OSPS

University of Oxford Staff Pension Scheme

UNIVERSITY OF OXFORD STAFF PENSION SCHEME

Annual Report & Financial Statements for the year to 31st March 2024

Pension Scheme's Registry Number: 10009029
HMRC Registration Number: 00333061RQ

TRUSTEE'S ANNUAL REPORT

FOR THE YEAR TO 31st MARCH 2024

PREFACE

The University of Oxford Staff Pension Scheme, commonly known as OSPS, is a multi-employer hybrid scheme set up under trust. The Scheme is an authorised Master Trust. New members joining the Scheme build up benefits on a defined contribution basis. Members who joined before 1st October 2017 build-up benefits on a career average revalued earnings basis.

The Annual Report and Financial Statements describe the management of OSPS and its financial development during the year to 31st March 2024 and subsequently. The report includes the audited annual Financial Statements for the Scheme.

If you have any queries about this report or about any entitlement to benefits under OSPS, or if you would like to provide feedback or get further general information about OSPS, please contact either the Secretary to the Trustee or the Pensions Officer (OSPS) at the addresses shown below.

Also, information about the Scheme may be found on the University's website:

https://finance.web.ox.ac.uk/osps

A copy of the Trust Deed and Rules governing OSPS is available on the website or can be obtained from the Pensions Officer.

The registered address of the Scheme is:

University of Oxford Staff Pension Scheme,
University Offices,
Wellington Square,
Oxford OX1 2JD

Enquiries and feedback about the Scheme generally, or member's pension benefits, should be addressed to:

The Pensions Officer (OSPS),
Finance Division,
University of Oxford,
Great Clarendon Street,
Oxford OX2 6DP

Tel. No. (01865) 616020
E-mail. osps@admin.ox.ac.uk

The Scheme's HM Revenue and Customs reference is 00333061RQ.

The Scheme's Data Protection registration number is Z6919534.

TRUSTEE'S ANNUAL REPORT FOR THE YEAR TO 31st March 2024

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1. TRUSTEE AND ADVISERS AS AT 31st March 2024

Trustee
OSPS Trustee Limited, University Offices, Wellington Square, Oxford, OX1 2JD. Company registration number 08275610, registered in England and Wales.

Secretary to the Trustee
Quantum Actuarial LLP, Orega Old Bailey, 20 Old Bailey, London, EC4M 7AN. Note with affect from 10 October 2023 Quantum Actuarial LLP replaced Pegasus Pensions PLC, 8th Floor, 100 Bishopsgate, London, EC2N 4AG.

Actuary
Mr J. Harvey, Aon Solutions UK Limited

Pensions Consultancy Services Provider
Aon Solutions UK Limited

Investment advice and related services
Aon Solutions UK Limited

Defined contribution administration provider
Legal and General Assurance Society Limited

Investment Managers
Ares Capital Management LLC
Baillie Gifford & Co. Limited (until May 2023)
Blackrock Advisors (UK) Ltd (until October 2023)
Columbia Threadneedle Portfolio Services Limited
Copenhagen Infrastructure Partners
DIF Management BV
Generation Investment Management LLP
Insight Investment Management (Global) Ltd (appointed February 2024)
M&G Investment Management Limited
Macquarie Investment Management (UK)
Robeco Institutional Investment Management (appointed October 2023)
State Street Global Advisors Limited (until February 2024)

Custodian
State Street Bank and Trust Company

Defined Benefit Money Purchase AVC Manager
The Prudential Assurance Co. Ltd

Bank
Lloyds Bank plc

Solicitor and Legal Adviser
Burges Salmon LLP

Independent Auditor
Grant Thornton UK LLP

2. TRUSTEE'S REPORT TO THE MEMBERS

2A. INTRODUCTION

The Trustee of the University of Oxford Staff Pension Scheme ("OSPS") presents the Annual Report and audited Financial Statements of the Scheme for the year to 31st March 2024.

The Financial Statements have been prepared in accordance with sections 41(1) and (6) of the Pensions Act 1995.

The purpose of the report is to describe to members how the Scheme and its investments have been managed during the year and to highlight a number of key administrative matters. The report does not consider the value of liabilities to pay pensions and other benefits in the future – this is reviewed when periodic actuarial valuations of the Scheme are carried out. The last actuarial valuation of the Scheme was completed as at 31st March 2022. The Actuary's Certification of the Technical Provisions is included on page 106 of this report.

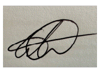
This Annual Report meets all the requirements of current legislation and related regulations.

Additional Voluntary Contributions ("AVCs") are invested under the same Trust Deed and Rules as members' and employers' normal contributions to the Scheme. Members who have chosen to invest their AVCs receive an individual benefit statement from the provider each year outlining the value of their accumulated funds.

The Financial Statements for the year to 31st March 2024 are set out on pages 74 to 96.

This Report and the Financial Statements on pages 74 to 96 were approved by the Trustee on 30 October 2024 and signed on behalf of the Trustee by:

Director: 

Director: 

2. TRUSTEE'S REPORT TO THE MEMBERS

2B. THE SCHEME

2B.1. INTRODUCTION

The University of Oxford Staff Pension Scheme was set up in 1978, originally to provide pensions for the technical, clerical and ancillary staff of the University. The Principal Employer sponsoring the Scheme is the University, or to be more precise, the Chancellor, Masters and Scholars of the University of Oxford. Since that time, it has welcomed the participation of Colleges and other bodies affiliated to the University as Associated Participating Employers (details are given in Section 4).

For members who joined before 1st October 2017 the Scheme is a "defined benefit" scheme – it provides retirement and other benefits that are linked to a member's contributory service and salary. For members who joined from 1st October 2017 the benefits are provided on a defined contribution basis.

2B.2. TRUST DEED AND RULES

The Scheme is administered in accordance with the Trust Deed and Rules, the most recent definitive version of which was executed on 22nd September 2017.

2B.3. TRUSTEE

2B.3.1. Appointing and nominating trustees

OSPS Trustee Limited acts as corporate Trustee of the Scheme. The Board of Directors corresponds exactly with how the Board of Trustees would otherwise be composed and is referred to as "the Trustee" throughout this report. Eleven Trustee Directors usually manage the Scheme and there is currently one vacancy.

Five of the Trustee Directors may be elected by the membership of the Scheme (known as Member Nominated Directors, or "MNDs"). All of the current MNDs (four) are members of the Scheme and elected by the active members of the Scheme, one of the MNDs is a pensioner of the Scheme.

After the period covered by this report, the Trustee reviewed the process for appointing MNDs and agreed to appoint future MNDs through the use of a Selection Panel, rather than by an election. The Selection Panel will normally be comprised of the Chair of the Trustee and two serving MNDs whose position is not subject to the selection being conducted. The process was also updated to allow active, deferred and pensioner members of the Scheme to stand as an MND.

The power to appoint and remove five Trustee Directors is vested in the Council of the University. The power to appoint and remove the eleventh Trustee, the Chair of the Trustee, is vested in the Vice-Chancellor of the University after consultation with the other Trustee Directors. Any vacancies for these posts are advertised in the University Gazette.

A Trustee Director's term of office is three years, after which time the Trustee Director is eligible for reappointment for a further term. There is no limit to the number of terms an individual may continue to be a Trustee Director. If a Trustee Director leaves part way through his or her term of office, the replacement will be appointed initially for the remainder of that term. As an exception, a Trustee Director who is appointed as Chair of the Trustee may serve a term not exceeding four years (if agreed between the Trustee and the University).

As a multi-employer pension scheme with money purchase benefits for certain members and as the administration services are provided by employees of the University, it is necessary to have a majority of Trustee Directors independent of the University ('non-affiliated' directors). The University has agreed to ensure that four of the six Trustee Directors appointed by the University and Vice-Chancellor, including the Chair, will be non-affiliated. As a consequence, at least two of the five MNDs should be non-affiliated.

In seeking nominations, consideration is given to the requirement for a majority of Trustee Directors to be unaffiliated with the University and its subsidiaries.

Where a non-affiliated MND vacancy exists, if only one such nomination is received the individual will be appointed as MND. If no nominee from this group is put forward a vacancy will remain. If there are more nominations than vacancies, there will be a selection process to find a successful candidate.

2B.3.2. Trustee Directors

On 31st March 2024 the Board comprised:

[2]	Mr C. A. H. Alexander	Merton	
[3]	Vacant		
[2]	Professor G. L. Clark	Smith School	(Term extended until END process completed)
[2]	Mr J. K. Clark	Hertford	
[2]	Mr D. Snape	Saïd Business School	
[3]	Ms K. M. M. Kele	Estates Services	
[3]	Ms L. Savin	Merton	(Term extended by the Board until MND process completed)
[2]	Mr N. Badman	Exeter	
[1]	Mr J. N. Sykes	Independent *(Chair)*	
[3]	Mr K. Valentine	Chemistry	
[3]	Mrs M. Hauser	Pensioner	

As at the date of this report the Board comprised:

[2]	Mr C. A. H. Alexander	Merton	
[3]	Vacant		
[2]	Professor G. L. Clark	Smith School	(Term extended until END process completed)
[2]	Mr J. K. Clark	Hertford	(Term extended by the Board until non-affiliated END process completed)
[2]	Mr D. Snape	Saïd Business School	
[3]	Ms K. M. M. Kele	Estates Services	(Term extended by the Board until MND process completed)
[3]	Ms L. Savin	Merton	(Term extended by the Board until MND process completed)
[2]	Mr N. Badman	Exeter	
[1]	Vidett Trustee Services Ltd	Independent *(Chair)*	Appointed 18 April 2024

[3]	Mr K. Valentine	Chemistry	(Term extended by the Board until MND process completed)
[3]	Mrs M. Hauser	Pensioner	(Term extended by the Board until MND process completed)

Under the Trustee's articles of association, the Trustee makes the appointments. In accordance with the Scheme Rules, it does so in accordance with appointments determined by the following bodies:

[1] The Vice-Chancellor of the University
[2] The Council of the University
[3] The MND Selection Panel

Vidett Trustee Services Ltd were appointed with effect from 18 April 2024 following Mr Sykes' term of office coming to an end on 31 March 2024. As a professional Trustee Company, Vidett provide a named individual as Chair of the Board, and their appointment is formalised with the Trustee Board and The Vice-Chancellor of the University. At the date of this report, the interim Chair was Geoff Winn, with Stuart Southall being appointed from 1 November 2024.

2B.4. SCHEME GOVERNANCE

2B.4.1. Compliance and Governance

The Trustee actively seeks to comply with all relevant legislation and to manage the Scheme in accordance with "best practice" as expressed in the codes of practice published by The Pensions Regulator. This includes compliance with regulations applicable to Master Trusts, further detail of which is set out below.

In pursuit of this aim, Trustee Directors are encouraged to undertake trustee training both on an individual basis and as part of the scheduled Trustee training sessions which are arranged on a periodic basis as required.

The Trustee has undertaken an assessment of the risks of managing the Scheme and has in place a rolling review of the risks with the aim of putting in place appropriate controls or processes to mitigate those risks where possible. The Trustee board discusses the reports from its committees; sets investment strategy; considers the funding position; approves the Scheme's financial statements, the risk register, the annual budget and business plan and the appointment of Scheme advisers.

2B.4.2. Dispute Resolution Procedure

The Trustee has published a dispute resolution procedure to consider complaints from members or their representatives.

2B.4.3. Transfer Values

During the period of this report, transfer values have been calculated in accordance with the Pension Schemes Act 1993. No discretionary benefits have been included in the calculation of transfer values. None of the cash equivalent transfer values paid was less than the full value of the member's preserved benefits.

The Scheme ended membership of the Public Sector Transfer Club on 31st March 2017.

2B.5. CHANGES TO SCHEME ADVISERS

Quantum Actuarial LLP replaced Pegasus Pensions PLC as Secretary to the Trustee from 10 October 2023.

2B.6. ADMINISTRATION

OSPS Trustee Limited is the Scheme Administrator. The Trustee has entered into a formal administration agreement with the University. The agreement sets both service standards and standard charges for the routine administration of the Scheme, including administration of the defined benefits section. The Trustee has appointed Legal and General Assurance Society Limited as its provider for administration and investment services for the defined contribution section.

2B.7. CONTINGENT ASSET

Following the completion of the actuarial valuation as at 31st March 2022, which revealed that the Scheme was in surplus relative to its technical provisions, the contingent asset ceased to have effect on 27 June 2023 (the date that the valuation was completed).

2B.8. MASTER TRUST

As a Scheme that provides defined contribution benefits to employees of employers that are not connected to each other, the Scheme is a Master Trust. The Master Trust regime formed part of the Pensions Schemes Act 2017, and serves to strengthen the protections afforded to members by setting the high standards legally demanded of the Trustee, including:

Fit and proper persons: all the people who have a significant role in running the Scheme can demonstrate that they meet a standard of honesty, integrity, knowledge and competence appropriate to their role.
Systems and processes: IT systems and governance arrangements enable the Scheme to run properly and there are robust processes in place to administer the Scheme.
Continuity strategy: there is a plan in place to protect members if something happens that may threaten the existence of the Scheme, including how the Master Trust will be wound up.
Financial sustainability, including business plan: the Scheme has the financial resources to cover running costs and also the cost of winding up the defined contribution section, without impacting on members' benefits.

2. TRUSTEE'S REPORT TO THE MEMBERS

2C. REVIEW OF THE YEAR

2C.1. TRUSTEE

2C.1.1. Meetings of the Trustee

During the year to 31st March 2024, the Board met formally four times. In addition to regular items it also:

- completed a selection process to appoint a new Chair to the Board
- received training on actuarial valuations, Equality, Diversion and Inclusion, TCFD reporting, DC retirement options and member support objectives and Endgame strategies.
- reviewed the Scheme's MND policy and agreed to move from an election process to appointing MNDs by a Selection Panel
- reviewed the Scheme's ongoing secretarial support which resulted in the appointment of Quantum Advisory (previously Pegasus Pensions PLC)
- reviewed the Board's Terms of Reference
-

2C.1.2. Committees of the Board of the Trustee

The Trustee has appointed three committees – a Funding and Investment Committee, a Defined Contribution (DC) Committee and a Governance and Operations Committee. These three Committees were implemented following a review of committee structure in February 2022.

The Funding and Investment Committee ("FIC") meets quarterly, or more frequently if required, to review the progress of the Scheme's investments, and to consider and recommend to the full Board changes in investment strategy, allocations and other investment-related matters. The FIC met four times during the year.

The Governance and Operations Committee ("GOC") deals with matters such as applications for ill-health retirement, the disbursement of cash lump sums arising upon the deaths of members, the payment of adult and child dependant's pensions and such other delegated business as the Trustee has determined. The GOC is scheduled to meet quarterly. All matters dealt with by the GOC are reported to the next full Board meeting for ratification. The GOC met four times during the year.

The DC Committee ("DCC") deals with the management of the investment of the Scheme's DC assets and DC administration and is scheduled to meet quarterly with any decisions recommended to and ratified at the next full Board meeting. The DCC met four times during the year.

2C.2. SCHEME CHANGES

There were no Scheme changes during the year to 31st March 2024.

2C.3. MEMBERSHIP

An analysis of membership movements during the year is shown in Section 5.

2C.4. INCREASES TO PENSIONS IN PAYMENT

For benefits built up after 31st December 2012, increases are limited to a maximum of 8% p.a. (5% p.a. for benefits built up after 31st March 2018). New preserved pensions and new pensions in payment receive a proportionate increase.

Percentage increases agreed by the Scheme in the past three years were as below and the increases shown are applied on 1st April each year:

Year	2022	2023	2024
Pre 2012 %	4.0	11.35	7.80
Pre 2018 %	4.0	8.00	7.35
Post 2018 %	3.10	8.00	6.70

The Post-2018 rate for 2023 of 8% includes a discretionary increase as agreed as part of the valuation process. The Trustee and University also intend to amend the Scheme Rules to raise the cap applicable in future to 8.00% for defined benefits built up from 1st April 2018.

2C.5. ACTUARIAL VALUATION

The Actuary carried out the requisite triennial actuarial valuation of the Scheme as at 31st March 2022. The Statement of Funding Principles, the Schedule of Contributions, and the Recovery Plan were agreed on 27th June 2023. The formal Schedule and Recovery Plan are replicated in this report.

The valuation showed that the Scheme had an actuarial surplus as at 31st March 2022 of £46.9 million against liabilities of £914.3 million, giving a funding ratio of 105%. The report showed the ongoing funding of the Scheme could be met by employer contribution rates as follows:

▪ In respect of DB members, 16.5% of Pensionable Salaries for the future accrual of benefits; and

▪ In respect of DC members, 10%/12%/14% of Pensionable Salaries into members' Retirement Accounts in relation to 4%/6%/8% Cost Plan Members respectively.

It has also been agreed that (with effect from 1 October 2023) the Scheme will meet its own running costs from the Scheme's assets, including expenses relating to both the DB and DC Sections and the cost of Pension Protection Fund and other statutory levies. The cost of providing ill-health and death-in-service benefits for DC members will also be met from the Scheme's assets. As part of the valuation discussions, it was also agreed that the contribution rates paid by members of the DB Section would be reduced with effect from 1 April 2024, and the 5% pa cap on indexation for benefits accrued from 1 April 2018 increased to 8% pa.

Copies of the full reports of the Actuary are available on the Scheme's website.

The Actuary will carry out the next triennial valuation as at 31st March 2025, the results of which are expected to be agreed and published in 2026.

2C.6. SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR TO 31ST MARCH 2024

The contributions payable to the Scheme during the year to 31st March 2024 by the employers and employees (members) under the Schedule of Contributions were as set out below.

	£000
Contributions	
Ordinary contributions from members:	3,651
from employers:	
Ordinary Contributions	19,244
Members' Salary Exchange	6,562
Deficit Funding	3,863
DC expenses and benefits	703
Contributions payable under the Schedule of Contributions:	34,023
Other Contributions	
from members:	
Additional Voluntary Contributions	264
Total Contributions receivable as shown in the Financial Statements	34,287

During the year, contributions totalling £44,653 were paid between 1 and 2 days late, this represents 0.1% of contributions payable under the Schedule of Contributions. These amounts constitute employer-related investments for the period over which it was late. The total value of these late contributions was less than 5% of net assets.

2C.7. FINANCIAL REVIEW

The audited Financial Statements provide details of the financial development of the Scheme. A summary of the key points for the year to 31st March 2024 follows:

	£000	£000
Scheme value at 31st March 2023		928,552
Member related income	34,840	
Benefits and expenses	(30,103)	
Net member related income		4,737
Net investment income		18,937
Investment management expenses		(614)
Increase in market value of investments		8,235
Scheme value at 31st March 2024		959,847

2C.8. GMP EQUALISATION

Following the Lloyds Bank Pension Scheme court ruling in October 2018, pension schemes are required to equalise for male and female members any GMP liabilities built up between 17 May 1990 and 6 April 1997.

It has been confirmed with the Actuary that the impact of GMP equalisation on the liabilities of the Scheme is not expected to be material. This is partly because the Scheme was only contracted out from 6 April 1995 and also due to the fact that a member's entire pension gets the same increases in deferment and payment meaning that for most members the amount of GMP has little or no impact on the benefits payable. The liabilities will be accounted for in the year they are determined. A further judgement, released in November 2020, provided clarity regarding the requirement for pension scheme trustees to reflect GMP equalisation within historic transfers. The additional liabilities arising from the latest judgement are not expected to be material and will be accounted for when determined.

TRUSTEE'S REPORT TO THE MEMBERS

2D. INVESTMENT REVIEW

2D.1. STATEMENT OF INVESTMENT PRINCIPLES

In compliance with the provisions of the Pensions Act 1995, the Trustee has drawn up two Statements of Investment Principles (SIP), one covering the Defined Benefits ("DB") section and one for the Defined Contribution ("DC") section.

The DB SIP records the Trustee's overall investment objective to invest the Scheme's assets in such a way that sufficient money is available to provide benefits to members as they fall due. The DB SIP in force for majority of the Scheme year is dated 1st October 2020. This SIP was updated in October 2023 to reflect the changes to the investment strategy including:

- Revised strategic allocations for each asset class.
- Removal of wording relating to the Recovery Plan set out in the 2019 Actuarial Valuation as it is no longer applicable.
- Replacement of wording relating to the Scheme's funding position
- Revised wording relating to the Scheme's new investment strategy.
- Revised wording regarding the Stewardship matters relating to the Scheme, in compliance with updated regulatory requirements.

The DB Section SIP was revised post Scheme year end, effective 10th July 2024. The revised SIP reflects the changes to the investment strategy including:

- Revised strategic allocations for each asset class.
- Inclusion of wording regarding the use of Liability Driven Investment (LDI).
- Further detail in the 'Division of responsibilities' section.

The DC SIP records the Trustee's responsibility to invest Scheme assets in line with members' preferences and its key aim of providing a range of investments that are suitable for meeting members' long and short-term investment objectives. The DC SIP in force during the Scheme year is dated 22 July 2021.

The DC Section SIP was revised post Scheme year end, effective 1 October 2024, to include the Trustee's policy on investing in illiquid assets through the default investment strategy.

Copies of the SIPs in force at the time of writing can be obtained from the Secretary to the Trustee at the address shown on page 2 of this Report and have also been published on the Scheme website (https://finance.admin.ox.ac.uk/osps-documents). The DC section SIP is also included in this report at section 9D.

2D.2. INVESTMENT STRATEGY AND ACTIVITY

DB section

The Scheme's asset allocation is considered regularly by the Trustee.

The strategic ranges as at 31st March 2024 for each of the asset classes are set out below, as stated in the 24th October 2023 SIP in force at that time.

Asset Class	Allocation	Actual
Equity	10%	10.3%
Property	10%	3.9%
Other Illiquids	7.5%	10.2%
Credit	25%	22.1%
Illiquid Credit	10%	15.4%
Matching	37.5%	38.1%
Total	**100%**	**100%**

Following the 31 March 2022 Actuarial Valuation, an investment strategy review was carried out in November 2022 whereby the risk and return profile and asset allocation was considered. The strategic allocation that was agreed upon can be found in the 24th October 2023 SIP. In light of further improvements to the Scheme's funding level, discussions took place throughout the Scheme year and decisions were made to de-risk the portfolio to protect the Scheme's strong funding position. This included placing a full redemption trade in for the Scheme's Property fund managed by Threadneedle. The Threadneedle Property fund was partially redeemed as at 31st March 2024, and the remainder was redeemed soon after Scheme year end. The proceeds were invested into the Matching assets.

Also, due to the illiquid assets performing better than other assets, they formed a larger proportion of the portfolio as at Scheme year end. It is not sensible to seek to sell these assets as that would involve a significant loss of value, therefore it was proposed to move to an investment strategy which has very similar risk and return characteristics, but which can be practically achieved. Post Scheme year-end, the SIP was updated to reflect the change in investment strategy (SIP dated 10th July 2024). As at 31st March 2024, the asset allocations did not align closely with the strategic allocation with respect to the DB SIP in force at that time for the reasons mentioned above.

The allocation above excludes AVC investments and the money purchase assets.

DC section

The Trustee provides members access to a number of individual funds via the DC Provider, Legal and General Assurance Society Limited ('L&G').

The Trustee's policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking expert advice from the Trustee's investment advisers. In choosing the Scheme's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a defined contribution Scheme.
- The need for appropriate diversification of asset classes.
- The current and expected future membership of this section of the Scheme.
- The fund charges, in order to assess value for money.

The Trustee expects the long-term total return on the traditional bond and cash asset classes to be lower than total returns from equity and other growth asset class options.

The Trustee is required to designate a default investment arrangement into which members who do not make their own choice of investment have their monies invested. The Trustee has designated 'target-dated' funds with L&G, the L&G Target Date Fund range aligned to members' State Pension Age, as the default investment arrangement for the Scheme.

Members may also choose from a range of self-select funds. The fund range currently available is:

Investment fund	Investment approach	Asset class	Total expense ratio*
L&G Target Date Fund 3	Active	Multi-asset	0.45% pa
L&G (PMC) All World Equity Index Fund	Passive	Global Equities	0.42% pa
L&G (PMC) Ethical Global Equity Index Fund 3	Passive	Global Equities	0.60% pa
L&G (PMC) HSBC Islamic Global Equity Index Fund 3	Passive	Global Equities	0.65% pa
L&G PMC Future World Multi-Asset Fund 3	Active	Multi-asset	0.46% pa
L&G (PMC) All Stocks Index Linked Gilts Index Fund 3	Passive	UK Index-Linked Gilts	0.38% pa
L&G (PMC) Retirement Income Multi-Asset Fund 3	Active	Multi-asset	0.61% pa

*This is the total explicit annual charge paid by members.

2D.3. PERFORMANCE OF THE SCHEME'S ASSETS

The Scheme's growth assets generated marginally negative returns over the Scheme year. The Scheme's equity fund contributed to performance but the matching assets were the main driver of the overall negative return over the 1-year period due to gilt yields rising over the period. The funding level improved over the year as liabilities decreased more than the assets. As at 31st March 2024, the Scheme's funding level has grown to 112% on the Long Term Funding Target ("LTFT") basis compared to 106% as at 31st March 2023.

The value of the Scheme's net assets increased from £929 million to £959 million during the year to 31st March 2024. The increase in value, of £31 million, derives from £4.5 million of new money being invested during the year, plus £18.9 million investment income and other investment balances, less investment management expenses of £0.6 million, plus a increase in the overall market value of the investments held at 31st March 2024 or acquired during the year of £8.2million.

The Trustee continues to monitor the markets, mindful that it has invested the assets for the long term.

Over the twelve months to 31st March 2024, the Scheme's invested assets achieved a return of -0.3% net of fees, which was 1.1% behind the benchmark return of 0.8% over the same period. The marginal underperformance was mainly due to the M&G Inflation Opportunities Fund V and M&G Illiquid Credit Opportunities Fund VII underperforming against their respective benchmarks.

As a guide to the longer-term returns of the Scheme's invested Defined Benefit (DB) assets, the table below shows weighted average Scheme and benchmark returns over three years and five years to 31st March 2024. The negative returns in the 31 March 2022 to 31 March 2023 Scheme year were a drag on performance over longer-term periods.

DB Asset Performance

Period	Return on DB Scheme Assets	Benchmark	Relative Performance
Over 3 years	-1.9% pa	2.3% pa	-4.2% pa
Over 5 years	2.6% pa	4.6% pa	-2.0% pa

Performance is net of fees. "pa" stands for per annum.

DC section

The Trustee provides members access to a number of individual funds via the DC Provider, Legal and General Assurance Society Limited ('L&G').

The Trustee's policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking expert advice from the Trustee's investment advisers. In choosing the Scheme's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a defined contribution Scheme.
- The need for appropriate diversification of asset classes.
- The current and expected future membership of this section of the Scheme.
- The fund charges, to assess value for money.

The Trustee expects the long-term total return on the traditional bond and cash asset classes to be lower than total returns from equity and other growth asset class options.

The Trustee is required to designate a default investment arrangement into which members who do not make their own choice of investment have their monies invested. The Trustee has designated 'target-dated' funds with L&G, the L&G Target Date Fund JP2 Workplace 3 (L&G Target Date Fund 3) range aligned to members' State Pension Age, as the default investment arrangement for the Scheme.

Members may also choose from a range of self-select funds. The fund range currently available is:

Investment fund	Investment approach	Asset class	Total expense ratio*
L&G Target Date Funds 3	Active	Multi-asset	0.42% pa
L&G (PMC) All World Equity Index Fund	Passive	Global Equities	0.39% pa
L&G (PMC) Ethical Global Equity Index Fund 3	Passive	Global Equities	0.57% pa
L&G (PMC) HSBC Islamic Global Equity Index Fund 3	Passive	Global Equities	0.62% pa
L&G PMC Future World Multi-Asset Fund 3	Active	Multi-asset	0.43% pa
L&G (PMC) All Stocks Index Linked Gilts Index Fund 3	Passive	UK Index-Linked Gilts	0.35% pa
L&G (PMC) Retirement Income Multi-Asset Fund 3	Active	Multi-asset	0.58% pa

*This is the total explicit annual charge paid by members.

The table below shows the returns on the underlying funds and their benchmark for the 12-month period to 31st March 2024 for the funds available to members of the DC section. Performance is shown before charges.

Fund	Fund performance % p.a.	Benchmark return % p.a.	Relative performance % p.a.
L&G (PMC) 2015 - 2020 Target Date Fund 3	-5.6%	-1.1%	-4.5%
L&G (PMC) 2020 - 2025 Target Date Fund 3	6.9	7.1	-0.2
L&G (PMC) 2025 - 2030 Target Date Fund 3	7.7	7.9	-0.2
L&G (PMC) 2030 - 2035 Target Date Fund 3	9.0	8.6	0.3
L&G (PMC) 2035 - 2040 Target Date Fund 3	11.1	8.7	2.4
L&G (PMC) 2040 - 2045 Target Date Fund 3	11.7	8.7	3.0
L&G (PMC) 2045 - 2050 Target Date Fund 3	12.4	9.0	3.4
L&G (PMC) 2050 - 2055 Target Date Fund 3	12.4	9.0	3.4
L&G (PMC) 2055 - 2060 Target Date Fund 3	12.4	9.0	3.4
L&G (PMC) 2060 - 2065 Target Date Fund 3	12.4	9.0	3.4
L&G (PMC) 2065 – 2070 Target Date Fund 3	12.4	9.0	3.4
L&G (PMC) 2070 – 2075 Target Date Fund 3	12.4	9.0	3.4
L&G (PMC) Ethical Global Equity Index Fund 3	23.7	24.0	-0.2
L&G (PMC) All World Equity Index 3 Fund 3	22.1	22.1	0.0
L&G (PMC) All Stocks Index Linked Gilts Index Fund 3	-5.8	-6.3	0.5
L&G (PMC) Retirement Income Multi-Asset Fund 3	7.1	8.6	-1.5
L&G (PMC) HSBC Islamic Global Equity Index Fund 3	32.5	32.5	0.0
L&G (PMC) Future World Multi-Asset Fund 3	9.1	10.0	-0.9

DB Market Background

Global equities generated positive returns over the last twelve months. The MSCI ACWI rose 25.0% in local terms. Inflation began to moderate in most major economies as the global economy proved more resilient than previously anticipated. The rally in Information Technology stocks (MSCI ACWI - IT 42.1%) was a major contributor to equity market gains over the past year, as investor excitement over artificial intelligence grew.

In Q3 2023, Fitch downgraded the US debt rating from AAA to AA+, citing “erosion of governance” over the past two decades which saw the US government in repeated debt limit stand-offs and last-minute resolutions. US President Joe Biden signed a $1.2 trillion spending bill to avert a partial government shutdown. The bill will keep the US government funded until

September 2024. In its annual budget proposal, President Biden proposed a $7.3tn budget plan for 2025 aimed at limiting US government debt levels although US debt to GDP was still projected to rise above 100%. Biden proposed to raise the corporate tax rate from 21% to 28% and to implement a 25% minimum income tax on those with a wealth of more than $100 million if he is re-elected in this year's Presidential elections. Meanwhile, Moody's downgraded their US credit outlook from 'stable' to 'negative' amidst the lack of a permanent funding agreement and sharp rises in debt service costs as the drastic rise in Treasury yields "increased pre-existing pressure on US debt affordability".

Geopolitical tensions remained elevated over the past year. The G7 condemned China over the increasing military and economic security threats emanating from Beijing. On October 7, Hamas launched a surprise attack from Gaza on Israel. Israeli Prime Minister Benjamin Netanyahu consequently declared the nation "at war" and mounted military retaliation in Gaza. In Q1 2024, the US and UK launched military strikes against Houthi rebels in Yemen, increasing fears that conflict in the Middle East will spread. The Houthi militants had attacked shipping in the Red Sea (a major commercial shipping lane), forcing shipping to go around the Cape of Good Hope. This has increased shipping costs and disrupted manufacturing due to a shortage of parts which could potentially impact global growth and inflation. Furthermore, the US and UK accused China of carrying out cyberattacks on their officials and businesses that are of national economic importance. In response to two cyber-attacks on UK parliamentarians and the Electoral Commission, UK Prime Minister Rishi Sunak promised to action a "careful" crackdown on the Chinese entities operating in the UK. Oliver Dowden, the Deputy Prime Minister, stated that there was a "strong case" for putting China in an "enhanced tier" of countries that are considered to pose risks to Britain under the 2023 National Security Act.

The European Union (EU) introduced a new set of sanctions against Russia, targeting nearly 200 individuals and entities. The United States also announced 500 new sanctions against Russia, including measures in response to the death of opposition activist Alexei Navalny. These sanctions are aimed at officials involved in Navalny's imprisonment and Russia's financial sector, defence industry, and procurement networks.

In Q3 2023, China retaliated to US-led semiconductor restrictions. The Cyberspace Administration of China banned US-based chipmaker Micron Technology's products in China's biggest measure against a US semiconductor group, citing "security risks to China's critical information infrastructure supply chain". China's Ministry of Commerce and Administration of Customs imposed export restrictions on Gallium and Germanium chipmaking metals used in advanced military and communications equipment to "safeguard national securities and interests". Later, US President Joe Biden signed an executive order banning investment in some of China's critical tech industries which includes quantum computing, advanced chips, and artificial intelligence sectors. The new executive order will come into force next year, and this decision will largely affect private equity and venture capital firms as well as US investors in joint ventures with Chinese groups. In Q4 2023, Biden's administration tightened export controls on cutting-edge artificial intelligence chip technology. In retaliation, China (a dominant producer and processor of natural graphite), now plans to restrict exports of three grades of graphite.

Meanwhile, Finland officially became the North Atlantic Treaty Organization's (NATO) 31st member after Turkey joined other NATO countries in supporting Finland's membership. In Q3 2023, G7 countries announced a plan to provide a long-term security framework to Ukraine by continuing existing financial assistance, supplying military equipment, providing training to Ukrainian forces, and sharing intelligence. However, NATO refrained from committing to any timeline for Ukraine's accession to the military alliance and pledged to "extend an invitation" when "allies agree, and conditions are met".

Over the last year, the Bank of England (BoE) raised its benchmark interest rate cumulatively by 100bps to 5.25%. The Monetary Policy Committee (MPC) indicated that monetary policy will need to remain restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term. The BoE agreed to increase its current quantitative tightening pace of £80bn to £100bn in 2023-24. Elsewhere, the BoE warned that British companies face a higher risk of corporate default as a result of rising interest rates. The share of non-financial UK companies experiencing debt servicing stress, characterised by a low earning-to-interest expense ratio (defined by the BoE as less than 2.5), will rise to 50% by the end of 2023, up from 45% in 2022.

In 2023, the US Federal Reserve (Fed) increased its benchmark interest rate by 125bps to a range of 5.25%- 5.5%, representing the highest level in more than 22 years. The Federal Open Market Committee (FOMC) similarly stated that the committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably towards 2%. According to the latest Fed “dot plot,” the FOMC members see three quarter-point cuts in 2024. The European Central Bank (ECB) raised its deposit rates by 100bps to 4%, touching an all-time high. The Governing Council (GC) stated that it was determined to ensure that inflation returns to its 2% medium-term target in a timely manner. The GC’s future decisions will ensure that policy rates will be set at sufficiently restrictive levels for as long as necessary to achieve this goal. The Fed, the BoE, and the ECB all decided to pause their monetary policy hiking in the final months of 2023 and Q1 2024, as inflation continued to fall. Elsewhere, the Bank of Japan (BoJ) ended its era of negative interest rates by raising its interest rate to 0-0.1% from the previous -0.1%. The BoJ Governor Kazuo Ueda said, “It is important to maintain accommodative financial conditions even as we carry out a normal monetary policy.”

Brent crude oil prices rose by 9.7% to $87/BBL over the last twelve months. Meanwhile, Opec+ members announced voluntary oil production cuts until Q1 2024. Saudi Arabia pledged to extend an ongoing 1mn barrels per day (bpd) production cut whilst Russia will increase its export reduction from the current 300,000 bpd to 500,000 bpd. Opec+ aims for a total of 2mn bpd production cut with the help of other members.

Market Focus

UK equities delivered positive returns over the year, rising by 8.5%. Comparatively lesser exposure to the technology sector compared to its developed market peers weighed on UK equities. The index-heavyweight Financial sector rose by 16.1%, while other heavyweight sectors such as Consumer Staples and Industrials returned -6.5% and 33.5%, respectively. The Energy sector rose by 12.4.%.

US equities performed strongly over the year, rising 30.3% in local currency terms. Following SVB’s collapse in March 2023, investors shrugged off short-lived concerns over the banking sector and priced in a quicker end to the sharpest tightening cycle in recent history. Expectations for new revenue streams, driven by artificial intelligence, boosted optimism for the largest US technology stocks. Index-heavyweight sectors such as Information Technology and Financials returned 43.8% and 35.8%, respectively. Communication Services was the best-performing sector with a return of 47.7%.

Emerging markets (EM) were the worst performers both in local and sterling terms as increases in interest rates by major developed central banks during the first half of the year and a strong dollar provided a headwind. Slower-than-expected economic recovery, and renewed US-China tensions put pressure on Chinese equities. Indian equities rose the most at 39.4% while

Chinese equities fell by 16.3%. Taiwanese, Brazilian, and Korean equities rose 35.3%, 25.9%, and 18.6%, respectively over the year. Meanwhile, JP Morgan announced that it intends to add Indian government bonds to its GBI-EM index from June 2024 with a maximum weighting of 10%.

On a global sector level over the last twelve months, Information Technology (42.1%) and Communication Services (32.4%) were the best performers in local currency terms. Consumer Staples (3.0%) and Utilities (4.1%) were the worst-performing sectors.

Global bond yields moved lower over 2023 as the JP Morgan Global Aggregate Bond Index rose 1.1% in local terms. In Q2 and Q3 2023, yields rose due to tighter monetary policy across major central banks. In Q4 2023, yields fell sharply as major central banks around the world kept their interest rates unchanged and market participants expected a greater chance of interest rate cuts in 2024. In Q1 2024, bond yields moved higher following falling market expectations for central bank rate cuts this year. The JP Morgan Global Aggregate Bond Index fell 1.0% in sterling terms.

The UK gilt curve shifted upwards over the year as yields rose across maturities. In Q2 2023, the UK nominal gilt curve rose back up across all maturities with yields rising more at the short end of the curve relative to longer maturities. In Q3 2023, the UK nominal gilt curve fell at short to medium maturities but rose at the longer end of the curve. In Q4 2023, the UK nominal gilt curve shifted downwards as yields fell sharply across maturities. In Q1 2024, the UK nominal gilt curve shifted upwards as yields rose across maturities. The spread between 2-year and 10-year gilt yield rose to 29bps from 24bps over the year. The 10-year nominal bond yield rose by 43bps to 3.97%. Overall, according to FTSE All-Stocks indices, UK fixed-interest gilts remained flat while index-linked gilts fell by 5.0% over the last twelve months.

The UK credit market performed positively over the past twelve months. UK investment-grade credit spreads (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, narrowed by 60bps to 107bps. The index rose 6.1% over the year.

Sterling ended the twelve months 4.8% higher on a trade-weighted basis.

The MSCI UK property index returned 0.3% over the year as capital values depreciated, following sharply higher capitalization rates over the last year. The income return was 5.8% but the 5.3% decrease in capital values offset this return. The industrial and retail sectors rose by 5.9% and 1.1% respectively while the office sector fell by 11.5%.

The MSCI Global Annual Property Index returned -8.4% in GBP terms and -4.1% in local terms over the year for the period ending December 2023.

2D.4. PERFORMANCE MEASUREMENT

The Trustee monitors the investment performance of the investment managers on a regular basis with data provided by its investment adviser.

2D.5. Safeguarding the Assets of the DB Section

The Trustee is responsible for safeguarding the assets of the Scheme. The Trustee appointed State Street Bank and Trust Company ("SSBT") as its global custodian on 18th December 2006. The investment managers each have appointed a custodian for the assets underlying the investments they manage for the Trustee. The investment managers' custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodians nominee company, in line with common practice for pension scheme investments.

The Trustee is committed to being a responsible investor. Responsible Investment ("RI") is commonly described as the integration of environmental, social and corporate governance ("ESG") considerations into investment management processes and ownership practices. The Trustee has considered how ESG factors should be taken into account in the selection, retention and realisation of investments, and has set stewardship priorities in relation to these factors as set out in its RI and ESG Policy. The Trustee considers that it is necessary in all circumstances to act in the best financial interests of the beneficiaries. Where this primary consideration is not prejudiced, the Trustee has asked the investment managers of the Defined Benefit assets specifically to take ESG issues into account. The Trustee's Defined Benefit assets are mainly invested in pooled funds. Investors cannot usually directly influence the managers' policies on social, environmental and ethical factors in such circumstances. The investments available through the DC section include ESG funds (the L&G (PMC) Ethical Global Equity Index Fund 3 and the L&G (PMC) Future World Multi-Asset Fund 3). Legal & General has also made changes to the Target Date Fund 3 to increase the Fund's ESG credentials.

The Trustee has an interest in encouraging the companies in which the Scheme invests to adopt good practice on issues of corporate governance and corporate responsibility. The Trustee has examined how rights, including voting rights, attached to investments should be exercised. In doing so, the Trustee has considered The UK Stewardship Code (the "Code") issued by the Financial Reporting Council ("FRC"). Investors cannot usually directly influence the managers' policies on the exercise of investment rights of investments in pooled funds. The Trustee understands that investment rights will be exercised by the investment managers in line with the investment managers' general policies on corporate governance, which reflect the recommendations of the Code, and which are provided to the Trustee from time to time, taking into account the financial interests of the beneficiaries. The Trustee receives regular reports from the investment managers indicating the overall level of voting activity and detailing instances in which they have not voted in line with their stated policy. These are reviewed by the Funding and Investment Committee from time to time.

2D.6. Investment Expenses

The investment managers of DB assets receive fees calculated by reference to the market value of assets under management with the exception of Management BV (DIF) and Copenhagen Infrastructure Partners (Copenhagen). Generation charges a performance fee on outperformance relative to its benchmark. For the majority of the pooled funds, investment management fees are deducted from the value of the fund and reflected in the unit price.

DIF and Copenhagen charge a fee based on the value of the commitment by the Scheme to the infrastructure funds.

For Defined Contribution members, each fund carries a Fund Management Charge (FMC). This charge is accounted for in the price of the units and is reflected in the value of the members' funds. Members also pay an annual management charge, which is met by cancellation of units.

2D.7. DISTRIBUTION OF INVESTMENTS – BY MANDATE AND MANAGER FOR DB ASSETS

Asset class	Value of assets (£m)	Value of assets (£m)	%
Equity		87	10.3
Generation – Global Equities	87		
Property		33.3	3.9
Columbia Threadneedle – Property	33.3		
Schroders - Property	0.0		
Illiquid Credit		130.6	15.4
M&G – Illiquid Credit Opportunities VII	89.1		
Ares – Capital Europe V	41.5		
Other Illiquids		86.0	10.2
Macquarie – Infrastructure	0.7		
DIF – Infrastructure	52.3		
Copenhagen – Infrastructure	33.0		
Credit		186.8	22.1
M&G – Inflation Opportunities V	67.3		
Robeco – Corporate bonds	119.5		
Matching		322.8	38.1
Insight – LDI	222.1		
Insight – Cash	100.7		
Total		**846.4**	**100.0%**

The Scheme holds a residual of £2,314 as at 31st March 2024 in the Schroders Real Estate Fund of Funds Continental European Fund (CEF II), which is a closed-ended fund. In October 2019, CEF II entered into its liquidation phase. Schroders aim to return capital to unitholders at the earliest opportunity however the final liquidation is subject to the wind up of its remaining closed-ended investments.

2D.8. Distribution of the Scheme's Investments by asset class

Asset class	At 31st March 2024		At 31st March 2023	
	Value of assets (£m)	Allocation %	Value of assets (£m)	Allocation %
Equity	**86.95**	**9.6**	**188.35**	**21.1**
Pacific ex-Japan		-	29.63	3.3
Global	86.95	9.6	158.72	17.8
Property	**33.31**	**3.7**	**64.81**	**7.2**
Property	33.31	3.7	64.81	7.2
Illiquid Credit	**130.61**	**14.4**	**126.46**	**14.1**
Illiquid Credit	130.61	14.4	126.46	14.1
Other Illiquids	**86.00**	**9.5**	**85.18**	**9.5**
Infrastructure	86.00	9.5	85.18	9.5
Credit	**186.79**	**20.5**	**103.85**	**11.6**
Corporate Bonds	119.52	13.2	35.64	4.0
Inflation Opportunities	67.27	7.4	68.21	7.6
Matching	**222.11**	**24.4**	**279.84**	**31.2**
Index-Linked Gilts		-	279.84	31.2
Liability Driven Investment ("LDI")	222.11	24.4	-	-
Cash	**100.68**	**11.1**	**1.18**	**0.1**
Sterling Liquidity	100.68	11.1	1.18	0.1
Other Investments	**2.29**	**0.3**	**2.43**	**0.3**
WPIA[1]	2.13	0.2	2.28	0.3
AVC[2]	0.16	0.0	0.15	0.0
Total Holdings	**848.74**	**93.5**	**852.10**	**95.1**
Cash[3]	22.66	2.5	40.93	4.6
Other Investment balances[4]	38.29	4.2	2.68	0.3
Total Investments	**909.69**	**100.0**	**895.70**	**100.0**

Notes:

1. "WPIA" is a With-Profits Investment Account with the Prudential Assurance Company, representing the members' share of the 1998 surplus distribution. (the bonus account).
2. "AVC" is members' Additional Voluntary Contributions invested with the Prudential Assurance Company.
3. Cash is the sum of cash balances State Street Bank and Trust Company.
4. "Other Investment Balances" includes accrual of distributions to be re-invested.

The following table shows the distribution of the DC section investments as at 31st March 2024.

Fund	At 31st March 2024		At 31st March 2023	
	Investments (£'000)	% allocation	Investments (£'000)	% allocation
L&G Target Date Fund 3	48,589	99.1	31,033	99.3
L&G (PMC) Ethical Global Equity Index Fund 3	185	0.4	120	0.5
L&G (PMC) All World Equity Index 3 Fund	141	0.3	61	0.2
L&G (PMC) All Stocks Index Linked Gilts Index Fund 3	6	0.0	11	0.0
L&G (PMC) Retirement Income Multi-Asset 3	12	0.0	8	0.0
L&G (PMC) HSBC Islamic Global Equity Index Fund 3	85	0.2	5	0.0
L&G (PMC) Future World Multi-Asset Fund 3	6	0.0	0.5	0.0

2D.9. Employer Related Investments

During the year, there were two instances of late payments of contributions, the latest of which was two days late, with a total value of £44,653, which represents 0.1% of contributions payable under the Schedule of Contributions. These amounts constitute employer-related investments for the period over which it was late. The total value of these late contributions was less than 5% of net assets.

ANNUAL CHAIR'S STATEMENT REGARDING GOVERNANCE OF THE DEFINED CONTRIBUTION FUNDS IN OSPS ("the Scheme")

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustee to prepare an annual statement regarding governance, which must be included in the annual Trustee report and accounts and published online. These governance requirements apply to all defined contribution ("DC") pension arrangements and aim to help members achieve a good outcome from their pension savings.

This statement covers the period from 1 April 2023 to 31 March 2024 ("the Scheme Year") and is signed on behalf of the Trustee by the Chair.

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

1. The default arrangement used to invest members' funds and other funds members can select;
2. Net investment returns;
3. The charges and transaction costs borne by members (and illustrations of the cumulative effect of these costs and charges);
4. Processing of core financial transactions;
5. A value for members assessment;
6. Trustee knowledge and understanding, and
7. Additional requirements for relevant multi-employer schemes.

The Scheme has three arrangements providing DC benefits to members:

- The Investment Builder section which was opened for new Scheme entrants on 1 October 2017 (value at 31 March 2024, £49,022,567). The assets of the Investment Builder section are managed by Legal and General Assurance Society Limited ("L&G"). L&G also administers the Investment Builder section((other administration services are provided by the Pensions Office of the University).
- Defined benefit members' Additional Voluntary Contributions ("AVCs") which are invested with Prudential (value as at 31 March 2024, £160,191); and
- The Bonus account in relation to defined benefit members with pensionable service in the Scheme prior to 31 July 1998, which is held in a With-Profits Investment Account with Prudential (value as at 31 March 2024, £2,129,128).

Following the introduction of the Investment Builder section, the Trustee agreed to offer defined benefit members access to the investment options in the Investment Builder section for the purposes of making AVCs. These arrangements are considered as part of the Investment Builder section throughout this statement.

1.1 The default arrangement

The Investment Builder section is used as a Qualifying Scheme for auto-enrolment purposes.

When members are automatically enrolled into the Investment Builder section, their retirement age is set as their State Pension Age and contributions are invested in the default arrangement, which is the L&G PMC Target Date Funds 3 range of funds.

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

Details of the objectives and the Trustee's policies regarding the default arrangement can be found in the ‘Statement of Investment Principles’ ("SIP"). The Scheme's current SIP is included at the end of this statement (the SIP was updated after the end of the Scheme Year to include the Trustee’s policy on investing in illiquid assets through the default arrangement).

The key aims of the default arrangement are set out below for ease of reference:

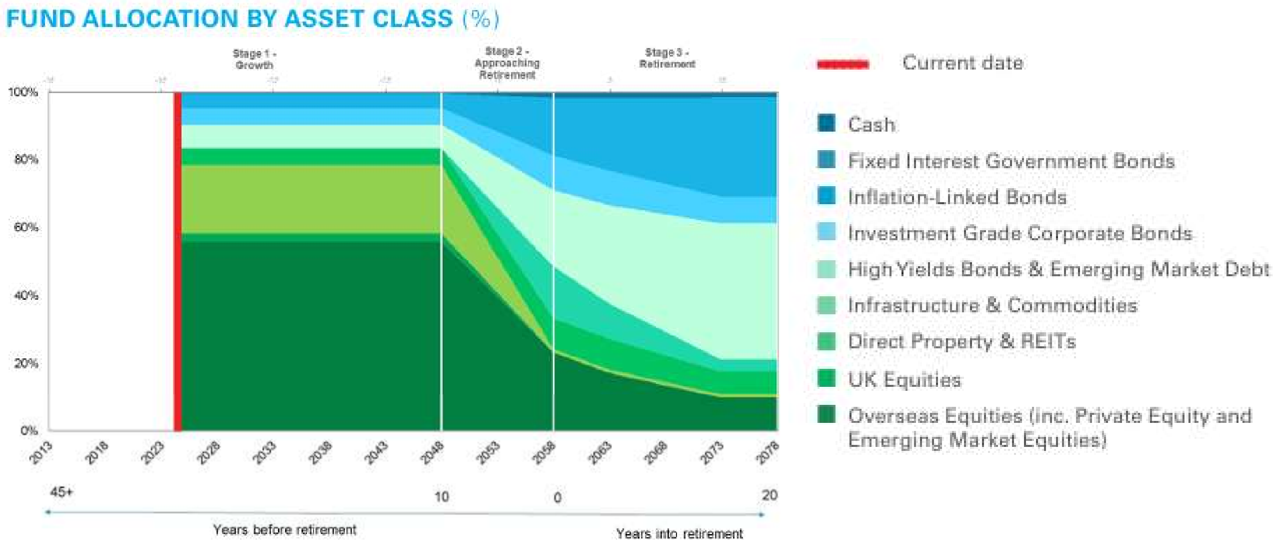
- to support DC members in building their real retirement income while managing possible downside risks; and
- to hold investments at retirement that do not target a particular benefit but are diversified across primarily ‘lower risk’ asset classes such as cash and investment grade bonds, whilst also allocating a lesser proportion to ‘higher’ risk assets such as equities, property and alternatives.

The L&G PMC Target Date Funds 3 adjust the way members’ pension savings are invested as they move closer to retirement, spreading risk by investing in a range of asset classes throughout, and reducing investment risk as members approach retirement age.

The aim of the L&G PMC Target Date Funds 3 is to provide opportunity for growth in the early years of investment by investing predominantly in equities. As retirement approaches, assets are switched to lower risk investments which have historically been less volatile, with the aim of protecting the value of the accumulated fund.

The chart below shows the structure of the L&G PMC Target Date Funds 3 2055-2060 'vintage'. The asset allocation shown is dynamic and is expected to evolve over time. Other target date fund 'vintages' may have a different asset allocation to the one shown below.

The chart also shows the asset allocation for members that choose to continue contributing or defer taking their pension beyond their normal retirement age ('Stage 3 – Retirement' in the chart). Please note that the Scheme does not offer a drawdown facility so members will not be able to stay invested in the Scheme while taking their pension benefits, they must transfer out to another arrangement.



Source: L&G

The Trustee is responsible for the Investment Builder section's investment governance, which includes setting and monitoring the investment strategy for the default arrangement. Throughout the Scheme Year, the Defined Contribution Committee ("DCC") was responsible for monitoring the performance of investment strategy. The Funding & Investment Committee ("FIC") remains responsible for setting and reviewing the strategy, subject to consultation requirements and the approval of the Trustee Board.

1.2 The asset allocation of the default arrangement

The Trustee is required to disclose the full asset allocation of the default arrangements.

The table below shows the percentage of assets allocated in the default arrangement to specified asset classes for members of different ages.

Asset class	Asset allocation as at 31 March 2024 (%)			
	25 years old	45 years old	55 years old	65 years old
Cash	0.4	0.4	0.9	8.9
Bonds	22.7	22.7	45.3	53.6
Listed equities	70.0	70.0	40.0	14.1
Private equity	1.0	1.0	2.0	0.7
Infrastructure	2.5	2.5	5.0	3.2
Property*	3.4	3.4	6.8	5.1
Private debt	0.0	0.0	0.0	13.2
Other	0.0	0.0	0.0	1.2

* including real estate investment trusts when held for property exposure.

1.3 Specified performance based-fees

Where a fee is calculated by reference to the returns from investments held by the Scheme and is not calculated by reference to the value of the member's rights under the Scheme, the Trustee must state the amount of any such performance-based fees in relation to each default arrangement.

During the Scheme Year there were no such fees levied on the default arrangement and accordingly no assessment of the extent to which they represent good value has been carried out.

1.4 Review of the investment strategy and performance of the default arrangement

The Trustee undertakes a formal investment strategy review of the default arrangement at least every 3 years.

The last review concluded on 25 March 2021. The review considered the Scheme's membership profile as well as modelling of retirement out comes for representative members. The modelling showed that the existing default arrangement is expected to provide a broadly similar outcome at retirement but with greater downside protection in the approach to retirement than the alternative L&G 'off the shelf' strategies considered. The Trustee therefore concluded that the existing default arrangement remained suitable.

The DCC commenced an investment strategy review in March 2024 and this is ongoing.

The DCC reviews the performance of the default arrangement against the benchmark(s) set by L&G on a quarterly basis. This review includes an analysis of member activity and of fund performance to check that the risk and return levels meet expectations. The performance reviews carried out by the DCC over the Scheme Year concluded that the default arrangement was performing broadly as expected and remains consistent with the aims and objectives set out in the SIP.

1.2. AVCs

The AVC arrangements do not have a default arrangement, as defined in the Occupational Pension Scheme (Investment) Regulations 2005 since they relate only to AVCs. Members have always been required to choose which funds their AVCs are invested in. During the Scheme Year, the last member paying regular contributions into the AVC arrangement ceased paying contributions.

1.3. Bonus account

The Bonus account is a special investment account which received a credit of 1% of members' pensionable salary for every year and part year of pensionable service as at 31 July 1998. This bonus was granted as a result of a surplus from the Scheme's 1998 actuarial valuation. It was invested with Prudential in a With-Profits Investment Account. At retirement, members use the value of their Bonus account, plus the investment growth it has accumulated, to buy extra pension or take cash.

Although the Prudential With-Profits Investment Account is the only investment available through the Bonus account, no new contributions have been invested in the Bonus account since the Charges and Governance Regulations came into effect. This arrangement does not therefore have a default arrangement, as defined in the Occupational Pension Scheme (Investment) Regulations 2005.

2. Net Investment Returns

The Trustee is required to report the net investment returns for each default arrangement and for each non-default fund which members of the Scheme were invested in during the Scheme Year. Net investment return refers to the return on a fund minus all member-borne transaction costs and charges.

The net investment returns reported here have been prepared having regard to statutory guidance. The guidance states that, for arrangements where the net returns vary with age, such as the L&G PMC Target Date Funds 3, net investment returns should be shown for a member aged 25, 45 and 55 at the start of the investment reporting period. For completeness, we have reported the net investment returns for all L&G PMC Target Date Funds 3 'vintages' held over the Scheme Year.

Performance has been shown over 1 and 5 year periods where available. Some funds were launched less than 5 years ago, therefore 5-year returns are not available.

It is important to note that past performance is not a guarantee of future performance.

2.1. Investment Builder section - default arrangement – L&G PMC Target Date Funds 3

Age of member at the start of the investment reporting period	Net investment return to 31 March 2024	
	1 year (%)	5 years (% p.a.)
25	12.0	5.7
45	12.0	4.5
55	8.6	3.9

Source: L&G

2.2 Investment Builder section – all L&G PMC Target Date Funds 3 and self select funds

Fund name	Net investment return to 31 March 2024	
	1 year (%)	5 years (% p.a.)
L&G PMC 2070 - 2075 Target Date Fund 3	12.0	Not available
L&G PMC 2065 - 2070 Target Date Fund 3	12.0	5.7
L&G PMC 2060 - 2065 Target Date Fund 3	12.0	5.7
L&G PMC 2055 - 2060 Target Date Fund 3	12.0	5.7
L&G PMC 2050 - 2055 Target Date Fund 3	12.0	5.8
L&G PMC 2045 - 2050 Target Date Fund 3	12.0	5.4
L&G PMC 2040 - 2045 Target Date Fund 3	11.3	4.5
L&G PMC 2035 - 2040 Target Date Fund 3	10.8	4.4
L&G PMC 2030 - 2035 Target Date Fund 3	8.6	3.9
L&G PMC 2025 - 2030 Target Date Fund 3	7.3	3.2
L&G PMC 2020 - 2025 Target Date Fund 3	6.5	2.6
L&G PMC 2015 - 2020 Target Date Fund 3	5.7	1.5
L&G PMC Future World Multi-Asset Fund 3	8.8	4.2
L&G PMC Ethical Global Equity Index Fund 3	23.3	13.7
L&G PMC HSBC Islamic Global Equity Index Fund 3	31.9	16.9
L&G PMC All Stocks Index Linked Gilts Index Fund 3	-6.2	-5.8
L&G PMC Retirement Income Multi-Asset Fund 3	6.5	3.5
L&G PMC All World Equity Index 3	21.7	Not available

Source: L&G

2.3 AVCs and Bonus account

Fund	Net investment return to 31 March 2024	
	1 years (%)	5 years (% p.a.)
AVCs		
Prudential Cash Fund	4.5	1.1
Prudential With Profits Cash Accumulation Fund	1.5	1.2
Bonus Account		
Prudential With Profits Investment Account	2.0	1.6

Source: Prudential

For the Prudential With Profits Funds, the net investment returns shown above are the bonus rates declared on these funds over the relevant period i.e. to 15 March 2024 for the Prudential With Profits Cash Accumulation Fund and to 5 April 2024 for the Prudential With Profits Investment Account. Whilst, in practice, we would expect a terminal bonus to increase returns to close to the returns achieved by the underlying assets of the With Profits Funds over the period held (after taking account of all costs of running the fund, including the costs of any guarantees), these amounts are unknown and are not guaranteed. A market value reduction, which can reduce the return delivered to investors, may be applied on exit from the With Profits Funds at any time other than at maturity date, or in the event of death before retirement.

3. Member-borne Charges and Transaction Costs

The Trustee must report the level of charges and costs borne by members through the investment funds during the Scheme Year. These comprise:

- Charges – which represent the explicit costs associated with operating and managing a members' account or policy.

- Transaction costs, which are incurred when the fund manager buys and sells assets within investment funds. These are implicit and are reflected in the unit price of funds, or the fund value quoted for With Profits funds.

The Trustee is also required to produce an illustration of the cumulative effect of the costs and charges on members' retirement fund values as required following the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

The Trustee has taken account of the statutory guidance when compiling the information in this section, other than when determining the representative member for the Bonus account, which uses the mean average (rather than median) age and fund value. Current fund values have been rounded to the nearest £10, except for smaller fund values where the impact of rounding would be disproportionate.

Except as stated below, all costs and expenses relating to DC benefits (including advisory costs) are borne by the Trustee and are not passed onto members.

3A.1. Investment Builder Section

Members of the Investment Builder section pay the following charges:

- an administration charge (the annual management charge ("AMC")) which covers the cost of running their policy – this is met by cancelling units as shown on members' annual benefit statements and transaction history;

- a fund management charge ("FMC") which covers the cost of managing the fund(s) in which members are invested, including any additional expenses disclosed by the fund manager. This is met by adjusting the unit price of the funds members invest in (so it's not shown separately on members' annual benefit statements or transaction history).

The Total Expense Ratio ("TER") is the term used to describe the total of all explicit charges members pay. This is made up of the AMC and FMC.

Members also bear transaction costs, as described in section 3 above.

The table below shows the explicit costs (the AMC and the FMC) and implicit costs (transaction costs) on funds held through the Investment Builder section as at 31 March 2024. These have been provided by L&G.

The TER on the default arrangement (the L&G PMC Target Date Funds 3) is 0.42% p.a. which is well below the statutory charge cap of 0.75%.

DC section fund	AMC (% p.a.)	FMC (% p.a.)	Transaction costs (% p.a.)	Total costs and charges (% p.a.)
L&G PMC Target Date Funds 3 **(the default arrangement)**	0.27	0.15	0.04-0.08[2]	0.46-0.50[2]
L&G PMC All World Equity Index Fund 3	0.27	0.12	0.03	0.42
L&G PMC Ethical Global Equity Index Fund 3	0.27	0.30	0.00	0.57
L&G PMC HSBC Islamic Global Equity Index Fund 3	0.27	0.35	0.00	0.62
L&G PMC Future World Multi-Asset Fund 3	0.27	0.16	0.04	0.47
L&G PMC Retirement Income Multi-Asset Fund 3	0.27	0.31	0.08	0.66
L&G PMC All Stocks Index Linked Gilts Index Fund 3	0.27	0.08	0.04	0.39

[2]Depending upon target date of the fund

To give an example in monetary terms, a member invested in one of the L&G PMC Target Date Funds 3 with a fund value of £1,000 will pay an AMC of £2.70 a year (paid by cancelling units) plus a FMC of £1.50 a year, paid by adjusting the unit price. The costs of buying and selling assets in the L&G PMC Target Date Funds were between 40p and 80p over the year to 31 March 2024. The unit price of the L&G PMC Target Date Funds took account of the costs of buying and selling assets in the Fund.

3A.2. AVCs

Members with AVC funds pay an AMC from their unit-linked funds. Some unit-linked funds are subject to additional expenses. For unit-linked funds, the TER is made up of the AMC plus the additional expenses.

The charges on the Prudential With-Profits Cash Accumulation Fund are not explicit, they are taken into account when the annual bonus rate on the Fund is declared. Prudential has however provided an estimate of the charges on the Fund and this is shown in the table below.

The table below shows the costs and charges borne by members on their AVCs, which have been provided by Prudential. The TER is as at 31 March 2024. The transaction costs are the most recent available but they cover the twelve month period ending 31 December 2023.

Prudential has explained that transaction costs for the Scheme Year are not available because the majority of its funds are mirror funds or fund of funds. Prudential is therefore very much reliant on the underlying fund managers providing accurate data to its third party provider who then uses this data to calculate transaction costs at the Prudential pension fund level. Prudential also requires some time to validate the data and check the end results. Prudential has confirmed it is continuously working with all stakeholders to make the process as efficient as possible.

As explained above, there is no default arrangement within the AVCs.

AVC fund	TER (% p.a.)	Transaction costs (% p.a.)	Total costs and charges (% p.a.)
Prudential Cash Fund	0.55	0.03	0.58
Prudential With Profits Cash Accumulation Fund	1.27	0.16	1.43

3A.3. Bonus account

The charges on the Prudential With-Profits Investment Account are not explicit. Prudential takes account of the costs of administering the With-Profits Investment Account when it declares the annual bonus rate on the Account. Prudential has however provided an estimate of the charges on the With-Profits Investment Account.

The table below shows the estimated charges and the transaction costs borne by Bonus account members. These have been provided by Prudential. The TER is as at 31 March 2024. The transaction costs are the most recent available, but they cover the twelve month period ending 31 December 2023. Please see section 3A.2 for an explanation of why more recent transaction costs are not available.

As explained above, there is no default arrangement for Bonus account members.

Bonus account	TER (% p.a.)	Transaction costs (% p.a.)	Total costs and charges (% p.a.)
Prudential With Profits Investment Account	0.96	0.16	1.12

3B. Illustrations to show the cumulative effect of costs and charges

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided illustrations to show their cumulative effect on the value of typical Scheme members' savings over the period to their retirement.

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

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme they are not a substitute for the individual and personalised illustrations which are provided to members in their annual Benefit Statements. The Scheme does not offer members access to flexi-access drawdown therefore this option has not been taken into account in these illustrations.

3B.1. Investment Builder section

For the Investment Builder section, the Trustee has decided to illustrate four example members as follows:

Example Member	Current Age	Retirement Age	Salary (£ per annum)	Total contribution rate	Current Fund Value (£)
1 – Youngest Active	16	68	20,800	18%	160
2 – Youngest Deferred	16	68	N/A	N/A	80
3 – Median Active	37	68	25,400	18%	5,600
4 – Median Deferred	32	68	N/A	N/A	2,500

These example members were chosen as they are representative of the membership of the Scheme's Investment Builder section.

The Trustee has produced illustrations to demonstrate the cumulative effect of the above costs and charges for the default arrangement (as represented by the L&G PMC 2070 – 2075 Target Date Fund 3 for the youngest example active and deferred members, the L&G PMC 2055 – 2060 Target Date Fund 3 for the median active member and the L&G PMC 2060 – 2065 Target Date Fund 3 for the median deferred member).

The Trustee has also included illustrations to demonstrate the cumulative effect of costs and charges for the L&G PMC Retirement Income Multi-Asset Fund 3 which had the highest total costs and charges over this reporting period and the L&G PMC All Stocks Index Linked Gilts Index Fund 3 which had the lowest total costs and charges over this reporting period, in accordance with the current guidance.

The tables below illustrate the cumulative effect of the costs and charges at different ages on members' projected retirement pots for the example members invested in the relevant funds. The projected retirement fund is shown in today's terms and so it already takes account of the effect of inflation between now and retirement.

Example member 1 – For the youngest active member the estimated impact of charges on accumulated fund values is shown in the table below.

Age	L&G PMC 2070 – 2075 Target Date Fund 3			L&G PMC Retirement Income Multi-Asset Fund 3			L&G PMC All Stocks Index Linked Gilts 3		
	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value
16	£160	£160	£0	£160	£160	£0	£160	£160	£0
20	£15,080	£14,930	£150	£14,810	£14,630	£180	£15,410	£15,280	£130
25	£34,900	£34,130	£770	£33,530	£32,610	£920	£36,650	£35,950	£700
30	£56,110	£54,200	£1,910	£52,720	£50,490	£2,230	£60,620	£58,810	£1,810
35	£78,810	£75,150	£3,660	£72,370	£68,240	£4,130	£87,650	£84,060	£3,590
40	£103,110	£97,050	£6,060	£92,510	£85,890	£6,620	£118,140	£111,970	£6,170
45	£129,110	£119,920	£9,190	£113,150	£103,420	£9,730	£152,540	£142,820	£9,720
50	£156,940	£143,820	£13,120	£134,290	£120,850	£13,440	£191,350	£176,900	£14,450
55	£186,710	£168,780	£17,930	£155,960	£138,160	£17,800	£235,120	£214,570	£20,550
60	£218,580	£194,860	£23,720	£178,160	£155,360	£22,800	£284,500	£256,200	£28,300
65	£252,690	£222,100	£30,590	£200,900	£172,460	£28,440	£340,200	£302,210	£37,990
68	£274,290	£239,030	£35,260	£214,820	£182,660	£32,160	£376,990	£332,110	£44,880

Example member 2 – For the youngest deferred member the estimated impact of charges on accumulated fund values is shown in the table below.

Age	L&G PMC 2070 – 2075 Target Date Fund 3			L&G PMC Retirement Income Multi-Asset Fund 3			L&G PMC All Stocks Index Linked Gilts 3		
	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value
16	£80	£80	£0	£80	£80	£0	£80	£80	£0
20	£84	£83	£1	£82	£80	£2	£88	£87	£1
25	£90	£87	£3	£84	£79	£5	£99	£96	£3
30	£97	£90	£7	£86	£79	£7	£112	£106	£6
35	£104	£94	£10	£88	£78	£10	£126	£117	£9
40	£111	£99	£12	£90	£78	£12	£143	£129	£14
45	£119	£103	£16	£92	£77	£15	£161	£143	£18
50	£127	£108	£19	£94	£77	£17	£182	£158	£24
55	£136	£113	£23	£97	£76	£21	£205	£174	£31
60	£145	£118	£27	£99	£76	£23	£231	£193	£38
65	£156	£123	£33	£102	£75	£27	£261	£213	£48
68	£162	£126	£36	£103	£75	£28	£280	£226	£54

Example member 3 – For the median active member the estimated impact of charges on accumulated fund values is shown in the table below.

Age	L&G PMC 2055 – 2060 Target Date Fund 3			L&G PMC Retirement Income Multi-Asset Fund 3			L&G PMC All Stocks Index Linked Gilts 3		
	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value
37	£5,600	£5,600	£0	£5,600	£5,600	£0	£5,600	£5,600	£0
40	£19,660	£19,480	£180	£19,330	£19,100	£230	£20,070	£19,910	£160
45	£44,400	£43,430	£970	£42,660	£41,490	£1,170	£46,630	£45,750	£880
50	£70,880	£68,450	£2,430	£66,570	£63,730	£2,840	£76,600	£74,300	£2,300
55	£99,220	£94,580	£4,640	£91,060	£85,840	£5,220	£110,410	£105,860	£4,550
60	£129,540	£121,890	£7,650	£116,160	£107,800	£8,360	£148,540	£140,740	£7,800
65	£162,000	£150,420	£11,580	£141,880	£129,630	£12,250	£191,550	£179,280	£12,270
68	£182,560	£168,140	£14,420	£157,620	£142,660	£14,960	£219,960	£204,330	£15,630

Example member 4 – For the median deferred member, the estimated impact of charges on accumulated fund values is shown in the table below.

Age	L&G PMC 2060 – 2065 Target Date Fund 3			L&G PMC Retirement Income Multi-Asset Fund 3			L&G PMC All Stocks Index Linked Gilts 3		
	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value
32	£2,500	£2,500	£0	£2,500	£2,500	£0	£2,500	£2,500	£0
35	£2,600	£2,570	£30	£2,540	£2,490	£50	£2,690	£2,650	£40
40	£2,790	£2,680	£110	£2,600	£2,470	£130	£3,030	£2,930	£100
45	£2,980	£2,800	£180	£2,660	£2,460	£200	£3,420	£3,240	£180
50	£3,190	£2,930	£260	£2,730	£2,440	£290	£3,860	£3,580	£280
55	£3,420	£3,060	£360	£2,800	£2,430	£370	£4,350	£3,960	£390
60	£3,660	£3,190	£470	£2,860	£2,410	£450	£4,910	£4,380	£530
65	£3,910	£3,340	£570	£2,940	£2,400	£540	£5,540	£4,840	£700
68	£4,070	£3,420	£650	£2,980	£2,390	£590	£5,950	£5,130	£820

3B.2. AVCs

For the AVC arrangement, no members are currently paying contributions therefore we have decided to illustrate one example member as follows:

Example Member	Current Age	Retirement Age	Current fund value (£)
5 – Youngest member	54	65	23,100

In accordance with the guidance, we have produced illustrations to demonstrate the cumulative effect of the above costs and charges for the With Profits Cash Accumulation Fund and the Cash Fund because these are the funds with the highest and lowest charges respectively (they are also the only funds members invested in over the Scheme Year).

For example member 5, the estimated impact of charges on accumulated fund values is shown in the table below.

Age	With Profits Cash Accumulation Fund			Cash Fund		
	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value
54	£23,100	£23,100	£0	£23,100	£23,100	£0
55	£23,210	£22,900	£310	£22,760	£22,640	£120
60	£23,780	£21,900	£1,880	£21,140	£20,460	£680
65	£24,370	£20,950	£3,420	£19,640	£18,480	£1,160

3B.3. Bonus account

For the Bonus account, we have decided to illustrate two example members being the youngest and average Bonus account members:

Example Member	Current Age	Retirement Age	Current fund value (£)
6 – Youngest member	42	65	100
7 – Average member	57	65	1,600

For example member 6, the estimated impact of charges on accumulated fund values is shown in the table below.

Age	With Profits Investment Account		
	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value
42	£100	£100	£0
45	£101	£98	£3
50	£104	£95	£9
55	£107	£93	£14
60	£109	£90	£19
65	£112	£87	£25

For example member 7, the estimated impact of charges on accumulated fund values is shown in the table below.

Age	With Profits Investment Account		
	Fund value (before charges)	Fund value (after charges)	Impact of charges on fund value
57	£1,600	£1,600	£0
60	£1,620	£1,570	£50
65	£1,660	£1,530	£130

3B.4. Assumptions and Data for Illustrations

All fund values shown are estimates and are not guaranteed.

The projected fund values and the effect of charges on fund values is rounded to the nearest £10, except for smaller fund values where the effect of rounding would be disproportionate.

Fund values shown are in real terms and do not need to be reduced to allow for the effect of inflation.

Inflation is assumed to be 2.5% p.a. consistent with the guidance.

Projected fund values for Prudential With Profits Funds assume returns are the investment growth on the underlying assets less charges however this will be different to the bonus rate declared on these funds.

For the example active members of the Investment Builder section, contributions are assumed to continue until retirement and to increase by assumed earnings inflation of 2.5% p.a.

The transaction costs have been averaged over five years in line with statutory guidance to reduce the level of volatility. A floor of 0% p.a. has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.

The projected growth rates and costs and charges used for the illustrations are shown in the table below. These are the same as the growth rates used by the providers for annual benefit statements. We have used a single growth rate for the Target Date Funds, irrespective of the length of time members have to retirement, consistent with L&G's practice for annual benefit statements.

Fund	Total costs and charges[5]	Growth rate (gross of charges)
L&G PMC 2070 – 2075 Target Date Fund 3	0.50% p.a.	3.9% p.a.
L&G PMC 2060 – 2065 Target Date Fund 3	0.50% p.a.	3.9% p.a.
L&G PMC 2055 – 2060 Target Date Fund 3	0.50% p.a.	3.9% p.a.
L&G Retirement Income Multi-Asset Fund 3	0.63% p.a.	3.0% p.a.
L&G All Stocks Index Linked Gilts 3	0.43% p.a.	5.0% p.a.
Prudential With Profits Fund (AVCs)	1.41% p.a.	3.0% p.a.
Prudential Cash Fund (AVCs)	0.56% p.a.	1.0% p.a.
Prudential With Profits Investment Account (Bonus account)	1.10% p.a.	3.0% p.a.

[5]This is the TER plus the averaged transaction costs

4. Processing of Core Financial Transactions

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

4.1. Investment Builder section

The bulk of the core financial transactions are undertaken on behalf of the Trustee by L&G. The Scheme employers are responsible for ensuring that contributions are paid to the Scheme promptly. The Pensions Office is responsible for monitoring contributions and reconciling contributions under the service level agreement ("SLA") in place with the Trustee, which specifies that a data file will be provided within 5 working days of agreed monthly dates. The Pensions Office reports SLA performance to the DCC. The DCC monitored the allocation of contributions based upon the quarterly administration reports provided by L&G.

The Trustee has a SLA in place with L&G. This details a number of key administration processes to be performed and the target timescale within which each of these processes need to be completed. The SLA covers the accuracy and timeliness of all core financial transactions. Under the current SLA, L&G aims to complete investment of contributions within 24 hours, and all other core financial transactions within 5 working days.

L&G uses automated processes wherever possible, to avoid the need for manual intervention. However there will always be some manual tasks and L&G has processes in place to ensure these are completed promptly and accurately. These processes include:

- Use of a standard operating procedure manual (this is a guide which is used by the administration team to ensure that repeat tasks are carried out in the same way each time).
- Quality / in-line checking of tasks by another individual.
- Quality sampling, where a number of cases per process and/or per member of staff are sampled to be checked by more senior or experienced members of staff, who are in turn subject to checks by another team.
- Daily monitoring of bank accounts and daily processing of both contribution files and cash allocation.
- Use of an internal Knowledge Management system, known as 'AME', which holds and links to all scheme specific information & processes via a page specific to each scheme. All requested updates are approved by the Client Directors who in turn review the pages annually to ensure consistency in the tasks their colleagues process.

L&G processed the majority of core financial transactions within the SLA during the Scheme Year. It took longer than 5 working days to pay a number of transfer-out payments resulting in the average SLA performance for this task being 97%. This represents an improvement in the SLA performance of 92% reported for this task the previous Scheme Year. L&G has confirmed that the industry-wide focus on pot consolidation has had an impact on its Transfers Out team and that this increased demand is expected to continue throughout 2024.

The Trustee aims to have appropriate internal controls in place to minimise the risk of inaccurate or late payment of core financial transactions. Key processes include:

- As well as processes described above, the DCC receives quarterly reports from L&G on compliance with agreed standards and timescales to help it monitor that the SLAs of the Pensions Office and L&G are being met;
- L&G attends at least one DCC meeting a year, and maintains regular communication with the Scheme Secretary;

- Receipt of contributions by L&G is reconciled to the funds remitted from the Scheme bank account by the University on behalf of the Trustee;
- All refunds of contributions resulting from individuals opting out are reconciled to the Scheme's bank records prior to returning funds to the relevant Participating Employer;
- As part of its master trust authorisation, the Scheme's processes were independently reviewed and the review has been an annual process since then;
- The Trustee was presented with proposals from Cyber Resilience experts on how to review and bolster the Scheme's cyber resilience. These proposals were reviewed in September 2023 and the Trustee is currently working with the University's internal expert resource on a cyber resilience project.

The Trustee is therefore satisfied that over the period:

- L&G was operating appropriate procedures, checks and controls.
- there have been no material administration errors in relation to processing core financial transactions; and
- L&G was operating within the agreed SLAs the majority of the time; and the majority of core financial transactions have been processed promptly and accurately during the Scheme Year, with appropriate steps being taken to return to improve where this expectation has not been met.

4.2. AVCs and Bonus account

For the AVCs and the Bonus account, transactions are undertaken on the Trustee's behalf by the Pensions Office and Prudential. The Trustee has a SLA in place with the Pensions Office relating to transfers in and transfers out, payment processing, payment of benefits at retirement and contribution processing. The Trustee receives quarterly reports on performance of the Pensions Office, with any exceptions reported when matters have not been dealt with promptly and accurately. No material issues arose during the Scheme Year to 31 March 2024.

The Trustee does not have a formal SLA in place with Prudential. However, Prudential has target timescales in operation for all core financial transactions as set out in the table below.

Task	Target timescales / Service Level Agreement	
	Prudential	Pensions Office
Allocation of contributions	5 working days[6]	Not applicable
Transfers in	5 working days	5 days
Transfers out	5 working days	5 days
Fund switches	5 working days	Not applicable
Payment of retirement and death benefits	5 working days	2 days

[6]Prudential backdates the payment to the receipt date so even if the contribution is not allocated until a later date, it will be invested with an effective date of day 1.

Prudential monitors its performance against service targets closely and adopts a number of measures to help ensure core financial transactions are processed in a timely and accurate manner. These include:

- A dedicated contribution processing team;
- A central financial control team separate from the main administration team;
- Peer review and authorisation of payments;
- Daily monitoring of bank accounts;
- Daily checking and reconciliation of member unit holdings.

As expected for the size of the AVC arrangement, there were relatively few core financial transactions over this period (twelve monthly contribution payments). The Pensions Office has confirmed these were all processed in a timely manner.

The Trustee is therefore satisfied that over this period:

- the Pensions Office was operating appropriate procedures, checks and controls and operating within the agreed SLAs;
- there have been no material administration errors in relation to processing dis-investments; and
- dis-investments and contribution payments have been processed promptly and accurately during the Scheme Year.

5. Value for Members Assessment

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

There is currently no legal definition of "good value" or the process of determining this for scheme members. Therefore, working in conjunction with its advisers, Aon, the Trustee has developed a cost-benefit analysis framework in order to make an assessment as to whether our members receive good value from the Scheme relative to the costs and charges they pay. Although the Scheme is not subject to the more detailed value for members assessment requirements, the Trustee has taken account of the relevant guidance and the Pensions Regulator's General Code of Practice when carrying out this assessment.

5.1. Costs and charges

Members pay the administration and investment costs of their policy in the Investment Builder section or the AVC arrangement. Members pay only investment costs for their Bonus account assets and these are taken account of in the With Profits bonus rate declared.

Investment Builder section - the costs and charges have been identified as the AMC and FMC which make up the TER and transaction costs, as set out in section 3 of this statement. The Trustee's assessment concluded that the charges for the Investment Builder section are within the range reported by other similar schemes and broadly in line with current market rates. Although no benchmarking information is available for transaction costs, those reported for the

Investment Builder section over the Scheme Year appear reasonable compared to costs we have seen reported for similar funds. L&G typically uses cash flows to manage and minimise transaction costs and the majority of investments in the Investment Builder section are index-tracking funds which have lower transaction costs than more actively managed funds, such as the Prudential funds held by AVC members. The Trustee has offered AVC members the opportunity to transfer funds and future contributions to the Investment Builder section to take advantage of the lower costs and charges (and other benefits) it provides.

The Trustee has considered the benefits of membership under the following five categories: governance, investments, administration and member experience, member communications and retirement support. Each of these categories have been given an equal weighting, when considering overall value for members. Benchmarking relative to other pension arrangements or industry best practice guidelines has also been undertaken.

For the AVCs and Bonus Account, the Trustee has considered the benefits these arrangements provide to members in the wider context of membership of the Scheme rather than these arrangements alone.

A summary of the assessment for each category of benefit is set out below.

5.2. Governance

The Trustee believes that having robust processes and structures in place to support effective management of risks and ensure members interests are protected should increase the likelihood of good outcomes for members.

The Scheme has achieved master trust authorisation and is supervised by the Pensions Regulator as a master trust. This takes account of the Scheme's governance processes and structures.

The Trustee has a business plan which is reviewed regularly.

DC issues are included in the Scheme's risk register, which is also reviewed regularly, and the Trustee and its sub-committees take professional advice in respect of actuarial, legal and investment matters (the costs of which are not passed onto members).

The Trustee has a service level agreement ("SLA") in place with the Pensions Office and L&G and receives quarterly reporting on this. The Trustee also has appropriate internal controls in place to minimise the risk of inaccurate or late payment of contributions.

Investment Builder section - the Trustee has governance processes in place for the Investment Builder section whereby core financial transactions and other key governance factors are monitored quarterly.

The Trustee has a SLA in place with L&G. This covers a number of key administration processes to be performed, including all core financial transactions and the target timescale within which each of these processes needs to be completed. The DCC receives quarterly reports from L&G that enable the DCC to monitor that the SLA is being met, and to investigate an instances where the SLA is not met. L&G also attend two DCC meetings a year to discuss any issues and queries with the DCC.

The Trustee's DC advisers review the suitability of the Investment Builder section and L&G as a provider on an annual basis.

AVCs and Bonus account arrangements - the Trustee takes a proportionate approach to governance of the AVCs and Bonus account arrangements, taking account of the number of members and assets under management and the relatively static nature of these arrangements (in terms of fund switches and other core financial transactions).

Members who hold AVCs have been offered the opportunity to move these to the Investment Builder section to take advantage of the lower charges and additional governance oversight, and an exercise to make members aware of this was undertaken in the 2018/19 Scheme Year.

A review of the AVC arrangements is undertaken every three years. The last review was completed on 15 November 2022 therefore the next review is due to be completed by 15 November 2025.

The Trustee concluded it has suitable governance processes in place with the right structures in place to support effective management of risks.

5.3. Investments

The Trustee believes that a well-designed investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution to the delivery of good member outcomes.

Investment Builder section - the Trustee has chosen L&G's range of target date funds as the default arrangement, following advice from its professional advisers and analysis of the membership. A suitable range of alternative investment options on the risk / return spectrum is made available to members, including a Shariah-compliant fund and an environmental, social and governance fund.

The Statement of Investment Principles sets out the aims and objectives of the Investment Builder section default investment strategy and this is reviewed at least every three years.

The DCC reviews investment performance after investment charges and transaction costs against the benchmarks set by L&G on quarterly basis. The investment performance reviews carried out during the Scheme Year identified no major concerns in relation to the relevant investment objectives.

The DCC and the FIC undertake a formal review of the investment strategy every three years. The last review which was completed on 25 March 2021, concluded the default investment strategy remained appropriate but recommended some changes to the self select fund range which were subsequently actioned.

The next triennial investment strategy is currently underway, taking account of the current membership of the Investment Builder section, the forms in which members can access their pension savings and any new developments in investment markets and products.

AVCs and Bonus account arrangements – the quality and suitability of the AVC investment options are reviewed every 3 years. The AVC arrangement offers members a range of funds that provide access to the main asset classes and a With Profits Fund and are therefore considered to be capable of meeting members' needs. The last review of these arrangements, completed on 15 November 2022, raised no major concerns over fund suitability or performance.

The Prudential With Profits Investment Account is the only option available through the Bonus account. The Trustee is unable to change the investment strategy as doing so would result in the loss of investment guarantees provided by the With Profits Investment Account. All members of the Bonus account have benefits in the DB section and this account provides additional benefits. Performance of the Bonus account was not formally reviewed during the Scheme Year. The last review of these arrangements was completed on 15 November 2022 and this review raised no concerns over the quality of the With Profits Investment Account.

The Trustee has concluded that the processes it has in place to review and monitor investments are suitable.

5.4. Administration

The Trustee believes that good administration and record keeping play a crucial role in ensuring that the Scheme operates efficiently and members receive the retirement benefits due to them.

The Scheme has achieved master trust authorisation and is supervised as a master trust, which includes consideration of its administration systems and processes.

The Trustee has service level agreements in place with L&G and the Pensions Office covering all aspects of administration undertaken and both service providers report performance against these on a quarterly basis. This enables the Trustee or the sub-committees to which it has delegated these tasks to monitor standards of administration on a regular basis and investigate any issues that arise. Over this Scheme Year, L&G met the SLA for all tasks 99.96% of the time.

L&G also reports on the time taken to respond to member enquiries and any member complaints received in its quarterly governance reports. L&G received two member complaints during the Scheme Year. This represents a very small proportion of the membership, and both were deemed ‘non-reportable’ i.e. they were resolved by the next business day.

Interfaces used to provide data to L&G include automatic validation of key member data. There is currently no specific action regarding data quality deemed necessary to be included within the Trustee’s Business Plan although this is kept under review.

The Trustee does not have a formal service level agreement in place with Prudential for the AVCs and Bonus account, but this is typical market practice for older arrangements. Prudential does have processes in place to ensure core financial transactions are processed promptly and accurately. It also has target timescales for core financial transactions, although it does not report performance against these targets to the Trustee or more widely.

The Pensions Office reviews the data for AVC and Bonus account members as part of the annual process to compile the Trustee Report and Accounts.

The Trustee has concluded that the processes it has in place to review and monitor administration are suitable and that members received good standards of administration service over the Scheme Year.

5.4. Member communications

The Trustee believes that effective member communications and delivery of the right support and tools help members understand and have the potential to improve their retirement outcomes.

Member communications remain a key focus area for the DCC. For the Investment Builder section, the Trustee predominantly uses L&G's standard suite of communications that it reviews before issue to ensure it is suited to the Scheme's membership. The Trustee has identified that communications may benefit from tailoring to meet the needs of and engage with the Scheme's members and a decision has been made to issue separate DB and DC newsletters next year.

The Scheme is in line with many other schemes, providing most information to members online. Members of the Investment Builder section and members who hold unit-linked AVC funds with Prudential have online access to their accounts via the L&G and Prudential websites. The L&G website includes modelling tools and supporting information such as the member guide and investment guide for the Investment Builder section and relevant sources of information are signposted to members. In addition, L&G are developing an app for members to have additional online access as well as their secure online access website. It is expected that this will become available to members later in 2024. L&G also provides a helpline to members of the Investment Builder section.

The Trustee concluded that the Scheme's communications are broadly in line with those provided by similar schemes but it recognises more could be done to inform and engage DC members.

5.5. Retirement support

The Trustee believes that retirement processes that enable members to make informed decisions and select appropriate option(s) at retirement help members understand and improve retirement outcomes.

The Investment Builder section allows members to access their funds as an uncrystallised fund pension lump sum (i.e. cash) or to take their entitlement to tax-free cash and use the remainder to buy an annuity. Members also have the opportunity to transfer their DC funds out of the Scheme to a suitable arrangement, if they wish to draw income directly from their fund.
The Investment Builder section is relatively immature and the majority of members are expected to take funds as an uncrystallised fund pension lump sum for the foreseeable future.

Members of the Investment Builder section have access to L&G's scheme-specific website, which includes financial planning education materials and tools to support retirement decision making.

The Scheme allows defined benefit section members with AVCs to use their AVCs or Bonus account as the first source of tax free cash from the Scheme rather than having to commute defined benefit pension. The Trustee believes this option is valued highly by members who have made AVCs or who have Bonus account benefits. Pre-retirement communications clearly set out the options available to members (i.e. standard benefit option, maximum cash option or no cash option).

The Trustee has concluded that the retirement options available to members are appropriate for the Scheme's current DC membership and in line with those currently offered by similar schemes. However, it is aware of regulatory developments to provide members of occupational pension schemes with greater support and access to

decumulation products and is looking at how best to develop appropriate support for members at retirement.

The Trustee's assessment for the year ended 31 March 2024 concluded that the charges and transaction costs borne by members of the Investment Builder section, AVCs and Bonus account represented good value for members, taking account of the benefits of Scheme membership.

6. TRUSTEE KNOWLEDGE AND UNDERSTANDING

Sections 247 and 248 of the Pensions Act 2004 set out the requirements for trustees to have appropriate knowledge and understanding. These requirements are considered in the Pension Regulator's Code of Practice 7.

The comments in this section relate to the Scheme as a whole and not solely the DC Section.

New Trustee Directors are required to complete a structured induction programme before taking up office, which may include a period of acting as an observer. Completion of the Pensions Regulator's Trustee Toolkit forms part of that induction.

The Trustee Directors have put in place arrangements for ensuring that they take personal responsibility for keeping themselves up to date with relevant developments and review their own training needs. The Scheme Secretary, with the help of the Trustee's advisers, regularly considers training requirements and arranges for training to be made available to individual Trustee Directors or to the whole Trustee body as appropriate. Training is recorded in the Trustee Director's training logs and the Business Plan is updated as required. Trustee Directors have personal copies of the Trust Deed and Rules and have access to all Scheme governance documents and policies through the Scheme's SharePoint site.

It is usual to hold training sessions at each quarterly Trustee meeting. Training sessions usually cover topics on the agenda and updates to law, regulation and practice such as new governance requirements, new legislative requirements, changes to Scheme documentation (e.g. Trust Deed and Rules, SIP, Scheme policy documents), funding and investment and new provider offerings that might benefit the Scheme.

During the period covered by this statement, the Trustee Directors received DC-relevant training from their DC advisers and their legal advisers. This training included the following matters:

1. Equality, Diversity and Inclusion (Trustee board training – July 2023)
2. Task Force on Climate-Related Financial Disclosures (Trustee board training – October 2023)
3. DC Retirement Support (Trustee board training – January 2024)

As part of the master trust application process, the Trustee Directors needed to demonstrate that they individually have appropriate trustee knowledge and understanding as part of the fit and proper person test. Trustee knowledge and understanding was assessed by asking each Trustee Director to complete a self-assessment. From this, a trustee board skills matrix was compiled. This approach has been included in the Trustee business plan to ensure the Board considers any gaps in its knowledge regularly and informs its training needs or the need for additional support and advice. New Trustee Directors must also demonstrate they meet the fit and proper person test as part of the ongoing supervision of the Scheme as a master trust.

The Trustee Directors also receive advice from professional advisers, and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers. The Scheme Actuary and Legal Adviser and other advisers attend each Trustee meeting to provide advice and are available to attend committee meetings when appropriate. In particular, the Scheme Actuary attends funding and investment committee meetings when funding matters are on the agenda. The investment adviser attends each funding and investment committee meeting and is invited to Trustee meetings when appropriate. The DC consultant attends each DC committee meeting and is invited to Trustee meetings when appropriate. All advisers are available to provide advice and support when required.

The Trustee Directors are conversant with key scheme documents such as the Trust Deed & Rules, Trustee Report & Accounts, Statement of Investment Principles and Trustee policies and procedures.

Some examples during the Scheme Year which demonstrate the Trustee Directors' knowledge and understanding and familiarity with Scheme documents include:

1. Consideration of the Trust Deed & Rules when reviewing the structure of the Trustee's committees.
2. Consideration of the Trust Deed & Rules and Trustee company documentation when reviewing the policy and procedure relating to member-nominated Trustee Directors.
3. Consideration of existing principles and policies when making decisions in preparation for the additional disclosures required in relation to climate change.
4. Signing off the Trustee Report and Accounts.
5. Reviewing quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience.
6. Reviewing quarterly investment reports to assess fund performance against benchmarks, and funds against overall Scheme aim and objectives, as set out in the SIP.
7. Regular review of policies by rotation under the Scheme's activity plan.
8. During this period, the Trustees undertook a gap analysis to review the entire suite of governance documents to measure compliance with the Pensions Regulator's General Code of Practice. Noting that they currently have 100 governance documents and policies, part of this work was looking to simplify the governance documents and then set out a more manageable review cycle. This work is currently ongoing.
9. Consideration of the Trust Deed & Rules and trust law when considering member applications and the application of death benefits.

Taking account of actions taken individually and as a Trustee Board, together with advice available from its professional advisers, the Trustee considers that its Board has the necessary knowledge and understanding to properly exercise its functions as Trustee of the Scheme.

7A. ADDITIONAL REQUIREMENTS FOR RELEVANT MULTI-EMPLOYER SCHEMES

The Trustee is required to comply with the additional requirements for relevant multi-employer schemes, set out in Regulation 26 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "**Scheme Administration Regulations**").

During the Scheme Year the Trustee board had six non-affiliated Trustee Directors (including the chair of the Trustee Board) and four affiliated Trustee Directors with one vacancy. After the Scheme Year end, Vidett Trustee Services Limited (company number 01050578 with registered office at 3rd Floor, Forbury Works, 37-43 Blagrave Street, Reading, England, RG1 1PA) was appointed to replace Mr J. N. Sykes as chair of the Trustee following the end of his term. Affiliation refers broadly to being employed by an entity providing services to the Scheme. The affiliated Trustee Directors are employees (or recent employees) of the University but none are/were employed in the Pensions Office which provides services to the Trustee or have/had roles involving oversight or direction of the Pensions Office. The non-affiliated Trustee Directors during the Scheme Year were Mr C. A. H. Alexander, Mr N. Badman, Mrs M. Hauser, Ms L. Savin, Mr J. N. Sykes (Chair), and Mr J. Clark. The non-affiliated Trustee Directors do not work for the University (or any other Scheme service provider) or any of its subsidiaries (nor have they in the five years prior to their appointment as Trustee Directors) and have not received any payment or benefit from the University (or any other Scheme service provider) other than for their role on the Trustee Board. The term lengths of the non-affiliated Trustee Directors comply with Regulation 28 of the Scheme Administration Regulations, being 3 years each (extended to 4 years for the Chair on an exceptional basis by agreement between the Trustee and University). The Trustee's articles permit term extensions to be decided by the Trustee Board where there is a vacancy, subject to statutory term limits.

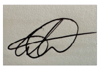
During the period, non-affiliated directors Ms L. Savin, Mrs M. Hauser and affiliated director Ms K. Kele had their terms temporarily extended until such time as the process for selecting the Trustee's member-nominated directors ("**MNDs**") was completed. No extended term exceeded 5 years during the period.

Following an open and transparent process for appointment (by public advertisement in the University Gazette), the re-appointment of non-affiliated director Mr J Clark was confirmed during the period for a term to 31 March 2026. The MND process for the five MND positions will be completed after Scheme Year end.

7B. FEEDBACK

Members and their representatives are encouraged to make their views on matters relating to the Scheme known to the Trustee. Because of the size, nature and demographic of the Scheme membership, a range of different channels is available to members should they wish to share their views with the Trustee. They may contact the Trustee via the contact details (telephone number, email and postal address) in the annual report and the annual members' newsletter and on the OSPS website page. Members may also give feedback when in contact with the Pensions Office and they are encouraged to give feedback in the annual members' newsletter. The Trustee keeps under review the level of engagement with members and the opportunities for feedback from members. The presence of a number of member-nominated Trustee Directors on the Trustee Board is also helpful in this regard. Feedback is also received on future provision from employer working groups and forums that also include union representatives.

Signed on behalf of the Trustee of the University of Oxford Staff Pension Scheme by the Chair of the Trustee



Mr Geoffrey Winn

Date 30/10/2024

APPENDIX TO THE ANNUAL STATEMENT REGARDING GOVERNANCE OF THE DEFINED CONTRIBUTION FUNDS IN OSPS ("the Scheme")

Statement of Investment Principles – University of Oxford Staff Pension Scheme (Defined Contribution)

Introduction

This Statement of Investment Principles (SIP) has been prepared by the Trustee of the University of Oxford Staff Pension Scheme (the Scheme) to comply with the requirements of the Pensions Acts 1995, as amended, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK.

This SIP applies to the Defined Contribution (DC) Section only. There is a separate SIP for the Defined Benefit Section.

The Scheme Trustee has consulted with the University (on behalf of the employers with active members in the Scheme) on the content of this document.

Effective Date

This SIP is effective from June 2021

1. Strategy

Investment Objective

The Trustee's objective for the DC Section is the following:

The Trustee is responsible for investing DC assets in line with members' preferences. Its key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives.

The Trustee has taken into account members' circumstances; in particular the possible range of members' attitudes to risk and term to retirement.

Investment Strategy

In order to meet the Scheme's Investment Objective, the Trustee provides members access to a number of individual funds via the provider's platform. Further details on each of the funds available to members are provided in the Appendix.

The Trustee's policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking expert advice from the Trustee's investment advisers.

In choosing the DC Section's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and extent of manager diversification.
- The suitability of each asset class for a DC Scheme.
- The need for appropriate diversification of asset classes.
- The current and expected future membership of the DC Section of the Scheme.
- The fund charges, in order to assess value for money.

Default Investment Arrangement

The Trustee is required to designate a default investment arrangement, into which contributions for members who are automatically enrolled (which occurs by enrolment into the DC Section) are invested. The Trustee has designated the L&G Target Date Funds 3 (previously named the Pathway Funds 3) as the default investment arrangement for the DC Section.

The Trustee, with its investment adviser, has assessed the suitability of the default investment arrangement in the light of the regulations governing the ways in which members can access their benefits at retirement. This assessment took into account the expected membership profile of the Scheme and expected fund values at retirement. The default investment arrangement was formally reviewed in 2020.

The Trustee's policies in relation to the default investment arrangement in respect of matters set out in Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005, as amended, are those set out elsewhere in this document.

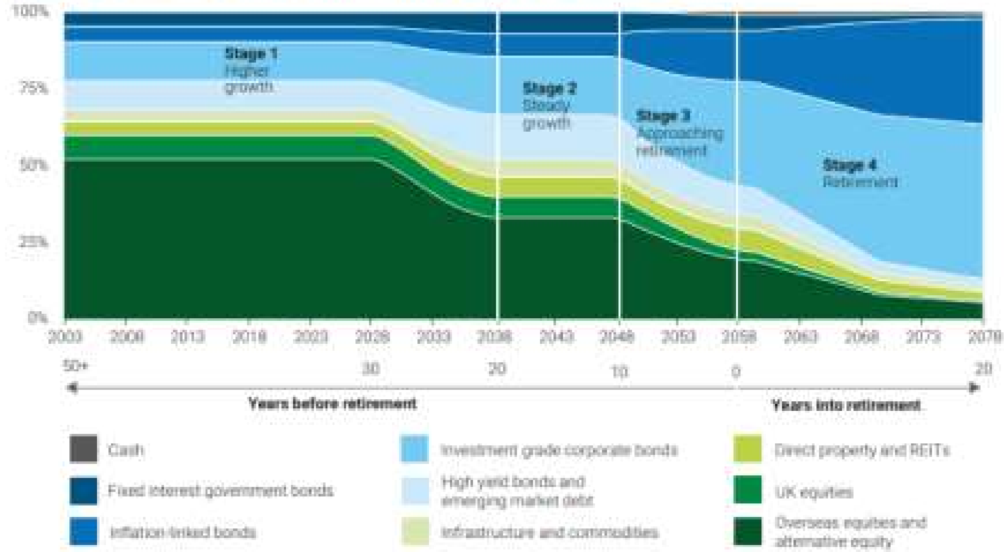
The default investment arrangement has been chosen by the Trustee so as to:

- provide long-term investment returns in excess of inflation,
- focus on mitigating downside risk for members as they approach retirement;
- reduce volatility as appropriate; and
- adopt an asset allocation at retirement that is broadly suitable no matter how members access their DC funds.

The aim of the Target Date Funds 3 is to provide opportunity for growth in the early years of investment by investing predominantly in equities initially then adopting a multi-asset approach with a significant allocation to growth assets from c.30 years before retirement date. As retirement approaches, the majority of assets are switched to historically less volatile and lower risk investments with the aim of protecting the value of the accumulated fund.

The chart overleaf shows the structure of the Target Date Fund 3 2055-2060 vintage (note that this chart shows the asset allocation of the Target Date Fund 3 after retirement however members are unable to leave their DC funds invested in the Scheme after they start taking benefits). The asset allocation shown is dynamic and due to evolve over time. Other target date fund vintages may have a different asset allocation to the one shown below.

Legal & General (PMC) 2055-2060 Target Date Fund



Source: Legal & General

2. Risks

The Trustee recognises that the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the investment options and strategy for the DC Section.

The Trustee's policy in respect of risk measurement methods and risk management processes is set out below.

Risks
Risk of not meeting the reasonable expectations of members, bearing in mind members' contribution rates and fund choices.
Risk of fund managers not meeting their objectives ("manager risk"). This risk is considered by the Trustee and its investment advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.
Risk of the default investment arrangement being unsuitable for some members.
Risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
Risk of the extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations.

Risks
The risk of the extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy. This is considered by the Investment Sub-Committee, which monitors the performance of funds held in the DC Section.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner. The Trustee's policy is to review the range of funds offered annually.

These risks were considered when setting the initial strategy and will be considered as part of each normal strategy review. In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks/objectives on a regular basis, usually quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

3. Governance

The Trustee of the Scheme is responsible for the investment of the Scheme assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether it has the appropriate training and expert advice in order to make an informed decision. The Trustee has established the following decision-making structure:

Trustee
▪ Sets structures and processes for carrying out its role. ▪ Selects the investment adviser, bundled DC provider and overall investment strategy. ▪ Appoints the Investment Sub-Committee (ISC). ▪ Delegates monitoring of overall investment strategy to ISC. ▪ Considers and approves recommendations from the ISC.
Investment Sub-Committee (ISC)
▪ Makes recommendations to the Trustee on: – Selection of investment adviser. – Selection of overall investment strategy. – Selection of funds and fund managers. – Structure for implementing investment strategy. – Monitors investment advisers and bundled DC provider. – Monitors funds on a quarterly basis. – Makes ongoing decisions relevant to the operational principles of the Scheme's investment strategy. – Implements changes to the investment fund range approved by the Trustee.

Investment Adviser
▪ Advises on all aspects of the investment of the Scheme assets, including implementation. ▪ Advises on this statement. ▪ Provides required training.
Bundled DC Provider
▪ Operates within the terms of this statement and its written contracts. ▪ Provides unit prices and other reporting material on a regular basis. ▪ Provides quarterly performance reporting to the Investment Sub-Committee. ▪ Provides Scheme information to advisers and the Trustee.

4. Implementation

Aon Solutions UK Limited has been appointed as investment adviser to the Trustee and Investment Sub-Committee. They operate under an agreement to provide a full service designed to ensure that the Trustee and the Investment Sub-Committee are fully briefed both to take decisions themselves and to monitor those they delegate. They are paid on a basis that is agreed with the Trustee and which is currently a combination of a fixed fee for core services and time and materials basis for other services.

The fund manager structure and investment objectives for each fund manager ("mandates") are as set out in the Appendix.

The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to the relevant fund manager through an insurance policy with the Bundled DC Provider. When choosing investments, the Trustee and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The managers' duties also include:

- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- Voting and corporate governance in relation to the Scheme's assets.

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practical.

All fund managers are remunerated on a fee basis related to the amount of assets under management. This structure has been chosen as the most cost-effective available to DC pension schemes. In addition, fund managers pay commissions to third parties on some of the many trades they undertake in the management of the assets and also incur other ad hoc costs.

5. General

Direct Investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy, or units in a pooled vehicle. The latter are known as direct investments.

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals. When deciding whether or not to make any new direct investments, the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager(s).

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

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

The Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

Arrangements with asset managers

The Trustee monitors the DC investments to consider the extent to which the default investment arrangement and decisions of the asset managers are aligned with the Trustee's policies as set out in this SIP.

This includes monitoring the extent to which asset managers:

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

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

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

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

The Trustee shares the policies, as set out in its separate ESG policy, with the asset managers and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.

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

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

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

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

The Trustee does not regularly monitor asset managers against non-financial criteria of the investments made on its behalf.

Investment managers are remunerated as a set percentage of the assets under management. This is in keeping with market practice. Annual fund management charges (including other annual charges levied by the investment manager) are met by the members by deduction from the unit price. The Trustee monitors and reviews the level of charges, as part of the work to prepare the Chair's Statement each year.

Environmental, Social and Governance considerations

In setting the range of funds available to members, the Trustee's primary concern is to seek the best return that is consistent with an appropriate level of risk. This includes the risk that environmental, social and governance ('ESG') factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser when setting the DC Section's investment strategy.

The DC Section assets are invested in pooled funds. The Trustee cannot directly influence the managers' policies on ESG factors in these circumstances. However, the investment managers are in a position to exert significant influence on the companies in which they invest and the Trustee uses its influence as an asset owner and expects its managers to integrate social, environmental and governance considerations (including, but not limited to climate change) and opportunities within their investment process as applied to the funds available to members.

The Trustee believes that the exercise of rights (including voting rights) attaching to investments should be exercised by each investment manager, to whom the day-to-day responsibilities have been delegated, in the interests of investors. The Trustee believes that this will ultimately be in the best interests of the members.

Stewardship – Voting and Engagement

As part of its delegated responsibilities, the Trustee expects the DC Section's investment managers to:

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

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

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

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

The Trustee expects transparency from its asset managers on their voting and engagement activity. Where voting is concerned, the Trustee expects asset managers to, where relevant, provide a summary of their voting actions on an annual basis. The transparency offered for engagement activity should include the objectives of the engagement action, the ultimate outcome and the processes for escalating unsuccessful engagements.

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

Members' Views and Non-Financial Factors

In setting and implementing the DC Section's investment strategy, the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact or present and future quality of life matters (defined as 'non-financial factors'). The Trustee does make an ethical fund and an environmental, social and governance ('ESG') fund available to members through the self-select fund range.

Costs and Transparency

The Trustee is aware of the importance of monitoring the costs and charges borne by members and the impact these costs can have on member outcomes. The Trustee regularly monitors and reviews the costs and charges borne by members, as part of the work to prepare the Chair's Statement each year.

Explicit charges

The investment managers are remunerated as a set percentage of the assets under management. This is in keeping with market practice.

Annual investment management charges (including annual management charges levied by the provider) are met by the members by deduction from the unit price.

The level of costs is reviewed against competitive market levels with input from the investment adviser, as part of the value assessment carried out in respect of the Chair's Statement each year.

Transaction costs

The Trustee monitors transaction costs (defined as the costs incurred as a result of the buying and selling of investments) through the Financial Conduct Authority compliant reporting received from managers. These costs are confirmed in the Chair's Statement each year.

The Trustee accepts that transaction costs need to be incurred to drive investment returns. The level of these costs varies across asset classes and by manager style within an asset class. For this reason, there are no overall targets for transaction costs and this is reviewed on a case by case basis depending on market circumstances and manager strategy.

Realisation of Investments

The Scheme's assets are invested in daily priced pooled investment funds, and the vast majority of the underlying assets are invested in quoted markets. The platform provider can be required to realise investments as soon as it becomes appropriate to do so.

Investment Adviser

Aon Solutions UK Limited has been appointed as Investment Adviser. It has the knowledge and experience required under the Pensions Act 1995.

Review of SIP

In drawing up this document, the Scheme Trustee has sought advice from the Scheme's Investment Adviser, Aon Solutions UK Limited.

The Trustee will review this SIP at least every three years and without any delay after any significant change in investment policy or the demographic profile of relevant members.

The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

Appendix – Fund Options

Investment fund	▪ Investment style	Benchmark	Fee[1]	Investment Characteristics
L&G PMC Target Date Funds 3		Composite	0.45% pa	This Fund provides exposure to a range of different asset classes and the mix of assets within the fund charges over time to reflect the needs of members as they approach their target retirement date.
L&G PMC All-World Equity Index Fund 3	Passive	Global Equities	0.42% pa	To track the performance of the FTSE All-World Index (less withholding tax where applicable) to within +/- 0.5% per annum for two years out of three.
L&G PMC Future World Multi-Asset Fund	Passive	Composite	0.46% pa	The fund will invest in a range of assets which may include equities, bonds, cash and listed infrastructure, private equity and global real estate companies. Exposure to each asset class will primarily be through investing in passively managed funds with the ESG exposure being provided through investments in a range of Future World equity and bond index funds. These funds are constructed and weighted by the index provider based on ESG scoring of eligible constituents. Where an ESG approach is not likely to be feasible or meaningful, the fund will use traditional index funds for asset allocation purposes.
L&G PMC Ethical Global Equity Index Fund	Passive	Global Equities	0.60% pa	To track the sterling total returns of the FTSE4Good Global Equity Index before charges (including re-invested income, less withholding tax) to within +/- 0.5% per annum for two years in three.

[1] Fees as at April 2021

Investment fund	▪ Investment style	Benchmark	Fee[1]	Investment Characteristics
L&G PMC HSBC Islamic Global Equity Index Fund	Passive	Global Equities	0.65% pa	The Fund aims to create long term appreciation of capital through investment in a diversified portfolio of securities as defined by a relevant world index, which meets Islamic investment principles as interpreted and laid down by the Shariah Committee and provided to the Board of Directors.
L&G PMC All Stocks Index Linked Gilts Index Fund	Passive	UK Index-linked Gilts	0.38% pa	To track the sterling total returns of the FTSE Index-Linked (All Stocks) Index before charges (including re-invested income) to within +/- 0.25% per annum for two years in three.
L&G PMC Retirement Income Multi-Asset Fund		Composite	0.61% pa	To provide long-term investment growth up to and during retirement, and to facilitate the drawdown of retirement income. The Fund invests globally in a range of different asset classes. The Fund invests in both index tracking and actively managed funds.

4. ASSOCIATED PARTICIPATING EMPLOYERS AS AT 31st March 2024

Employer and Post Code	Defined Benefit Section	
	Active members	Former Members and Pensioners
Balliol College, OX1 3BJ	55	190
Brasenose College, OX1 4AJ	25	117
Christ Church, OX1 1DP	83	278
Corpus Christi College, OX1 4JF	35	88
Exeter College, OX1 3DP	33	141
Green Templeton College, OX2 6HG	12	99
Green Templeton Services Limited, OX2 6HG	5	4
Hertford College, OX1 3BW	28	140
Jesus College, OX1 3DW	27	175
Keble College, OX1 3PG	21	132
Lady Margaret Hall, OX2 6QA	31	108
Linacre College, OX1 3JA	11	58
Lincoln College, OX1 3DR	56	118
Magdalen College, OX1 4AU	65	151
Mansfield College, OX1 3TF	16	56
Merton College, OX1 4JD	42	180
New College, OX1 3BN	47	162
North Oxford College Shared Services Limited, OX2 6JF	1	1
Nuffield College, OX1 1NF	25	78
Oxford Centre for Hebrew and Jewish Studies, OX1 2HG	3	35
Oxford Centre for Islamic Studies, OX1 2AR	1	12
Oxford Said Business School Ltd, OX1 1HP	20	98
Oxford University Innovation Limited, OX2 0JB	4	32
Oxford University Student Union, OX1 2BX	1	21
Pembroke College, OX1 1DW	57	105
The Queen’s College, OX1 4AW	36	112
Regent’s Park College, OX1 2LB	5	13
Rhodes House (The Rhodes Trust), OX1 3RG	1	13
Ruskin College, OX8 9BZ	0	77
St Anne’s College, OX2 6HS	29	125
St Antony’s College, OX2 6JF	17	140
St Catherine’s College, OX1 3UJ	23	89
St Edmund Hall, OX1 4AR	24	116
St Hilda’s College, OX4 1DY	32	103
St Hugh’s College, OX2 6LE	43	97
St John’s College, OX1 3JP	2	7
St Peter’s College, OX1 2DL	19	103
St Stephen’s House, OX4 1JX	5	16
Trinity College, OX1 3BH	39	102
University College, OX1 4BH	36	99
Wadham College, OX1 3PN	39	125
Wolfson College, OX2 6UD	19	161
Worcester College, OX1 2HB	40	133

Associated Participating Employers Total Membership	**1,113**	**4,210**

4. ASSOCIATED PARTICIPATING EMPLOYERS AS AT 31st March 2024 continued

Former Associated Participating Employers:	Defined Benefits Former Members and Pensioners
Associated Examining Board	5
Chapter House Shop	2
Local Examinations Syndicate	24
Oxford & Cambridge Examinations Board	10
Oxford Colleges Admissions Office	12
Oxford Limited	19
Oxford University Endowment Management	1
Oxford University Rugby Club	1
Somerville College	1
St Mary's Church	1
University of Cambridge Local Examinations Syndicate	53
Voltaire Foundation	1
William Osler House	2
Former Associated Participating Employers Total Membership:	**132**

Notes:

1. Statistics for Magdalen College includes employees of The Oxford Science Park Limited (formerly Magdalen Development Company Limited), a wholly-owned subsidiary of the College.
2. Statistics for New College includes employees of New College School, a department of the College.
3. Statistics in respect of former members include only those former members who have an entitlement to benefits under the Scheme.
4. The Principal Employer, the University of Oxford, had 979 active members and 7,432 former members and pensioners in the defined benefit section at 31st March 2024.

Employer and Post Code	Defined Contribution Section	
	Active members	Former Members
Balliol College, OX1 3BJ	78	52
Brasenose College, OX1 4AJ	47	36
Christ Church, OX1 1DP	143	115
Corpus Christi College, OX1 4JF	39	18
Exeter College, OX1 3DP	56	45
Green Templeton College, OX2 6HG	25	14
Green Templeton Services Limited, OX2 6HG	0	0
Hertford College, OX1 3BW	57	38
Jesus College, OX1 3DW	42	41
Keble College, OX1 3PG	85	71
Lady Margaret Hall, OX2 6QA	64	63
Linacre College, OX1 3JA	27	19
Lincoln College, OX1 3DR	57	38
Magdalen College, OX1 4AU	73	45
Mansfield College, OX1 3TF	48	53
Merton College, OX1 4JD	84	52
New College, OX1 3BN	82	46
North Oxford College Shared Services Limited, OX2 6JF	4	0
Nuffield College, OX1 1NF	32	16
Oxford Centre for Hebrew and Jewish Studies, OX1 2HG	1	0
Oxford Centre for Islamic Studies, OX1 2AR	29	14
Oxford Said Business School Ltd, OX1 1HP	36	64
Oxford University Innovation Limited, OX2 0JB	1	0
Oxford University Students Union, OX1 2BX	24	54
Pembroke College, OX1 1DW	87	47
The Queen’s College, OX1 4AW	57	28
Regent’s Park College, OX1 2LB	24	7
Rhodes House (The Rhodes Trust), OX1 3RG	1	1
Ruskin College, OX8 9BZ	1	22
St Anne’s College, OX2 6HS	55	29
St Antony’s College, OX2 6JF	34	31
St Catherine’s College, OX1 3UJ	48	43
St Edmund Hall, OX1 4AR	43	22
St Hilda’s College, OX4 1DY	62	19
St Hugh’s College, OX2 6LE	54	12
St John’s College, OX1 3JP	1	1
St Peter’s College, OX1 2DL	45	26
St Stephen’s House, OX4 1JX	5	5
Trinity College, OX1 3BH	43	35
University College, OX1 4BH	61	93
Wadham College, OX1 3PN	58	62
Wolfson College, OX2 6UD	44	45

Worcester College, OX1 2HB	53	35
Associated Participating Employers Total Membership	**1,910**	**1,457**

Former Associated Participating Employers:	**Defined Benefits Former Members and Pensioners**
Oxford Limited	23
Former Associated Participating Employers Total Membership:	**23**

Notes:

1. Statistics for Magdalen College includes employees of The Oxford Science Park Limited (formerly Magdalen Development Company Limited), a wholly-owned subsidiary of the College.
2. Statistics for New College includes employees of New College School, a department of the College.
3. Statistics in respect of former members include only those former members who have an entitlement to benefits under the Scheme.
4. The Principal Employer, the University of Oxford, had 2,323 active members and 2,237 former members and pensioners in the defined contribution section at 31st March 2024.

5. SCHEME MEMBERSHIP STATISTICS

DB section

		At 31st March 2024	At 31st March 2023
Active Members:			
At Start of Year:		**2,409**	**2,796**
Plus:	New Entrants	3	2
Less:	Deaths in Service	(4)	(4)
	Leavers taking Refund or Transfer	-	(1)
	Leavers with Preserved Benefits	(227)	(263)
	Retirements	(89)	(121)
At End of Year:		**2,092**	**2,409**
Former Members with Preserved Benefits (including Undecided Leavers):			
At Start of Year:		**6,951**	**6,846**
Plus:	Leavers with Preserved Benefits	227	263
	Adjustment (from no liability)	1	-
Less:	Transfers Out	(14)	(11)
	Deaths in Deferment	(8)	(7)
	Retirement	(141)	(123)
	Undecided leaver refunds	(10)	(17)
At End of Year:		**7,006**	**6,951**
Pensions in Payment:			
At Start of Year:		**4,613**	**4,468**
Plus:	Retirements from active membership	89	121
	Retirements from deferment	141	123
	New dependant's pensions	72	60
Less:	Commutations at retirement	(3)	(4)
	Deaths of pensioners	(140)	(152)
	Cessations of child's pensions	(4)	(13)
At End of Year:		**4,768**	**4,603**
Total at End of Year		**13,866**	**13,973**

Of the 4,768 (2023:4,613) pensioners at 31st March 2024, 640 (2023: 605) are dependants of deceased members.

Undecided leavers in the DB section are members with between 3 months' and 2 years' service with an entitlement to either a refund or a transfer to another pension arrangement.

DC section

		At 31st March 2024	At 31st March 2023
Active Members:			
At Start of Year:		**3,804**	**3,086**
Plus:	New Entrants	1,393	1,645
	Re-activated from deferred	113	97
Less:	Deaths in Service	(1)	(1)
	Leavers with Preserved Benefits	(1,056)	(1,015)
	Retirements	(18)	(6)
	Adjustments in respect of late opt-outs	(2)	(2)
At End of Year:		**4,233**	**3,804**
Former Members with Preserved Benefits:			
At Start of Year:		**2,884**	**2,076**
Plus:	Leavers with Preserved Benefits	1,056	1,015
Less:	Transfers Out	(74)	(82)
	Retirement	(32)	(24)
	Deaths	(5)	(4)
	Consolidated with new active record	(113)	(97)
	Prior year adjustment	1	-
At End of Year:		**3,717**	**2,884**
Total at End of Year		**7,950**	**6,688**

These figures exclude employees who elected to opt-out within one month of their automatic entry into the Scheme.

6. FINANCIAL STATEMENTS

6A. FUND ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2024

	Notes	2023/24 DB section £000	2023/24 DC section £000	2023/24 Total £000	2022/23 £000
Contributions and Benefits					
Employee Contributions		2,052	1,863	**3,915**	3,650
Employer Contributions		17,402	12,970	**30,372**	32,150
Total Contributions	5	19,454	14,833	**34,287**	35,800
Transfers In	6	-	553	**553**	518
Other Income	7	-	-	**-**	15
		19,454	15,386	**34,840**	36,333
Benefits Payable	8	(26,491)	(573)	**(27,064)**	(25,324)
Payments to and on Account of Leavers	9	(194)	(579)	**(773)**	(820)
Administrative Expenses	10	(1,845)	(421)	**(2,266)**	(2,343)
		(28,530)	(1,573)	**(30,103)**	(28,487)
Net (withdrawals)/additions from dealings with members		(9,076)	13,813	**4,737**	7,846
Returns on Investments					
Investment Income	11	18,895	42	**18,937**	11,027
Investment Management Expenses	12	(410)	(204)	**(614)**	(520)
Change in Market Value of Investments	13	3,765	4,471	**8,235**	(77,800)
Net Return on Investments		22,250	4,309	**26,558**	(67,293)
Net increase in fund during the year		13,174	18,121	**31,295**	(59,447)
Net Assets of the Scheme					
At end of previous year		895,056	33,496	**928,552**	987,999
At end of year		908,230	51,617	**958,847**	928,552

The notes on pages 76 to 96 form part of these Financial Statements

6. FINANCIAL STATEMENTS

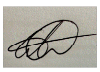
6B. STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AT 31ST MARCH 2024

		2023/24			
	Notes	DB section £000	DC section £000	Total £000	2022/23 £000
Investments					
Pooled Investment Vehicles	13	717,363	49,023	**766,386**	753,366
Private Equity	13	127,498	-	**127,498**	127,536
Money Purchase Investments	13	2,129	-	**2,129**	2,279
Cash Deposits	13	22,661	-	**22,661**	40,926
Other Investment Balances	13	38,292	1,411	**39,703**	3,595
		907,943	50,434	**958,377**	927,702
AVC Investment	13	160	-	**160**	152
Total Investment Assets		908,103	50,434	**958,537**	927,854
Current Assets	14	3,118	2,917	**6,035**	4,125
Current Liabilities	15	(2,991)	(1,734)	**(4,725)**	(3,427)
Net Assets of the Scheme		908,230	51,617	**959,847**	928,552

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 that fall due after 31st March 2024. The actuarial position of the DB Section, which does take account of such obligations, is dealt with by the Report on Actuarial Liabilities on pages 107 to 108 and these Financial Statements should be read in conjunction with this.

The Financial Statements were approved by the Trustee on 30/10/2024 and signed on behalf of the Trustee by:

Director: 

Director: 

The notes on pages 76 to 96 form part of these Financial Statements

6. FINANCIAL STATEMENTS

6C. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

Note 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 (FRS 102) – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP) (Revised 2018).

Under the Pension Statement of Recommended Practice, a going concern basis is assumed unless a decision has been made to wind up the Scheme or an event triggering its wind up has occurred. As no such event has occurred or is currently anticipated, these financial statements have been prepared on a going concern basis. In line with best practice, the Trustee has considered the extent to which the current economic climate might present a risk of the Scheme continuing as a going concern. The Trustee has reviewed the information made available to them from the Principal and Participating Employers and do not currently anticipate an event that would trigger the wind up of the Scheme in the next 12 months from the date of approval of these Financial Statements.

Note 2. Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the scheme is:

The Pensions Officer
Finance Division
University of Oxford
Great Clarendon Street
Oxford OX2 6DP

Email: osps@admin.ox.ac.uk

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

		2022/23			
		DB section	DC section	Total	2021/22
	Notes	£000	£000	£000	£000
Contributions and Benefits					
Employee Contributions		2,171	1,479	**3,650**	3,496
Employer Contributions		22,599	9,551	**32,150**	30,220
Total Contributions	5	24,770	11,030	**35,800**	33,716
Transfers In	6	-	518	**518**	735
Other Income	7	-	15	**15**	-
		24.770	11,563	**36,333**	34,451
Benefits Payable	8	(24,782)	(542)	**(25,324)**	(23,724)
Payments to and on Account of Leavers	9	(257)	(563)	**(820)**	(474)
Administrative Expenses	10	(1,931)	(412)	**(2,343)**	(1,906)
		(26,970)	(1,517)	**(28,487)**	(26,104)
Net (withdrawals)/additions from dealings with members		(2,200)	10,046	**7,846**	8,347
Returns on Investments					
Investment Income	11	11,020	7	**11,027**	7,384
Investment Management Expenses	12	(359)	(161)	**(520)**	(422)
Change in Market Value of Investments	13	(76,933)	(867)	**(77,800)**	43,641
Net Return on Investments		(66,272)	(1,021)	**(67,293)**	50,603
Net increase in fund during the year		(68,472)	9,025	**(59,447)**	58,950
Net Assets of the Scheme					
At end of previous year		963,528	24,471	**987,999**	929,049
At end of year		895,056	33,496	**928,552**	987,999

		2022/23			
		DB section	DC section	Total	2021/22
	Notes	£000	£000	£000	£000
Investments					
Pooled Investment Vehicles	13	722,128	31,238	**753,366**	852,092
Private Equity	13	127,536	-	**127,536**	89,579
Money Purchase Investments	13	2,279	-	**2,279**	2,175
Cash Deposits	13	40,926	-	**40,926**	40,769
Other Investment Balances	13	2,679	916	**3,595**	2,599
		895,548	32,154	**927,702**	987,174
AVC Investment	13	152	-	**152**	200
Total Investment Assets		895,700	32,154	**927,854**	987,374
Current Assets	14	1,564	2,561	**4,125**	3,776
Current Liabilities	15	(2,208)	(1,219)	**(3,427)**	(3,151)
Net Assets of the Scheme		895,056	33,496	**928,552**	987,999

Note 4. Accounting policies

A summary of the accounting policies, which have been applied consistently, is set out below:

(a) Currency: The Scheme's functional and presentational currency is pounds Sterling.

(b) Investments: Investments denominated in foreign currencies are translated into Sterling using the closing exchange rates at the Scheme year-end. Foreign currency transactions are recorded in Sterling at the spot exchange rate at the date of the transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

Investments are included at fair value.

Pooled investment vehicles are valued at the year end at bid or single price. Property pooled funds are valued annually by CBRE (an independent firm of chartered surveyors) on an open market basis as defined by the Royal Institute of Chartered Surveyors. The valuation reported is as at 31st March each year. CBRE have recent experience in the locations and types of properties held by the Scheme. There is no provision for property depreciation or amortisation as this is already factored into the valuation.

Assets held in limited partnerships are stated at the value given by the manager's nearest end of the Scheme year, at the currency rate at the year end; the valuation is based on the report and accounts provided by the manager of the underlying funds at cost less any permanent diminution in the value of specific assets.

With profit insurance policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.

(c) Income from investments: Receipts and other income from investments are dealt with on an accruals basis.

(d) Contribution income: Ordinary contributions, including contributions when a member has been auto-enrolled by the employer, and deficit contributions are included on an accruals basis.

Participating employers reimburse the Scheme in respect of their share of the Pension Protection Fund (PPF) and other statutory levies. Amounts reimbursed are included in contribution income and the PPF levy expense is included in administrative expenses. Employer Section 75 debt contributions are accounted for when a reasonable estimate of the amount can be determined, which is normally upon certification by the Actuary.

(e) **Additional Voluntary Contributions (AVCs):** AVCs are accounted for on an accruals basis, in the same way as other contributions, and the resulting investments are included in the statement of net assets at fair value, being the latest available net assets value provided by the investment manager.

(f) **Augmentation contributions:** Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable.

(g) **Transfers in from, and out to, other schemes:** Transfer values receivable from other schemes represent the amounts received during the year for members who have joined the Scheme and transferred their previous pension entitlements. Transfer values payable to other schemes represent the amounts paid during the year for members who left the Scheme and transferred their preserved pension entitlements. They are accounted for on an accruals basis on the date which liability is accepted by the receiving scheme, which is typically when cash is paid/received. In the case of individual transfers, this is normally when the transfer value is received or paid.

(h) **Benefits payable:** Pensions in payment are accounted for in the period to which they relate. Benefits payable are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retiring or leaving. Opt outs are accounted for when the Scheme is notified of the opt out. Where the Trustee is required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, this is shown separately within benefits.

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

(j) **Investment management expenses:** Investment management expenses are included on an accruals basis. The charging basis of these expenses for each investment manager is detailed in the Investment Review section of the Trustee's Report (section 2D.6.).

(k) **Administrative expenses:** Administrative expenses are included on an accrual basis.

Note 5. Contributions

	2023/24		
	DB section £000	DC section £000	Total £000
From Employees (Members):			
Ordinary Contributions	1,994	1,657	**3,651**
Additional Voluntary Contributions	58	206	**264**
	2,052	1,863	**3,915**
From Employers:			
Ordinary Contributions	10,516	8,728	**19,244**
Deficit Funding	3,863	-	**3,863**
Members' Salary Exchange	3,023	3,539	**6,562**
Expenses	-	703	**703**
	17,402	12,970	**30,372**
Total Contributions	19,454	14,833	**34,287**

	2022/23		
	DB section £000	DC section £000	Total £000
From Employees (Members):			
Ordinary Contributions	2,103	1,305	**3,408**
Additional Voluntary Contributions	68	174	**242**
	2,171	1,479	**3,650**
From Employers:			
Ordinary Contributions	12,083	5,415	**17,498**
Deficit Funding	6,520	-	**6,520**
Augmentation	1	233	**234**
Members' Salary Exchange	3,269	2,730	**5,999**
PPF levies	726	-	**726**
Expenses	-	1,173	**1,173**
	22,599	9,551	**32,150**
Total Contributions	24,770	11,030	**35,800**

Members' and Employers' Ordinary Contributions were paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 19 June 2020 and 27 June 2023.

From 1 April to 30 September 2023, employers contributed at the rate of 19.0% of active members' pensionable salaries. The Employers' contribution rates for the DC Section included 11.30% for Tier 1 members, 9.30% for Tier 2 members and 7.30% for Tier 3 Members for the deficit recovery. Active members in the DB Section contributed 6.6% of pensionable salary in the Lower Cost Plan, 8.0% of pensionable salary in the Standard Cost Plan and 9.6% of pensionable salary in Higher Cost Plan members. For active members in the DC Section members contributed 4.0% of pensionable salary in Tier 1, Members 6.0% of pensionable salary in Tier 2 and Members 8.0% of pensionable salary in Tier 3.

From 1 October, for the DB section, employers contributed at the rate of 16.5% of active members' pensionable salaries, and for the DC section at the rate of 10% of active tier 1 members' pensionable salaries, 12% of active tier 2 members' pensionable salaries, and 14% of active tier 3 members' pensionable salaries. Active members in the DB Section contributed 6.6% of pensionable salary in the Lower Cost Plan, 8.0% of pensionable salary in the Standard Cost Plan and 9.6% of pensionable salary in Higher Cost Plan members. For active members in the DC Section members contributed 4.0% of pensionable salary in Tier 1, Members 6.0% of pensionable salary in Tier 2 and Members 8.0% of pensionable salary in Tier 3.

The University operates a salary exchange arrangement whereby a member's salary is reduced by the amount of the member's ordinary contribution. The employer then pays both the member's contribution on the member's behalf and the employer's contribution. A member is automatically enrolled into this arrangement three months after joining the Scheme unless the member applies in writing to opt out from the arrangement. The advantage of this arrangement is that both the member and the employer make savings in NI contributions whilst maintaining the level of benefits and retaining tax relief on contributions. Nineteen Associated Participating Employers are also operating similar arrangements.

As the Scheme was in surplus based on the latest triennial valuation as at 31st March 2022 no deficit contributions are due under the revised Schedule of Contributions certified by the Scheme Actuary on 27 June 2023.

Note 6. Transfers In

	2023/24		
	DB section £000	DC section £000	Total £000
Individual Transfers In	-	553	**553**
Total Transfers In	-	553	**553**

	2022/23		
	DB section £000	DC section £000	Total £000
Individual Transfers In	-	518	**518**
Total Transfers In	-	518	**518**

Note 7. Other income

2023-24 - £ nil

	2022/23		
	DB section £000	DC section £000	Total £000
To cover costs of setting up members with Legal & General in relation to employer augmentations	-	15	**15**
Total Other Income	-	15	**15**

Note 8. Benefits Payable

	2023/24 DB section £000	2023/24 DC section £000	2023/24 Total £000
Pensions	21,655	8	**21,663**
Lump Sum Retirement Benefits	4,362	255	**4,617**
Commutations	47	-	**47**
Lump Sum Death Benefits	427	310	**737**
Total Benefits Payable	26,491	573	**27,064**

Dependants of members in the Investment Builder defined contribution section receive a short-term pension of three months' salary if a member dies in service.

	2022/23 DB section £000	2022/23 DC section £000	2022/23 Total £000
Pensions	18,950	6	**18,956**
Lump Sum Retirement Benefits	5,212	270	**5,482**
Commutations	103	-	**103**
Lump Sum Death Benefits	517	266	**783**
Total Benefits Payable	24,782	542	**25,324**

Note 9. Payments to and on Account of Leavers

	2023/24 DB section £000	2023/24 DC section £000	2023/24 Total £000
Refund of contributions in respect of:			
non-vested leavers	5	-	**5**
opt-outs	16	53	**69**
Individual Transfers to Other Schemes	173	526	**699**
Total Payments to and on Account of Leavers	194	579	**773**

	2022/23 DB section £000	2022/23 DC section £000	2022/23 Total £000
Refund of contributions in respect of:			
non-vested leavers	3	-	**3**
opt-outs	40	64	**104**
Individual Transfers to Other Schemes	214	499	**713**
Total Payments to and on Account of Leavers	257	563	**820**

Note 10. Administrative Expenses

	2023/24		
	DB section £000	DC section £000	Total £000
University's Administration Fee (see Note 16)	533	89	**622**
Trustee's Remuneration (see Note 16)	15	7	**22**
Actuarial Fees	322	-	**322**
Audit Fee	28	13	**41**
Legal Fees	151	60	**211**
Secretarial Services	263	126	**389**
Other professional fees	24	55	**79**
Legal & General DC fee	-	60	**60**
Pension Protection Fund	448	-	**448**
Miscellaneous Expenses	61	11	**72**
Total Administrative Expenses	1,845	421	**2,266**

	2022/23		
	DB section £000	DC section £000	Total £000
University's Administration Fee (see Note 16)	509	72	**581**
Trustee's Remuneration (see Note 16)	15	5	**20**
Actuarial Fees	244	-	**244**
Audit Fee	26	9	**35**
Legal Fees	117	44	**161**
Other professional fees	194	92	**287**
Legal & General DC fee	-	180	**180**
Pension Protection Fund	726	-	**726**
Miscellaneous Expenses	100	9	**109**
Total Administrative Expenses	1,931	412	**2,343**

Note 11. Investment Income

	2023/24		
	DB section £000	DC section £000	Total £000
Income from Pooled Investment Vehicles	14,928	-	**14,928**
Income from Private Market Funds	3,715	-	**3,715**
Interest from Investment Managers	223	-	**223**
Bank Account Interest	29	42	**71**
Total Investment Income	18,895	42	**18,937**

	2022/23		
	DB section £000	**DC section £000**	**Total £000**
Income from Pooled Investment Vehicles	9,284	-	**9,284**
Income from Private Market Funds	1,659	-	**1,659**
Interest from Investment Managers	76	-	**76**
Bank Account Interest	1	7	**8**
Total Investment Income	11,020	7	**11,027**

Some pooled investment vehicles are accumulation funds and any income from the underlying assets is re-invested in the fund and is reflected in the market values of the investments.

Note 12. Investment Management Expenses

	2023/24		
	DB section £000	**DC section £000**	**Total £000**
Investment Management - BlackRock	44	-	**44**
Investment Management - SSgA	65	-	**65**
Custody Fees – State Street Bank	50	-	**50**
Investment Advice Fees	499	204	**703**
Other investment Fees	1	-	**1**
Investment Fee Rebates	(249)	-	**(249)**
Total Investment Management Expenses	410	204	**614**

	2022/23		
	DB section £000	**DC section £000**	**Total £000**
Investment Management - BlackRock	84	-	**84**
Investment Management - SSgA	85	-	**85**
Investment Management - Generation	81	-	**81**
Custody Fees – State Street Bank	50	-	**50**
Investment Advice Fees	300	161	**461**
Other investment Fees	1	-	**1**
Investment Fee Rebates	(242)	-	**(242)**
Total Investment Management Expenses	359	161	**520**

The investment fee rebate of £249,683 (2022-23: £178,504) covers a reduction in standard investment charges deducted from a pooled fund investment.

Note 13. Investment Assets

(a) Asset Reconciliation

	Value At 01/04/23 £000	Purchases at Cost £000	Sales Proceeds £000	Change in Market Value £000	Value At 31/03/24 £000
DB Section					
Pooled Investment Vehicles	722,128	471,545	(482,939)	6,629	**717,363**
Private Equity	127,536	11,101	(8,289)	(2,850)	**127,498**
Money Purchase Investments (Insurance policies)	2,279	-	(174)	24	**2,129**
AVC Investments	152	2	-	6	**160**
	852,095	482,648	(491,402)	3,809	**847,150**
Cash Deposits	40,926			(44)	**22,661**
Other Investment Balances	2,679			-	**38,292**
Total	895,700			3,765	**908,103**

	Value At 01/04/23 £000	Purchases at Cost £000	Sales Proceeds £000	Change in Market Value £000	Value At 31/03/24 £000
DC Section					
Pooled Investment Vehicles	31,238	14,143	(829)	4,471	**49,023**
	31,238	14,143	(829)	4,471	**49,023**
Other Investment Balances	916				**1,411**
Total	32,154			4,471	**50,434**

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

Defined Contribution assets are allocated to members and Trustee as follows:

	At 31/03/2024 £000	At 31/03/2023 £000
Members	**49,023**	31,238
Trustee	**-**	-
	49,023	31,238

(b) Transaction Costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, and stamp duty. There were no direct transaction costs charged in the year to 31st March 2024 (2023: nil) Indirect transaction costs are borne by the Scheme in relation to transactions within pooled investment vehicles. Such costs are not separately provided to the Scheme.

(c) Concentration of Investments

Although the Scheme's investment holdings in the unit trusts managed by the Investment Managers exceeded 5% of its net assets, the diversity of the investment holdings within those unit trusts means that effectively the Scheme has no single investment holding which accounted for more than 5% of its net assets at the year end.

The list below shows those unit trusts whose value exceeded 5% of the Scheme's net assets as at the year-end:

	At 31/03/2024 £000	At 31/03/2024 %	At 31/03/2023 £000	At 31/03/2023 %
SSgA Managed Pension Fund:				
UK Over 5 years Index Linked Gilts Units	-	-	279,837	31.3
Columbia Threadneedle Portfolio Services Ltd:				
Threadneedle Property Unit Trust Units	32,901	3.6	64,797	7.2
Generation Investment Management LLP:				
Generation IM Global Equity Fund	86,950	9.6	79,909	8.9
M&G Investment Management:				
M&G Inflation Opportunities Fund	66,091	7.3	68,213	7.6
M&G Illiquid Credit Opportunities Fund	89,113	9.8	84,096	9.4
Baillie Gifford & Co. Limited:				
LTGG Investment Fund	-	-	78,815	8.8
Robeco Institutional Asset Management B.V.:				
Robeco Global SDG Credits	119,518	13.2	-	-
Insight Investment Management (Global) Ltd:				
LDI Solutions Plus Funded Index-linked Gilts 2041-2050	51,729	5.7	-	-
LDI Solutions Plus Funded Index-linked Gilts 2061-2070	110,571	12.2	-	-
LDI Liquidity Plus Holding Fund	100,675	11.1	-	-
DIF Management BV:				
DIF Infrastructure V	52,282	5.8	49,375	5.5

(d) Self Investment

The Scheme has no direct investments in the University or any of the Associated Participating Employers. Other than as a result of late payment of contributions, there was no other employer related investment at any time during the year or at the year end (2023: nil). During the year, there were two instances of late payments of contributions, the latest of which was two days late, with a total value of £44,653, which represents 0.1% of contributions payable under the Schedule of Contributions. These amounts constitute employer-related investments for the period over which it was late. The total value of these late contributions was less than 5% of net assets.

(e) Money Purchase Investments

The Scheme holds money purchase assets in the form of units in a With-Profits Investment Account with the Prudential Assurance Company Limited. The assets are not designated to individual members, but form part of the investment pool that benefits for those eligible may be funded from, in proportion to the allocation determined by the Trustee.

(f) AVC Investments

The Trustee holds assets invested separately from the main fund in the form of insurance contracts and deposit contracts with The Prudential Assurance Company Limited for members electing to pay additional voluntary contributions in this format. The proceeds from these contracts secure additional benefits on a money purchase basis. Members participating in this arrangement each receive an annual statement made up to 5th April confirming the amounts held to their account and the movements in the year.

Members may also elect to make additional voluntary contributions that are invested in the mainstream Scheme investments. Members participating in this arrangement secure additional benefits by the virtue of the purchase of additional service.

(g) Pooled Investment Vehicles

	At 31/03/2024 £000	At 31/03/2023 £000
DB Section		
Equities	**86,950**	158,724
Bonds	**185,609**	383,688
Property	**32,904**	64,810
Illiquid credit	**89,113**	84,097
Emerging markets	**-**	29,632
Matching	**322,787**	-
Cash	**-**	1,177
	717,363	722,128
DC Section		
Pathway Funds	**49,023**	31,238

Some pooled property investments were managed on behalf of the Trustee by Schroder Property Investment Management ("SPIM"). Included in this range of pooled property investments is the Schroder Real Estate Fund of Funds - Continental Europe Fund II, with a total investment of €3,600,000 as at 31st March 2024 and 31st March 2023 (approximately £3,077,800 as at 31st March 2024 and £3,163,300 at 31st March 2023). No further funds remain to be drawn down as the fund's strategy is to return capital to unitholders at the earliest opportunity.

The investments in private equity and property are generally illiquid investments. It may not be possible to liquidate some of these assets fully and some may require sufficient time to find buyer willing to pay full market value.

(h) Private Equity Funds

The assets held in private equity funds comprise capital and loans in the Macquarie European Infrastructure Fund II and DIF Infrastructure V, and investments with Ares Capital Management LLC and Copenhagen Infrastructure Partners. The total original commitment of the Scheme to the Macquarie European Infrastructure Fund II limited partnership of €18,000,000 has now been fully drawn. The value is based on the audited accounts of the limited partnership to 31st March 2021, in which the value of the assets of the partnership are stated at cost less any permanent diminution in the value of specific assets. There may therefore be unrealised gains not included in the Financial Statements of the Scheme. These private equity funds are illiquid.

The total commitment of the Scheme to DIF Infrastructure V includes a total investment of €55,000,000 (approximately £47,021,600 as at 31st March 2024 and £48,327,700 as at 31st March 2023), of which €9,359,211 (€12,891,045 as at 31st March 2023) (approximately £8,001,500 as at 31st March 2024 and £11,327,200 as at 31st March 2023) remains to be drawn down against this commitment.

The total commitment of the Scheme to Ares includes a total investment of £55,000,000, of which £11,084,905 remained to be drawn at 31st March 2024 (£9,844,659 as at 31st March 2023). The total commitment of the Scheme to Copenhagen includes a total investment of €75,000,000 (approximately £64,120,300 as at 31st March 2024 and £65,901,400 as at 31st March 2023), of which €44,448,054 (€47,469,384 as at 31st March 2023) (approximately £38,000,300 as at 31st March 2024 and £41,710,600 as at 31st March 2023) remains to be drawn down against this commitment.

(i) Other Investments Balances

Other investment balances for the DB Section totalling £38,293,08 are: accrued distributions from investments of £2,678,972 (2023: £2,678,972), proceeds due from sales of investments £32,015,769 (2023: £nil) and investment fee rebate income due £20,620 (2023: £nil)

Other investment balances for the DC Section relates to March 2024 contributions of £1,411,083 (2023: £916,433), which were invested after the year end.

(j) Other Investments Notes

The companies managing the pooled investment vehicles are registered in the United Kingdom.

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

The Trustee determines the investment strategy after taking advice from its investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out in Section 2D. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

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

		Market risk			**Value at 31st March 2024 (£m)**	**Value at 31st March 2023 (£m)**
	Credit risk	Currency	Interest rate	Other price		
UK equities	○	○	○	●	-	3.0
Overseas equities	○	●	○	●	86.9	185.4
Index-linked gilts	○	○	●	○	-	279.8
Corporate bonds	●	○	●	◐	119.5	35.6
Inflation opportunities	●	○	●	●	66.1	68.2
Liability driven investments	●	○	●	○	222.1	-
Property	○	◐	○	●	32.9	64.8
Illiquid Credit	●	○	●	●	130.6	126.5
Private equity	○	●	◐	●	86.0	85.2

Cash	●	○	●	○	123.3	42.1

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

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

Credit risk

The Scheme invests in pooled funds and is therefore directly exposed to credit risk in relation to the solvency of the custodian of those funds.

The Scheme's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled funds is mitigated by the underlying assets of the pooled funds being ring-fenced from the investment managers, 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, with the help of its advisers, carries out due diligence checks prior to the appointment of any new investment manager or fund, and monitor for changes to the operating environment of the existing pooled funds.

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 primarily from the Scheme's investments in the corporate bond fund, inflation opportunities fund, diversified growth funds and the emerging market multi-asset fund.

The managers of these pooled funds manage indirect credit risk by having a diversified exposure to bond issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to bonds 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 bonds.

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.

The majority of the Scheme's pooled funds are accessed via a Sterling share class, therefore the Scheme is not subject to direct currency risk on these investments. The Macquarie, DIF and Copenhagen infrastructure funds and Schroders property fund are denominated in Euros so the Scheme is directly exposed to currency risk in these portfolios. The Scheme's assets that are exposed to indirect currency risk are the overseas equity funds, diversified growth funds and emerging market multi-asset fund, which may invest in non-Sterling investments on an unhedged basis.

The exposure to foreign currencies within the actively managed 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.

Interest rate risk
Some of the Scheme's assets are subject to interest rate risk. 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 corporate bond fund, index-linked gilt fund and inflation opportunities fund. The diversified growth funds and emerging market multi-asset fund may also have some sensitivity to changing interest rates, but this sensitivity will vary over time as the underlying investments change, and it is not expected to be a significant driver of returns.

Other price risk
The Scheme's assets are exposed to risks of market prices other than currencies and interest rates, such as the equity pooled fund holdings being subject to movements in equity prices. All of the Scheme's assets are subject to other price risk, except for the index-linked gilts and cash.

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 diversified growth funds, emerging market multi-asset fund and actively managed equity pooled funds will vary over time depending on how the managers change the underlying asset allocation to reflect their market views.

(l) Fair Value Determination

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

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Scheme can access at the measurement date.
Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs are unobservable inputs for the asset or liability.

For the purpose of this analysis:

- directly held cash has been included in Level 1,
- unlisted open ended pooled funds in Level 2,

- funds investing mostly in property or other illiquid investments in Level 3 (i.e. the Macquarie infrastructure fund, the Schroders property fund, the Ares illiquid credit fund, and the DIF and Copenhagen infrastructure funds).

(I) Fair Value determination (continued)
The Scheme's investment assets have been fair valued using the above hierarchy categories as follows:

	DB section at 31st March 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Pooled investment vehicles	-	628,247	89,116	717,363
Private equity	-	-	127,498	127,498
Money purchase investment (insurance policies)	-	-	2,129	2,129
AVC investments	-	-	160	160
Cash	22,661	-	-	22,661
Other investment balances	38,292	-	-	38,292
	60,953	628,247	218,903	908,103

	DB section at 31st March 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Pooled investment vehicles	1,177	636,841	84,110	722,128
Private equity	-	-	127,536	127,536
Money purchase investment (insurance policies)	-	-	2,279	2,279
AVC investments	-	-	152	152
Cash	40,926	-	-	40,926
Other investment balances	2,679	-	-	2,679
	44,782	636,841	214,077	895,700

	DC section at 31st March 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Pooled investment vehicles	-	49,023	-	49,023
Other investment balances	1,411	-	-	1,411
	1,411	49,023	-	50,434

	DC section at 31st March 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Pooled investment vehicles	-	31,238	-	31,238
Other investment balances	916	-	-	916
	916	31,238	-	32,154

Note 14. Current Assets

	2023/24		
	DB section £000	DC section £000	Total £000
Debtors and Prepayments:			
Contributions due in respect of Members	99	103	**202**
Contributions due from Employers	814	1,042	**1,856**
Other debtors	20	4	**24**
Total Debtors	933	1,149	**2,082**
Cash Balances:			
Bank account	2,185	1,768	**3,953**
Total Current Assets	3,118	2,917	**6,035**

All material contributions due in respect of Members and due from the Employers were all received shortly after the year end in accordance with the Schedule of Contributions.

	2022/23		
	DB section £000	DC section £000	Total £000
Debtors and Prepayments:			
Contributions due in respect of Members	69	64	**133**
Contributions due from Employers	1,239	647	**1,887**
Other debtors	63	12	**75**
Total Debtors	1,371	723	**2,094**
Cash Balances:			
Bank account	193	1,838	**2,031**
Total Current Assets	1,564	2,561	**4,125**

Note 15. Current Liabilities

	2023/24		
	DB section	**DC section**	**Total**
	£000	**£000**	**£000**
Creditors:			
Accrued Expenses	1,017	266	**1,283**
Amounts due to University for Pensions paid	1,876	3	**1,879**
Contributions due to DC provider	-	1,411	**1,411**
Benefit and leaver payments due	69	46	**115**
Refunds due to Employers	2	8	**10**
H M Revenue and Customs	27	-	**27**
Total Current Liabilities	2,991	1,734	**4,725**

	2022/23		
	DB section	**DC section**	**Total**
	£000	**£000**	**£000**
Creditors:			
Accrued Expenses	451	225	**676**
Amounts due to University for Pensions paid	1,607	-	**1,607**
Contributions due to DC provider	-	916	**916**
Benefit and leaver payments due	116	73	**189**
Refunds due to Employers	6	5	**11**
H M Revenue and Customs	28	-	**28**
Total Current Liabilities	2,208	1,219	**3,427**

Note 16. Related Party Transactions

The Trustee entered into an Administration Agreement with the University with effect from 1st August 2001. The Agreement was reviewed and renewed with effect from 21st October 2014 and again on 20 November 2017. Under the Administration Agreement, the University charges the Trustee an Administration Fee that is based on actual work throughput and commercial fee rates. The total of the charges for the period is disclosed in Note 10. By a supplemental agreement dated 7 September 2022 and with effect from 1 August 2022 the Trustee agreed to directly meet the costs of the secretarial services provided by Pegasus PLC under sub-contract to the University and to cease paying the University for secretarial services under the Administration Agreement.

The Scheme makes use of the University's payroll and accounting systems to pay members' pensions and certain of the Scheme's operational expenses. At the year end, the Scheme owed the University £1,656,198 (2023: £531,928); this amount comprised contributions due in respect of March 2024 of £1,312,372 (2023: £1,561,492), less the pension payroll cost for March 2023 of £1,877,856 (2023: £1,606,619) and less expenses of £1,090,714 (2023: £486,801). At the year end, the Associated Participating Employers owed the scheme contributions in respect of March 2024 totalling £745,212 (2023: £457,093).

Mrs M. Hauser, Member Nominated Director, received a pension from the Scheme in accordance with the Scheme's Trust Deed and Rules.

Mr J. N. Sykes received an annual fee of £21,565 (2023:£19,994) from the Scheme in respect of services as Chair.

Several of the Trustee Directors incurred expenses during the course of the year, primarily in respect of training courses and travel to meetings. These expenses were reimbursed from the Scheme. Total expenses reimbursed for the year amounted to £384 (2022: £341).

Note 17. Contingent Asset

Following the completion of the actuarial valuation as at 31st March 2022, which revealed that the Scheme was in surplus relative to its technical provisions, the contingent asset ceased to have effect on 27 June 2023 (the date that the valuation was completed).

Note 18. GMP Equalisation

It has been confirmed with the Actuary that the impact of GMP equalisation on the liabilities of the Scheme is not expected to be material. This is partly because the Scheme was only contracted out from 6 April 1995 and also due to the fact that a member's entire pension gets the same increases in deferment and payment meaning that for most members the amount of GMP has little or no impact on the benefits payable. The liabilities will be accounted for in the year they are determined. A further judgment, released in November 2020, provided clarity regarding the requirement for pension scheme trustees to reflect GMP equalisation within historic transfers. The additional liabilities arising from the latest judgment are not expected to be material and will be accounted for when determined.

Note 19. Virgin Media vs NTL Pension Trustees II judgment and the BBC vs BBC Pension Trust judgement

The Trustee Board is aware that it may need to provide a response to their auditors in relation to the Virgin Media vs NTL Pension Trustees II judgment and the BBC vs BBC Pension Trust judgement.

However, and to be consistent with the rest of the UK pensions industry, we will be carefully considering any implications of the judgment and any further developments, such as any appeal or legislative intervention by the Government or the Dept. for Work & Pensions in particular. The Trustee will seek appropriate advice from its advisers as and when required.

The issues are technical and detailed, and not all Scheme changes required actuarial confirmations (known as Section 37 certificates). It will therefore take time to assess and decide what further action (if any) will be taken and to confirm if there are any implications for this scheme. We will inform all stakeholders and members as and when there are any notable developments.

7. STATEMENT OF TRUSTEE'S RESPONSIBILITIES WITH REGARD TO THE FINANCIAL STATEMENTS

The financial statements, which are prepared in accordance with 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), are the responsibility of the trustee. Pension scheme regulations require, and the trustee is responsible for ensuring, that those financial statements:

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

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

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

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

The trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a schedule of contributions showing the rates of contributions payable towards the scheme by or on behalf of the employer and the 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 the members.

The trustee is responsible for the maintenance and integrity of the financial information of the scheme included on the OSPS section of the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

8. INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE UNIVERSITY OF OXFORD STAFF PENSION SCHEME

Opinion

We have audited the financial statements of the University of Oxford Staff Pension Scheme (the 'Scheme') for the year ended 31 March 2024, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of 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 March 2024, 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

We are responsible for concluding on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Scheme including effects arising from macro-economic uncertainties such as rising interest and inflation rates, we assessed and challenged the reasonableness of estimates made by the

Trustee and the related disclosures and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

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 approved by the Trustee.

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

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

We have nothing to report in this regard.

Responsibilities of trustee

As explained more fully in the Statement of Trustee's responsibilities set out on page 96, the Trustee is responsible for the preparation of financial statements and 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant are the Pensions Act 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of Pension Schemes" 2018 (the SORP)).

In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Scheme operates.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management, the Trustee, and from inspection of Trustee board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Trustee.

We assessed the susceptibility of the Scheme's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate results for the year and inappropriate valuation of Level three investment using a method not permitted under the SORP.

Our audit procedures involved journal entry testing, with a focus on large manual journals to unusual account codes, including:

- Journal entry testing, with a focus on large journals, manual journals, those journals with unusual account combinations or entries posted to suspense accounts; and
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The Engagement leader's assessment is that all team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of schemes of a similar size and complexity, appropriate to their role within the team. The engagement team are required to complete mandatory pensions sector training on an annual basis, thus ensuring they have sufficient knowledge and understanding of the sector, the underlying applicable legislation and related guidance.

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

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it 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.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

Date: 30/10/2024

9. COMPLIANCE

9A. SCHEDULE OF CONTRIBUTIONS AND RECOVERY PLAN FOR THE UNIVERSITY OF OXFORD STAFF PENSION SCHEME

9A.1. SCHEDULE OF CONTRIBUTIONS

The University of Oxford Staff Pension Scheme (the Scheme)

Schedule of Contributions and Payment Schedule

Introduction

This schedule of contributions has been prepared by the Trustee to satisfy the requirements of Section 227 of the Pensions Act 2004 and Section 87 of the Pensions Act 1995, after obtaining the advice of Jay Harvey, the Scheme Actuary, and after obtaining the agreement of the University of Oxford, on behalf of all the participating employers.

It comes into effect on the date of its certification by the Scheme Actuary and covers the five-year period from that date. The Trustee is responsible for preparing a revised schedule no later than 30 June 2026.

Participating employers

This schedule covers contributions to the Scheme from all employers who participate in the Scheme from time to time.

Employer contributions payable in respect of Members of the DB Section

The participating employers will contribute to the Scheme at the following rates. All figures are expressed as a percentage of the relevant members' Pensionable Salaries for the period in question.

Period	Contributions in respect of future accrual of benefits
1 April 2022 to 30 September 2023	19.0%*
1 October 2023 to the end of the period covered by this Schedule	16.5%

** including allowance for the expenses of administering the Section*

The participating employers will ensure that the Trustee receives these contributions by the 7th day of the calendar month following that to which the contributions relate.

In addition to the amounts shown above, in respect of any levies invoiced prior to this Schedule coming into effect, each participating employer will reimburse the Scheme in respect of its share of Pension Protection Fund (PPF) and other statutory levies within one month of a demand for payment from the Trustee.

Employee contributions payable in respect of Members of the DB Section

Employees who are active members of the DB Section of the Scheme (with the exception of Pension Salary Sacrifice Members) will contribute to the Scheme at the following rates of Pensionable Salary:

Period	Lower Cost Plan Members	Standard Cost Plan Members	Higher Cost Plan Members
1 April 2022 to 31 March 2024	6.6%	8.0%	9.6%
1 April 2024 to the end of the period covered by this Schedule	5.6%	6.8%	7.8%

The participating employers will ensure that the Trustee receives the contributions payable by their employees by the 7th day of the calendar month following that in which the contributions were deducted from the employees' salaries.

These amounts do not include members' Additional Voluntary Contributions.

Contributions payable in respect of Members of the DC Section

The participating employers and employees who are active members of the DC Section will pay contributions to member's Retirement Accounts at the following rates. All figures are expressed as a percentage of the relevant members' Pensionable Salaries.

	4% Cost Plan Members	6% Cost Plan Members	8% Cost Plan Members
Employee (except Pension Salary Sacrifice Members)	4%	6%	8%
Employer – from 1 April 2022 to 30 September 2023	6%	8%	10%
Employer – from 1 October 2023	10%	12%	14%

For the avoidance of doubt, no contributions are due in respect of a member who opts out in accordance with the Scheme's opt out arrangements.

These amounts do not include members' Additional Voluntary Contributions.

In addition, the participating employers will pay the following amounts to the Scheme (again expressed as a percentage of the relevant members' Pensionable Salaries) up to 30 September 2023, with all amounts reducing to nil thereafter:

- The following rates to satisfy the recovery plan dated 19 June 2020:
  - 11.3% for members of the 4% Cost Plan;
  - 9.3% for members of the 6% Cost Plan; and
  - 7.3% for members of the 8% Cost Plan.
- 1.0% in respect of the provision of ill-health and death-in-service benefits.
- 0.7% in respect of the expenses of administering the Section.

For the avoidance of doubt, with effect from 1 October 2023, the cost of providing ill-health and death-in-service benefits will be met from the Scheme's assets.

The participating employers will ensure that the Trustee receives:

- the contributions payable by the employers by the 7th day of the calendar month following that to which the contributions relate; and
- the contributions payable by their employees by the 7th day of the calendar month following that in which the contributions were deducted from the employees' salaries.

For the avoidance of doubt, each employer should ensure that the associated contribution schedule and starter details spreadsheet are provided at the same time as the above contributions. The contributions will not be treated as having been received by the Scheme until such time as these have been provided.

Salary sacrifice

In respect of any of its employees who are Pension Salary Sacrifice Members, each participating employer will pay additional employer contributions equal to the employee contributions that the employee would otherwise have paid were they not a Pension Salary Sacrifice Member (subject to the statutory requirements in respect of maternity, paternity, adoption and parental leave).

Expenses

With effect from 1 October 2023, so far as is permitted by law, the following expenses will be met from the Scheme's assets:

- The expenses associated with administering the DB Section
- The expenses associated with administering the DC Section
- Pension Protection Fund (PPF) and other statutory levies

For the avoidance of doubt, the employers remain liable for expenses but for the time being it has been agreed to treat the surplus against the technical provisions as including advance contribution to such expenses (both DB and DC). Therefore, so far as permitted by law, expenses are to be paid from Scheme assets by agreement of the Trustees and the University under Clause 27.2 of the Scheme's Trust Deed and Rules. Either party is entitled to withdraw its continued agreement in whole or in part at any time, after which the default position of the employers being liable for expenses would revive.

Signed on behalf of the Directors of OSPS Trustee Limited

Signature: DocuSigned by: J N Sykes

Name: John Nicholas Sykes

Position: Chair of the Trustee

Date: 27 June 2023

Signed on behalf of the University of Oxford

Signature: DocuSigned by: Simon Boddie

Name: Simon Boddie

Position: Chief Financial Officer

Date: 27 June 2023

Note: The University has been nominated as the employers' representative for this purpose.

9. COMPLIANCE

9A. SCHEDULE OF CONTRIBUTIONS AND RECOVERY PLAN FOR THE UNIVERSITY OF OXFORD STAFF PENSION SCHEME

9A.2. RECOVERY PLAN

As the Scheme is surplus based on the latest triennial valuation as at 31st March 2022, there is no recovery plan required.

9. COMPLIANCE

9B. ACTUARIAL CERTIFICATES FOR THE UNIVERSITY OF OXFORD STAFF PENSION SCHEME

9B.1. ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

The University of Oxford Staff Pension Scheme

Certification of 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 could have been expected on 31 March 2022 to continue to be met for the period for which the schedule is to be in force.

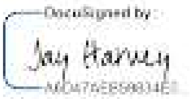
I also certify that any rates of contributions forming part of this schedule which the Scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles, dated 27 June 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



Date

27 June 2023

Name

J M Harvey

Qualification

Fellow of the Institute and Faculty of Actuaries

Address

1 Redcliff Street
Bristol
BS1 6NP

Name of employer

Aon Solutions UK Limited

9. COMPLIANCE

9B. ACTUARIAL CERTIFICATES FOR THE UNIVERSITY OF OXFORD STAFF PENSION SCHEME

9B.2. CERTIFICATION OF TECHNICAL PROVISIONS

Certificate of technical provisions

Actuarial certificate given for the purposes of Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

University of Oxford Staff Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 March 2022 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 27 June 2023.

DocuSigned by:
Jay Harvey

Signature

27 June 2023

Date

Name	J M Harvey
Employer	Aon Solutions UK Limited
Qualification	Fellow of the Institute and Faculty of Actuaries
Address	Aon 1 Redcliff Street Bristol BS1 6NP

9. COMPLIANCE

9C. REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31st March 2022. This showed:

	31st March 2022
The value of the technical provisions was	£914.3 million
The value of the assets at that date was	£961.2 million
Funding level (assets divided by technical provisions)	105%

The Trustee receives an annual update of the funding position and based on the same assumptions set out below. At 31st March 2024, the estimated funding level had grown to around 125%. The technical provisions were estimated to be £724.2 million at 31st March 2024, which compares to the assets of £907.5 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 Projected Unit Method with a three-year Control Period.

Significant actuarial assumptions include:

Pre-retirement discount rate: Equal to the UK nominal gilt curve at the valuation date plus the following amounts at each term**:**

- 2.25% p.a. for calculations with effective dates up to and including 30 March 2023; and
- 1.75% p.a. for calculations with effective dates on or after 31st March 2023**.**

Post-retirement discount rate: Equal to the UK nominal gilt curve at the valuation date plus 0.5% p.a. at each term.

RPI inflation: The assumption is derived from the geometric difference between the UK nominal gilt curve and the UK index-linked curve at the valuation date. For calculations with effective dates up to and including 30 March 2023 only, the resulting figure will be reduced by the following amounts**:**

- **0.5% p.a. up to February 2030; and**
- **1.0% p.a. thereafter**.

CPI inflation: The assumption is derived from the RPI inflation assumption, less the Scheme Actuary's best estimate of the long-term difference between RPI and CPI inflation as applies from time to time (1.0% p.a. up to February 2030 and 0.1% p.a. thereafter as at 31st March 2022).

Pension increases: For pension increases linked to inflation, a pension increase curve is constructed based on either the RPI, CPI or the average of the RPI and CPI inflation curves described above, adjusted to allow for the different maximum and minimum annual increases that apply, and the Scheme Actuary's best estimate of inflation volatility as applies from time to time. The inflation curves used depend on the period over which the benefits were accrued.

Pay increases: Each member's Pensionable Salary is assumed to increase in line with the assumed rate of RPI inflation at all terms.

Mortality: Standard tables S3PMA medium and S3PFA medium adjusted by means of a scaling factor of 105% for all members (determined using the Aon's Demographic Horizons™ tool based on the members' dates of birth, sex and socio-economic information inferred from their postcodes). In determining the scaling factors, allowance will be made for the Scheme's own mortality experience over a suitable recent period. Future improvements from 2013 are assumed to be in line with the CMI 2021 projections (with parameters Sk=7.0, A=0.5% and an assumed long-term rate of improvement of 1.5% p.a.).

CARE revaluation: A revaluation curve is constructed based on either the RPI, CPI or the average of the RPI and CPI inflation curve described above, adjusted to allow for the maximum and minimum annual increases that apply, and the Scheme Actuary's best estimate of inflation volatility as applies from time to time. The inflation curves used depend on the period over which the benefits were accrued.

Family details:

- A male member is assumed to be three years older than his wife and a female member is assumed to be one year younger than her husband.
- 80% of male non-pensioners and 75% of female non-pensioners are assumed to be married at retirement or earlier death.
- 85% of male pensioners and 70% of female pensioners are assumed to be married at retirement.

These assumptions include allowance for pensions payable to other dependants (including civil partners)

Guaranteed Minimum Pensions (GMP): No allowance was made in the 2022 valuation for the cost of adjusting benefits to remove any inequalities arising from GMPs on the basis this is not likely to be material to the Scheme.

9D. Implementation Statement

Implementation Statement (“IS”)

University of Oxford Staff Pension Scheme (the “Scheme”)

Scheme Year End – 31 March 2024

The purpose of the Implementation Statement is for us, the Trustee of the University of Oxford Staff Pension Scheme, to explain what we have done during the year ending 31 March 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. A summary of any review and changes made to the SIP over the year
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

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

In our view, most of the Scheme’s material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship priorities.

A few managers, as outlined later in the report, did not provide any requested engagement information, or the information provided was limited and often not in line with the best practice Investment Consultants Sustainability Working Group (“ICSWG”) industry standard engagement reporting guide.

We will engage with these managers, as set out in our engagement action plan, to encourage them to provide detailed and meaningful disclosures about their engagement activities, and learn how they consider financially material Environmental, Social and Governance (“ESG”) factors into their stewardship policies.

Changes to the SIP during the year

We reviewed the DB Section SIP during the year and updated it in October 2023.

The revised DB Section SIP reflects the changes to the investment strategy including:

- Revised strategic allocations for each asset class
- Removal of wording relating to the Recovery Plan set out in the 2019 Actuarial Valuation as it is no longer applicable
- Replacement of wording relating to the Scheme's funding position
- Revised wording relating to the Scheme's new investment strategy
- Revised wording regarding the Stewardship matters relating to the Scheme, in compliance with updated regulatory requirements

The SIP for the DB Section can be found here:
https://finance.admin.ox.ac.uk/sitefiles/osps-db-sip-october-2023.pdf

The DB Section SIP was revised post Scheme year end in July 2024. The revised SIP reflects the changes to the investment strategy including:

- Revised strategic allocations for each asset class
- Inclusion of wording regarding the use of Liability Driven Investment ("LDI")
- Further detail in the 'Division of responsibilities' section

The SIP for the DC Section can be found at
https://finance.admin.ox.ac.uk/sitefiles/dc-sip-june-2021.pdf

What is stewardship?

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

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

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

How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP. Policies taken from the SIP are presented in quotation marks. Note, the policies listed are not exhaustive; please refer to the full SIP.

Defined Benefit ("DB")

Strategy

Investment objectives

"The Scheme's assets are invested in such a way that sufficient money is available to meet the liability to provide benefits to the members of the Scheme as they fall due."

Allocation of assets

"Asset allocation is considered regularly by the Trustee and reviewed in detail in conjunction with (or following) each actuarial valuation."

Strategic allocation

"Any investment undertaken will have considered:

- *Whether the asset class proposed is appropriate given market expectations for that asset class;*
- *Whether the investment manager has the skill and ability to run a mandate which is expected to achieve the return targets;*
- *Whether the specific asset class and manager are appropriate for the overall risk, return and diversification of the total portfolio."*

The investment strategy outlined in the SIP is monitored frequently to ensure the strategy remains appropriate. As part of meeting the Scheme's investment objectives, the Trustee monitored the funding level on a quarterly basis. This allowed the Trustee to consider the funding level progression within the context of the long-term funding target.

The Trustee actively manages the portfolio, making changes to the asset classes, fund managers and allocation as they see fit to ensure it remains well diversified and on track to meet the Scheme's objective. This includes ensuring the Scheme has the "*necessary liquidity to pay benefits as they become due*". The Trustees reviewed the liquidity of the portfolio in detail in November 2023, and will continue doing so on an annual basis.

Following the 31 March 2022 Actuarial Valuation, an investment strategy review was carried out at the November 2022 meeting whereby the risk and return profile and asset allocation was considered. The strategic allocation that was agreed upon can be found in the October 2023 SIP. In light of further improvements to the Scheme's funding level, discussions took place throughout the Scheme year and decisions were made to de-risk the portfolio to protect the Scheme's strong funding position. A new strategic allocation was formally signed off by the Trustee and the University in February 2024, reflected in the July 2024 SIP.

The Trustees discussed the long-term direction of travel for the Scheme at the March 2024 meeting.

Risks

The SIP outlines risks which have the potential to cause deterioration in the Scheme's funding level. The Trustee reports on several of the risks associated with the Scheme's investments annually in the investment risk disclosure report which accompanies the Reports and Accounts. In this report, the Trustee monitors the risks associated with both the DB and Additional Voluntary Contributions (“AVCs”) portions of the Scheme, concentrating on market risks, credit risk, interest rate risk, inflation risk and others.

The Trustee decreased the growth portfolio allocation in favour of the matching portfolio to reduce the risk caused by interest and inflation rate fluctuations during the Scheme year, to protect the favourable funding position. As part of the investment strategy review, the investment adviser proposed modelled portfolios, each with a reduction of allocation to growth assets in favour of matching assets to reduce the overall risk (expressed as a Value at Risk measure) whilst maintaining a prudent return. In order to better protect the portfolio against interest and inflation rate fluctuations, the Trustees undertook LDI training in October 2023 and adopted a LDI strategy for management of their matching portfolio. The initial implementation of the LDI strategy took place in February 2024.

Implementation

Choosing investments

“The Funding and Investment Committee considered the suitability of a range of asset classes, the need for diversification, the risk and rewards of different asset allocations, and the sponsoring employers’ views (including the strength of the sponsoring employers’ covenant).”

The Trustee reviewed the corporate bonds allocation during the 2022-2023 Scheme year and agreed to replace the BlackRock corporate bonds mandate with Robeco partly due to the ESG integration of the mandate. Onboarding and investment into Robeco finalised over H2 2023.

To better protect the Scheme’s strong funding position, the Trustees explored LDI as a solution to better match the sensitivities of the Scheme’s liabilities, stabilise the funding position and lock in gains. The Trustees undertook LDI training in October and received presentations from three LDI managers. Each

manager presented an overview of their business, their approach to LDI management, and their proposed solution tailored to the Scheme, where the managers were asked to provide their “best” solution and show what level of hedging they could achieve. Following further modelling from the managers, it was discussed and agreed that Insight would replace SSgA as the Scheme’s matching portfolio manager, managing the Scheme’s LDI strategy. Implementation took place over Q1 2024.

The following was taken into consideration when making these decisions:

- Utilisation of the investment adviser's manager research team to conduct necessary due diligence
- The return and overall risk of the investments
- ESG credentials of the asset classes and the managers

General

Direct investments

“Assets directly held by the Trustee, including policies of assurance such as AVCs, will be regularly reviewed to ensure that they continue to be appropriate.”

The Defined Contribution Committee formally review the DC arrangements at the committee meeting on 14 March 2023. This review included an in-depth presentation from Legal & General regarding the investment strategy applied to its target date funds, both historically and planned future developments.

The arrangements with asset managers

“The Trustee regularly monitors the Scheme’s investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with Trustee’s policies.”

The Trustee received quarterly Funding and Investment reports from its investment adviser outlining the valuation of all investments held, monitoring the performance of these investments, and recording any material transactions undertaken during the quarter. Investment returns are compared with appropriate performance targets to monitor the relative performance of these investments. The asset allocation is also monitored and compared to the strategic asset allocation set out in the SIP. Within this report also, the Trustee received an overview of each "buy" rated manager produced by Aon's manager research team giving a quarterly update on the rating of the manager. This includes an ESG rating for equity and fixed income managers where available.

The Trustee received an annual implementation statement reporting on the monitoring and engagement activities carried out by its investment managers.

“The Trustee shares the policies, as set out in its separate ESG policy, with the Scheme’s asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee’s policies.”

The Funding and Investment Committee (“FIC”) reviewed the Trustee’s Responsible Investment (“RI”) and ESG Policy at the November 2023 meeting. The FIC agreed that the note accurately stated the Trustee’s key objectives in respect of RI and ESG matters, which it considers to be stewardship priorities. These are outlined in more detail within the ‘Environmental, social and governance considerations’ section of this report.

The Trustee will share the policy with the Scheme’s asset managers and intends to go through a detailed exercise in Q4 2024 to assess the managers’ alignment with the policy.

“Before appointment of a new asset manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee’s policies.”

In Q4 2023, it was agreed to appoint Insight to replace SSgA as the Scheme’s matching portfolio manager. The Trustee received a formal s36 document from the Scheme’s investment adviser confirming suitability of the new fund and fund manager as part of the portfolio.

On an ad hoc basis, the Scheme invites asset managers to present at Trustee meetings and engage on matters of interest such as performance and ESG. M&G presented at the August 2023 meeting and Copenhagen presented at the March 2024 meeting.

Environmental, social and governance considerations

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

The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance."

As noted earlier, the Trustee considered the ESG credentials of Insight as the new LDI manager. Due to the limited materiality of stewardship for LDI as an asset class, the ESG credentials of Insight was considered on an overall level.

Since 1 October 2022, the Trustee has been required to produce and publish an annual report in line with the recommendations of the Taskforce on Climate Related Financial Disclosures ("TCFD"). Over the reporting period, the Trustee has carried out several activities, with the support of Aon, to formally align with the recommendations of the TCFD and fully understand the potential impact that climate-related risks and opportunities could have on the DB and DC Sections of the Scheme. These activities supplement the wider ESG-related monitoring exercises already carried out by the Trustee. This includes:

- An overview of the Scheme's governance structure, to ensure that it is still able to make informed decisions on climate-related financial risks and opportunities;
- A review on all of its appointed investment managers on how they view their exposures to climate-related risks and opportunities, both at an individual fund level and a firm level. The Trustee and its advisers then assessed these responses to identify key areas of investment risk for the Scheme and implications for the Scheme's investment strategy. This was then compared to last year's reporting period to identify any improvements or declines in managers' exposure to physical and transition risks;
- A review of the quantitative climate change scenario analysis on the DB Section, and a qualitative climate change scenario analysis on the DC Section of the Scheme, that was completed as at June 2021 to understand the potential impact of climate change on each section over the next 30 years. The Trustee is comfortable that the analysis remains appropriate for this year's reporting, and does not intend to undertake new analysis since significant strategy changes were still ongoing as at the reporting date;
- Following the activities outlined within the Climate Risk Management Framework that integrates climate-related risks into the Trustee's various documents and processes. This enables the Trustee to identify, assess and monitor climate-related risks and opportunities on a continuous basis;
- Gathering climate-related data on the Scheme's investments, to aid understanding of the Scheme's current exposure to climate-related risks. During this reporting period, the Trustee gathered Scope 3 emission data alongside a portfolio alignment metric (by measuring the portion of the portfolio with net zero- or Paris-

aligned targets from the Scheme's underlying managers. The overall carbon data was compared to last year's reporting period, to understand whether any significant changes have occurred year-on-year; and

- Reviewing the appropriateness of the climate-related targets set in the previous year of reporting, to support future monitoring and management of climate-related risks.

Climate-related risks and TCFD reporting have been discussed at all FIC meetings over the year to 31 March 2024, and the FIC has kept the Trustee Board appraised of any material climate-related developments through regular updates, as and when required. The Trustee published its first TCFD report in October 2022 and carries out this exercise on an annual basis, in line with the regulatory requirements.

In March 2024, the FIC received training by the Trustee's investment consultant, on the key takeaways from the initial wave of pension scheme TCFD reports, across the industry. The training helped inform the preparation of the Trustee's TCFD report for the year ending 31 March 2024. During the same session, the FIC also received training on net zero targets, including what they are and why they are important. More detailed net zero training was provided to the Trustee during the July 2024.

The Trustee has agreed an RI and ESG Policy for the Scheme, which sets out the Trustee's approach on these matters. The Policy sets out requirements for the asset managers, such as how they are expected to take into account various long-term ESG issues, disclosures of how ESG factors are considered, voting policies and how they give effect to their ESG policies. This is due to be reviewed in Q4 2024.

Whilst the Trustee's SIP does not explicitly cover stewardship priorities, the Trustee has considered the 'Key objectives' set out in its RI and ESG Policy to be stewardship priorities for the purposes of its IS.

The stewardship priorities of the Trustee are voting and engagement opportunities that align with the following key objectives:

- UK government legislation and regulations (for example, on modern slavery, environmental quality, climate change and other relevant issues);
- UK government commitment to international conventions and treaties (for example, UN conventions on climate change, cluster bombs, antipersonnel mines that are designed to harm or kill civilians and related issues);
- Direct and indirect investment in companies and related financial instruments that are associated with activities that are harmful to human health and welfare (for example, alcohol, gambling, tobacco and cigarette manufacturing and other similar issues); and
- Direct and indirect investment in companies and related financial instruments that violate international norms and/or UK moral principles (for example, human trafficking, indenture, and exploitation and other similar issues).

The Trustee has aligned its voting examples with these priorities wherever this was possible based on the significant votes provided to the Trustee by its investment managers.

Cost and transparency

"The Trustee intends to collect annual cost transparency reports covering all of its investments in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class."

"The Trustee assesses the performance of its investment managers quarterly and the remuneration of its investment managers at least annually."

"The Trustee monitors portfolio turnover…"

The Trustee received and reviewed the cost transparency report provided by ClearGlass. ClearGlass collects costs (including portfolio turnover costs) incurred by the Scheme from the Scheme's investment managers in line with the CTI template for each asset class. The Trustee received quarterly Funding and Investment reports from the investment adviser which details the performance of its investment managers. The detailed investment manager fee information i.e. Total Expense Ratios ("TERs") is also covered in the report and reviewed by the Trustee on a quarterly basis.

The Trustee raises areas for concern as discussion points at meetings with its investment adviser where relevant.

Review of SIP

"This SIP will be reviewed typically annually or immediately following a change of investment policy."

An investment strategy review was undertaken during the Scheme year. The SIP was updated to reflect the agreed strategy.

Policy on rights attaching to investments

"The Trustee believes that it should encourage the companies it invests with to adopt good practice regarding corporate governance and corporate responsibility.

The Scheme Trustee is in agreement with the principles of effective stewardship included in the Financial Reporting Council UK Stewardship Code and has requested the Investment Managers to comply with these principles.

The Trustee receives reports from its investment managers displaying the level of voting activity and engagement, highlighting occasions where they have not voted in agreement with their policy."

The Trustee receives an annual Implementation Statement showing the levels of voting activity and engagement from the asset managers. To aid in its continuing understanding and awareness of the ESG risks and opportunities to which the Scheme is exposed, the Trustee is provided with guidance from its adviser in the form an ESG dashboard (named 'RI-360i') on an annual basis. The Trustee reviewed an updated version of this dashboard in November 2023.

The Trustee uses RI-360i to analyse the underlying portfolio and establish what is owned by the Scheme. The online tool also informs the Trustee about who is making decisions on what is owned, by analysing the Scheme's asset managers, their capabilities and their culture. These insights then steer the Trustee's engagements with its asset managers, so they know - and are doing - what is expected of them by the Trustee.

Defined Contribution ("DC")

Strategy

Investment objectives

"The Trustee is responsible for investing DC assets in line with members' preferences. Its key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. The Trustee has taken into account members' circumstances; in particular the possible range of members' attitudes to risk and term to retirement."

Allocation of assets

"In order to meet the Scheme's Investment Objective, the Trustee provides members access to a number of individual funds via the provider's platform. For the default investment strategy, the key aims are to support DC members in building their real retirement income while managing possible downside risks; and to hold investments at retirement that do not target a particular benefit but are diversified across primarily 'lower risk' asset classes such as cash and investment grade bonds, whilst also allocating a lesser proportion to 'higher' risk assets such as equities, property and alternatives."

The Trustee undertakes a formal review of the DC Section default investment strategy at least every 3 years. The investment strategy review is currently underway, the previous review having been concluded on 25 March 2021.

The investment strategy for the DC Section is monitored quarterly by the Defined Contribution Committee. During this reporting period, the performance of DC funds was considered at meetings on 8 June 2023, 31 August 2023, 7 December 2023 and 14 March 2024.

Risks

As well as the risks set out in the DB Section above, for the DC Section the Trustee also considers the risk of not meeting members' expectations and the default investment strategy not being suitable for members.

As stated above, the Trustee reports on several of the risks associated with the Scheme's investments annually in the investment risk disclosure report which accompanies the Reports and Accounts. The risks associated with the DC Section of the Scheme are also considered as part of the investment strategy reviews carried out every three years (which consider the DC Section membership profile, and how members are expected to access these funds) and the frequent monitoring of investment and administration performance, including any member complaints or feedback reported by Legal & General.

Implementation

Choosing investments

"In choosing the DC Section's investment options, it is the Trustee's policy to consider (i) a full range of asset classes. (ii) the suitability of the possible styles of investment management and extent of manager diversification. (iii) the suitability of each asset class for a DC Scheme. (iv) the need for appropriate diversification of asset classes (v) the current and expected future membership of the DC Section of the Scheme and (vi) the fund charges, in order to assess value for money"

Features (i) to (v) are considered as part as part of the investment strategy reviews carried out every three years. The fund charges and value for money are assessed annually through the Trustee's formal value for members assessment carried out to support the Chair's Statement. The value for members assessment for the period ending 31 March 2023 was considered by the Defined Contribution Committee on 31 August 2023.

General

The arrangements with asset managers

"The Trustee regularly monitors the DC Section's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with Trustee's policies."

The Trustee receives quarterly monitoring reports from Legal & General including the valuation of all investments held, monitoring the performance of these investments, and membership changes during the quarter. Investment returns are compared to the performance comparators set by Legal & General.

The annual implementation statement that the Trustee receives reporting on the monitoring and engagement activities carried out by its investment managers includes the DC Section funds.

"The Trustee shares the policies, as set out in its separate ESG policy, with the Scheme's asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies."

The Trustee shared its ESG policy with Legal & General on 25 January 2023. Legal & General included details of its approach to ESG as part of its presentation to the Defined Contribution Committee on 14 March 2023. The Trustee were satisfied the manager was aligned with the Scheme's ESG policy.

Environmental, social and governance considerations

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

- *The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance."*

Please refer to commentary in the DB Section of this statement, which applies equally to the DC Section.

Cost and transparency

"The Trustee is aware of the importance of monitoring the costs and charges borne by members and the impact these costs can have on member outcomes. The Trustee regularly monitors and reviews the costs and charges borne by members, as part of the work to prepare the Chair's Statement each year."

During this reporting period, the Trustee collated the costs and charges borne by members (including implicit transaction costs) for the 12-month period ending 31 March 2023 as part of the value for members assessment and the work to prepare the Chair's Statement.

Review of SIP

"The SIP will be reviewed typically annually or immediately following a change of investment policy."

The DC Section SIP was not reviewed during this reporting period. It will be updated by 1 October 2024 to include the Trustee's policy on investing in illiquid assets and again once the triennial investment strategy review that is currently underway has been completed.

Policy on rights attaching to investments

"The Trustee believes that it should encourage the companies it invests with to adopt good practice regarding corporate governance and corporate responsibility.

The Scheme Trustee is in agreement with the principles of effective stewardship included in the Financial Reporting Council UK Stewardship Code, and has requested the Investment Managers to comply with these principles.

The Trustee receives reports from its investment managers displaying the level of voting activity and engagement, highlighting occasions where they have not voted in agreement with their policy."

Please refer to commentary in the DB Section of this statement, which applies equally to the DC Section

Our Engagement Action Plan

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

1. For the illiquid investments held by the Scheme: M&G Investments for its Illiquid Credit Opportunities Fund ("ICOF") did not provide engagement data at a fund level, though M&G did provide the number of fund level engagement for its Inflation Opportunities Fund; the manager did not provide engagement activity by theme/topic at fund level. Ares Capital and Copenhagen provided limited engagement information; DIF did not provide any information at a fund-level but did provide a firm-level response on its ESG processes. Whilst the opportunities for engagement with illiquid investments, such as infrastructure funds, are not as extensive as they are for other investments, such as equity and corporate bonds, we would still expect our investment managers of these funds to demonstrate and report on some level of engagement; for example, by engaging to exert influence on underlying companies or asset management through governance and how identified ESG risks are managed, as per the guidance issued by the Pension and Lifetime Saving Association ("PLSA").

2. Generation did not provide fund-level engagement data, nor did it provide significant voting examples as per the PLSA template. We will review the manager to better understand its engagement and voting practices and the areas which are behind those of its peers.

3. Threadneedle did not provide any information at the fund-level although it did provide a firm-level response. The manager stated this was because its way of tracking engagement is inconsistent with the ICSWG guide. This fund was fully disinvested on 30 April 2024.

4. Legal and General Investment Management Limited ("LGIM") did provide a comprehensive list on fund-level engagements, which we find encouraging, but it did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consulting Sustainability Working Group ("ICSWG") industry standard template. Our investment adviser will continue to engage with LGIM to encourage improvements in its engagement reporting.

5. We will invite our investment managers to meetings to get a better understanding their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.

6. We will undertake regular and detailed ESG monitoring of our managers.

7. We will undertake an annual review of our investment managers' Responsible Investment policies to ensure they are in line with our own.

8. We will undertake training related to Responsible Investment topics.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

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

Why is voting important?

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

Source: UN PRI

Voting statistics

The table below shows the voting statistics for the Scheme's material funds with voting rights held in the Defined Benefit ("DB"), Defined Contribution ("DC"), and Additional Voluntary Contribution ("AVC") mandates with voting rights for the year to 31 March 2024.

Section	Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
DB	Generation - Global Equity Fund	621	100.0%	8.7%	1.1%
DC	L&G PMC 2020 - 2025 Target Date Fund	19,875	99.8%	21.7%	0.7%
	L&G PMC 2025 - 2030 Target Date Fund L&G PMC 2030 - 2035 Target Date Fund	103,654	99.8%	22.5%	0.2%
	L&G PMC 2035 - 2040 Target Date Fund L&G PMC 2040 - 2045 Target Date Fund	93,473	99.8%	23.1%	0.2%
	L&G PMC 2045 - 2050 Target Date Fund L&G PMC 2050 - 2055 Target Date Fund L&G PMC 2055 - 2060 Target Date Fund L&G PMC 2060 - 2065 Target Date Fund L&G PMC 2065 - 2070 Target Date Fund	17,454	99.8%	22.5%	0.7%
	L&G PMC Future World Multi-Asset Fund	91,840	99.8%	23.1%	0.2%
	L&G PMC All World Equity Index Fund	64,058	99.9%	20.2%	0.5%
	L&G PMC Ethical Global Equity Index Fund	16,564	99.8%	18.5%	0.2%
	Prudential - With Profits Investment Account[1]	65,638	98.4%	7.0%	1.0%

AVC	Prudential - With Profits Cash Accumulation[2]

Source: Managers
Please note that the 'abstain' votes noted above are a specific category of vote that has been cast ,and are distinct from a non-vote.

[1] Prudential – the with Profits Investment Account can only invest in the Prudential - With Profits Cash Accumulation Fund – and as such the voting records provided covers both funds.
[2]Prudential Fund Management has been delegated to a number of fund managers, including M&G Investment Management. The voting is carried out by the underlying fund managers.

Use of proxy voting advisers

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

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

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

Why use a proxy voting adviser?

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

Managers	**Description of use of proxy voting advisers** ***(in the managers' own words)***
Generation Investment Management ("Generation")	Generation has appointed Institutional Shareholder Services ("ISS") as its proxy voting agent to provide notice of all company meetings and to ensure Generation's voting instructions are effectively carried out. However, we do not follow any third-party advice as a default. This is because we believe each analyst should review the relevant issues on a case-by-case basis and exercise their best judgement on how to vote, given their deep knowledge of the company.
Legal & General Investment Management Limited ("LGIM")	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions
Prudential[1]	M&G Investment Management We use research provided by ISS and the Investment Association; and we use the ProxyExchange platform from ISS for managing our proxy voting activity. BlackRock While we subscribe to research from the proxy advisory firms Institutional Shareholder Services ("ISS") and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research. Lazard Asset Management Ltd

	Lazard currently subscribes to advisory and other proxy voting services provided by Institutional Shareholder Services Inc. ("ISS") and Glass, Lewis & Co. ("Glass Lewis"). These proxy advisory services provide independent analysis and recommendations regarding various companies' proxy proposals. ISS provides additional proxy-related administrative services such as vote execution, recordkeeping and reporting support services. The Proxy Administration Team reviews proxy information on a daily basis and regularly communicates with representatives of ISS to ensure that all agendas are considered and proxies are voted on a timely basis. Members of the Proxy Committee, along with members of the Legal & Compliance Team, conducts periodic due diligence of ISS and Glass Lewis.

Source: Managers
[1]Prudential Fund Management has been delegated to a number of fund managers, including M&G Investment Management. The voting is carried out by the underlying fund managers, with the most material managers shown above.

Significant voting examples

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

Our managers' engagement activity

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

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

Section	Funds	Number of engagements		Themes engaged on at a fund/ firm level
		Fund level	Firm level	
DB	Ares – Capital Europe V	*Not provided; the manager stated that: "We do not currently track engagements at the strategy (and firm) level. However, Ares engages in regular meetings with portfolio company management teams and tracks ESG developments on an ongoing basis. […] If we are the lead / sole lender to a company, Ares has the opportunity to raise issues and discuss relevant risk-mitigation or value-creation ESG-related initiatives."*		Others - Diversity targets, Cybersecurity improvements, Diversity and carbon emission reduction targets, CO_2 emission reductions, equality of opportunity and governance scores
	Copenhagen – Infrastructure IV	*Not provided; the manager stated that: "As an active owner, Copenhagen (through its funds) engages with every investment in its fund portfolios on an ongoing basis, normally daily."*		Environment* - Natural resource use/impact (biodiversity) Social* - health & safety
	DIF – Infrastructure V	*Not provided*	*75*[1]	Governance, Climate resilience, Safety, Community and Environment[2]
	Generation - Global Equity Fund	*Not provided*	517	Environment* - Climate Change; Natural Resource Use/Impact Social* - Human Capital Management
	M&G – Illiquid Credit Opportunities Fund VII	*Not provided*	297	Environment* - Climate Change Social* - Human Capital Management Governance* - Remuneration; Board effectiveness - Diversity Other* - Multiple Topics
	M&G – Inflation Opportunities Fund V	33	297	Environment* - Climate Change Social* - Human Capital Management Governance* - Remuneration; Board effectiveness - Diversity Other* - Multiple Topics
	Robeco - Global Sustainable Development Goals ("SDG") Credit Income Fund	29	319	Governance - Shareholder Rights Environment - Climate Change Social - Human and Labour Rights; Human Capital Management Other - SDG Engagement

	Threadneedle AM – Property Unit Trust (“TPUT”)	*Not provided*	1,424	Environment* - Climate Change Social* - Human Capital Management; Human and Labour Rights Governance* - Leadership - Chair/CEO; Board effectiveness - Other
DC	L&G PMC 2020 - 2025 Target Date Fund L&G PMC 2025 - 2030 Target Date Fund L&G PMC 2030 - 2035 Target Date Fund	1,660	2,500	Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Ethnic Diversity, Gender Diversity, Income inequality Governance - Remuneration, Board Composition, Nominations and succession Other - Corporate Strategy
	L&G PMC 2035 - 2040 Target Date Fund L&G PMC 2040 - 2045 Target Date Fund L&G PMC 2045 - 2050 Target Date Fund L&G PMC 2050 - 2055 Target Date Fund L&G PMC 2055 - 2060 Target Date Fund L&G PMC 2060 - 2065 Target Date Fund L&G PMC 2065 - 2070 Target Date Fund	1,560		Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Ethnic Diversity, Gender Diversity, Income inequality Governance - Remuneration, Board Composition, Nominations and succession Other - Corporate Strategy
	L&G PMC Future World Multi-Asset Fund	1,552		Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Ethnic Diversity, Gender Diversity, Income inequality Governance - Remuneration, Board Composition, Nominations and succession Other - Corporate Strategy
	L&G PMC All World Equity Index Fund	816		Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Ethnic Diversity, Gender Diversity, Lobbying and Political Donations Governance - Remuneration, Board Composition, Nominations and succession Other - Corporate Strategy
	L&G PMC Ethical Global Equity Index Fund	363		Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Ethnic Diversity, Gender Diversity, Lobbying and Political Donations Governance - Remuneration, Board Composition, Nominations and succession Other - Corporate Strategy
	Prudential - With Profits Investment Account	2,987	250	Environment* - Climate change Social* - Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance* - Board effectiveness – Diversity, Board effectiveness - Independence or Oversight Strategy, Financial and Reporting* - Capital allocation
AVC	Prudential - With Profits Cash Accumulation	204	250	Environment - Climate Change (including Strategy, Broader Sector Opportunities and Thermal Coal), Water use/Scarcity/Pollution Social – Inequality, Diversity & Inclusion Governance – Board Composition & Effectiveness, Shareholder rights

	Strategy, Financial and Reporting - Capital allocation

Source: Managers.
**The following managers did not provide fund level themes; themes provided are at a firm-level: Copenhagen; Generation; M&G; Threadneedle; and Prudential - With Profits Investment Account. Copenhagen themes taken from case studies provided.*
[1]Number of investments engaged with, may include multiple engagements.
[2]Focus areas to assess ESG Performance of the investments.

Data limitations

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

- Ares and Copenhagen provided limited engagement data. As per Ares, given the diverse nature of its investment strategies, it does not have a firmwide approach. However, it is in process of developing an engagement strategy, including tracking and prioritization of themes. Copenhagen mentioned that it is difficult to provide a split as the engagement levels vary widely based on the status (i.e. construction vs. operations) of the investment and any financing processes.
- DIF did not provide any information at a fund-level, but did provide firm-level response on number of investments participating in its ESG path program and its ESG focus areas. The manager noted that there is no formal engagement tracking in a way which is consistent with the ICSWG guide.
- Threadneedle did not provide any information at a fund-level, but did provide firm-level response and noted its engagement tracking is not categorised in a way which is consistent with the ICSWG guide.
- M&G did not provide engagement data for the ICOF II. Although M&G did provide the number of fund level engagement for its Inflation Opportunities Fund, the manager did not provide engagement activity by theme/topic at fund levels.
- Generation did not provide fund-level engagement information and noted its engagement reporting is not consistent with the ICSWG template. Also, the manager did not provide sufficient information on its significant voting example.
- LGIM did provide fund-level engagement information but not in line with the best practice ICSWG guide.

This report does not include commentary on certain asset classes such as liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Example (DB Section)

In the table below are some significant vote examples provided by the Scheme's manager. We consider a significant vote to be one which the manager considers significant, or a vote that aligns with our stewardship priorities. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in the managers' own words, where they align with our stewardship priorities (where possible):

Generation - Global Equity Fund	**Company name**	Amazon.com, Inc.
	Date of vote	24 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Report on Efforts to Reduce Plastic Use
	How you voted?	Votes Against Resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Not provided
	Rationale for the voting decision	We believe this proposal places incorrect emphasis on Amazon's own plastic use and misses the far more important effort around Amazon's suppliers' use, which is what Amazon is rightly focused on.
	Outcome of the vote	Not provided
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Not provided
	On which criteria have you assessed this vote to be most significant?	Not provided

Source: Manager

Appendix – Significant Voting Examples (DC/AVC Section)

In the table below are some significant vote examples provided by the Scheme's manager. We consider a significant vote to be one which the manager considers significant, or a vote that aligns with our stewardship priorities. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in the managers' own words, where they align with our stewardship priorities (where possible):

L&G PMC 2020 - 2025 Target Date Fund; L&G PMC 2045 - 2050 Target Date Fund; L&G PMC 2050 - 2055 Target Date Fund; L&G PMC 2055 - 2060 Target Date Fund; L&G PMC 2060 - 2065 Target Date Fund; L&G PMC 2065 - 2070 Target Date Fund	**Company name**	Westpac Banking Corp.
	Date of vote	14 December 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.03 – 0.1%
	Summary of the resolution	Resolution 5 - Approve Westpac Climate Change Position Statement and Action Plan
	How you voted?	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics
	Rationale for the voting decision	Climate change: A vote AGAINST this proposal is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While we positively note the company's net-zero commitments and welcome the opportunity to voice our opinion on the bank's climate transition plan, we highlight some concerns with the scope of targets and disclosures. In particular - The bank has not committed to establish science-based targets; and - The sector policies notably on certain fossil fuels (such as unconventional oil and gas) and existing business relationships remains limited in scope. More specifically, the company's position on power generation is quite high level and particularly narrow in scope.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly

	aligned to a 1.5°C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

L&G PMC 2025 - 2030 Target Date Fund; L&G PMC 2030 - 2035 Target Date Fund; L&G PMC 2035 - 2040 Target Date Fund; L&G PMC Future World Multi-Asset Fund	**Company name**	Toyota Motor Corp.
	Date of vote	14 June 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.17% - 0.25%
	Summary of the resolution	Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement
	How you voted?	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	Rationale for the voting decision	LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. We acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, we believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, we expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. We believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.
	Outcome of the vote	15.1% (Fail)
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
	On which criteria have you assessed this vote to be most significant?	Pre-declaration and Thematic - Lobbying: LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, we expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.
L&G PMC All World Equity Index Fund; L&G PMC Ethical Global Equity Index Fund	**Company name**	Wells Fargo & Company
	Date of vote	25 April 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.24% – 0.42%
	Summary of the resolution	Resolution 8 - Report on Climate Transition Plan Describing Efforts to Align Financing

		Activities with Green House Gas ("GHG") Targets
	How you voted?	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	Rationale for the voting decision	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
	Outcome of the vote	30.8% (Fail)
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
	On which criteria have you assessed this vote to be most significant?	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.
Prudential - With Profits Cash Accumulation[1]	**Company name**	Microsoft Corporation
	Date of vote	07 December 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.2%
	Summary of the resolution	Report on Risks of Operating in Countries with Significant Human Rights Concerns
	How you voted?	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Not Applicable
	Rationale for the voting decision	Given the expansion of data centres, additional disclosures around human rights risks would benefit shareholders.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	Not Provided
	On which criteria have you assessed this vote to be most	Environmental and social

	significant?

Source: Managers

[1]Prudential – the with Profits Investment Account can only invest in the Prudential - With Profits Cash Accumulation Fund – and as such the voting records provided covers both funds.