



**The Royal Pharmaceutical Society  
of Great Britain Staff Pension Scheme**  
Scheme Registration Number: 10004311

Trustee's Annual Report and Financial Statements  
For the Year Ended 31 December 2023



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## Trustee and Advisers

<b>Corporate Trustee:</b>	Pharmaceutical Society Staff Pension Trustees Limited
<b>Secretary to the Trustee:</b>	Capita Pension Solutions Limited 65 Gresham Street London EC2V 7NQ
<b>Scheme Administrator:</b>	Capita Pension Solutions Limited
<b>Principal Employer:</b>	The Royal Pharmaceutical Society of Great Britain
<b>Enquiries:</b>	Capita Pension Solutions Limited 145 Morrison Street Edinburgh EH3 8FJ
<b>Actuary:</b>	Vijay Shah FIA ( <i>resigned 31 May 2023</i> ) Ian Farrand FIA ( <i>appointed 8 June 2023</i> )
<b>Auditor:</b>	Crowe U.K. LLP
<b>Investment Managers:</b>	BlackRock Investment Management (UK) Limited Ruffer LLP Aviva UK Life Columbia Threadneedle Investments (formerly BMO Global Asset Management PLC) Legal and General Assurance (Pensions Management) Limited
<b>Custodians:</b>	Bank of New York Mellon (International) Limited RBC-Dexia Investor Services Limited State Street Bank Luxembourg S.C.A
<b>AVC Providers:</b>	Utmost Life and Pensions Limited Phoenix Life Limited Standard Life Assurance Limited
<b>Legal Adviser:</b>	Squire Patton Boggs (UK) LLP
<b>Banker:</b>	Lloyds Bank plc
<b>Investment Adviser:</b>	Lane Clark & Peacock LLP

## Chairman's Statement

The year under review has been a busy one for Pension Schemes in general and ours in particular. We started the year in reasonably good shape but had to take account during the year as political and economic turmoil at home and abroad impacted financial markets. As ever, we worked closely with the Society and received regular reports on the way in which current economic conditions were affecting the Society's activities. Likewise, we regularly debated ways in which the Pension Scheme's evolution might impact the Society's viability.

Although we have a hard-working Board of Trustees, we rely heavily on the support of external specialist subcontractors. We regularly review the line-up of our Advisory Team. Although we have retained our existing team, we have reallocated some of the duties in order to ensure that we receive a service which is both cost effective and market leading.

On the Investment front, we made some changes during the year. Markets were still dealing with the impact of the autumn 2022 mini budget, and we made sure that our asset allocation reflected current market conditions. At the same time, we sought to future proof our investment strategy to progressively reduce volatility and minimize our financial dependency on the Society. I am also pleased to report that we behave in a responsible way in determining ways to invest the Scheme's assets.

We are regularly seeking to improve the service which members receive. During the year, we have increased the level of automation but please be assured that we will continue to maintain a number of channels of communication since we appreciate that not everyone is entirely comfortable with all aspects of modern technology.

Regrettably, some of the data which we hold in respect of retired members was accessed by criminals. We were in a good place to deal with the impacts of this event since we had relevant policies in place. As soon as we were made aware of the incident, we took steps to minimize and if possible, avoid any adverse effects. Affected members were made aware at the earliest opportunity and were provided with a personal service which would allow them to see whether any of their data had been misused. Members must remain vigilant in respect of all of their personal finances since there are some wicked people out there who have no regard for the distress which their criminality will cause.

I would like to thank my fellow Trustees and the external advisers for their hard work during the year. Furthermore, I would like to express my gratitude to the Society for its continued engagement with the Scheme, helping to ensure that we always pay the right amount to the right person at the right time.

## Trustee's Report

The Pharmaceutical Society Staff Pension Trustees Limited ("the Trustee"), trustee of the Royal Pharmaceutical Society of Great Britain Staff Pension Scheme ("the Scheme") presents the annual report together with the audited financial statements for the year ended 31 December 2023.

This report constitutes the document required under the Occupational Pension Schemes (Disclosure of Information) Regulations 1996.

The report is available free of charge for inspection on request to specified persons including members of the Scheme and beneficiaries under the Scheme.

## Scheme Management

### Contents

This report includes the Report on Actuarial Liabilities required by the Regulations including the audited financial statements of the Scheme, and the actuarial statement and certificate.

The financial statements summarise the transactions and net assets of the Scheme.

Liabilities to pay pensions and other benefits which are expected to become payable in the future are not dealt with in the financial statements. The actuarial position of the Scheme, which takes account of such liabilities, is dealt with in the periodic actuarial valuations. The current actuarial valuation has an effective date of 31 December 2021.

### The Scheme

Pension arrangements and related benefits for the Scheme are provided under a definitive Trust Deed and Rules dated 15 October 2007, consolidated on 30 April 2012.

The Scheme is a final salary scheme and closed to new members on 1 January 2003 and closed to future pensionable service accruals on 30 April 2012. It provides defined pension and lump sum benefits to members on retirement or to their dependants on death before or after retirement. The benefits provided are defined in relation to final salary and length of membership.

In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Scheme became a registered pension scheme under Chapter 2 Part 4 of the Finance Act 2004 with effect from 6 April 2006.

The employment of all members of the Scheme was contracted out from the State Second Pension Scheme (S2P) under a certificate issued by the Contributions Agency.

### Principal Employer

The Principal Employer is The Royal Pharmaceutical Society of Great Britain, 66-68 East Smithfield, London, E1W 1AW.

### Trustee Directors

Under the Trust Deed and Rules, the management of the Scheme is vested in the Trustee. The Trustee Directors during the year were:

Mr P Bennett

Mr T Snewin – member nominated

Ms J Flint – member nominated

Ms K Baxter

Mr A Langler

Ms A Brayfield – member nominated

BESTrustees PLC – represented by Mr A Pickering  
(Chairman)

Ms Y Dennington – member nominated

## Trustee's Report

### Scheme Management

#### Trustee Directors (continued)

The Trustee Directors are appointed and removed in accordance with the Trust Deed and Rules and the Member-Nominated Trustee Director arrangements established by the Trustee.

There were 6 meetings of the Trustee Directors during the year. Representatives of the Royal Pharmaceutical Society of Great Britain ("the Society") were in attendance at each meeting. Voting at all meetings is by simple majority, with the Chairman having a casting vote.

The Trustee is responsible for the administration and investment policy of the Scheme.

#### Governance

The Trustee considers that good governance is essential to the proper management of the Scheme. It has therefore put in place a framework to ensure recommended standards of governance receive due attention and that changes in the pensions environment are addressed in a timely manner. Using a business plan as a guide, this framework includes maintaining an up-to-date risk register, conflicts of interest policy, conflicts of interest register and compliance report, acting by reference to a business plan, and ensuring internal and external controls are in place, effective and regularly reviewed.

The Trustee and the Administrator are registered under the applicable Data Protection Legislation to hold information necessary for the management of the Scheme.

The Trustee monitors Scheme activity and reviews the risk control measures that are in place.

#### Membership

The change in the membership of the Scheme during the year is given below:

##### Pensioners

Pensioners as shown in last year's financial statements	176	
Members retiring	7	
Dependant pensions	1	
Pensioners who died during the year	(9)	
		<b>175</b>

##### Deferred pensioners

Deferred pensioners as shown in last year's financial statements	147	
Retirements	(7)	
Deaths	(1)	
		<b>139</b>
<b>Total membership at 31 December 2023</b>		<b>314</b>

Included in the above figure are 143 ( 2022 :143) pensioners that received annuities from Aviva Life.

## Trustee's Report

### Scheme Management

#### Review of Financial Development of the Scheme

The financial statements have been prepared and audited in compliance with regulations under Sections 41(1) and (6) of the Pensions Act 1995.

The Trustee is required under the Pensions Act 1995 to obtain periodical actuarial valuations of the Scheme (now called "Scheme Funding Assessments"). The last Scheme Funding Assessment was carried out by the Scheme Actuary, V Shah FIA, as at 31 December 2021. The calculations revealed a funding deficit which, in the Actuary's opinion, should be eliminated by contributions of £58,333 per month payable from 1 January 2022 to 31 December 2022, and £25,000 per month from 1 January 2023 to 31 December 2026. The Scheme Funding Assessment also showed that, on a short-term solvency basis, in common with many other schemes at present, the assets would not have covered the liabilities in full if the Scheme had wound up on the valuation date.

The current Actuarial Statement based on the latest Scheme Funding Assessment at 31 December 2021 was finalised and signed in March 2023.

The next full Scheme Funding Assessment will be carried out as at 31 December 2024.

Taking account of the movement in investment values and of the current assets and liabilities at the year end, the accumulated fund of the Scheme at 31 December 2023 was £49,628,629 (2022: £49,675,681). The Scheme's investment policy and performance during the year are detailed in the Investment Matters Section on pages 9 to 13.

#### Scheme Advisers

There are written agreements in place between the Trustee and each of the Scheme's advisers listed on page 2 of this report.

Vijay Shah resigned as Actuary to the Scheme on 31 May 2023, and Ian Farrand was appointed from 8 June 2023 as the new Scheme Actuary. Vijay Shah's resignation statement confirmed there are no circumstances connected to his resignation that significantly affect the interest of current and prospective members and beneficiaries of the Scheme.

There were no other changes to advisers in the year.

#### Rule Changes

There were no changes to the Scheme's Rules during the year.

#### Benefits

The financial statements show the costs of pension payments and the cost of purchasing individual annuity policies using the members' AVC funds to provide pensions, if any. These policies are included in the financial statements at nil value.

The financial statements also show lump sum benefits paid, death benefits paid, purchase of annuities, transfer values paid to receiving schemes and refunds of contributions to members, if any.

#### AVC Arrangements

The Trustee holds assets invested separately from the main fund in the form of individual insurance policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions.

## Trustee's Report

### Scheme Management

#### Calculation of Transfer Payments

Transfer payments are calculated on a basis prescribed by the Scheme Actuary to meet the requirements of the Pensions Act 1995 and do not include an allowance for discretionary benefits.

#### Pension Increases

Pension increases were made as at 1 April 2023, in accordance with the Scheme Rules. No discretionary increases were awarded as at 1 April 2023.

The pension increases applied from 1 April 2023 were:

GMP accrued before 6 April 1988 – 0.0%

GMP accrued between 6 April 1988 and 5 April 1997 – 3.0%

Pension accrued before 6 April 1997 in excess of GMP – 0.0%

Pension accrued before 6 April 1997 in excess of GMP(for pre Jan 1994 members) – 5.0%

Pension accrued between 6 April 1997 and 5 April 2006 – 5.0%

Pension accrued from 6 April 2006 to 30 April 2012– 5.0 %

RPI as at September 2021

CPI (Post 88 GMP) as at September 2021

#### Contributions

Deficit contributions received were paid in accordance with the Schedule of Contributions certified by the Scheme actuary in March 2023 which has an effective date of 31 December 2021 and was in force during the year. This Schedule was based on the Scheme Funding Assessment as at 31 December 2021. The Employer deficit contribution rate was £300,000 per annum in the current year.

#### Summary of Contributions Payable in the Year

During the year ended 31 December 2023 the contributions payable to the Scheme by the Employer under the Schedule of Contributions were as follows:

	2023	2022
	£	£
Deficit funding	300,000	700,000
<b>Total contributions payable under the Schedule of Contributions and included in the financial statements</b>	<b>300,000</b>	<b>700,000</b>



## Trustee's Report

### Scheme Management

#### GDPR

The General Data Protection Regulation ("GDPR") is a regulation by the European Parliament intended to strengthen and unify data protection for all individuals within the EU. It also addresses the export of personal data outside of the EU. GDPR came into force from 25 May 2018 and the Trustee worked with its advisers to formulate its GDPR policy so that it was compliant. The Trustee communicated with members on this matter on 22 May 2018.

From 01 Jan 2021, the UK GDPR came into effect which will run alongside the DPA 2018, and the EU GDPR to which all EU nations remain subject and this includes where Capita operate in the EU. This ensures that we have adequate provision for the safe processing of data in the UK and in the EU/EEA. Our obligations under the UK GDPR are fundamentally the same as our obligations under the EU GDPR and we continue to remain subject to UK Data Protection laws.

#### General Code of Practice

The Pensions Regulator's (TPR) long-awaited General Code of Practice was laid before Parliament on 10 January 2024 and is expected to come into force on 27 March 2024. The code consolidates and replaces 10 of TPR's existing codes of practice on the governance and administration of pension schemes.

Central to the Code are the Regulator's expectations as to the features of a well-run scheme and how the governing body (those in charge of pension schemes) should comply with their legal duties. Governing bodies will need to have in place an effective system of governance (ESOG), which is a collection of internal controls and procedures in relation to running a pension scheme. The code sets out TPR's expectations of how occupational pension schemes should be managed and the policies, practices and procedures that should be in place, which includes the obligation to conduct an Own Risk Assessment (ORA).

While the ORA is a new provision, TPR anticipates that many of the stipulations are already being adhered to by schemes. The Trustees are working with their advisers to identify any gaps and assess what actions need to be taken to ensure compliance with the General Code.

#### Taskforce for Climate Related Financial Disclosure (TCFD)

The Pension Schemes Act 2021 introduced legislation requiring trustees of occupational pension schemes to ensure that there are effective governance arrangements in place with respect to the effects of climate change. These regulations set out how schemes should review their exposure to climate change risk and determine how their investments might contribute to climate change. Further, the regulation requires that trustees must develop a strategy and target for managing the scheme's exposure to climate-related risk. For schemes in scope of the regulations, trustees are required to document their compliance with the regulations in an annual disclosure called a Taskforce for Climate Related Financial Disclosures ("TCFD") report. If assets are over £1bn, the Trustees need to produce and publish a TCFD document. A link to where this document is published should be included within the Trustee's report.

#### Significant Events in the Year

There were no significant events during the year.

## Trustee's Report

### Investment Matters

#### Investment management

The overall management of the Trustee's investments is the responsibility of the Trustee. However, the day-to-day management of the Scheme's asset portfolio is the responsibility of the investment managers and bulk annuity provider, who operate within the guidelines of their specific mandates.

Over the year under review, the investments of the Royal Pharmaceutical Society of Great Britain Staff Pension Scheme (the "Scheme") were managed by BlackRock Investment Management (UK) Limited ("BlackRock"), Columbia Threadneedle Investments ("CTI"), Legal & General Investment Management Limited ("LGIM") and Ruffer LLP ("Ruffer").

In addition, the Trustee has a bulk annuity contract with Aviva to insure benefit payments linked to the Scheme's pensioner members.

#### Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been produced by the Trustee following consultation with the Employer. The main purpose of the SIP is to set out details of the investment strategy that is to be followed, the Trustee's investment objectives and its attitude to risk. The SIP was reviewed and updated in July 2023. The Trustee reviews the SIP at least once every three years, and after any significant change in investment strategy. The Employer, the appointed Investment Consultant, and the appointed Scheme Actuary are consulted during the review.

A copy of the latest SIP is available online at the following address:

<https://rpssps.pensions-directory.co.uk/>.

#### Custody of assets

The underlying assets are held by a number of custodians who have agreements with the investment manager of the assets. There is no direct relationship between the investment managers' custodians and the Trustee.

#### Departures from the SIP

There were no significant departures from the SIP over the Scheme year.

## Trustee's Report

### Investment Matters

#### Investment strategy

The broad investment objectives are agreed by the Trustee, having consulted with the Employer. Within the context of these risk and return objectives, the Trustee, taking advice from the Scheme's investment consultants, decides on the overall allocation of assets between the various asset classes, and selects the appropriate managers within each asset class.

The following table sets out the strategic asset allocation (excluding the bulk annuity policy) as at 31 December 2023.

Asset class	Proportion of invested assets
<b>Return-seeking portfolio</b>	<b>27%</b>
<i>Global equities</i>	6%
<i>Diversified growth funds</i>	16%
<i>Infrastructure</i>	5%
<b>Matching portfolio</b>	<b>73%</b>
<i>Liability Driven Investment ("LDI"), short duration credit and liquidity fund</i>	
<b>Total</b>	<b><u>100%</u></b>

Within the matching portfolio, the Trustee has agreed to a liability hedge that aims to match around 100% of the Scheme's exposure to interest rate and inflation risk with regards to the funded, non-insured liabilities, as measured on a technical provisions basis. The matching portfolio includes an allocation to a liquidity fund in line with the Trustee's policy of holding sufficient cash to cover at least one LDI collateral call. The Trustee also invests some of the matching portfolio in short duration credit, to provide some additional interest rate protection and additional collateral. The relative weights to LDI, liquidity and short duration credit within the matching portfolio are not fixed and will change over time with market conditions.

There is no formal rebalancing policy. The Trustee monitors the asset allocation from time to time. If material deviations from the strategic allocation occur the Trustee will consider with its advisers whether it is appropriate to rebalance the assets, considering factors such as market conditions and anticipated future cash flows.

The Trustee has also agreed to adopt a de-risking framework with funding level triggers in order to reduce the Scheme's investment risk over time. The intention of these triggers is to increase the Scheme's interest rate and inflation hedging as the Scheme's funding level on the technical provisions basis increases.

Progression against these triggers is considered by the Trustee at its regular meetings.

#### Investment performance

The performance of the investment managers is reviewed periodically at the Trustee's meetings. The following table shows the performance of the Scheme over the one, three and five year periods to 31 December 2023, based on the performance of the investment managers after the deduction of fees.

	One year (%)	Three years (% pa)	Five years (% pa)
<b>Scheme</b>	3.4%	-10.7%	-1.3%
<b>Benchmark</b>	2.7%	-10.0%	-2.0%

Source: LCP calculations.

## Trustee's Report

### Investment Matters

#### **Trustee's policies in relation to voting rights**

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, considering the long-term financial interests of the beneficiaries.

The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice.

The Trustee has selected some priority ESG themes to provide a focus for its monitoring of investment managers' voting and engagement activities. The Trustee reviews the themes regularly and updates them if appropriate. The Trustee communicates these stewardship priorities to its managers as appropriate and also confirms its more general expectations in relation to ESG factors, voting and engagement. If its monitoring identifies areas of concern, the Trustee will engage with the relevant manager to encourage improvements.

#### **Trustee's policies on environmental, social and governance and ethical factors**

The Trustee has considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice, for example by meeting with managers at Trustee meetings.

The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate. Within each asset class, the Trustee considers investment options that give increased weight to ESG considerations. At this time, it does not believe there are any ESG-focused investment options available that meet its needs, but will keep this under review.

The Trustee has considered the extent to which non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) should be taken into account in the selection, retention and realisation of investments. At present, the Trustee has decided not to allow for such non-financial matters.

## Trustee's Report

### Investment Matters

#### **Trustee's policy on the implementation of asset manager arrangements**

The Trustee has limited influence over managers' investment practices because all the Scheme's assets are held in pooled funds, but it encourages their managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

#### **Employer related investments**

As at 31 December 2023 there were no Employer-related investments in the Scheme, within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

## Trustee's Report

## Investment Matters

### Investment assets

The following table details the distribution of invested assets at the Scheme year end by fund. Figures may not sum due to rounding.

<b>Fund</b>	<b>Asset class</b>	<b>Allocation as at 31/12/2023 (£)</b>
BlackRock Aquila Life 60:40 Equity Fund	Equities	2,032,707
BlackRock Dynamic Diversified Growth Fund	Diversified Growth	2,594,434
BlackRock Sustainable Short Duration Credit Fund	Short Duration Credit	5,939,974
BlackRock Custody Cash Account	Cash	1,173
CTI Real Dynamic LDI Fund	LDI	6,567,444
CTI Nominal Dynamic LDI Fund	LDI	5,335,805
CTI Sterling Liquidity Fund	Cash	3,833,472
LGIM Infrastructure Equity Fund	Infrastructure	1,575,873
Ruffer Absolute Return Fund	Diversified Growth	2,351,037
<b>Total</b>		<b>30,231,921</b>

Material changes to the investments during the year ended 31 December 2023 are set out below:

- Following an improvement in the Scheme's funding position, the Trustee decided to de-risk the investment strategy to the strategic allocation set out in Section 5. This involved disinvestments from the Scheme's return-seeking portfolio (equity, DGFs and infrastructure) and investments in the Scheme's matching portfolio (short duration credit) in April 2023. The SIP was subsequently updated in July 2023 to reflect the new strategic asset allocation.
- Following the finalisation of the triennial actuarial valuation, the Trustee also decided to increase the interest rate hedge ratio to c.95% on the technical provisions basis, in line with the Trustee's previous practice of broadly hedging the funding level. This involved reallocating funds within the matching portfolio from the liquidity fund holdings to the liability driven investment holdings in August 2023.
- Finally, the Trustee decided to increase the allocation to short dated credit in December 2023 by reallocating excess funds from the liquidity fund holdings. This enabled the Trustee to increase the expected return of the Scheme's strategy back to its target of around gilts + 1.25% pa.

### Transaction costs

The Trustee is aware that indirect transaction costs will be incurred through the bid-offer spread on investments within the Scheme's pooled investment vehicles and charges made within those vehicles.

## Trustee's Report

### Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023 (the "Scheme Year")

The Trustee of the Royal Pharmaceutical Society of Great Britain Staff Pension Scheme (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the [guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement](#), issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

#### 1. Introduction

The voting and engagement policies in the SIP were reviewed and updated during the Scheme Year in July 2023 to reflect DWP's new guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement, which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship. Further detail and the reasons for these changes are set out in Section 2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year.

#### 2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are linked below:

- LGIM: <https://www.lgim.com/it/en/responsible-investing/investment-stewardship/>
- BlackRock: <https://www.blackrock.com/corporate/insights/investment-stewardship#stewardship-reports>
- Ruffer: <https://www.ruffer.co.uk/en/about/responsible-investing>

However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement, as well as financially material considerations (including climate change and other ESG considerations).

The Trustee also received quarterly updates on ESG and Stewardship related issues from its investment adviser.

## Trustee's Report

### Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023

#### 2. Voting and engagement (continued)

Following the introduction of the DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with its investment managers on specific ESG factors. At the Trustee's December 2022 meeting, the Trustee discussed and agreed stewardship priorities for the Scheme which were:

- Climate Change;
- Diversity, Equity & Inclusion; and
- Business Ethics.

These priorities were selected, in part, to align with the Society's views. LCP has communicated these priorities to the managers on behalf of the Trustee. These priorities have been kept unchanged from last year.

The Trustee regularly invites the Scheme's investment managers to present at Trustee meetings. Over the Scheme Year, the Trustee met with BlackRock to discuss the Scheme's investments. BlackRock discussed their recent engagement, with particular focus on examples in relation to the Scheme's stewardship priorities.

The Trustee is conscious that responsible investment, including engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

#### 3. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. The Trustee monitors managers' voting and engagement behaviour on an annual basis.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities as follows:

- BlackRock 60:40 Global Equity Fund;
- BlackRock Dynamic Diversified Growth Fund;
- LGIM Infrastructure Equity MFG Fund; and
- Ruffer Absolute Return Fund.

In addition to the above, the Trustee contacted the Scheme's asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. None of the other funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities.



## Trustee's Report

### Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023

#### 3. Description of voting behaviour during the Scheme Year (continued)

##### 3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place.

###### 3.1.1 BlackRock

BlackRock has provided the following wording to describe its voting practices:

*BlackRock takes a case-by-case approach to the items put to a shareholder vote. Analysis is informed by internally developed proxy voting guidelines, its pre-vote engagement with the company, its research, and any situational factors for a particular company.*

*BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested. In cases where there are significant obstacles to voting, such as share blocking or requirements for a power of attorney, BlackRock will review the resolutions to assess the extent of the restrictions on voting against the potential benefits. BlackRock generally prefers to engage with the company in the first instance where there are concerns and give management time to address the issue.*

*BlackRock will vote in favour of proposals where it supports the approach taken by a company's management or where it has engaged on matters of concern and anticipates management will address them. BlackRock will vote against management proposals where it believes the board or management may not have adequately acted to advance the interests of long-term investors. BlackRock ordinarily refrains 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 its voting intention.*

*Whilst BlackRock does subscribe to research from the proxy advisory firms, Institutional Shareholder Services (ISS) and Glass, Lewis & Co, this is just one, among many, inputs into its voting decision process. BlackRock primarily uses proxy research firms to transform corporate governance information and analysis into a concise, easily reviewable format so that BlackRock's investment stewardship analysts can readily identify and prioritise those companies where its own additional research and engagement would be beneficial. Other sources of information BlackRock uses include the company's own reporting (such as the proxy statement and the website), its engagement and voting history with the company, the views of its active investors, public information and ESG research.*

## Trustee's Report

### Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023

#### 3. Description of voting behaviour during the Scheme Year (continued)

##### 3.1 Description of the voting processes (continued)

###### 3.1.2 Ruffer

*Ruffer has provided the following wording to describe its voting practices:*

*Ruffer has internal voting guidelines that apply when it instructs a vote unless a client has specified their own voting preferences or we do not have the authority to vote. The guidelines apply across all regions on a 'comply or explain' basis. They include criteria for:*

- determining whether a remuneration policy should be supported;*
- determining independence and overboarding of directors and the composition of board sub-committees;*
- commitments to support resolutions requesting disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD) and political, lobbying or trade association payments or donations.*

*In certain company-specific circumstances, Ruffer may deviate from its voting guidelines. Ruffer's voting guidelines are reviewed periodically and adapted to reflect best governance practices.*

*To ensure that Ruffer acts in the best interests of its clients and investors, Ruffer reviews local best practices and corporate governance codes. Where companies do not comply with best practice, Ruffer considers their explanations before voting.*

*Ruffer has developed an integrated voting platform linked to proxy voting research, currently provided by ISS, to assist in the assessment of resolutions and the identification of contentious issues.*

*Although Ruffer acknowledges proxy advisers' voting recommendations, Ruffer generally does not delegate or outsource its voting decisions. Research Analysts are responsible for reviewing the relevant issues case by case and exercising their judgement, based on their in-depth knowledge of the company. They are supported by Ruffer's Responsible Investment team.*

###### 3.1.3 LGIM

*LGIM has provided the following wording to describe its voting practices:*

*LGIM's voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. LGIM's voting policies are reviewed annually and take into account feedback from its clients.*

*All decisions are made by LGIM's Investment Stewardship team and in accordance with its 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 LGIM's 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.*

## Trustee's Report

### Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023

#### 3. Description of voting behaviour during the Scheme Year (continued)

##### 3.1 Description of the voting processes (continued)

###### 3.1.3 LGIM (continued)

*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 it does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that it receives from ISS for UK companies when making specific voting decisions.*

*LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.*

## Trustee's Report

## Implementation Statement, covering the Scheme Year from 1 January 2023 to

## 3. Description of voting behaviour during the Scheme Year (continued)

## 3.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the table below.

	BlackRock Dynamic Diversified Growth Fund	BlackRock 60:40 Global Equity Fund	LGIM Infrastructure Equity MFG Fund	Ruffer Absolute Return Fund
Manager name	BlackRock	BlackRock	LGIM	Ruffer
Fund name	Dynamic Diversified Growth Fund	60:40 Global Equity Fund	Infrastructure Equity MFG Fund	Absolute Return Fund
Total size of fund at end of the Scheme Year (£m)	£932m	£27m	£1,276m	£2,786m
Value of Scheme assets at end of the Scheme Year (£m / % of total assets*)	£2.6m / 5.2%	£2.0m / 4.1%	£1.6m / 3.2%	£2.4m / 4.8%
Number of equity holdings at end of the Scheme Year	2,385	13,978	86	59
Number of meetings eligible to vote	575	2,935	92	65
Number of resolutions eligible to vote	7,491	38,899	1,239	1,051
% of resolutions voted	93%	94%	100%	100%
Of the resolutions on which voted, % voted with management	94%	94%	74%	95%
Of the resolutions on which voted, % voted against management	5%	5%	26%	3%
Of the resolutions on which voted, % abstained from voting	1%	0%	0%	2%
Of the meetings in which the manager voted, % with at least one vote against management	26%	27%	85%	28%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%	0%	21%	9%

\*Total assets includes Aviva annuity policy and may not sum due to rounding.

## Trustee's Report

### Implementation Statement, covering the Scheme Year from 1 January 2023 to

#### 3. Description of voting behaviour during the Scheme Year (continued)

##### 3.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that align with the Trustee's stewardship priorities. The Trustee has reported on two of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

##### 3.3.1 BlackRock Dynamic Diversified Growth Fund

- **Broadcom Inc., April 2023**
  - **Summary of resolution:** Elect Director Check Kian Low.
  - **Relevant stewardship priority:** Business Ethics.
  - **Approx size of the holding at the date of the vote:** 0.12%.
  - **Company management recommendation:** For. **Fund manager vote:** Against.
  - **Rationale:** "Vote against compensation committee member because pay is not properly aligned with performance and/or peers".
  - **Was the vote communicated to the company ahead of the vote:** BlackRock endeavours to communicate to companies when it intends to vote against management, either before or just after casting votes in advance of the shareholder meeting.
  - **Outcome of the vote and next steps:** Pass. BlackRock will continue to vote and engage with the company where appropriate based on its publicly stated policies and procedures.

## Trustee's Report

### Implementation Statement, covering the Scheme Year from 1 January 2023 to

#### 3. Description of voting behaviour during the Scheme Year (continued)

##### 3.3 Most significant votes (continued)

###### 3.3.1 BlackRock Dynamic Diversified Growth Fund (continued)

- **Shell Plc, May 2023**
  - **Summary of resolution:** Request Shell to align its existing 2030 reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement.
  - **Relevant stewardship priority:** Climate Change.
  - **Approx size of the holding at the date of the vote:** -0.2%.
  - **Company management recommendation:** For. **Fund manager vote:** Against.
  - **Rationale:** "The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company".
  - **Was the vote communicated to the company ahead of the vote:** BlackRock endeavours to communicate to companies when it intends to vote against management, either before or just after casting votes in advance of the shareholder meeting.
  - **Outcome of the vote and next steps:** Fail. BlackRock will continue to vote and engage with the company where appropriate based on its publicly stated policies and procedures.

###### 3.3.2 BlackRock 60:40 Global Equity Fund

- **Westlake Corporation, May 2023**
  - **Summary of resolution:** Report on reducing plastic pollution of the oceans.
  - **Relevant stewardship priority:** Climate change.
  - **Approx size of the holding at the date of the vote:** 0.002%.
  - **Company management recommendation:** Against. **Fund manager vote:** For.
  - **Rationale:** "Additional information would help shareholders assess investment risks and opportunities related to natural capital, which we deem material to long-term financial results".
  - **Was the vote communicated to the company ahead of the vote:** BlackRock endeavours to communicate to companies when it intends to vote against management, either before or just after casting votes in advance of the shareholder meeting.
  - **Outcome of the vote and next steps:** Fail. BlackRock will continue to vote and engage with the company where appropriate based on its publicly stated policies and procedures.

## Trustee's Report

### Implementation Statement, covering the Scheme Year from 1 January 2023 to

#### 3. Description of voting behaviour during the Scheme Year (continued)

##### 3.3 Most significant votes (continued)

###### 3.3.2 BlackRock 60:40 Global Equity Fund (continued)

- **Chevron Corporation, May 2023**

- **Summary of resolution:** Oversee and report a racial equity audit.
- **Relevant stewardship priority:** Diversity, Equity and Inclusion.
- **Approx size of the holding at the date of the vote:** 0.11%.
- **Company management recommendation:** Against. **Fund manager vote:** Against.
- **Rationale:** "The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies".
- **Was the vote communicated to the company ahead of the vote:** BlackRock endeavours to communicate to companies when it intends to vote against management, either before or just after casting votes in advance of the shareholder meeting.
- **Outcome of the vote and next steps:** Fail. BlackRock will continue to vote and engage with the company where appropriate based on its publicly stated policies and procedures.

###### 3.3.3 LGIM Infrastructure Equity MFG Fund

- **Dominion Energy, Inc., May 2023**

- **Summary of resolution:** Elect Director Pamela J. Royal.
- **Relevant stewardship priority:** Diversity, Equity and Inclusion.
- **Approx size of the holding at the date of the vote:** 1.8%.
- **Company management recommendation:** For. **Fund manager vote:** Against.
- **Rationale:** "A vote against is applied as LGIM expects a company to have at least one-third women on the board".
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome of the vote and next steps:** Pass. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

- **Crown Castle Inc., May 2023**

- **Summary of resolution:** Elect Director P. Robert Bartolo.
- **Relevant stewardship priority:** Climate Change.
- **Approx size of the holding at the date of the vote:** 1.7%.
- **Company management recommendation:** For. **Fund manager vote:** Against.
- **Rationale:** "A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management".
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome of the vote and next steps:** Fail. LGIM will continue to engage with the company and monitor progress.

## Trustee's Report

### Implementation Statement, covering the Scheme Year from 1 January 2023 to

#### 3. Description of voting behaviour during the Scheme Year (continued)

##### 3.3 Most significant votes (continued)

###### 3.3.4 Ruffer Absolute Return Fund

###### • BP Plc, April 2023

- **Summary of resolution:** Approve shareholder resolution on climate change targets.
- **Relevant stewardship priority:** Climate Change.
- **Approx size of the holding at the date of the vote:** 0.5%.
- **Company management recommendation:** Against. **Fund manager vote:** Against.
- **Rationale:** "BP has, in our opinion, outlined a credible transition strategy with appropriate decarbonisation targets, that reflects demand for oil & gas energy whilst allocating capital to the 'transition growth engines'. Whilst BP has tightened & reduced its 2025 and 2030 aims, it has retained its 2050 net zero target. Further, it has committed additional capital to the transition which BP argues is uncertain and therefore, locking into one, fixed strategy (through investing or divesting the wrong asset) is not in the best interests of generating shareholder value".
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome of the vote and next steps:** Fail. Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives which are currently in place, and will vote against shareholder resolutions which Ruffer deems as unnecessary.

###### • Coty Inc, November 2023

- **Summary of resolution:** Remuneration.
- **Relevant stewardship priority:** Business Ethics.
- **Approx size of the holding at the date of the vote:** 0.2%.
- **Company management recommendation:** For. **Fund manager vote:** For.
- **Rationale:** "We have elected to support the executive pay report and policy at Coty for a number of reasons, although we acknowledge the points raised by ISS in their recommendation (which appears to be based upon the size of the single-number equity awards, rather than the potential value created). The CEO is critical to the success of the business and, given Ms Nabi is the 5th CEO since 2015, it would be disruptive and potentially value-destroying to lose her".
- **Was the vote communicated to the company ahead of the vote:** Yes.
- **Outcome of the vote and next steps:** Pass. Ruffer will continue to monitor company performance to ensure the remuneration policy is appropriate.



## Trustee's Report

### Compliance Matters

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with Schedule 3 of The Occupational Pension Schemes (Disclosure of Information) Regulations 1996 or voluntarily by the Trustee. The information deals with matters of administrative routine.

#### Transfer Values

Transfer values are calculated and verified as required under the provisions of the Pension Schemes Act 1993.

#### Taxation

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

#### MoneyHelper

MoneyHelper (formerly The Money and Pensions Service (MaPs)) was created in 2019 as a single body providing information to the public on matters relating to workplace and personal pensions.

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

Email: [pensions.enquiries@moneyhelper.org.uk](mailto:pensions.enquiries@moneyhelper.org.uk)

Tel: 0800 011 3797

#### Pension Ombudsman

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

The Pensions Ombudsman may be contacted at 1st Floor, 10 South Colonnade, Canary Wharf, London E14 4PU.

Telephone: 0800 917 4487

Early resolution email: [helpline@pensions-ombudsman.org.uk](mailto:helpline@pensions-ombudsman.org.uk)

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.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 Telecom House, 125-135 Preston Road, Brighton, BN1 6AF.

Telephone: 0345 600 7060

#### Pension Tracing

A pension tracing service is carried out by the Department for Work and Pensions.

The Pension Tracing Service may be contacted at The Pension Service 9, Mail Handling Unit A, Wolverhampton, WV98 1LU.

Telephone: 0800 731 0193

## Trustee's Report

### Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year which:

- 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 the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the scheme will not be wound up.

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

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions (other than voluntary contributions) payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

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

## Trustee's Report

### Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every defined benefit 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 to which members are entitled, based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2021. This showed that on that date:

The value of the Technical Provisions was: £49.1 million

The value of the assets at that date was: £45.8 million

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

#### Method

The actuarial method to be used in the calculation of the technical provisions is the Defined accrued benefits method.

#### Significant Actuarial Assumptions

The assumptions that the results are particularly sensitive to are shown below. The table shows the changes in the key assumptions, compared with the previous scheme funding assessment.

Financial Assumptions	31 December 2021	31 December 2018
Discount rate pre-retirement	1.45% pa	2.60% pa
Discount rate post-retirement	1.45% pa	2.60% pa
Retail Prices Index Inflation	3.50% pa	3.40% pa
Consumer Prices Index Inflation	2.70% pa	2.55% pa
Revaluation in deferment (where applicable) to benefits other than Guaranteed Minimum Pension (GMP)	In line with statutory requirements	Pre 8 July 2009: 2.60% pa
	In line with statutory requirements	Post 7 July 2009: 2.50% pa
Increases to Post-88 GMP in payment	2.00% pa	2.00% pa
Increases in payment applicable to pension accrued from 06/04/1997 to 05/04/2006	RPI Capped at 5.00%	3.20% pa
Increases in payment applicable to pension accrued after 05/04/2006	RPI capped at 2.50% pa	2.10% pa

The Royal Pharmaceutical Society of Great Britain Staff Pension Scheme

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## Trustee's Report

### Report on Actuarial Liabilities

Demographic Assumptions	31 December 2021	31 December 2018
Pre-retirement – Mortality base tables adopted	Nil	Nil
Pre-retirement mortality improvements	Nil	Nil
Post-retirement – Mortality base tables adopted	95% of S3PxA	95% of S2PA
Post-retirement mortality improvements	CMI 2021 core, with a long-term improvement rate of 1.5% p.a. (male)/1.25% (female) (year of birth)	CMI 2018, with a long-term improvement rate of 1.5% p.a. (male)/1.25% (female) (year of birth)
Assumed level of pension commuted for cash lump sum at retirement	Members assumed to take 25% of maximum tax-free entitlement at retirement	
Marital status	80% (with wives three years younger than their husbands)	

Trustee’s Report

Contact for Further Information


Members can obtain information about their own pension benefits or further information about the Scheme from Capita Pension Solutions Limited, whose Edinburgh address appears on page 2 of this report. Alternatively, Capita can be contacted via e-mail at:

[Royalpharma@capita.co.uk](mailto:Royalpharma@capita.co.uk).

Copies of the Scheme’s documentation are available for reference at the same address (or for retention at a small charge).

Approval of the Trustee’s Report

This Trustee Report was approved by Pharmaceutical Society Staff Pension Trustees Limited and signed on its behalf by:



.....

Trustee Director

Date: July 26, 2024 | 14:04 BST  
.....



.....

Trustee Director

Date: July 26, 2024 | 14:07 BST  
.....

# Actuary's Certification of the Schedule of Contributions



## Royal Pharmaceutical Society of Great Britain Staff Pension Scheme

### Schedule of Contributions

### Certification of the Schedule of Contributions

#### 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 can be expected to be met by the end of the period specified in the Recovery Plan dated .....20 March.....2023

#### Adherence to Statement of Funding Principles

1. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated .....20 March.....2023

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

Signature:	
Name:	Vijay Shah
Date:	20/03/2023
Name of employer:	Capita Pension Solutions Limited
Address:	65 Gresham Street London EC2V 7NQ
Qualification:	Fellow of the Institute and Faculty of Actuaries

The Royal Pharmaceutical Society of Great Britain Staff Pension Scheme

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# Actuary's Certification of the Technical Provisions

## Royal Pharmaceutical Society of Great Britain Staff Pension Scheme

### Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's Technical Provisions as at 31 December 2021 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated ~~20 March 2023~~

Signature:

  
.....

Name:

Vijay Shah

Date:

~~20~~ March 2023

Name of employer:

Capita Pension Solutions Limited

Address:

65 Gresham Street, London, EC2V 7NQ

Qualification:

Fellow of the Institute and Faculty of Actuaries

## Schedule of Contributions

This Schedule of Contributions has been prepared by the Trustee of the Royal Pharmaceutical Society of Great Britain Staff Pension Scheme (the Scheme) after obtaining the advice of the Scheme Actuary on the Scheme Funding Assessment as at 31 December 2021 (the Effective Date).

This Schedule of Contributions replaces the previous Schedule of Contributions and it will be subject to review at future Scheme funding assessments. This Schedule of Contributions has been agreed by Royal Pharmaceutical Society of Great Britain (the Employer), the Principal Employer of the Scheme. The Trustee and the Employer hereby agree that the following contributions will be paid to the Scheme.

### Period covered by this Schedule of Contributions

This Schedule of Contributions covers the five year period starting on the date this schedule is certified. The Trustee and the Employer are agreeing the contributions for this period.

### Contributions payable active members

The Scheme ceased future accrual on 30 April 2012 and there are no active members.

### Contributions payable by the Employer

The Scheme ceased future accrual on 30 April 2012 and no contributions are payable in respect of future service.

There was a funding deficit as at 31 December 2021 and the Employer will pay Recovery Plan contributions as shown in the table below. However, the contributions required by the Recovery Plan take account of changes in market conditions as at a date closer to signing, which was 31 December 2022. Any overpayment in lieu of contributions already paid at the previous rate may be adjusted for in a later month.

Period	Contribution
1 January 2022 to 31 December 2022	£58,333 per month
1 January 2023 to 31 December 2026	£25,000 per month
From 1 January 2027	£Nil

The contributions detailed above, will be paid monthly, and will be paid on or before the 19th of the calendar month following that to which the payment relates.

The Scheme's operating expenses including, but not limited to, fees payable to the Scheme's administrator and the Trustee's advisers, plus levies payable to the Pensions Regulator and the Pension Protection Fund, are payable by the Scheme.

The Employer may also pay any additional contributions from time to time that it so chooses.



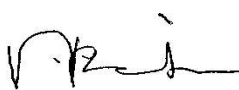
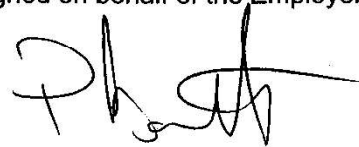
The Royal Pharmaceutical Society of Great Britain Staff Pension Scheme

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Schedule of Contributions (continued)

Royal Pharmaceutical Society of Great Britain  
Staff Pension Scheme

Schedule of Contributions

Signed on behalf of the Trustee: 	Signed on behalf of the Employer: 
Name: Alan Pickering	Name: Paul Bennett
	Position: chief Executive officer
Date: 20 March 2023	Date: 20 March 2023

## Independent Auditor's Statement about Contributions to the Trustee of The Royal Pharmaceutical Society of Great Britain Staff Pension Scheme

We have examined the summary of contributions to The Royal Pharmaceutical Society of Great Britain Staff Pension Scheme for the scheme year ended 31 December 2023 which is set out on page 7.

In our opinion contributions for the scheme year ended 31 December 2023 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme actuary 20 March 2023.

### Scope of work on Statement about Contributions

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

### Respective responsibilities of Trustees and the Auditor

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 the employer in accordance with the Schedule of Contributions.

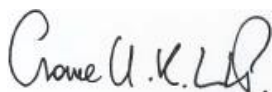
It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

### Auditor's responsibilities for the statement about contributions

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

### Use of our statement

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



**Crowe U.K. LLP**  
Statutory Auditor  
London

**31 July 2024**

# Independent Auditor's Report

## Opinion

We have audited the financial statements of The Royal Pharmaceutical Society of Great Britain Staff Pension Scheme ("the Scheme") for the year ended 31 December 2023 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

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

## Other information

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

## Independent Auditor's Report

### Other information (continued)

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

We have nothing to report in this regard.

### Responsibilities of the Trustee

As explained more fully in the statement of Trustee's responsibilities set out on page 25, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in 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.

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

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the scheme. This is addressed by obtaining direct confirmation from the investment custodian and fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. A sample of transactions are agreed to supporting documentation testing the authorisation of the amount and approval of the payment of the transactions.
- Non-receipt of contributions due to the scheme from the employer. This is addressed by testing contributions due are paid to the scheme in accordance with the schedules of contributions agreed between the employers and the Trustee.

The Royal Pharmaceutical Society of Great Britain Staff Pension Scheme

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## Independent Auditor's Report

### Auditor's responsibilities for the audit of the financial statements (continued)


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

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

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

### Use of our report

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



**Crowe U.K. LLP**

Statutory Auditor

London

**31 July 2024**

# Fund Account

## For the Year Ended 31 December 2023

	Note	2023 £	2022 £
<b>Contributions and benefits</b>			
Employer contributions	4	300,000	700,000
<b>Total contributions</b>		<b>300,000</b>	700,000
Benefits paid or payable	5	(2,296,126)	(2,100,681)
Administrative expenses	6	(452,563)	(388,904)
		<b>(2,748,689)</b>	(2,489,585)
<b>Net withdrawals from dealings with members</b>		<b>(2,448,689)</b>	(1,789,585)
<b>Returns on investments</b>			
Investment income	7	1,422,715	1,485,825
Change in market value of investments	8	(1,647,001)	(24,511,980)
Investment management expenses	9	(35,592)	(34,549)
<b>Net returns on investments</b>		<b>(259,878)</b>	(23,060,704)
<b>Net decrease in the fund during the year</b>		<b>(2,708,567)</b>	(24,850,289)
<b>Net assets of the Scheme at 1 January 2023</b>		<b>49,675,681</b>	74,525,970
<b>Net assets of the Scheme at 31 December 2023</b>		<b>46,967,114</b>	49,675,681

The notes on pages 39 to 50 form an integral part of these financial statements.

# Statement of Net Assets available for Benefits

## As at 31 December 2023

	Note	2023 £	2022 £
<b>Investment assets:</b>			
Pooled investment vehicles		30,221,300	30,194,033
Insurance policies		16,525,000	19,184,000
AVC investments		248,810	363,690
Cash		1,173	6
		<u>49,996,283</u>	<u>49,741,729</u>
<b>Investment liabilities:</b>			
Cash		-	(446)
<b>Total investments</b>	8	<u>49,996,283</u>	<u>49,741,283</u>
<b>Current assets</b>	16	98,666	67,151
<b>Current liabilities</b>	17	(127,835)	(132,753)
<b>Net assets of the Scheme at end of year</b>		<u>49,967,114</u>	<u>49,675,681</u>

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, is dealt with in the Report on Actuarial Liabilities on pages 26 and 27 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 39 to 50 form an integral part of these financial statements.

These financial statements were approved by the Trustee on 26 July 2024.



.....  
**Trustee Director**



.....  
**Trustee Director**

# Notes to the Financial Statements

## 1. Basis of preparation

The financial statements 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 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and with guidance set out in the Statement of Recommended Practice (Revised 2018).

There is no expectation that the Scheme will not remain a going concern for the 12 months subsequent to the signing of these financial statements. Therefore, the financial statements have been prepared on a going concern basis.

## 2. Identification of the financial statements

The Scheme is established as a trust under English Law. The address for enquiries to the Scheme is detailed on page 2.

## 3. Accounting policies

The principal accounting policies of the Scheme are as follows:

### Contributions

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

### Payments to members

Benefits are accounted for 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 the date of retiring, leaving or notification of death is used.

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

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

### 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.

Annuities have been valued by Aviva at the amount of the related obligation, determined using a valuation technique which falls within Level 3 under FRS 102 and effectively represents the approximate value of the policy benefits were they to be secured with Aviva at the date of the valuation.

The additional voluntary contribution (AVC) investments comprise policies of assurance. The market value of these policies has been taken as the surrender values of the policies at the year end, as advised by the AVC providers.



## Notes to the Financial Statements

### 3. Accounting policies (continued)

#### Investment income

Income from cash and short-term deposits is accounted for on an accrual's basis.

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

Income from pooled investment vehicles is accounted for on an accrual's basis.

#### Expenses

Expenses are accounted for on an accrual's basis.

#### Taxation

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

#### Presentation currency

The Scheme functional and presentation currency is pounds sterling (GBP).

### 4. Contributions

	2023 £	2022 £
Employer contributions		
Deficit funding	300,000	700,000

Deficit funding contributions of £58,333.33 per month were payable until 31 December 2022, and then £25,000 per month until 31 December 2026. The Employer over paid contributions in respect of January to March 2023, therefore no contributions were paid in the period April to August 2023.

### 5. Benefits paid or payable

	2023 £	2022 £
Pensions	2,086,537	2,055,002
Commutations of pensions and lump sum retirement benefits	199,889	30,133
Lump sum death benefits	9,700	15,546
	<b>2,296,126</b>	<b>2,100,681</b>

## The Royal Pharmaceutical Society of Great Britain Staff Pension Scheme

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## Notes to the Financial Statements

## 6. Administrative expenses

	2023 £	2022 £
Administration and consultancy	294,238	244,038
Actuarial fees	71,597	56,109
Trustee expenses	40,073	30,075
Audit fees	15,500	12,985
PPF levy	9,480	23,453
Trustee liability insurance premium	21,675	22,244
	<b>452,563</b>	<b>388,904</b>

## 7. Investment income

	2023 £	2022 £
Annuity income	1,412,726	1,485,664
Interest on cash deposits	2,361	140
Income from pooled investment vehicles	7,628	21
	<b>1,422,715</b>	<b>1,485,825</b>

## 8. Reconciliation of investments

	Value at 1 January 2023 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 December 2023 £
Pooled investment vehicles	30,194,033	9,804,563	(10,789,295)	1,011,999	30,221,300
Aviva insurance policies	19,184,000	-	-	(2,659,000)	16,525,000
AVC investments	363,690	-	(114,880)	-	248,810
	<b>49,741,723</b>	<b>9,804,563</b>	<b>(10,904,175)</b>	<b>(1,647,000)</b>	<b>46,995,110</b>
Cash deposits	(440)				1,173
	<b>49,741,283</b>				<b>49,996,283</b>

## Notes to the Financial Statements

### 8. Reconciliation of investments (continued)

#### Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds.

There are no direct transaction costs for the investment vehicles in which the Scheme invests. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately disclosed.

### 9. Investment management expenses

	2023 £	2022 £
Administration, management, and custody expenses in respect of BlackRock and Columbia Threadneedle	35,592	34,549

### 10. Pooled investment vehicles

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

	2023 £	2022 £
<b>Return Seeking Portfolio</b>		
Equities <sup>1</sup>	2,032,707	2,969,479
Diversified Growth Fund <sup>2</sup>	10,885,446	6,853,880
Infrastructure	1,566,425	2,163,720
<b>Matching Portfolio</b>		
LDI funds	15,736,722	18,206,954
	<b>30,221,300</b>	<b>30,194,033</b>

<sup>1</sup> Equity Fund holds investments in UK (60%) and overseas (40%) equities.

<sup>2</sup> Diversified Growth Funds hold a variety of investments including overseas and UK equities, corporate and overseas bonds, commodities, and cash.

## Notes to the Financial Statements

### 11. Insurance policies

The Scheme held an insurance policy at the year end which forms part of its Matching Portfolio:

	2023 £	2022 £
Annuities with Aviva	16,525,000	19,184,000

The Trustee holds a bulk buy-in policy, comprising of annuities which are issued by Aviva, and is valued by Aviva. No collateral is held in relation to these assets.

The main assumptions underlying the value of Annuity valuation are:

Discount rate :

Benefit cashflows have been discounted using the full term related swap curve, based on market conditions at 31 December 2023, adjusted to allow for the impact of Aviva's capita requirements and other elements of the pricing basis.

The single equivalent discounts rate is 3.89% p.a.

Pension increases in payment :

Inflation for RPI/CPI linked increases is derived from that implied by the relevant market swap rates as at 31 December 2023 and weighted by the scheme benefit cashflows.

Immediate annuitants (pension increases in payment):

- RPI capped at 2.5% p.a. 2.27%
- RPI capped at 5.0% p.a. 3.29%
- CPI capped at 3.0% p.a. 2.45%

### 12. AVC investments

The Trustee holds assets invested separately from the main investments to secure additional benefits on a money purchase basis for those members who elected to pay Additional Voluntary Contributions in the past. Members who participated in this arrangement each receive an annual statement made up to 31 December confirming the amounts held in their account and the movements in the year. The AVC arrangement is now closed.

The aggregate amounts of AVC investments are as follows:

	2023 £	2022 £
<b>Unit Linked</b> - Standard Life	54,632	54,632
<b>Unit Linked</b> - Utmost Life and Pensions	190,022	304,902
<b>With Profits</b> - Phoenix Life	4,156	4,156
	<b>248,810</b>	<b>363,690</b>

## Notes to the Financial Statements

### 13. Fair value determination

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

- Level 1      The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the assessment dates.
- 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 have been fair valued using the above hierarchy levels as follows:

<b>As at 31 December 2023</b>	<b>Level 1 £</b>	<b>Level 2 £</b>	<b>Level 3 £</b>	<b>Total £</b>
Pooled investment vehicles	-	30,221,300	-	30,221,300
Insurance policies	-	-	16,525,000	16,525,000
AVC investments	-	244,654	4,156	248,810
Cash	1,173	-	-	1,173
	<b>1,173</b>	<b>30,465,954</b>	<b>16,529,156</b>	<b>49,996,283</b>
<b>As at 31 December 2022</b>	<b>Level 1 £</b>	<b>Level 2 £</b>	<b>Level 3 £</b>	<b>Total £</b>
Pooled investment vehicles	-	30,194,033	-	30,194,033
Insurance policies	-	-	19,184,000	19,184,000
AVC investments	-	359,534	4,156	363,690
Cash	(440)	-	-	(440)
	<b>(440)</b>	<b>30,553,567</b>	<b>19,188,156</b>	<b>49,741,283</b>

## Notes to the Financial Statements

### 14. Investment risk disclosures

When deciding how to invest the Scheme's assets, the Trustee considers a wide range of risks, including credit risk and market risk, as defined below.

**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 and inflation rate risk and other price risk, defined as follows:

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate and inflation rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates or expected inflation rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate and inflation 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 determined the Scheme's investment strategy after obtaining written professional advice from its professional investment adviser. The Scheme has exposure to the aforementioned risks because of the investments held to implement the investment strategy, which is described in section 5 of the Trustee's report. The Trustee manages investment risks, including credit risk and market risk, considering the Scheme's investment objectives and strategy, and the advice of its investment advisers.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Scheme's investment managers. The Trustee monitors the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

Further information on these risks and the Trustee's approach to risk management is set out below. This does not include the AVC investments, as these are not considered significant in relation to the overall investments of the Scheme.

#### Credit risk

##### Direct credit risk – Pooled funds

The Scheme is subject to credit risk through its investments in pooled investment vehicles. It is directly exposed to credit risk in relation to the solvency of the custodians of those funds. It is also directly exposed to the credit risk of the insurance company for any pooled vehicles structured as life policies.

The Scheme's holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by: the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the Scheme's investments across a number of pooled funds.

The Trustee carries out due diligence checks on investments into new pooled funds and on an ongoing basis monitors any changes to the operating environment of those pooled funds.

## Notes to the Financial Statements

### 14. Investment risk disclosures (continued)

#### Credit risk (continued)

##### Direct credit risk – Pooled funds (continued)

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

A summary of the type of pooled investment vehicle arrangements is as follows:

Fund	Fund vehicle
BlackRock Aquila Life 60:40 Equity Fund	Unit-linked insurance policy
BlackRock Dynamic Diversified Growth Fund	Jersey Unit Trust
BlackRock Sustainable Short Duration Credit Fund	UK Unit Trust
CTI Real Dynamic LDI Fund	Luxembourg Fonds Commun de Placement
CTI Nominal Dynamic LDI Fund	Luxembourg Fonds Commun de Placement
CTI Sterling Liquidity Fund	Luxembourg Fonds Commun de Placement
LGIM Infrastructure Equity Fund	Unit-linked life insurance policy
Ruffer Absolute Return Fund	UK OEIC

##### Indirect credit risk – Bonds

The Scheme is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The indirect exposure to credit risk arises from the Scheme's investments in the BlackRock Dynamic Diversified Growth Fund, BlackRock Sustainable Short Duration Credit Fund, CTI LDI funds and Ruffer Absolute Return Fund. The amount invested in each of these mandates is shown in the table at the end of this section.

The managers of the pooled funds that invest in fixed income manage credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific securities.

## Notes to the Financial Statements

### 14. Investment risk disclosures (continued)

#### Indirect credit risk – Annuities

There is also direct credit risk associated with the Scheme's insured bulk annuity with Aviva, which the Trustee considered before the policy was taken out. This risk is mitigated by the regulatory environment in which the insurer operates and the diversification of the policy's underlying assets.

As at 31 December 2023 around 75% (2022: 62%) of the Scheme's invested assets (i.e. excluding annuities) were invested in funds or securities that are significantly exposed to indirect credit risk.

#### Currency risk

As the Scheme's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

Whilst the majority of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy, and believes that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustee manages the amount of currency risk by investing in pooled funds that hedge some or all of their currency exposure, or implement separate currency hedging arrangements.

All of the Scheme's pooled funds are accessed via a Sterling share class. Therefore, the Scheme is not subject to direct currency risk. The Scheme's assets that are exposed to indirect currency risk are the BlackRock Aquila Life 60:40 Equity Fund, BlackRock Dynamic Diversified Growth Fund and Ruffer Absolute Return Fund, which invest in non-Sterling investments that are not currency hedged. The amount invested in each of these mandates is shown in the table at the end of this section.

The exposure to foreign currencies within the pooled funds will vary over time as the manager changes the underlying investments, but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the appointed fund managers.

As at 31 December 2023 around 23% (2022: 30%) of the Scheme's invested assets (ie excluding annuities) were invested in funds or securities that are significantly exposed to currency risk.

#### Interest rate and inflation rate risk

Interest rate risk and inflation risk is a material risk for the Scheme given that movements in interest rates and inflation are a material influence on the value of the liabilities assessed in present day terms. Some of the Scheme's assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

The only assets the Scheme invests in with material exposure to changes in interest rates are the BlackRock Dynamic Diversified Growth Fund, BlackRock Sustainable Short Duration Credit Fund, CTI LDI funds and Ruffer Absolute Return Fund. The amount invested in each of these mandates is shown in the table at the end of this section.

As at 31 December 2023 around 75% (2022: 62%) of the Scheme's invested assets were invested in funds or securities that are significantly exposed to interest rate and/or inflation risk.



## Notes to the Financial Statements

### 14. Investment risk disclosures (continued)

#### Other price risk

The Scheme's assets are exposed to risks of market prices other than currencies and interest rates, such as the pooled funds that hold equities being subject to movements in equity prices.

The Trustee monitors this risk on a regular basis, looking at the performance of the Scheme as a whole as well as each individual portfolio. The Trustee believes that the Scheme's assets are adequately diversified between different asset classes and within each asset class to manage this risk.

The exposure to other price risk within the DGF mandates will vary over time depending on how the managers change the underlying asset allocation to reflect their market views.

As at 31 December 2023 around 28% (2022: 37%) of the Scheme's invested assets were invested in funds or securities that are significantly exposed to other price risk.

Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	31 Dec 23 £
BlackRock Aquila Life 60:40 Equity Fund	○	●	○	●	2,032,707
BlackRock Dynamic Diversified Growth Fund	●	●	●	●	2,594,434
BlackRock Sustainable Short Duration Credit Fund	●	○	●	○	5,939,974
CTI Real Dynamic LDI Fund	●	○	●	○	6,567,444
CTI Nominal Dynamic LDI Fund	●	○	●	○	5,335,805
CTI Sterling Liquidity Fund	○	○	○	○	3,833,472
LGIM Infrastructure Equity Fund	○	○	○	●	1,566,849
Ruffer Absolute Return Fund	●	●	●	●	2,351,037
<b>Total</b>					<b>30,221,724</b>

Key: The risk noted affects the fund significantly (●) or hardly/ not at all (○). Note total excludes 'cash & commitments' within the BlackRock portfolio, hence differs from total pooled investment vehicles

## Notes to the Financial Statements

**15. Concentration of Investments**

Disclosure is required of any single investment which comprises more than 5% of the total value of the net assets. At the year end, five of the managed funds and the Aviva Insurance policy held exceeded this limit. These were as follows:

Name of Fund	Fund value	Percentage of Total Net Assets	Fund value	Percentage of Total Net Assets
	2023	2023	2022	2022
Aviva Buy-in Annuity Policy	19,184,000	38.6%	19,184,000	38.6%
BlackRock Dynamic Diversified Growth Fund	2,594,434	5.2%	2,950,957	5.9%
Ruffer Absolute Return Fund	2,351,037	4.7%	2,998,095	6.0%
Columbia Threadneedle F&C Real Dynamic LDI Fund	6,567,444	13.2%	6,491,124	13.1%
BlackRock Aquila Life (60:40) Global Equity	2,032,707	4.1%	2,969,479	6.0%
Columbia Threadneedle F&C Nominal Dynamic LDI Fund	5,335,805	10.7%	3,817,200	7.7%
Columbia Threadneedle F&C Sterling Liquidity Fund	3,833,472	7.7%	7,898,628	15.9%
Blackrock Short Duration Credit Fund	5,939,974	12.0%	904,830	1.8%

**16. Current assets**

	2023 £	2022 £
PPF levy prepayment	846	5,027
Trustee liability insurance prepayment	14,283	18,819
Cash balances	83,372	43,298
Interest on cash deposits	165	7
	<b>98,666</b>	<b>67,151</b>

## Notes to the Financial Statements

### 17. Current liabilities

	2023 £	2022 £
Accrued expenses	82,393	81,085
PAYE due	33,141	29,439
Refunds due	2,601	2,601
Benefits due	9,700	19,628
	127,835	132,753

The refund liability of £2,601 is carried forward for a fourteenth year, because the member to whom the payment relates has not yet been located.

### 18. Self investment

The Scheme holds no investments directly or indirectly in the Principal Employer.

### 19. Contingent Liabilities

The Scheme had no contingent liabilities as at 31 December 2023 (2022: £Nil).

### 20. Related party transactions

In the year ended 31 December 2023, 1 Trustee Directors, Y Dennington was a pensioner member of the scheme. In the year ended 31 December 2022, Dr R Dewdney was a Trustee Director and pensioner member of the Scheme. Dr Dewdney resigned as a Trustee Director in 2022. Pension payments have been calculated in accordance with the Scheme Rules.

Administrative expenses are paid by the Employer and recharged to the Scheme. The total recharged to the Scheme for the year ended 31 December 2023 was £471,183 (2022: £426,138).

Included within note 6 are Trustee expenses of which fees of £39,520 (2022: £30,040) were paid to BESTrustees PLC in respect of the reporting year. Fees paid to other Trustee directors received total fees of £553 (2022: £35) for their services to the Scheme. There was one outstanding amount of £11,600 at the year-end date (2022: £10,260).

### 21. GMP Equalisation

In October 2018, the High Court ruled that pension schemes are required to equalise benefits between men and women for the effect of Guaranteed Minimum Pensions (GMP) which were accrued on or after 17 May 1990. With the assistance of its advisers, the Trustee has agreed a suitable methodology which is in accordance with the High Court ruling and benefits were equalised (for those with a GMP accrued after 17 May 1990 already in payment) with effect from 1 April 2024.

To equalise for the unequal effect of GMPs, the Trustee calculates what pension someone of the opposite sex would have earned in respect of the same period of service as the individual retiring. If the pension going into payment is lower, it will be increased to the higher amount. A comparison is also carried out on the male and female pensions each year thereafter, paying the pension derived from the higher amount. This is known as a 'dual payroll' or 'dual record' approach.

## Notes to the Financial Statements

### 21. GMP Equalisation (continued)

Those yet to draw their benefits from the Scheme (where this includes an element of GMP accrued after 17 May 1990) will see no immediate impact on their accrued pension (given the calculation of pension at the point of leaving service was identical for men and women). However, depending upon the circumstances, they may experience a small adjustment when they come to put their pension into payment to take into account the impact of differences between their GMP and their opposite sex GMP on the retirement calculation, with the position reviewed annually thereafter.

The High Court also determined in November 2020 that trustees owed a duty to a transferring member to make a transfer payment which reflected the member's right to equalised GMP benefits. Where the initial transfer payment was inadequate on this basis the Trustee is under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member. The Trustee is currently assessing the data it holds for ex-members that are impacted by the consequential ruling in order to identify those who are entitled to a top up payment. On completion of the review the Trustee will put together a plan for correcting past benefits.

Based on the adjustments made to pensions in payment already, the Trustee deems the impact of these exercises to be immaterial and they are therefore not reflected in the financial statements.