the contributions are received on time. Capita carries out monthly unit reconciliations.

There were no issues raised regarding Capita's administration of the DC and AVC Sections or processing of core financial transactions over the year and the Trustee is currently comfortable that appropriate measures are in place to ensure that core financial transactions in the DC and AVC Sections are processed promptly and accurately.

DC Governance Statement (continued)

5. Processing of Core Financial Transactions (continued)

AVCs with Prudential and Aviva

As highlighted in the earlier sections, there are a limited number of legacy AVC policies still in place with Aviva and Prudential relating to members of the Defined Benefit section of the Scheme. During the Scheme year, members that held investments within either the Aviva or Prudential were only invested in With Profits Funds.

During the Scheme year to 31 December 2022, no active contributions are being paid into the Aviva arrangement.

At the time of producing this Chair's Statement, Aviva and Prudential have not provided the Trustee with a governance report to cover the Scheme year to 31 December 2022.

Conclusion

Based on the information that the Trustee has received, as set out above, the Trustee considers that core financial transactions were processed promptly and accurately during 2022. Aviva have not provided any information on the With Profit's Funds.

6. Trustee Knowledge and Understanding ("TKU")

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as trustee properly. This requirement is underpinned by guidance in the Pension Regulators Code of Practice 7. The comments in this section relate to the Scheme as a whole and not solely the DC Section.

There were changes made to the Trustee Board over the 12 months to 31 December 2022, including:

- One employer nominated Trustee resigned in with effect from 12 October 2022 and was replaced by a new employer nominated Trustee, with effect from 17 October 2022.
- An employer nominated Trustee was also reappointed for a further term from 1 November 2022. All changes were advised to Companies House.

As at 31 December 2022, there were three Employer Appointed Trustee Directors and three Member-Nominated Trustee Directors, as well as a Trustee Secretary

The Trustee considers that during the Scheme year, it's compliance with the TKU requirements has been secured by taking the following measure:

- The Trustee board incorporates a range of skills and experience and a diverse mix of backgrounds, including representatives from finance and pensions management.

While the Trustee Directors did not receive DC-specific training during the Scheme year, the following activities were undertaken over the year which covered DC-specific content:

- Training provided by Aon regarding Climate Risk and possible policies and approaches the Trustee may want to adopt.
- Training provided by Aon focusing on a number of elements associated with the General Code of Practice.
- Ongoing trustee knowledge and understanding e-learning modules by the Pensions Regulator Input from their investment consultant on the finalisation of the 2022 investment strategy review.

DC Governance Statement (continued)

6. Trustee Knowledge and Understanding ("TKU") (continued)

- Legislative and regulatory updates provided by their professional advisers at Trustee meetings.
- Regular updates from the Trustee's investment consultant in relation to investment market activity, particularly given the market volatility experienced during 2022.

Given the professional nature and composition of the Trustee, DC-specific training sessions are primarily provided by the Scheme's investment consultant during Board meetings, when necessary.

Training logs are maintained for all Trustee Directors by the Scheme secretary, evidencing both the nature and amount of training completed by each Trustee Director. The training logs are also used to identify training needs as they arise.

The Trustee Directors have also put in place arrangements for ensuring that they take personal responsibility for keeping themselves up to date with relevant developments.

Trustee Directors are encouraged to supplement their knowledge using the Pensions Regulator's Trustee Toolkit within 6 months of appointment, unless they can demonstrate that they have completed alternative training covering substantially the same material. The Trustee Toolkit is an online learning programme from the Pensions Regulator aimed at trustee of occupational pension schemes. It includes a series of online learning modules developed to help trustee achieve the required level of knowledge and understanding to perform their trustee functions. All Trustee Directors are strongly encouraged to complete the module in the Trustee Toolkit on hybrid schemes (i.e., pension schemes with a DB section and DC section, like the Scheme).

Copies of scheme documents are provided as part of the onboarding of new Trustee Directors and are reviewed by the Trustee Board on a regular basis, as well as being available to the Trustee Directors electronically.

In addition to the knowledge and understanding of the Trustee board, the Trustee has engaged with their appointed professional advisers regularly throughout the year to ensure that they run the DC Section and AVC arrangements and exercise their functions properly. The following activities were undertaken by the Trustee during the Scheme year:

- Reviewed quarterly administration reports from Capita to monitor service delivery against agreed service levels;
- Reviewed quarterly reporting of each individual investment fund against its benchmark with advice from its investment consultants (Aon), to monitor performance of the Scheme's funds against targeted benchmarks and objectives as set out in the SIP;
- Finalisation of the Scheme's investment strategy review in conjunction with their investment consultant, including the default strategies and self-select fund range;
- Held four regular Trustee meetings and additional ad-hoc meetings and conference calls as required. The meetings were attended by professional advisers who provided reporting, training and specialist advice as required, in order to enable the Trustee to properly exercise their function of governance over the Scheme;
- Maintained a regime for proper governance (based on the Pension Regulator's DC Code of Practice) and using this as the basis for governance of the DC Section. This is achieved through an annual assessment of the Scheme against the current DC Code of Practice and a Value for Members assessment that directly feeds into the content of this statement; and

DC Governance Statement (continued)

6. Trustee Knowledge and Understanding ("TKU") (continued)

- Completed and submitted a Competition and Markets Authority (CMA) Compliance Statement;
- Completed an Implementation statement covering the previous scheme year; and
- Signed off the Trustee Report & Accounts on 25 July 2022

Overall and for the reasons set out above, the Trustee believes it continued to meet the TKU requirements (as set out in the Pensions Act 2004 and the relevant Code of Practice) during 2022, and that the Trustee's combined knowledge and understanding, together with advice available to it, enables the Trustee to properly exercise its function.

Signed on behalf of the Trustee of the Allen & Overy Pension Scheme

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Jeremy Parr, Chair of Trustee

Date of signing ___________________

Actuary's Certification of the Schedule of Contributions

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

Name of scheme: Allen & Overy Pension Scheme

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 1 January 2020 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 20 July 2020.

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

Signature:	Darren Charles	Date:	20 July 2020
Name:	Darren Charles	Qualification:	FIA
Address:	The Aon Centre The Leadenhall Building 122 Leadenhall Street London EC3V 4AN	Name of employer:	Aon Solutions UK Limited

Independent Auditors' Report to the Trustee of The Allen & Overy Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion, The Allen & Overy Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 December 2022, 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 (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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.

We have audited the financial statements, included in the Trustee's Annual Report and Financial Statements, which comprise: the Statement of Net Assets available for Benefits as at 31 December 2022; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the scheme's ability to continue as a going concern.

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

Independent Auditors’ Report to the Trustee of The Allen & Overy Pension Scheme

Reporting on other information

The other information comprises all the information in the Trustee's Annual Report and Financial Statements other than the financial statements, our auditors’ report thereon and our auditors’ statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of Trustee’s responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Trustee is responsible for assessing the Scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditors’ 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the scheme and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the scheme in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations.

Independent Auditors' Report to the Trustee of The Allen & Overy Pension Scheme

Audit procedures performed by the engagement team included:

- Testing journals where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the Trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds Date

Independent Auditors' Statement about Contributions to the Trustee of The Allen & Overy Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions payable under the schedule of contributions for the scheme year ended 31 December 2022 as reported in The Allen & Overy Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the scheme actuary on 20 July 2020.

We have examined The Allen & Overy Pension Scheme's summary of contributions for the scheme year ended 31 December 2022 which is set out on page 52.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme under the schedule of contributions, and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the statement of Trustee's responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary, revising, a schedule of contributions and for monitoring whether contributions are made to the Scheme by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
Date

Fund Account

For the year ended 31 December 2022

	Note	Defined benefit section 2022 £000	Defined contribution section 2022 £000	Total 2022 £000	Total 2021 £000
Contributions and benefits					
Employer contributions		**1,143**	**16,158**	**17,301**	15,509
Employee contributions		**8**	**7,638**	**7,646**	6,520
	5	**1,151**	**23,796**	**24,947**	22,029
Transfers in	6	**-**	**345**	**345**	951
Other income	7	**-**	**235**	**235**	173
		-	**580**	**580**	1,124
Benefits paid or payable	8	**(3,675)**	**(1,613)**	**(5,288)**	(4,809)
Transfers out to other schemes	9	**(2,644)**	**(7,618)**	**(10,262)**	(16,634)
		(6,319)	**(9,231)**	**(15,550)**	(21,443)
Net (withdrawals) / additions from dealings with members		**(5,168)**	**15,145**	**9,977**	1,710
Returns on investments					
Investment income	10	**16,319**	**-**	**16,319**	12,494
Change in market value of investments	11	**(126,805)**	**(40,552)**	**(167,357)**	59,586
Investment management expenses	12	**(152)**	**-**	**(152)**	(109)
Net returns on investments		**(110,638)**	**(40,552)**	**(151,190)**	71,971
Net (decrease)/increase in the fund		**(115,806)**	**(25,407)**	**(141,213)**	73,681
Transfers between sections		**37**	**(37)**	**-**	-
Opening net assets at 1 January		**292,341**	**414,538**	**706,879**	633,198
Closing net assets at 31 December		**176,572**	**389,094**	**565,666**	706,879

The notes on pages 91 to 112 form an integral part of these financial statements.

Statement of Net Assets Available for Benefits

As at 31 December 2022

	Note	Defined benefit section 2022 £000	Defined contribution section 2022 £000	Total 2022 £000	Total 2021 £000
Investment assets:	11				
Pooled investment vehicles	13	**168,330**	**386,880**	**555,210**	697,188
Insurance policies	14	**600**	**-**	**600**	800
AVC investments	15	**4,811**	**-**	**4,811**	4,447
Cash		**249**	**-**	**249**	150
Other investment balances		**460**	**-**	**460**	354
Total net investments		**174,450**	**386,880**	**561,330**	702,939
Current assets	19	**2,264**	**2,599**	**4,863**	4,229
Current liabilities	20	**(142)**	**(385)**	**(527)**	(289)
Total net assets available for benefits		**176,572**	**389,094**	**565,666**	706,879

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on pages 50 and 51 of the Trustee's Annual Report, and these financial statements should be read in conjunction with this report.

The notes on pages 91 to 112 form an integral part of these financial statements.

The financial statements on pages 89 to 112 were approved by the Trustee, Allen & Overy Pension Trustee Limited, and signed on its behalf by:

Trustee Director

Date:

Notes to the Financial Statements

1. Basis of preparation

The individual financial statements of The Allen & Overy Pension Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) the (SORP).

2. Identification of the financial statements

The Allen & Overy Pension Scheme ("the Scheme") is an occupational pension scheme established under an irrevocable trust dated 30 December 1983 under English Law and is governed by a Definitive Trust Deed and Rules. The Scheme was established to provide retirement benefits to certain groups of employees of Allen & Overy LLP whose principal office is One Bishops Square, London, E1 6AD.

The Scheme is hybrid having two sections, the Defined Benefit (DB) section which was closed for future accrual from 31 December 2006 and no longer has active members, and the Defined Contribution (DC) section which is open to new members and is used as an auto-enrolment scheme by the Employer.

Notes to the Financial Statements

3. Comparative disclosures for the Fund Account and Statement of Net Assets

Fund Account

	Note	Defined benefit section 2021 £000	Defined contribution section 2021 £000	Total 2021 £000
Contributions and benefits				
Employer contributions		**1,014**	**14,495**	**15,509**
Employee contributions		**7**	**6,513**	**6,520**
	5	**1,021**	**21,008**	**22,029**
Transfers in	6	**-**	**951**	**951**
Other income	7	**-**	**173**	**173**
		-	**1,124**	**1,124**
Benefits paid or payable	8	**(3,751)**	**(1,058)**	**(4,809)**
Transfers out to other schemes	9	**(3,335)**	**(13,299)**	**(16,634)**
		(7,086)	**(14,357)**	**(21,443)**
Net (withdrawals) / additions from dealings with members		**(6,065)**	**7,775**	**1,710**
Returns on investments				
Investment income	10	**12,494**	**-**	**12,494**
Change in market value of investments	11	**12,607**	**46,979**	**59,586**
Investment management expenses	12	**(109)**	**-**	**(109)**
Net returns on investments		**24,992**	**46,979**	**71,971**
Net increase in the fund during the year		**18,927**	**54,754**	**73,681**
Net assets of the Scheme at 1 January		**273,414**	**359,784**	**633,198**
Net assets of the Scheme at 31 December		**292,341**	**414,538**	**706,879**

Notes to the Financial Statements

3. Comparative disclosures for the Fund Account and Statement of Net Assets

Statement of Net Assets available for Benefits

	Note	Defined benefit section 2021 £000	Defined contribution section 2021 £000	Total 2021 £000
Investment assets:				
Pooled investment vehicles	13	**284,982**	**412,206**	**697,188**
Insurance policies	14	**800**	**-**	**800**
AVC investments	15	**4,447**	**-**	**4,447**
Cash	11	**150**	**-**	**150**
Other investment balances	11	**354**	**-**	**354**
Total net investments		**290,733**	**412,206**	**702,939**
Current assets	19	**1,615**	**2,614**	**4,229**
Current liabilities	20	**(7)**	**(282)**	**(289)**
Total net assets available for benefits at 31 December		**292,341**	**414,538**	**706,879**

4. Accounting policies

The principal accounting policies of the Scheme are set out below. These have been consistently applied to all years presented unless otherwise stated.

Contributions

Employee contributions, including AVCs, are accounted for when they are deducted from pay by the Employer, except for the first contribution due where the employee has been auto-enrolled by the Employer in which case it is accounted for when received by the Scheme unless the right to opt-out has expired.

Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions and on an accruals basis in the payroll period to which they relate.

All contributions payable under salary sacrifice arrangements are classified as Employer contributions.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable or in the absence of such agreement, when received.

Death benefit contributions are made by the Employer to meet the cost of spouse's death-in-service pensions and are accounted for on an accrual's basis in the payroll period to which they relate.

Receipts under death-in-service policies

Receipts under death-in-service policies in excess of the benefits payable to beneficiaries become part of the Scheme surplus, are recognised on a cash basis and are invested in the DB section.

Notes to the Financial Statements

4. Accounting policies

Payments to members

Benefits are accounted for on an accruals basis on the later of the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, and the date of retiring or leaving. If there is no member choice, they are accounted for on the date of retiring, leaving or notification of death.

Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate.

Where the Trustee is required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, this is shown separately within benefits on an accrual's basis.

Payments to and on account of leavers

Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is paid or received.

Opt-outs are accounted for when the Scheme is notified of the opt-out.

Expenses

Some investment management expenses are paid by the Scheme and accounted for on an accrual's basis. The majority of investment expenses and all administrative expenses are paid for by the Employer without recharge to the Scheme.

Investment income

Income from cash and short-term deposits is accounted for on an accruals basis.

Income from pooled investment vehicles is accounted for when declared by the fund manager. Income that is rolled up in the investment fund and reflected in the value of the units is not separately reported and is accounted for as part of the change in market value of investments. Where income is distributed and immediately reinvested to purchase more units, it is accounted for as investment income.

Receipts from annuity policies are accounted for as investment income on an accruals basis.

Investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Investments are included at fair value as described below:

- Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the investment manager.
- Annuities are valued by the Scheme Actuary on a buy-out basis, using the most recent valuation assumptions updated for market conditions at the reporting date.

AVC investments in with profits insurance policies are reported at the policy value provided by the insurer based on cumulative reversionary bonuses declared and the current terminal bonus.

Notes to the Financial Statements

4. Accounting policies

Presentation currency

The Scheme functional and presentation currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year end. Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Critical accounting estimates and judgements

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. For the Scheme, the Trustee believes that the main estimates and assumptions relate to the valuation of the Scheme's investments and, in particular, those classified in Level 3 of the fair-value hierarchy. See note 16.

5. Contributions

	2022 Defined benefit section £000	2022 Defined contribution section £000	2022 Total £000
Employer contributions			
Normal	-	15,025	15,025
Death benefit contributions	1,143	-	1,143
Bonus salary sacrifice	-	1,133	1,133
	1,143	16,158	17,301
Employee contributions			
Normal	-	5,504	5,504
AVCs	8	2,134	2,142
	8	7,638	7,646
Total contributions	1,151	23,796	24,947

Additional Voluntary Contributions (AVCs) paid to Prudential Assurance Company Limited with effect from January 2007 are in respect of Employed Early DB Leavers who are now DC Section active members. For the purposes of the financial statements, these contributions and any investment returns gained on these are shown entirely as DB Section AVCs.

Notes to the Financial Statements

5. Contributions

	2021 Defined benefit section £000	2021 Defined contribution section £000	2021 Total £000
Employer contributions			
Normal	-	13,183	13,183
Death benefit contributions	1,014	-	1,014
Bonus salary sacrifice	-	1,312	1,312
	1,014	14,495	15,509
Employee contributions			
Normal	-	4,375	4,375
AVCs	7	2,138	2,145
	7	6,513	6,520
Total contributions	1,021	21,008	22,029

Death benefit contributions relate to Employer contributions to meet the cost of spouse's death in service benefits payable under the Scheme Rules in respect of DC Section members. These contributions are invested along with the DB section contributions.

Employer contributions include contributions in respect of bonus salary sacrifice arrangements made available to certain members by the Employer.

6. Transfers in

	2022 Defined benefit section £000	2022 Defined contribution section £000	2022 Total £000
Individual transfers in from other schemes	**-**	**345**	**345**

	2021 £000	2021 £000	2021 Total £000
Individual transfers in from other schemes	-	951	951

Notes to the Financial Statements

7. Other income

	2022 Defined benefit section £000	2022 Defined contribution section £000	2022 Total £000
Death in service insurance receipts	**-**	**235**	**235**

	2021 £000	2021 £000	2021 £000
Death in service insurance receipts	-	173	173

8. Benefits paid or payable

	2022 Defined benefit section £000	2022 Defined contribution section £000	2022 Total £000
Pensions	**3,053**	**-**	**3,053**
Income drawdowns, commutations of pensions and lump sum retirement benefits	**581**	**757**	**1,338**
Lump sum death benefits	**-**	**367**	**367**
Purchase of annuities	**-**	**438**	**438**
Taxation where allowance exceeded	**41**	**51**	**92**
	3,675	**1,613**	**5,288**

	2021 £000	2021 £000	2021 Total £000
Pensions	2,941	-	2,941
Income drawdowns, commutations of pensions and lump sum retirement benefits	731	337	1,068
Compensation benefits	-	2	2
Lump sum death benefits	14	495	509
Purchase of annuities	65	157	222
Taxation where allowance exceeded	-	67	67
	3,751	1,058	4,809

Compensation benefits in 2021 relate to payments to members to compensate for a Standard Life UK Select Equity unit pricing error.

Pensions include payments under annuities in the name of the Trustee paid to pensioners directly.

Notes to the Financial Statements

9. Transfers out to other schemes

	2022 Defined benefit section £000	2022 Defined contribution section £000	2022 Total £000
Individual transfers out to other schemes	**2,644**	**7,618**	**10,262**

	2021 £000	2021 £000	2021 Total £000
Individual transfers out to other schemes	3,335	13,299	16,634

10. Investment income

	2022 Defined benefit section £000	2022 Defined contribution section £000	2022 Total £000
Interest on cash deposits and other	**6**	**-**	**6**
Income from pooled investment vehicles	**16,166**	**-**	**16,166**
Annuity income	**147**	**-**	**147**
	16,319	**-**	**16,319**

	2021 £000	2021 £000	2021 Total £000
Interest on cash deposits and other	4	-	4
Income from pooled investment vehicles	12,237	-	12,237
Annuity income	253	-	253
	12,494	-	12,494

Insight pooled LDI funds went through a re-leveraging event in the final quarter of 2022 because the market value of some of the gilts had risen, resulting in them distributing cash amounts back to clients invested in these funds in October and December 2022. This distribution relates to both investment income and change in market value; but Insight are not able to provide this split. Accordingly, solely for the purposes of presentation in these financial statements, all of the distribution of £11.7m (2021:£10.9m) has been classified as investment income.

Notes to the Financial Statements

11. Reconciliation of investments

	Value at 1 January 2022 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Value at 31 December 2022 £000
Defined Benefit Section					
Pooled investment vehicles	284,982	**257,158**	**(246,781)**	**(127,029)**	**168,330**
Insurance policies	800	**-**	**-**	**(200)**	**600**
AVC investments	4,447	**19**	**(79)**	**424**	**4,811**
	290,229	**257,177**	**(246,860)**	**(126,805)**	**173,741**
Cash deposits	150				**249**
Other investment balances	354				**460**
	290,733				**174,450**

	Value at 1 January 2022 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Value at 31 December 2022 £000
Defined Contribution Section					
Pooled investment vehicles	412,206	**50,960**	**(35,734)**	**(40,552)**	**386,880**
	412,206	**50,960**	**(35,734)**	**(40,552)**	**386,880**

Purchases and sales of DC investments during the year include switches of £27,026,000 (2021: £248,902,000).

There are no separately identifiable transaction costs as these are incurred through the bid-offer spread on investments within the pooled investment vehicles and charges made within those vehicles.

Other investment balances

	2022 £000	2021 £000
Cash in transit	**58**	73
Income receivable	**402**	281
	460	354

Notes to the Financial Statements

11. Reconciliation of investments

For the Defined Contribution section, investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions are received. The investment manager holds the investment units on a pooled basis for the Trustee. The Scheme administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Scheme that relate to members leaving the Scheme prior to vesting.

Defined contribution assets include amounts not allocated to members, and therefore available to the Trustee to apply as specified in the Scheme Rules, as follows:

	2022 £000	2021 £000
Assets allocated to Members	**384,626**	409,658
Assets not allocated to Members	**2,254**	2,548
	386,880	412,206

12. Investment management expenses

	2022 Defined benefit section £000	2021 Defined benefit section £000
Administration, management and custody	**152**	109

There are no investment management expenses separately charged to the defined contribution section.

Notes to the Financial Statements

13. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year end comprised:

	2022 £000	2021 £000
Defined Benefit Section		
Equities	**33,057**	49,437
Bonds	**106,285**	137,610
Cash	**1,236**	59,925
Diversified Growth	**17,464**	26,279
Property	**10,288**	11,731
	168,330	284,982

	2022 £000	2021 £000
Defined Contribution Section		
Equities	**293,750**	311,042
Bonds	**37,825**	42,103
Cash	**6,955**	7,562
Diversified Growth	**45,269**	47,503
Property	**3,081**	3,996
	386,880	412,206
Total pooled investment vehicles investment	**555,210**	697,188

Notes to the Financial Statements

14. Insurance policies

The Trustee holds insurance policies with Aviva Life & Pensions UK Limited that secure the pensions payable direct to specified beneficiaries. These policies are assets of the Trustee and a valuation provided by the Scheme Actuary is included in the Net Assets available for benefits as per FRS 102.

The Scheme held insurance policies at the year end as follows:

	2022 £000	2021 £000
Annuities with Aviva	**600**	800

The annuities are valued on a buy-out basis to provide an approximate assessment of the value. The assumptions used were as below:

Discount rate	Aon Bulk Annuity Market Monitor yield curves – which estimate insurer pricing
Pension increases	Fixed (either 0% or 5%)
Mortality	**Base table:** 87% (Males)/98% (Females) of SAPS S3 'All lives' tables **Future improvements:** CMI 2020 Core Projections with smoothing parameter (Sk) of 7.0 and initial adjustments to mortality improvements parameter (A) of 0.5% p.a., with long-term rate of improvements of 1.75% p.a.

15. AVC investments

The AVC investments with Prudential Assurance Company Limited and Aviva Life & Pensions UK Limited shown below are held in the Trustee's name, separately from the Scheme, in the form of individual insurance policies. These secure additional benefits on a money purchase basis for those members electing to pay this type of additional voluntary contribution. Members participating in this arrangement each receive an annual statement as at 31 December confirming the amounts held in their account and the movements in the year.

Employed DB Early Leavers are also able to invest AVCs in the same investments that are available to Defined Contribution Section members. The amounts of such AVCs are shown below.

The Defined Benefit Section was closed for future accrual from 31 December 2006 and no longer has active members. The members that were active Defined Benefit Scheme members at that date (known as Employed DB Early Leavers) were able to join the Defined Contribution Section as active members from 1 January 2007. If any of these members continued to invest existing AVCs, or commenced payment of new AVCs, with Prudential Assurance Company Limited, such amounts are included in the Prudential Assurance Company Limited balances below.

Defined Contribution section AVCs are invested in the Standard Life funds of the members' choice on a money purchase basis. They are included in the Defined Contribution investments shown above in notes 11 and 13 and at the end of the year they were valued at £42,948,000 (2021: £45,027,000).

The Prudential Assurance Company Limited were unable to provide a valuation as at 31 December 2021 so the 2021 value was calculated by adjusting the prior year value by cash movements during the year.

Notes to the Financial Statements (continued)

15. AVC investments

The aggregate amounts of DB AVC investments are as follows:

	2022 £000	2021 £000
Aviva Life & Pensions UK Limited (With-Profits insurance policy)	**308**	419
Prudential Assurance Company Limited (With-Profits insurance policy)*	**4,398**	3,911
Standard Life (DB AVC investment in DC section)	**105**	117
	4,811	4,447

* 2021 estimate calculated by adjusting the prior year value by cash movements during the year.

16. Fair value determination

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

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the assessment date.

Level 2 Inputs other than quoted prices included within Level 1 which are observable (i.e. developed) for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Scheme's investment assets and liabilities fall within the above hierarchy levels as follows:

As at 31 December 2022	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Defined Benefit Section				
Pooled investment vehicles	**-**	**158,042**	**10,288**	**168,330**
Insurance policies	**-**	**-**	**600**	**600**
AVC investments	**-**	**106**	**4,705**	**4,811**
Cash	**249**	**-**	**-**	**249**
Other investment balances	**-**	**460**	**-**	**460**
	249	**158,608**	**15,593**	**174,450**
Defined Contribution Section				
Pooled investment vehicles	**-**	**383,799**	**3,081**	**386,880**
	249	**542,407**	**18,674**	**561,330**

Notes to the Financial Statements

16. Fair value determination

As at 31 December 2021	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Defined Benefit Section				
Pooled investment vehicles	-	273,251	11,731	284,982
Insurance policies	-	-	800	800
AVC investments	-	117	4,330	4,447
Cash	150	-	-	150
Other investment balances	-	354	-	354
	150	273,722	16,861	290,733
Defined Contribution Section				
Pooled investment vehicles	-	408,210	3,996	412,206
	150	681,932	20,857	702,939

Investments reported under Level 3 are included at fair value based on (a) values estimated by the underlying fund managers using accepted valuation methodologies and use of market information in the absence of observable market date for pooled investment vehicles and AVC investments; and (b) values provided by the Scheme Actuary for the insurance policies (note 14).

17. Investment risk disclosures

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

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

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

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

The Trustee determines their investment strategy after taking advice from a professional investment adviser.

The Scheme has exposure to these risks because of the investments it makes in adhering to the investment strategy set out above. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the arrangements in place with the Scheme's investment managers and monitored by the Trustee through regular reviews of the investment portfolio.

Notes to the Financial Statements

17. Investment risk disclosures

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

	Credit risk		Market risk			2022	2021
	Direct	Indirect	Currency	Interest rate	Other price	£'000	£'000
Return Seeking Portfolio							
L&G World Equity	●	○	●	○	●	**7,982**	12,552
L&G World Equity GBP Hedged	●	○	○	○	●	**25,075**	36,885
BlackRock Diversified Growth	●	◐	◐	◐	●	**-**	26,279
Insight Bonds Plus 400	●	●	◐	◐	●	**-**	14,217
BlackRock UK Property	●	○	○	○	●	**10,288**	11,731
M&G Inflation Opportunities	●	◐	○	◐	●	**10,001**	13,725
Insight High Grade ABS	●	●	○	●	●	**-**	49,196
Aon – Multi Asset Credit	●	●	◐	●	◐	**17,464**	-
Matching Portfolio							
Insight LDI Funds	●	●	○	●	●	**96,284**	109,668
Insight Liquidity	●	●	○	●	○	**120**	10,495
L&G Cash	●	●	○	●	○	**1,116**	234
Total DB section investments						**168,330**	284,982
Total DC section							
Pooled investment vehicles	●	◐	◐	◐	●	**386,880**	412,206

In the above table, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly / not at all.

Further information on the Trustee's approach to risk management, credit and market risk is set out below.

Defined Benefit (DB) Section

Credit risk

A summary of the exposures to credit risk is given in the following table. The notes below explain how risk is managed and mitigated.

Credit Risk	2022	2021
	£000	**£000**
Pooled investment vehicles		
Funds which invest in bonds/derivatives (direct and indirect risk)	115,544	184,620
Other funds (direct risk only)	52,786	100,362
Total	**168,330**	284,982

Notes to the Financial Statements

17. Investment risk disclosures

The Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to its ownership stake in these pooled investment vehicles. The Scheme is also indirectly exposed to credit risks arising on the debt instruments held by the pooled investment vehicles.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the investment manager, the regulatory environments in which the investment managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee relies on advice from their investment consultant pertaining to the operational strength of all existing and new pooled investment managers and on an on-going basis monitors any changes to the regulatory and operating environment of the pooled manager.

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

	2022 £000	**2021 £000**
Unit linked insurance contracts	34,173	49,671
Authorised unit trusts	10,288	11,731
Open ended investment companies	113,868	209,855
Common contractual fund	10,001	13,725
	168,330	284,982

Indirect credit risk is mitigated by employing skilled investment managers the Trustee believes to be qualified to manage exposures to different types of counterparty, whether bond holdings or derivative instruments. The Trustee manages the associated credit risk by ensuring that it appoints investment managers who diversify their portfolio to minimise the impact of default by any one issuer.

The Scheme is also subject to credit risk because the Scheme holds cash balances. These cash balances are small, and balances held are typically only sufficient to cover the working capital requirements of the Scheme over an agreed time period. Credit risk arising on cash is mitigated in this instance by holding cash within financial institutions which are at least investment grade credit rated.

Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds and LDI through pooled investment vehicles and cash. The Trustee has set a benchmark for total investments in these Matching Assets of 35.5% of the total investment portfolio. The Matching Portfolio is considered here in isolation.

Under this strategy, if interest rates fall then the value of the bonds and LDI will typically rise to help match some of the increase in the actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise the bonds and LDI held will typically fall in value, as will the actuarial liabilities, because of an increase in the discount rate. As at 31 December 2022, the Matching Portfolio represented 57.9% of the total investment portfolio (2021: 42.2%).

The exposure to interest rate risk arising from the Matching Portfolio was £97.5m (2021: £120.4m).

The target hedge ratio is 95% of Technical Provision Liabilities and is unchanged over the reporting year.

17. Investment risk disclosures

Other price risk

Other price risk arises principally in relation to the Scheme’s return seeking portfolio, which comprises of passively managed equities, absolute return strategies, property and alternatives. The Scheme manages its exposure to overall price movements by diversifying its assets by geography, asset class, issuer and manager. The Trustee has set a benchmark of 64.5% of assets in return seeking investments.

As at 31 December 2022, these assets held a value of £70.8m (2021: £164.6m).

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles. The Trustee does not set limits to overseas currency exposure.

The Scheme's unhedged exposure by major currency at year-end was as follows:

Currency Risk	2022 £000	2021 £000
US dollars (USD)	5,073	9,248
Euros (EUR)	690	(469)
Japanese Yen	544	836
Other currencies	1,332	3,114
Total	**7,639**	12,729

Liquidity risk

The Scheme is subject to liquidity risk because some of the Scheme's investments are held in leveraged investment vehicles. The risk as at 31 December 2022 was within guidance issued by the Pension Regulator as a result of actions taken by the Trustee.

The leverage within the Scheme’s matching portfolio was c.1.8x, which the Trustee considers moderate and appropriate for the risks managed.

As at 31 December 2022, the Scheme held collateral within the LDI portfolio to sustain an upward movement in gilt yields of c.6.5% relative to guidance of 3-4%.

Defined Contribution (DC) Section

The Trustee Investment Plan is a unit-linked insurance policy issued by Standard Life Assurance Limited, with the underlying funds managed by Standard Life Investments (the “Manager”). Some of the risks arising from a fund’s financial instruments are foreign currency, interest rate, credit, counterparty, liquidity and market price risk. These risks are summarised below and have been managed through internal policies consistently throughout the year and prior year.

15 individual funds are made available for members to invest in, covering a range of different asset classes, including: equities, bonds, property, multi-asset and cash, and a range of management styles.

In addition to the 15 individual funds, members are also able to choose from three Lifecyle strategies: a Multi-Asset Lifecycle Strategy (the primary default Lifecycle strategy), an Annuity Lifecycle Strategy and a Cash Lifecycle Strategy. Each Lifecycle Strategy consists of an accumulation phase, a transition phase (beginning 15 years from a member's planned retirement age) and a pre-retirement phase (beginning five years from a member's planned retirement age).

Notes to the Financial Statements

17. Investment risk disclosures

The Multi-Asset Lifecycle strategy has been designed to be suitable for those not wishing to make investment decisions themselves whilst providing maximum flexibility at retirement for members to take benefits as they choose, for example by transferring to a flexible income drawdown product. The aim of the Multi-Asset Lifecycle strategy is to provide members with the potential for higher levels of growth during the accumulation of their retirement savings though exposure to equity funds and then to gradually diversify their investments in the years approaching retirement, to reduce volatility and provide a broad base of assets from which members can choose the type of retirement benefits they wish to take.

The Scheme has exposure to the risks noted below because of the investments it makes in following the investment strategies set out above. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the arrangements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Foreign currency risk

Some of the assets of a fund may be denominated in foreign currencies, so the value and total returns can be affected by currency movements. In certain circumstances, we may seek to manage exposure to currency movements by using forward currency contracts. Income received in foreign currencies is converted into that fund’s base currency at the exchange rates prevailing when the income is received.

Interest rate risk

Bond yields are affected by market and economic conditions, including inflation rates and government policy. Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the fund also rises but the value of fixed rate securities will decline. A decline in interest rates will, in general, have the opposite effect.

Credit and counterparty risk

Direct credit risk to Standard Life Assurance Limited is mitigated by the firm’s Solvency Capital Requirements and the regulatory oversight of the Prudential Regulatory Authority.

Within a fund, all cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for that fund. In certain circumstances, the Manager may deliberately invest in securities with a well-defined and published credit rating. In this case a fund would be deliberately taking credit risk in order to seek additional rewards.

When a fund transacts with counterparties there is a risk of the counterparty not fulfilling their contractual obligations. The Manager’s Credit Committee reviews and monitors the credit risk associated with each counterparty and where necessary collateral may be held by the fund.

Liquidity risk

The main liabilities of a fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Manager reviews the cash and liability position continuously, and should an increase in liquidity be required in order to meet redemptions the Manager will sell securities. In addition, the Manager will continually monitor market conditions and, where necessary, make changes to a fund’s asset

Notes to the Financial Statements

17. Investment risk disclosures

mix in order to ensure that redemptions can continue to be met, in line with the funds policy provisions.

Market price risk

A fund's investment portfolio is exposed to market price fluctuations which are monitored by the Manager to achieve the investment objectives and policies. Our funds' investment guidelines are generally designed to mitigate the risk of excessive exposure to any particular type of security or issuer. Some of the market price risks associated with funds investing in different types of financial instruments are set out below:

- **Investment in Equities**

  The value of a fund that invests in equity and equity related securities will be affected by changes in the stock markets, changes in the value of individual portfolio securities, as well as by economic, political, and issuer specific changes. At times, stock markets and individual securities can be volatile and prices can change substantially in short periods of time. The equity securities of smaller companies are more sensitive to these changes than those of larger companies. This risk will affect the value of such funds, which will fluctuate as the value of the underlying equity securities fluctuates.

- **Investment in Fixed Income or Other Debt Securities**

  All fixed income or other debt securities have the fundamental risk that the issuer may be unable to make interest payments or repay the capital. Generally, government securities offer the lowest credit risk, which is reflected in their lower yield. Corporate debt offers a higher yield due to its higher risk. However changes in economic and political outlook affect the value of such securities.

- **Investment in property**

  The valuation of property is generally a matter of opinion by a valuer rather than fact. The cost to buy and sell property is significantly higher than for other asset classes. For further details please see the guide called Understanding Unit Linked Funds, available on request.

- **Investment in money market securities**

  Money market instruments include deposits with banks and building societies, as well as governments and large corporations. They also include other investments that can have more risk and return than standard bank deposits. There are circumstances where money market instruments can fall in value. Investments in these assets are riskier than cash deposit accounts – in some circumstances their values will fall. The return may also be lower than inflation.

- **Investment in Emerging Markets**

  Investments in emerging markets carry risks additional to those inherent in other investments. In particular, (i) investment in any emerging market carries a higher risk than investment in a developed market (e.g. investment and repatriation restrictions, currency fluctuations, government involvement in the private sector, investor disclosure requirements, possibility of limited legal recourse); (ii) emerging markets may afford a lower level of information and legal protection to investors; (iii) some countries may place controls on foreign ownership; and (iv) some countries may apply accounting standards and auditing practices which do not conform with the result that financial statements may differ from those that would be expected under internationally accepted accounting principles.

  In addition taxation of interest and capital gains received by non-residents varies among emerging and less developed markets and, in some cases may be comparatively high. There may also be less well-defined tax laws and procedures and such laws may permit retroactive taxation so that a fund could in the future become subject to local tax liabilities that had not been anticipated in conducting investment activities or valuing assets.

Notes to the Financial Statements

18. Concentration of Investments

The following investments in pooled funds constituted in excess of 5% of the Scheme's net assets:

	% of assets	2022 £000	% of assets	2021 £000
Defined Benefit section				
Insight High Grade / Libor Plus Fund Class S/ F	**-**	**-**	6.9	49,196
Legal & General World Equity Index Hedged Fund	**4.4**	**25,075**	5.2	36,885
Defined Contribution section				
SL Overseas Equity Tracker	**37.7**	**213,220**	31.8	225,100

19. Current assets

	2022 Defined benefit section £000	2022 Defined contribution section £000	2022 Total £000
Contributions due from Employer in respect of:			
Employer	**95**	**1,265**	**1,360**
Employee	**1**	**660**	**661**
Cash balances	**1,955**	**674**	**2,629**
Prepaid pensions	**213**	**-**	**213**
	2,264	**2,599**	**4,863**

	2021 £000	2021 £000	2021 £000
Contributions due from Employer in respect of:			
Employer	86	1,148	1,234
Employee	1	574	575
Cash balances	1,327	892	2,219
Prepaid pensions	201	-	201
	1,615	2,614	4,229

Contributions due to the Scheme at 31 December 2022 relate to contributions for the month of December 2022 and were paid in full to the Scheme in accordance with the Schedule of Contributions.

The cash balances above reflect one bank account operated for both the Defined Benefit and the Defined Contribution Sections. Included in the Defined Contribution bank balance is £187,985 (2021: £523,379) which was not allocated to members.

Notes to the Financial Statements

20. Current liabilities

	2022 Defined benefit section £000	2022 Defined contribution section £000	2022 Total £000
Accrued benefits	**101**	**335**	**436**
Tax on annual allowances	**41**	**50**	**91**
	142	**385**	**527**

	2021 £000	2021 £000	2021 £000
Accrued benefits	7	260	267
Tax on annual allowances	-	22	22
	7	282	289

All current liabilities in the Defined Contribution section are allocated to members.

21. Related party transactions

Employer

During the years ended 31 December 2022 and 2021 there were related party transactions in respect of Scheme administrative costs paid by the Employer and not recharged to the Scheme. In addition, the Employer also paid premiums in respect of Death in Service benefits to Legal & General of £266,537 (2021: £226,983) and to AIG of £238,351 (2021: £197,783). Any benefits under these policies were received and paid to beneficiaries by the Scheme.

Key management personnel

As at 31 December 2022, the Directors of the Trustee Company consisted of 4 (2021:3) active members of the Defined Contribution section, and the remaining 3 (2021:2) Directors were from Allen & Overy LLP, the Principal Employer.

Other related parties

Other than those disclosed elsewhere in the financial statements, there were no other related party transactions.

22. Contingent liabilities and contractual commitments

In the opinion of the Trustee, the Scheme had no contingent liabilities or contractual commitments at 31 December 2022 (2021 none).

23. Employer-related investments

The Scheme does not hold any employer-related investments as at 31 December 2022 (2021: nil).

Appendix – Statement of investment principles DC Section

1 Introduction

The Allen & Overy Pension Scheme Details

1.1 The Scheme operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries and is both defined contribution and defined benefits in nature. This statement relates only to the defined contribution section of the Scheme.

1.2 The Scheme is registered for the purposes of Chapter 2 of Part 4 of the Finance Act 2004.

1.3 Administration of the Scheme is the responsibility of the Trustee, who are also responsible for the investment of the Scheme's assets in accordance with the choices made by members.

Pensions Act

1.4 Under Section 35 of the Pensions Act 1995 (as amended by Section 244 of the Pensions Act 2004), Trustees are required to prepare a statement of the principles governing investment decisions. This document contains that statement and describes the investment policy pursued by the Trustee of the Allen & Overy Pension Scheme ('the Scheme').

1.5 The Trustee shall consult with the employer, Allen & Overy, on changes to the investment policy set out in this document. However, the ultimate power of responsibility for deciding investment policy lies with the Trustee.

1.6 Before preparing this document, the Trustee has obtained and considered written advice from the Scheme's investment consultants (Aon). This written advice considers the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

1.7 The Trustee will review this document, in consultation with the Scheme's investment consultants, at least every three years and without delay after any significant change in investment policy.

Appendix – Statement of investment principles (continued)

1.8 Before preparing this document, the Trustee has had regard to the requirements of the Pensions Act concerning diversification of investments and suitability of investments and the Trustee will consider those requirements on any review of this document or any change in their investment policy.

Financial Services and Markets Act 2000

1.9 In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to the Scheme's appointed investment managers, which may include an insurance company or companies. The Scheme's investment managers shall provide the skill and expertise necessary to manage the investments of the Scheme competently.

2 Division of Responsibilities

2.1 The Trustee has ultimate responsibility for decision making on investment matters. To ensure that such decisions are taken efficiently, the Trustee uses other bodies either through direct delegation or in an advisory capacity. The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively.

The Trustee also recognises that where it takes investment decisions (for example, when making changes to the lifestyle strategies or the self-select fund options) it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes. The roles of each group are shown below:

Trustee

2.2 The Scheme Trustee responsibilities include:

a. Reviewing periodically the content of this Statement and modifying it if deemed appropriate, in consultation with the Scheme's investment consultants.

b. Reviewing the suitability of funds made available to members.

c. Assessing the past performance of the available funds, by means of regular reviews, along with the forward-looking prospects in consultation with the Scheme's investment consultants.

d. Considering the member borne charges and (where available) transaction costs applying on the funds and assessing whether these represent good value for members.

e. Reviewing periodically the appointment of the platform provider (Standard Life).

f. Appointing and monitoring the administrator and advisers of the Scheme.

g. Consulting with the employer before amending this Statement.

h. Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.

Platform Provider

2.3 The Scheme's platform provider's responsibilities include:

a. Providing the Trustee with quarterly statements of the assets and factsheets on the underlying funds.

b. Ensuring that the underlying funds are priced correctly.

Member

2.4 Each member of the Scheme has responsibility for selecting his/her investments from the funds made available by the Trustee and for monitoring their continued suitability to the member's personal circumstances.

Appendix – Statement of investment principles (continued)

Investment Consultant

2.5 The Scheme's investment consultant's responsibilities include:

a. Advising the Trustee, on:

- how any changes in the Scheme's investment managers' organisations or any other issues related to the investment managers could affect the interests of the Scheme.
- the continued suitability of the investment funds.
- the continued suitability of the platform provider.
- how any changes in the investment environment could either present opportunities or issues for the Scheme.

b. Undertaking project work as requested including:

- advising on the selection of new funds for the Scheme.
- providing information and data on member borne charges, including assessing the charges on the default arrangement against the charge cap, and (where available) transaction costs applying to the funds, to include in the annual Chairman's statement in the Trustee Report & Accounts.
- providing information and advice on the level of security afforded to the Scheme's assets, including the level of coverage from the Financial Services Compensation Scheme
- providing information, as relevant, on other investment issues pertinent to the Trustee.

c. Participating with the Trustee in periodic reviews of this Statement.

3 Objectives and Long-Term Policy

Objectives

3.1 The Trustee's objective is to make available to members of the Scheme an appropriate range of investment options designed to generate income and capital growth which, together with new contributions from members and the employer, will provide a fund with which to access benefits at retirement.

3.2 Members' investment needs change as they progress towards retirement age. Younger members, e.g. those with more than 10 years to retirement, have a greater need for real growth to attempt to ensure their investment accounts keep pace with inflation and, if possible, salary escalation. Younger members will also, all other things being equal, have a greater tolerance for volatility of returns, as they have a greater time to retirement in which markets may come back from any temporary low. Older members, e.g. those with 10 or less years to retirement, will in general require an increasing degree of stability in the level of benefit which may be accessed with their account at retirement.

3.3 Members also have different levels of risk tolerance, regardless of age, and differing levels and types of personal investments. Therefore, members should have the facility to reflect their own preferences in this regard, whilst maintaining a suitable spread of investments.

Risk

3.4 The Trustee have considered risk from a number of perspectives, including:

- The risk that the investment return over members' working lives does not keep pace with inflation – "inflation risk".
- The risk that relative market movements in the years just prior to retirement lead to a substantial reduction in benefits secured – "conversion risk".
- The risk that members end up with insufficient funds at retirement with which to secure a reasonable income – "shortfall" or "opportunity cost" risk.
- The risk that the chosen investment manager underperforms the benchmark against which the investment manager is assessed – "manager risk".
- The risk of a fall in the value of the members' fund – "capital risk".

3.5 The funds offered through the Scheme have been chosen, in part, to help members mitigate these risks.

Appendix – Statement of investment principles (continued)

Policy

3.6 The Trustee policy is to seek to achieve the objectives through providing a suitable range of funds.

3.7 For those members who are willing to accept a greater level of volatility in pursuit of potentially achieving a higher value of their investment account, a range of passive and active equity funds, diversified growth funds and a property fund are available.

3.8 For those members who are less comfortable with higher volatility, there are a range of other asset classes available for investment including bonds, and money market funds.

3.9 All of the investment funds available trade daily and as such are readily realisable.

3.10 The investment managers or the Trustee will not borrow money or act as a guarantor for the purpose of providing liquidity (unless it is temporary).

3.11 In addition to this, the Trustee has put in place three open 'lifecycle' arrangements, designed for members targeting different forms of benefit at retirement. These are described in section 5.

4 Responsible Investment

Financially Material Considerations

4.1 In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance ("ESG") factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment consultants when setting the Scheme's investment strategy (including the default arrangement), when selecting managers and when monitoring their performance.

4.2 The Trustee further acknowledges that an understanding of financially material considerations, including ESG factors (such as climate change) and risks related to these factors, is necessary to allow them to discharge their fiduciary duties in a prudent manner.

The Trustee is taking the following steps to monitor and assess ESG-related risks and opportunities:

- The Trustee communicates the expectation to their investment managers that they should take into account ESG considerations in the selection, retention and realisation of investments.
- The Trustee will undertake periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Scheme's investment strategy.
- As part of ongoing monitoring of the Scheme's investment managers, the Trustee will use ESG ratings information provided by their investment consultants, where relevant and available, to monitor the level of the Scheme's investment managers' integration of ESG in their management of the funds available for investment through the Scheme.
- In fund selection exercises, ESG integration and stewardship quality will be a topic of explicit discussion between the Trustee, the advisers and prospective investment managers.
- The Trustee will include ESG-related risks, including climate change, on the Scheme's risk register as part of ongoing risk assessment and monitoring.

Appendix – Statement of investment principles (continued)

Stewardship – Voting and Engagement

4.3 The Trustee invests in pooled funds through a platform provider, and as such have delegated responsibility for the selection, retention and realisation of investments to the Scheme's investment managers in whose funds they invest.

4.4 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 Scheme invests, as this ultimately creates long-term financial value for the Scheme and its beneficiaries.

4.5 As part of their delegated responsibilities, the Trustee expects the Scheme's investment managers to:

- Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee's voting rights in relation to the Scheme's assets.

The Trustee communicates these expectations to their investment managers.

4.6 The Trustee regularly reviews the suitability of the Scheme's appointed investment managers and takes advice from its investment consultants with regards to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee has set out in their policy, the Trustee undertakes to engage with the manager and seek a more sustainable position but may look to replace the manager.

4.7 The Trustee reviews the stewardship activities of its investment managers on an annual basis, covering both engagement and voting actions. The Trustee will review the alignment of the Trustee's policies to those of the Scheme's investment managers and ensure their managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

4.8 The Trustee will engage with its investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned.

4.9 The Trustee expects the Scheme's appointed investment managers to comply with the United Nations Global Compact and, additionally, the Trustee will identify key areas of concern (including, but not limited to, climate change risks) and will level scrutiny on its investment managers accordingly. It is the expectation of the Trustee that the Scheme's investment managers will prioritise and actively monitor for these risks

Appendix – Statement of investment principles (continued)

within the investment, providing transparency on engagement and voting actions with respect to mitigating these risks as appropriate.

The transparency for voting should include voting actions and rationale with relevance to the Scheme.

The Trustee recognises that its collaborative behaviours can further work to mitigate the risks identified above, for the Scheme.

4.10 From time to time, the Trustee will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors

4.11 In setting and implementing the Scheme's investment strategy, the Trustee does not explicitly take into account the views of Scheme 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").

The underlying funds that make up the default arrangement and other self-select funds should not apply personal ethical or moral judgements as the basis for an investment decision.

The Trustee recognises the importance of offering a suitable range of investment options for members, and where applicable will seek to discuss any member feedback received, to inform decisions in relation to the default arrangement and range of funds.

Appendix – Statement of investment principles (continued)

5 Investment Manager Arrangements

Manager Structure

5.1 The Scheme has appointed a Platform Provider (Standard Life) through which they will access a number of pooled funds, managed by investment managers, all of whom are remunerated on an ad valorem basis.

5.2 The Trustee policy is to obtain advice on whether the range of pooled funds are satisfactory, as required by the Pensions Act at least every three years.

5.3 The investment managers are responsible for having regard to the need for the diversification of investments so far as is appropriate and also to the suitability of investments.

5.4 The investment managers, at their discretion, but within guidelines set out in the respective funds' prospectus, are responsible for implementing changes in the asset mix and selecting securities within each asset class.

Arrangements with Investment Managers

5.5 Before appointment of a new investment manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Scheme invests in a collective vehicle, then the Trustee will express its expectations to the investment managers by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

5.6 The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers by other means (where necessary), and regular monitoring of investment managers' performance and investment strategy, is in most cases sufficient to incentivise the investment managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the investment manager where this is deemed necessary.

5.7 There is typically no set duration for arrangements with investment managers, although the continued appointment all for investment managers will be reviewed periodically, and at least every three years.

5.8 The Trustee believes they have a duty as institutional investors to invest in a responsible manner and where appropriate will query managers on the rationale for holding positions in companies who contribute significant negative externalities to society, regardless of whether the action may be financially material.

Appendix – Statement of investment principles (continued)

Performance Objectives

5.9 Whilst the Trustee is not involved in the pooled funds' day to day method of operation and therefore cannot directly influence the performance target, they will assess performance and review the managers included on the Platform on a periodic basis. The benchmarks and objectives of each fund are provided in the table below:

Fund	Benchmark	Objective
SL LF LionTrust UK Equity Fund	FTSE All-Share Index	The Fund aims to produce a total return in excess of the FTSE All-Share Index over the long-term through investment in a diversified portfolio, with at least 80% of the Fund invested in UK equities.
SL Vanguard FTSE UK All Share Index Pension Fund	FTSE All-Share Index	To track its benchmark within reasonable tolerance ranges.
SL Veritas Global Focus Pension Fund	MSCI World Index	To achieve returns of OECD G7 inflation plus 6% p.a.
Standard Life Global Equity 50:50 Tracker Pension Fund	50% FTSE All-Share Index; 50% MSCI World ex UK Index	To track its benchmark within reasonable tolerance ranges.
Standard Life Overseas Tracker Pension Fund	MSCI World ex UK Index	To track its benchmark within reasonable tolerance ranges.
SL Vanguard Emerging Markets Stock Index Pension Fund	MSCI Emerging Markets Index	To track its benchmark within reasonable tolerance ranges.
SL Schroder Intermediated Diversified Growth Pension Fund	CPI + 5% p.a.	To achieve CPI + 5% p.a. over full market cycles, typically considered as rolling five to seven-year periods (net of fees)
SL Ninety One Global Multi-Asset Sustainable Growth Pension Fund	CPI +4% p.a.	To achieve CPI + 4% p.a. over full market cycles, typically considered as rolling five year periods

Appendix – Statement of investment principles (continued)

Fund	Benchmark	Objective
Standard Life Pooled Property Pension Fund (closed to new investments)	IPD UK PPFI All Balanced Funds Median	To outperform its benchmark by 1.0% p.a.
SL ASI Global Real Estate Institutional Pension Fund	N/A	To achieve a return of 5% p.a. over rolling three year periods.
Standard Life Index Linked Bond Pension Fund	FTSE British Government Index-Linked Over 5 Years Index	To outperform its benchmark by 0.3% p.a.
Standard Life UK Fixed Interest 60:40 Pension Fund	60% Merrill Lynch Sterling UK Non-Gilt All Stocks Index; 40% FTSE British Government Over 15 Years Index	To outperform its benchmark by 0.5% p.a.
SL Vanguard UK Investment Grade Bond Index Pension Fund	Barclays Global Aggregate UK Non-Government Float Adjusted Bond Index	To track its benchmark within reasonable tolerance ranges.
Standard Life Corporate Bond Pension Fund	ABI (Pension) Sterling Corporate Bond Sector	To outperform its benchmark by 0.80% over a 3-year period
Standard Life Deposit and Treasury Pension Fund	Sterling Overnight Interbank Average Index (SONIA)	To provide returns in line with short-term money market rates.

5.10 The investment managers should achieve the principal objective in the majority of three-year periods under consideration, with the exception of the SL Veritas Global Focus Pension Fund which aims to achieve its performance objective over a three to five year period as well as the SL Schroder Intermediated Diversified Growth Pension Fund and SL Ninety One Global Multi-Asset Sustainable Growth Pension Fund which both aim to achieve their performance objectives over rolling five year periods.

It is not necessarily expected that active managers will achieve the targets in every three-year period. However, they should demonstrate that the skills exercised on the funds are consistent with these targets, and that the level of risk is appropriate. The investment managers will exercise their powers of discretion in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole.

Appendix – Statement of investment principles (continued)

5.11 While the investment managers may use derivative instruments within their pooled funds, the Trustee will not invest in derivative instruments except to contribute to a reduction of risks or facilitate efficient portfolio management.

Lifecycle strategies

5.12 In addition to the individual funds listed above, the Scheme makes available three lifecycle strategies: a Multi-Asset Lifecycle, an Annuity Lifecycle and a Cash Lifecycle. The default lifecycle strategy is the Multi Asset Lifecycle and is designed to be suitable for those not wishing to take investment decisions themselves whilst providing maximum flexibility at retirement for members to take benefits as they choose.

5.13 Each strategy consists of an accumulation phase, a transition phase (beginning 15 years from a member's planned retirement age) and a pre-retirement phase (beginning five years from a member's planned retirement age).

5.14 The accumulation phase is identical in each lifecycle strategy and is exclusively invested in equity funds, namely: 95% in the SL Overseas Tracker Pension Fund and 5% in the SL Vanguard FTSE UK All Share Index Pension Fund.

5.15 The transition phase is also identical in each strategy. The transition phase is designed to move from high growth to lower but more stable growth in the run-up to retirement. A portion of funds is gradually switched to bond and Diversified Growth Fund investments such that, when a member is five years away from their planned retirement age, their investments will be split broadly as follows:

- 31% in the Standard Life Overseas Tracker Pension Fund
- 2% in the SL Vanguard FTSE UK All Share Index Pension Fund
- 11% in the SL Schroder Intermediated Diversified Growth Pension Fund
- 11% in the SL Ninety One Global Multi-Asset Sustainable Growth Pension Fund
- 33% in the Standard Life Corporate Bond Pension Fund
- 13% in the Standard Life Index Linked Bond Pension Fund

5.16 The pre-retirement phase for the Multi-Asset Lifecycle strategy continues to invest in the same funds as the transition phase, but with a further gradual reduction in risk level. By the time a member reaches their planned retirement age their investments will be split broadly as follows:

- 26% in the Standard Life Overseas Tracker Pension Fund

Appendix – Statement of investment principles (continued)

- 1% in the SL Vanguard FTSE UK All Share Index Pension Fund
- 9% in the SL Schroder Intermediated Diversified Growth Pension Fund
- 9% in the SL Ninety One Global Multi-Asset Sustainable Growth Pension Fund
- 35% in the Standard Life Corporate Bond Pension Fund
- 20% in the Standard Life Index Linked Bond Pension Fund

The Multi-Asset Lifecycle strategy has been designed for members who wish to retain flexibility in the form in which they take their benefits at retirement, for example by transferring to a flexible income drawdown product.

5.17 The pre-retirement phase for the Annuity Lifecycle strategy gradually switches out of the funds used in the accumulation and transition phases, and into mixed bonds and money market funds. By the time a member reaches their planned retirement age the investments will be split 75% in the Standard Life Index Linked Bond Pension Fund and 25% in the Standard Life Deposit and Treasury Pension Fund.

The Annuity Lifecycle strategy has been designed to be suitable for members who take the maximum 25% tax-free cash at retirement and purchase an annuity with the remainder of their account.

5.18 The pre-retirement phase for the Cash Lifecycle strategy gradually switches out of the funds used in the accumulation and transition phases, and into money market funds. By the time a member reaches their planned retirement age the investments will be 100% invested in the Standard Life Deposit and Treasury Fund.

The Cash Lifecycle strategy has been designed to be suitable for members who wish to take the whole of their account as a cash lump sum at retirement.

5.19 Switching takes place linearly on a monthly basis.

6 Monitoring and Implementation

Monitoring

6.1 The appointment of the platform provider will be reviewed by the Trustee from time to time. In addition, the Trustee will review the performance of each of the funds by means of a quarterly report produced by the Scheme's platform provider and quarterly investment monitoring reports provided by the Scheme's investment consultants.

6.2 Funds may be replaced, for example, if:

a. They fail to meet the performance objectives set out in Section 5; and/or

b. The Trustee believes that the manager is not capable of achieving the performance objectives in the future. In this respect, they will look for advice from the Scheme's investment consultants.

6.3 Under the Scheme's rules, the Trustee may replace a fund, including transferring existing investments, without prior agreement or consultation with members if they believe this is appropriate.

6.4 The Trustee regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies, including those on non-financial matters. This includes monitoring the extent to which investment managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by its investment consultants.

6.5 The Trustee receives quarterly reports and verbal updates from the investment consultants on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives and assesses the investment managers over 3-year periods.

6.6 The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by their investment managers, which supports the Trustee in determining the extent to which the Scheme's engagement policy has been followed throughout the year.

6.7 The Trustee shares the policies, as set out in this SIP, with the Scheme's investment managers, and request that the investment managers review and confirm whether their approach is in alignment with the Trustee's policies.

Appendix – Statement of investment principles (continued)

Cost Transparency

6.8 The Trustee is aware of the importance of monitoring its investment managers' total costs and the impact these costs can have on the overall value of members' funds. It is the Trustee's view that long term performance, net of fees, is the most important metric on which to evaluate its investment managers.

6.9 The Trustee therefore believes it is important to understand all the different costs and charges, which are paid by members (through a deduction from the unit price). These include:

- explicit charges, such as the annual management charge, and additional expenses that are disclosed by fund managers as part of the Total Expense Ratio ('TER');
- implicit charges, such as the portfolio turnover costs (transaction costs) borne within a fund. The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the fund's portfolio. These are incurred on an ongoing basis and are implicit within the performance of each fund.

6.10 Other costs of providing DC benefits (e.g. administration, communication, and adviser costs) are not charged to members.

6.11 The Trustee collects information on these member-borne costs and charges on an annual basis and sets these out in the Scheme's annual Chair's Statement which is made available to members in a publicly accessible location.

6.12 The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends.

6.13 No specific ranges are set for acceptable costs and charges, particularly in relation to portfolio turnover costs. However, the Trustee expects its investment consultants to highlight if these costs and charges appear unreasonable when they are collected as part of the annual Chair's Statement exercise and investigate as required.

6.14 The Trustee assesses value for money received by members from the Scheme, including its investment managers, on a regular basis as part of the annual Chair's Statement exercise.

Appendix – Statement of investment principles (continued)

7 Risk Management

7.1 In addition to the investment risks outlined in section 3.4, the Trustee recognises a number of other risks involved in the investment of the assets of the Scheme:

- Mismatching risk – addressed through the provision of a range of funds with differing risk characteristics.
- Inappropriate investments – addressed through obtaining advice on the suitability of the funds used.
- Security of assets risk – addressed through obtaining advice on the level of security of the Scheme's assets, in relation to both the platform provider and the underlying funds. This advice includes an assessment of the circumstances when the Trustee may be eligible to make a claim under the Financial Services Compensation Scheme. Similar advice is provided whenever new funds are selected.

7.2 The Trustee continues to monitor these risks. The Trustee also maintains a Risk Register to consider a broad spectrum of possible risks and suitable mitigation strategies.

8 Default Arrangements

Primary Default Option

8.1 The Trustee is required to designate a default arrangement into which members who are automatically enrolled are invested. The Trustee has designated the Multi-Asset Lifecycle strategy (outlined in the section 5) as the default arrangement for the Scheme.

8.2 The Multi-Asset Lifecycle strategy has been constructed following analysis of the membership of the Scheme. This analysis took into account factors such as age, salary, contribution level, accumulated fund values and term to retirement to identify different types of member in order to test alternative investment strategies. The design of the Multi-Asset Lifecycle strategy reflects this analysis, having carried out multiple simulations of future economic and investment scenarios, and also taking into account the various options that members will have regarding the way in which they draw their benefits in retirement.

8.3 The aim of the Multi-Asset Lifecycle strategy is to provide members with the potential for higher levels of growth during the accumulation of their retirement savings though exposure to equity funds and then to gradually diversify their investments in the years approaching retirement to reduce volatility and provide a broad base of assets from which members can choose the type of benefits they wish to take.

8.4 The asset allocation throughout the Multi-Asset Lifecycle strategy and the phasing of the gradual switching of investments takes into account members' greater capacity for risk early on and reduced capacity for risk in later years.

8.5 The outcomes of the Multi-Asset Lifecycle strategy will be reviewed periodically with reference to the manner in which members take their benefits from the Scheme. This periodic review will also take into account any significant changes in the demographic profile of the relevant members.

Secondary Default Option

8.6 A second default arrangement was created in April 2020 when trading in the Standard Life Pension Property Fund was suspended and it ceased accepting new contributions, as a result of the Covid-19 pandemic. This fund is only available to members as a self-select option.

Rather than leaving future contributions intended for the Property Fund uninvested, the Trustee decided to redirect these contributions into the Standard Life Deposit and Treasury Fund, until the suspension of the Property Fund was lifted.

As a result of such action, the Standard Life Deposit and Treasury Fund is classified as a default investment option for regulatory reporting and monitoring purposes.

8.7 The Trustee would have preferred to map the affected contributions to the Multi-Asset Lifecycle strategy (the primary default option), as this would allow members who had selected the Property Fund to retain similar growth potential for their affected contributions. However, members can only