SONI Limited Pension Scheme

(Scheme Registration Number 12001717)

Annual Report For The Year Ended 31 March 2023

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***: It is noted that, whilst the Trustees have decided to now refer in the Trustees' Report and Financial Statements to what were formerly known as:*

- *the Focus and Options sections of the scheme, as*
- *the Defined Benefit (DB) and Defined Contribution (DC) sections of the scheme*

the existing Actuarial Statements, and certain other reports incorporated, still refer to the Focus and Options sections.

The Trustees' Report

Introduction

This Trustees' Report relates to the operation of the SONI Limited Pension Scheme ("the Scheme") during the year ended 31 March 2023.

The Scheme was established on 30 June 2009, and is governed by the Definitive Trust Deed and Rules dated August 2015 and subsequent amendments. The Scheme is a registered scheme and, to the Trustees' knowledge, there is no reason why such registration should be prejudiced or withdrawn.

The Scheme is a registered pension scheme under the provisions of Schedule 36 of the Finance Act 2004. Accordingly under the provisions of section 186 and 187 of the Finance act 2004 its income and investment gains are free of taxation. The Trustees know of no reason why the registration should be prejudiced or withdrawn.

Members are able to make Additional Voluntary Contributions (AVCs) to secure additional benefits. The Scheme also covers members for death benefits.

Full details of the Scheme's benefits can be found in the members' explanatory booklets (see "Contact for further information" on page 5).

Management of the Scheme

The names of the Trustees of the Scheme who served during the year and those serving at the date of approval of this report are as follows:

Name	Nominated/appointed by	Appointed/Resigned
Colin Cairnduff	Employer	
Samantha Windrum	Member	
Peter Jackson	Member	Retired 10 March 2023
Natasha Sayee	Employer	Resigned 2 December 2022
Emma Morris	Employer	Appointed 19 January 2023
Dalriada Trustees Limited Represented by Greig McGuinness	Independent/Chair	

The Trustees held four full meetings during the year under review. Each Trustee is entitled to receive at least ten days' notice of meetings, although in practice dates are normally fixed well in advance. The Scheme's Rules provide that decisions of the Trustees may be made by a majority of the Trustees present at any meeting. The Trustees have delegated the day-to-day management and operation of the Scheme's affairs to professional advisers. In accordance with the Occupational Pension Scheme (Member-nominated Trustees and Directors) Regulations (Northern Ireland) 1996, it was agreed by the members to adopt the provisions for electing Member Nominated Trustees. Two of the Trustees are active members of the Scheme nominated by the Scheme's members and the balance is nominated by the Sponsoring Employer. Member-nominated Trustees must resign on leaving active membership.

The Trustees' Report (Cont)

Changes to Scheme Rules

There were no changes made to the Scheme Rules during the period.

The Sponsoring Employer

The name and address of the Sponsoring Employer is as follows:

SONI Limited
Castlereagh House
12 Manse Road
Belfast
BT6 9RT

Scheme advisers

The Trustees retains a number of professional advisers in connection with the operation of the Scheme. The advisers currently appointed are as follows:

Scheme Actuary	Chris Ramsey FIA
Advising Actuaries	Barnett Waddingham LLP
Administrator of the Scheme benefits	Barnett Waddingham LLP
Independent Auditor	Baker Tilly Mooney Moore
Investment Managers	BlackRock Pensions Limited Legal& General Assurance (Pension Management) Ltd
AVC Managers	BlackRock Pensions Limited
Legal Advisers	SNR Denton
Bankers	Lloyds Bank plc
Secretary to the Trustees	Gavin Howlin, Willis Towers Watson

Changes in and other matters relating to Scheme advisers

There have been no changes to or other matters related to Scheme advisers during the Scheme year under review.

Financial development of the Scheme

During the year the value of the net assets decreased by £9,129,587 to £36,510,293 as at 31 March 2023. The decrease comprised net additions from dealings with members of £1,276,238 together with a net decrease from the return on investments of £10,405,825.

The large decrease in the value of investments was a result of adverse market conditions, in particular the significant decrease in the value of gilts. The fall in the value of the Scheme's assets was broadly matched by a decrease in the value of the Scheme's actuarial liabilities as a result of the gilt market volatility, which has largely mitigated the impact on the Scheme's funding level.

The Trustees' Report (Cont)

Scheme Audit

The financial statements on pages 22 to 38 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions (Northern Ireland) Order 1995.

Tax status of Scheme

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustees' knowledge, there is no reason why the Scheme's registered status should be prejudiced or withdrawn.

Scheme membership

Defined Benefit Section

	Number as at start of year	Changes in year	Number as at end of year
Active members	5		
left		(1)	
		(1)	4
Preserved pensioners	2		
new		1	
		1	3
Pensioners and dependants	23		
			23
Grand total members	**30**		**30**

Defined Contribution Section

	Number as at start of year	Changes in year	Number as at end of year
Active members	102		
joiners		16	
left		(13)	
opted out		(1)	
		2	104
Preserved pensioners	50		
new		13	
transferred out		(3)	
		10	60
Grand total members	**152**		**164**

The Trustees' Report (Cont)

Pension increases

The pension increases applied to pensions in payment as at 1 April 2022 were as follows:

Pensions in excess of the Guaranteed Minimum Pension:- 3.1% per annum

No discretionary increases were applied during the year.

Transfer values

All cash equivalents (transfer values) paid during the year were calculated and verified in the manner required by the Pension (Northern Ireland) Order 1995 and subsequent amendments. No discretionary benefits are included in the calculation of transfer values.

A cash equivalent is the amount which a Scheme member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

Data Protection Act 2018 and General Data Protection Regulation

Under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 regulations, pension scheme trustees are classed as data controllers, with legal responsibility for compliance falling to them. Scheme Actuaries are also classed as data controllers (jointly with the trustees) in accordance with guidance issued by the Actuarial Profession. Barnett Waddingham LLP act as a data processer as the administrators of the Scheme.

The Trustees have worked with their advisers to receive relevant training, and continues to do so to ensure continued compliance with data protection legislation

Codes of Practice

The Trustees are aware of and adhere to the Codes of Practice issued by The Pensions Regulator ("TPR"). The objectives of these codes are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF") and to promote good administration.

The Pensions Regulator: Record Keeping

TPR issues guidance on all aspects of pension scheme data record keeping to all those responsible for the data (the Trustees) and those who administer pension schemes. The guidance covers both common data and scheme-specific data (conditional). The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities. Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded. More information can be found at:

https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/record-keeping

The Trustees' Report (Cont)

GMP equalisation

On 26 October 2018 the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustees of the Scheme are aware that the issue will affect the Scheme, and has already considered this in detail. Work is ongoing as further guidance becomes available. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Further details are disclosed in Note 23 of the financial statements.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Scheme has experienced significant historical transfers out which will be subject to adjustment as a result of this second ruling. The Trustees will be considering this at a future meeting and decisions will be made as to the next steps. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these accounts, it is not possible to estimate the value of any such adjustments at this time.

Contact for further information

If, as a Scheme member, you wish to obtain further information about the Scheme, including copies of the Scheme documentation, your own pension position or who to contact in the event of a problem or complaint, please write to:

Colin Cairnduff
HR Manager
SONI Limited
Castlereagh House
12 Manse Road
Belfast
BT6 9RT
Alternatively you may contact the Scheme administrators online at:
https://logon.bwebstream.com/shared/contact

The Trustees' Report (Cont)

Statement of Trustees' Responsibilities

Trustees' responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, are the responsibility of the Trustees. Pension Scheme regulations require, and the Trustees are 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 the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997, as amended by The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) (Amendment) Regulations (Northern Ireland) 2016, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice (2018) ''Financial Reports of Pension Schemes''.

In discharging the above responsibilities, the Trustees are 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 Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

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

Trustees' responsibilities in respect of contributions – Defined Benefit Scheme

The Trustees are 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 Sponsoring Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustees are 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 Sponsoring Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions (Northern Ireland) Order 1995 and 2005 to consider making reports to The Pensions Regulator and the members.

Trustees' responsibilities in respect of contributions – Defined Contribution Scheme

The Trustees are responsible under pensions legislation for securing that a Payment Schedule is prepared, maintained and from time to time revised showing the rates of contributions payable towards the Scheme by or on behalf of the Sponsoring Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustees are 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 Sponsoring Employer in accordance with the Payment Schedule. Where breaches of the Schedule occur, the Trustees are required by the Pensions (Northern Ireland) Order 1995 and 2005 to consider making reports to The Pensions Regulator and the members.

The Trustees' Report (Cont)

Report on Actuarial Liabilities

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

The value of the Technical Provisions was:	£39.4 million
The value of the assets was:	£35.6 million

Therefore the Scheme had a funding deficit of £3.8m corresponding with a funding level of 90%.

The Trustees and the Sponsoring Employer have agreed a Recovery Plan which targets the elimination of the remainder of the deficit by no later than 30 June 2028 with monthly payments equal to £71,760. It was also agreed that the sponsoring Employer will pay contributions into the Defined Benefit section in respect of future benefits and the cost of insuring death in service benefits at a rate of 57.7% of pensionable pay and a separate allowance of £12,500 per month in respect of expenses.

A copy of the latest Schedule of Contributions and the Certification of the Schedule of Contributions detailing the payments to be made by the Sponsoring Employer are appended to this report. The next actuarial valuation will be as at 31 March 2025 and is due to be completed no later than 30 June 2026.

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", under which the salary increases assumed for each member are projected until that member is assumed to leave active service by death, retirement or withdrawal from service.

The principal assumptions to be used in the calculation of the technical provisions are:

Retail price inflation:
By looking at the cost of investing in Government bonds with payments linked to the Retail Prices Index ("RPI") compared to the cost of investing in Government bonds not linked to inflation, it is possible to arrive at a figure for the average market view of future retail price inflation. This will then be compared to the latest Treasury targets for inflation in the UK, and other relevant information such as inflation swap pricing, when deriving the assumption to use.

Consumer price inflation:
The consumer price inflation assumption will be calculated with reference to the assumption for retail price inflation, making allowance for the historic and expected average difference between the RPI and the Consumer Prices Index ("CPI"), including any margins for prudence the Trustees deem appropriate.

Discount rate
The discount rate will normally be determined by the Trustees based on professional advice, taking into account relevant market indicators at the valuation date, the long-term strategic asset allocation, the liability profile of the Scheme, and the perceived strength of the Employer covenant. However, if the Trustees have material concerns over the strength of the Employer covenant, the discount rate may need to be determined looking solely at the yield available on gilts and other low risk asset classes.

The return on Government bonds of similar duration to the term of the liabilities will be taken as a suitable market index yield.

As a proportion of the Scheme's funds are invested in assets which would be expected to outperform UK Government bonds over the long term, an allowance may be made for this in the discount rate, depending on the perceived strength of the Employer covenant. The allowance will be determined by the Trustees based on information provided by their professional advisers, but the allowance for investment returns will not exceed the Government bond yield by more than 2.85% pa in respect of any individual asset class.

The Trustees' Report (Cont)

Report on Actuarial Liabilities (Cont)

Salaries

Salaries will normally be assumed to increase by 0.25% more than the RPI inflation assumption. This assumption may be adjusted following discussion with the Employer as to likely future salary increases.

Mortality

The rates of mortality assumed will reflect the latest reports published by the Continuous Mortality Investigation of the Actuarial Profession deemed most relevant to the membership of the Scheme, including an allowance for expected future improvements in longevity.

This assumption may be adjusted on the advice of the Scheme Actuary or in the light of any available evidence relating to the actual mortality experience of the Scheme, as well as any other factors considered relevant.

Leaving service

No allowance will be made for active members to leave service before their retirement date.

Retirement

All active members will be assumed to retire at the earliest age at which members can take their benefit without an actuarial reduction applying, except that members who can take their pension unreduced from age 60 or could continue to accrue pension beyond age 60 are assumed to remain active until the earlier of age 62 and the age at which they reach 40 years of pensionable employment.

Deferred members will be assumed to retire at the earliest age at which they can take their entire benefit without an actuarial reduction applying.

Cash commutation

Assumptions regarding the assumed amount of pension commuted and the terms of that commutation will be set taking into account professional advice and the experience of the Scheme.

Dependant details

Assumptions regarding the proportion of members with a dependant at death and the age difference between males and females will be set taking into account advice from the Scheme Actuary and the experience of the Scheme.

The Trustees' Report (Cont)

Investment managers

During the year, the appointment to deal with the day-to-day management of the investments of the Scheme has been held by BlackRock Pensions Limited and Legal & General Assurance (Pension Management) Limited.

Investment principles

The Trustees have in place a Statement of Investment Principles as required by article 35 of the Pensions (Northern Ireland) Order 1995, which will be reviewed from time to time. A copy of the current Statement is included within this report and can to also be found at:

https://www.soni.ltd.uk/media/documents/Implementation-Statement.pdf

Departures from investment principles

There were no significant departures from the stated principles during the year under review. Small deviations from the benchmark allocation are to be expected as a result of fluctuations in asset prices.

Review of Investment Performance

The total fund value as at 31 March 2023 was £35,949,891. The assets supporting the Defined Contribution section of the Scheme are invested in pooled funds with BlackRock Pensions Limited. The assets supporting the Defined Benefit section of the Scheme were invested in pooled funds with BlackRock Pensions Limited and Legal & General Assurance (Pension Management) Limited.

BlackRock Pensions Limited.

All of the assets supporting the Defined Contribution section and a proportion of the assets supporting the Defined Benefit section are managed by BlackRock Pensions Limited.

The total value of the assets held by BlackRock Pensions Limited at 31 March 2023 was £10,044,418, of which £9,918,235, was in respect of the Defined Contribution section and £126,184 was in respect of the Defined Benefit section.

The investment objective of each pooled fund is to produce a return in excess of its individual benchmark. The distribution and value of the funds supporting the Defined Contribution section at the end of the reporting period were as follows:

		Distribution at 31.03.2023	**Value at 31.03.2023**
	%		
Equities		16.8	
DC UK Equity Optimum Fund	*6.5*		*640,968*
LGIM Global Equity (50:50) Index Fund	*9.0*		*896,439*
Diversified Growth	*1.3*		*129,473*
Index-Linked		1.9	
DC Index Linked Gilt Fund	*1.9*		*189,946*
Fixed interest		1.0	
DC Pre-Retirement Fund	*1.0*		*102,792*
Multi Asset		79.8	
Target Date Multi Asset Retirement Funds	80.7		*7,912,681*
Cash		0.5	
Other	*0.5*		*45,936*
		100.0	9,918,235

The Trustees' Report (Cont)

The time-weighted investment returns to 31 March 2023 were as follows:

	Last 12 Months		Last 3 years (p.a.)		Last 5 years (p.a)	
	Fund	Index	Fund	Index	Fund	Index
	%	%	%	%	%	%
BlackRock						
Cash Instruments	1.9%	2.2%	0.6%	0.7%	0.5%	0.6%
UK Equity Optimum Fund	4.5%	2.9%	13.3%	13.8%	5.8%	5.0%
Pre-Retirement Fund	-17.3%	-17.7%	-8.5%	-9.0%	-2.9%	-3.1%
Diversified Growth Fund	-2.9%	5.8%	4.7%	4.4%	2.7%	4.3%
Index Linked Gilt Fund	-30.6%	-30.4%	-9.5%	-9.2%	-4.4%	-4.1%
LifePath Capital	n/a	n/a	n/a	n/a	n/a	n/a
LifePath Capital 2019-21*	0.5%	-5.4%	0.2%	-2.5%	0.9%	-0.6%
LifePath Flex 2025-27	-10.2%	-10.0%	4.9%	5.1%	2.9%	3.0%
LifePath Flex 2028-30	-9.7%	-9.8%	6.1%	6.3%	3.5%	3.4%
LifePath Flex 2031-33	-9.3%	-8.3%	7.3%	7.9%	4.0%	4.3%
LifePath Flex 2034-36	-8.8%	-8.0%	8.5%	9.0%	4.5%	4.8%
LifePath Flex 2037-39	-8.1%	-7.6%	9.9%	10.2%	5.1%	5.3%
LifePath Flex 2040-42	-7.4%	-7.3%	11.2%	11.4%	5.6%	5.8%
LifePath Flex 2043-45	-6.8%	-6.9%	12.5%	12.6%	6.2%	6.3%
LifePath Flex 2046-48	-5.9%	-7.1%	13.7%	13.3%	6.7%	6.6%
LifePath Flex 2049-51	-5.7%	-6.4%	14.3%	14.3%	7.0%	7.0%
LifePath Flex 2052-54	-5.1%	-6.3%	14.8%	14.6%	7.2%	7.1%
LifePath Flex 2055-57	-4.9%	-6.1%	15.0%	14.7%	7.3%	7.2%
LifePath Flex 2058-60	-4.8%	-6.1%	15.0%	14.7%	7.3%	7.2%
LifePath Flex 2061-63	-4.8%	-6.1%	15.0%	14.7%	7.3%	7.2%
LifePath Flex 2064-66	-4.8%	-5.1%	n/a	n/a	n/a	n/a
LifePath Retirement	n/a	n/a	n/a	n/a	n/a	n/a
LifePath Retirement 2019-21*	-17.1%	-17.4%	-9.2%	-9.4%	-3.8%	-3.2%
LGIM						
Global Equity 50:50	2.1%	2.4%	14.4%	14.6%	6.9%	7.1%

DC Cash benchmark is the 7 Day LIBID Rate, DC UK Equity Optimum benchmark is FTSE All Share Index, DC Pre-Retirement benchmark is a composite index, DC Diversified Growth benchmark is the MPC Base Rate + 3.5%, DC Index Linked Gilt benchmark is the FTA Over 5 year Index Linked Index, LGIM Global Equity (50:50) Index Fund benchmark is a composite index.

Fund returns are based on the special closing prices calculated at the close of business on the last working day of each valuation period, to allow comparisons with the appropriate indices.

The distribution and value of the funds supporting the Defined Benefit section at the end of the reporting period were as follows:

		Distribution at 31.03.2023		Value at 31.03.2023
	%			£
Equities		25.0		31,565
LGIM Global Equity (50:50) Index Fund	*25.0*		*31,565*	
Multi Asset		75.0		94,619
Target Date Multi Asset Retirement Funds	*75.0*		*94,619*	
		100.0		126,184

The Trustees' Report (Cont)

The time-weighted investment returns to 31 March 2023 were as follows:

	Last 12 Months		Last 3 years		Last 5 years	
	Fund	Index	Fund	Index	Fund	Index
	%	%	%	%	%	%
DC Diversified Growth Fund	-2.9%	5.8%	4.7%	4.4%	2.7%	4.3%
LifePath Capital 2022-24	-3.0%	-6.0%	2.9%	1.6%	2.1%	1.3%
LifePath Capital 2025-27	-6.1%	-8.1%	4.4%	3.5%	2.8%	2.2%
LifePath Capital 2028-30	-8.1%	-9.4%	6.1%	5.6%	3.5%	3.4%
LifePath Capital 2031-33	-9.4%	-8.3%	7.3%	7.9%	4.0%	4.3%
LGIM Global Equity (50:50)	2.1%	2.4%	14.3%	14.6%	6.9%	7.1%

DC Diversified Growth benchmark is the MPC Base Rate + 3.5%, BlackRock Portfolio Cash benchmark is the Sterling Over Night Index Average (SONIA), LGIM Global Equity (50:50) Index Fund benchmark is a composite index.

Legal & General Assurance (Pension Management) Limited.

Legal & General Assurance (Pension Management) Limited managed the Scheme's assets by investing in UK and Overseas equities and Gilts funds. The total value of the assets held by Legal & General Assurance (Pension Management) Limited at 31 March 2023 was £25,905,473. The distribution of the assets at the end of the reporting period was as follows:

ASSET VALUE AND DISTRIBUTION

Investment Fund	Value and Distribution at 1 April 2022		Value and Distribution at 31 March 2023	
	GBP	%	GBP	%
UK Equity Index	2,724,916	7.7	-	-
North America Equity Index	1,839,012	5.2	-	-
N America Eq Index-GBP	1,689,563	4.8	-	-
Europe (ex UK) Equity Index	1,598,187	4.5	-	-
Europe (ex UK) Index-GBP Hdgd	1,684,126	4.8	-	-
Japan Equity Index	740,445	2.1	-	-
Japan Equity Index-GBP Hedged	805,063	2.3	-	-
Asia Pac exJap Dev Eqty Index	835,887	2.4	-	-
A/Pac exJap Dev Index-GBP	745,115	2.1	-	-
Active Corp Bond - All Stocks	6,409,205	18.1	5,765,019	22.2
Global Equity index Hdgd	-	-	3,455,416	13.3
Global Equity Index	-	-	3,263,723	12.6
12.6Buy & Maintain Credit	-	-	2,475,122	9.6
LDI Portfolio	8,703,111	24.6	8,574,022	33.1
Sterling Liquidity	7,591,669	21.4	2,372,171	9.2
Total Assets	**35,366,299**	**100.0**	**25,905,473**	**100.0**

The Trustees' Report (Cont)

The time-weighted investment returns on the Scheme's assets were as follows:

TIME-WEIGHTED RETURNS TO 31 March 2023

Investment Sector Fund	Last 12 Months Fund %	Last 12 Months Index %	Last 3 Years Fund % pa	Last 3 Years Index % pa	Last 5 Years Fund % pa	Last 5 Years Index % pa
Future World Global Equity Index**	2.6	2.5	n/a	n/a	n/a	n/a
Future World Global Equity Hedged**	8.3	8.1	n/a	n/a	n/a	n/a
UK Equity Index*	-8.3	-8.3	11.6	11.5	3.0	2.9
North America Equity Index*	-6.4	-6.4	20.7	20.6	14.4	14.3
N America Eq Index-GBP Hedged*	-21.6	-21.6	14.1	14.1	6.9	6.8
Europe (ex UK) Equity Index*	-11.0	-11.0	10.2	10.2	4.2	4.2
Europe (ex UK) Index-GBP Hdgd*	-14.7	-14.7	10.3	10.3	4.0	4.0
Japan Equity Index*	-5.8	-5.9	6.1	6.1	2.7	2.7
Japan Equity Index-GBP Hedged*	-3.9	-4.0	14.6	14.7	4.5	4.5
Asia Pac exJap Dev Eqty Index*	-11.4	-11.4	13.2	13.2	3.6	3.6
A/Pac exJap Dev Index-GBP Hdgd*	-14.9	-14.7	9.8	10.1	1.5	1.8
Active Corp Bond - All Stocks	-10.0	-10.2	-2.2	-3.1	n/a	n/a
Buy & Maintain Credit Fund***	2.4	n/a	n/a	n/a	n/a	n/a
Sterling Liquidity	0.1	0.1	0.4	0.2	n/a	n/a
Matching Core Fixed Long Fund	-93.8	-93.1	n/a	n/a	n/a	n/a
Matching Core Real Short Fund	-76.7	-76.5	-33.6	-33.3	n/a	n/a
Matching Core Real Long Fund	-93.9	-93.0	-59.4	-57.5	n/a	n/a

*Funds were fully disinvested towards the end of Q3 2022. Performance figures shown represent the period up to the end of September 2022.
** The Funds were initially invested on 21 September 2022 and therefore quoted performance is since inception date and does not represent the entire 6-month period.
*** The Fund was initially invested on 21 September 2022 and therefore quoted performance is since inception date and does not represent the entire 6-month period. The Fund has no formal benchmark and therefore no benchmark performance figures are shown.

Overall performance figures for the Focus Section (DB Section)

	Last 12 Months	Last 3 years (p.a.)	Last 5 years (p.a.)
	Fund	**Fund**	**Fund**
	%	%	%
Scheme (Focus DB Section)	-27.2	-2.9	-1.7

Environmental, Social and Governance considerations and investment stewardship

The Trustees ESG policies and policy on arrangements with investment managers can be found in the Statement of Investment Principles on pages 58 to 77.

Economic and market conditions to 31 March 2023

The 12-month period to 31 March 2023 began with inflation in the developed world at its highest rate in several decades. Inflation had risen over 2021 as the global economy reopened following the COVID pandemic. However, just as inflation appeared to be peaking, the Russian invasion of Ukraine in February 2022 provided a secondary inflationary impulse to the economy. The rest of the period to 31 March 2023 was therefore dominated by rising inflation, central banks raising interest rates in an attempt to bring inflation under control, and elevated volatility as markets struggled to adjust to higher interest rates. These factors resulted in most asset classes producing deeply negative returns over the year.

Following the Russian invasion of Ukraine in February 2022, western governments responded to the invasion by imposing sanctions on Russia and their ally, Belarus. This included sanctions on the Russian financial system, including restrictions on trading Russian government bonds. However, the bigger impact on global markets came through commodity prices, particularly natural gas, as both sides gradually introduced measures to reduce the supply of Russian gas to Europe. Natural gas prices rose to an all-time high and would remain highly elevated in Europe throughout the middle of the year as gas was stockpiled for winter. However, the end of the stockpiling period and a relatively warm winter helped natural gas prices to fall nearly 60% over the final quarter of 2022.

US CPI inflation peaked in June 2022 at 9.1%, before falling to 5.0% in March 2023 as supply chain disruption and pandemic stimulus measures passed through the system. However, European gas prices meant that UK and EU inflation reached a higher and later peak in October 2022, with UK CPI inflation reaching 11.1% and Eurozone inflation reaching 10.6%. This high level of inflation forced central banks to raise interest rates at the fastest pace for several decades and reduce or reverse asset purchase programmes. From May 2022, central banks started to step up the pace of rate rises from 0.25% increments to 0.5% or 0.75% increments at each meeting. By the end of 2022, interest rates had reached 3.5% (Bank of England), 4.25-4.50% (Federal Reserve) and 2.5% (ECB), their highest levels since the Global Financial Crisis. The scale and pace of the rate rises enacted by central banks contributed to significant disruption across markets, including a UK gilt crisis in 2022 and a banking crisis in 2023, and this led to central banks looking to slow the pace of rate rises to limit further disruption.

Rising inflation and interest rates resulted in rising government bond yields across the world. The pace of the rise was steep with UK 15-year nominal gilt yields rising from 1.15% on 31 December 2021 to 3.16% on 31 August 2022, broadly in line with other developed market government bonds. However, on 23 September, the new UK government produced a fiscal statement that significantly increased borrowing. This contributed to a further sharp rise in gilt yields. 15-year gilt yields spiked as high as 4.9% on the morning of 28 September. The speed and scale of this rise in long-term gilt yields was far larger than at any time since the early 1970's and later that day the Bank of England stepped in to calm markets. It announced that it would purchase up to £65bn of long dated gilts. Purchases were later extended to include index-linked gilts and increase the maximum daily purchase limit, although only around £19bn of total purchases were made. This intervention, alongside the replacement of Liz Truss as Prime Minister by Rishi Sunak, calmed markets and by 23 November 15-year yields had fallen back to 3.28%. The Bank of England was therefore also able to sell the gilts purchased during this intervention back into the market, selling the final gilts in the first week of 2023.

In March 2023 two US banks, Silicon Valley Bank and Signature Bank, failed with the US government having to step in to guarantee deposits. These were the first failures of a large US bank since 2008.

The Trustees' Report (Cont)

The failure of Silicon Valley Bank in particular was closely tied to its inability to adjust to the swift rise in central bank interest rates. The failures caused wider disruption in banking markets that spread to Credit Suisse, which had been suffering from falling deposits for some time. This required the Swiss government to step in and arrange for UBS to purchase Credit Suisse. By the end of the quarter the disruption had subsided, and the overall market impact was limited outside the banking sector.

Over the year, all major central banks tightened monetary policy as economies recovered to pre-pandemic levels and inflation rose far above target.

- The Bank of England (BoE) raised the base rate from 0.75% to 4.25% over the year. In November 2022 the BoE began to actively sell down its stock of bonds. After the BoE's intervention in September and October, it was able to sell all the gilts it had bought during that period by the first week of 2023.

- The Federal Reserve (The Fed) raised the Federal Funds Rate range from 0.75%-1.00% at the beginning of the year to 4.75%-5.00% in March 2023. The Fed began the process of reducing its balance sheet in June 2022 as it announced that the proceeds from its US Treasury holdings would no longer be reinvested below a monthly cap of $30bn from June to August and $60bn after that.

- The European Central Bank (ECB) raised its main lending rate from 0.0% to 3.5% over the year to 31 March 2023. The ECB decided to end its Asset Purchase Programme (APP) effective from 1 July 2022 and to cease reinvestment of the proceeds from the APP assets in March 2023 at a rate of €15 billion per month.

Market Performance

The 12 months to 31 March 2023 saw negative returns across almost all asset classes.

- **Equities:** Overall, global equities produced negative total returns over the year to 31 March 2023, falling by 5.0% in local currency terms. The best performing region, in local currency terms, was Japan (+5.0%), and the worst performing region was North America (-8.2%).

- **Bonds:** Over the year to 31 March 2023, UK gilt yields rose significantly across all maturities. UK fixed interest gilts (all stocks) produced very deep negative returns (-16.3%) and UK index-linked gilts (all stocks) delivered even deeper negative returns (-26.7%) as implied inflation fell over the year. UK corporate bond spreads (all stocks) widened significantly (0.4%) over the year.

- **Property:** The MSCI UK All Property Index fell by 13.0% over the 12 months to 31 March 2023.

Employer-related investments

There have been no employer related investments at any time during the period.

The Trustees' Report (Cont)

Custodial Arrangements

The underlying assets of the pooled funds held with BlackRock Pensions Limited were held in safe custody by their custodians Scottish Equitable Plc. The underlying assets of the pooled funds held with Legal & General Assurance (Pension Management) Limited are held in safe custody by their custodian Citibank N.A. The Custodians are selected and monitored to ensure securities are properly protected through Custodians registering and segregating each fund's securities.

Concentration of investments

The Scheme is deemed to have a concentration of investments if more than 5% of the Scheme's assets are invested in one particular security. There were no single investments, other than pooled investment vehicles, which accounted for more than 5% of the total net assets of the Scheme.

The pooled investment vehicles and their values at 31 March 2023 are shown on pages 9 to 11 and in note 13 in the financial statements.

Approval of Trustees' Report

This Report was approved by the Trustees on

Date: 27/10/2023

Signed on behalf of the Trustees:

for Dalriada Trustees Limited, Chair of Trustees

Independent Auditor's Report to the Trustees of the SONI Limited Pension Scheme

Opinion

We have audited the financial statements of the SONI Limited Pension Scheme (the 'Scheme') for the year ended 31 March 2023 comprising the fund account, the net assets statement and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Schedule to the Occupational Pension Scheme (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997, as amended by the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) (Amendment) Regulations (Northern Ireland) 2016, made under the Pensions (Northern Ireland) Order 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least 12 months from the date when the financial statements are authorised for issue.

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

Independent Auditor's Report to the Trustee of the SONI Limited Pension Scheme (Continued)

Other information

The other information comprises the information included in the annual report, but does not include the financial statements and our Report of the Auditors thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees responsibilities set out on page 6, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines 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 Trustees are 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 Trustees either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Our 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the opportunities and incentives that may exist within the Scheme for fraud and identified the greatest potential for fraud in relation to revenue recognition and payment of amounts from the Scheme. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

Independent Auditor's Report to the Trustee of the SONI Limited Pension Scheme (Continued)

We also obtained an understanding of the legal and regulatory frameworks that the Scheme operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included NI Pension legislation and guidance provided by the Pensions Regulator.

In addition, we considered provisions of relevant laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Pension Scheme's ability to operate or to avoid a material penalty.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and Scheme advisors regarding actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing regulatory correspondence with the Pension Regulator;
- in addressing the risk of fraud through management override of controls we, tested the appropriateness of journal entries and other adjustments; assessed whether the judgments made in making accounting estimates are indicative of a potential bias; evaluated the business rationale of any significant transactions; and where possible obtained direct confirmation of balances independently from the relevant party.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Report of the Auditors.

Independent Auditor's Report to the Trustee of the SONI Limited Pension Scheme (Continued)

Use of report

This report is made solely to the Trustees, as a body, in accordance with article 47 of the Pension (Northern Ireland) Order 1995. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in a Report of the Auditors 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 and the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

BAKER TILLY MOONEY MOORE
BAKER TILLY MOONEY MOORE (Oct 31, 2023 09:14 GMT)

Baker Tilly Mooney Moore
Statutory Auditor
17 Clarendon Road
Clarendon Dock
Belfast
BT1 3BG

Date: 31/10/2023

Summary of Contributions Payable in the Year

The Scheme Auditor reports on contributions payable under the Schedules in the Auditor's Statement about Contributions.

Contributions payable under the Schedules in respect of the Scheme	**£**
Employer:	
normal contributions	718,810
expense contributions	283,196
deficit funding contributions	861,120
Employee	
normal contributions	463,043
Contributions payable under the Schedules (as reported on by the Scheme auditor)	2,326,169
Contributions payable in addition to those under the Schedules (and not reported on by the Scheme auditor):	
Additional Voluntary Contributions	210,087
Total contributions as reported in the financial statements	2,536,256

Date: 27/10/2023

Signed on behalf of the Trustees:

for Dalriada Trustees Limited, Chair of Trustees

Independent Auditor's Statement about Contributions, under Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997, as amended by the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) (Amendment) Regulations (Northern Ireland) 2016, to the Trustees of the SONI Limited Pension Scheme.

We have examined the Summary of Contributions to the SONI Limited Pension Scheme for the year ended 31 March 2023 which is set out on page 20.

This Statement is made solely to the Scheme's Trustees, as a body, in accordance with the Pensions (Northern Ireland) Order 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditors' statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme's trustees as a body for our work, for this statement, or for the opinions we have formed.

In our opinion contributions for the year ended 31 March 2023, as reported in the summary of contributions on page 20, have, in all material respects, been paid at least in accordance with:

- **For Defined Benefit section:**
  the Schedule of Contributions, the Schedule of Contributions, certified on 30 June 2020, in respect of all contributions in the year.

  For Defined Contribution section:
  the Payment Schedule signed on 26 June 2020, in respect of all contributions in the year.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on page 20 have in all material respects been paid at least in accordance with, for the defined benefit section, the schedules of contributions and, for the defined contribution section, the payment schedules.

This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedule of contributions and payment schedules.

Respective responsibilities of the Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities on page 6, the scheme's trustees are responsible for, regarding the defined benefit section, preparing, and from time to time reviewing and if necessary revising, a schedule of contributions, and, regarding the defined contribution section, securing that a payment schedule is prepared, maintained, and from time to time revised, and for monitoring whether contributions are made to the scheme by the employer in accordance with the Schedule of Contributions and Payment Schedule.

It is our responsibility to provide a Statement about Contributions paid under, for the defined benefit section, the schedules of contributions and, for the defined contribution section, the payment schedules and to report our opinion to you.

BAKER TILLY MOONEY MOORE
BAKER TILLY MOONEY MOORE (Oct 31, 2023 09:14 GMT)

Baker Tilly Mooney Moore Date: 31/10/2023

Chartered Certified Accountants and Registered Auditors
17 Clarendon Road
Clarendon Dock
Belfast, BT1 3BG

The Financial Statements

Fund Account

for the year ended 31 March 2023

	Note	31 March 2023			31 March 2022
		Defined Benefit Section £	Defined Contribution Section £	Total £	Total £
Contributions and benefits					
Employer contributions		1,211,099	651,251	1,862,350	1,831,650
Employee contributions		20,670	652,460	673,130	566,672
Total contributions	5	1,231,769	1,303,711	2,535,480	2,398,322
Transfers in	6	-	-	-	15,637
Other income	7	25,645	12,003	37,648	30,458
		1,257,414	1,315,714	2,573,128	2,444,417
Benefits paid or payable	8	(855,382)	-	(855,382)	(1,553,787)
Payments to and on account of leavers	9	-	(58,906)	(58,906)	(103,425)
Administrative expenses	10	(190,358)	(79,561)	(269,919)	(175,771)
Other payments	11	(4,174)	(108,509)	(112,683)	(151,206)
		(1,049,914)	(246,976)	(1,296,890)	(1,984,189)
Net (withdrawals)/additions from dealings with members		207,500	1,068,738	1,276,238	460,228
Returns on investments					
Investment income	12	892	627	1,519	-
Change in market value of investments	13	(9,568,432)	(717,554)	(10,285,986)	2,450,210
Investment management expenses	14	(112,759)	(8,599)	(121,358)	(128,124)
Net returns on investments		(9,680,299)	(725,526)	(10,405,825)	2,322,086
Net (decrease) / increase in the fund during the year		(9,472,799)	343,212	(9,129,587)	2,782,314
Net assets of the Scheme					
At 1 April		35,763,964	9,875,916	45,639,880	42,857,566
At 31 March		26,291,165	10,219,128	36,510,293	45,639,880

The notes on pages 24 to 38 form part of these financial statements.

The Financial Statements (cont)

Statement of Net Assets

available for benefits as at 31 March 2023

	Note	31 March 2023			31 March 2022
		Defined Benefit Section	Defined Contribution Section	Total	Total
		£	£	£	£
Investment assets:					
Pooled investment vehicles	15	26,031,656	9,918,235	35,949,891	45,046,395
Other investment balances	13	-	-	-	84,655
Total Investments		26,031,656	9,918,235	35,949,891	45,131,050
Current assets	20	352,895	317,423	670,318	562,381
Current liabilities	21	(93,386)	(16,530)	(109,916)	(53,551)
Net assets of the Scheme at 31 March available for benefits		26,291,165	10,219,128	36,510,293	45,639,880

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the Defined Benefit Section, is dealt with in the Report on Actuarial Liabilities on pages 7 and 8 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 24 to 38 form part of these financial statements.

These financial statements were approved by the Trustees on

Date: 27/10/2023

Signed on behalf of the Trustees:

for Dalriada Trustees Limited, Chair of Trustees

Notes to the Financial Statements

Details of general information for the Scheme are available in the Trustees' Report.

1. Basis of preparation

The individual financial statements have been prepared on a going concern basis and in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997, as amended by the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) (Amendment) Regulations (Northern Ireland) 2016, Financial Reporting Standard 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 (2018).

2. Identification of the financial statements

The Scheme is established as a trust under Northern Irish law. The address for enquiries to the Scheme is included in the Trustees' Report.

Notes to the Financial Statements (Cont)

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

The following table shows a split of the totals for the prior year included within the financial statements between the Defined Benefit and Defined Contribution Sections.

Fund Account

	Note	Defined Benefit Section £	Defined Contribution Section £	Year ended 31 March 2022 Total £
Contributions and benefits				
Employer contributions		1,240,449	591,201	1,831,650
Employee contributions		19,447	547,225	566,672
Total contributions	5	1,259,896	1,138,426	2,398,322
Transfers in	6	-	15,637	15,637
Other income	7	18,372	12,086	30,458
		1,278,268	1,166,149	2,444,417
Benefits paid or payable	8	(1,553,787)	-	(1,553,787)
Payments to and on account of leavers	9	-	(103,425)	(103,425)
Administrative expenses	10	(119,916)	(55,855)	(175,771)
Other payments	11	(10,811)	(140,395)	(151,206)
		(1,684,514)	(299,675)	(1,984,189)
		(1,553,787)	-	(1,553,787)
Net (withdrawals)/additions from dealings with members		(406,246)	866,474	460,228
Returns on investments				
Investment income	12	-	-	-
Change in Market value of investments	13	1,741,627	708,583	2,450,210
Investment management expenses	14	(116,709)	(11,415)	(128,124)
Net returns on investments		1,624,918	697,168	2,322,086
Net increase in the fund during the year		1,218,672	1,563,642	2,782,314
Net assets of the Scheme				
At the beginning of the year		34,545,292	8,312,274	42,857,566
At the end of the year		35,763,964	9,875,916	45,639,880

Notes to the Financial Statements (Cont)

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

Statement of Net Assets available for benefits as at 31 March 2022

	Note	Defined Benefit Section £	Defined Contribution Section £	Total £
Investment assets:				
Pooled investment vehicles	15	35,500,243	9,546,152	45,046,395
Other investment balances	13	-	84,655	84,655
		35,500,243	9,630,807	45,131,050
Current assets	20	308,658	253,723	562,381
Current liabilities	21	(44,937)	(8,614)	(53,551)
Total net assets available for benefits		35,763,964	9,875,916	45,639,880

Notes to the Financial Statements (Cont)

4. Accounting policies

The principal accounting policies of the Scheme which are applied consistently are as follows:

Currency

- The Scheme functional and presentational currency is pounds sterling.

Contributions

- Employee contributions, including AVCs, are accounted for by the Trustees when they are deducted from pay by the Employer, except for the first contribution due where the employee has been auto-enrolled by the Employer in which case it is accounted for when received by the Scheme.
- Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.
- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer and Trustees.
- Other contributions made by the Employer to reimburse costs and levies payable by the Trustees are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions under which they are payable.

Payments to members

- Pensions in payment are accounted for in the period to which they relate.
- Benefits are accounted for in the period in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.

Expenses and other payments

- Expenses are accounted for on an accruals basis.
- Investment management expenses and rebates are accounted for on an accruals basis.

Investment income

- Interest on bank deposits is accounted for as it accrues.
- Investment income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price. Thus, it is reported within "Change in market value".

Investments

- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.
- Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV) determined in accordance with fair value principles, provided by the pooled investment manager.

Notes to the Financial Statements (Cont)

5. Contributions

	Defined Benefit Section	2023 Defined Contribution Section	Total
	£	£	£
Employer contributions			
Normal	249,839	468,195	718,034
Deficit funding	861,120	-	861,120
Expenses	100,140	183,056	283,196
	1,211,099	651,251	1,862,350
Employee contributions			
Normal	20,670	442,373	463,043
Additional voluntary contributions	-	210,087	210,087
	20,670	652,460	673,130
	1,231,769	1,303,711	2,535,480

		2022	
Employer contributions			
Normal	279,189	424,440	703,629
Deficit funding	861,120	-	861,120
Expenses	100,140	166,761	266,901
Additional	-	-	-
	1,240,449	591,201	1,831,650
Employee contributions			
Normal	19,447	404,388	423,835
Additional voluntary contributions	-	142,837	143,837
	19,447	547,225	566,672
	1,259,896	1,138,426	2,398,322

As per the Schedule of Contributions on 30 June 2020, monthly deficit contributions of £71,760 are payable from 1 July 2020 to 31 March 2026 in order to improve the Scheme's funding position.

Employee normal contributions include contribution amount sacrificed by the employee in respect of salary sacrifice arrangements made available to members of the Employer.

All contributions were paid to the Scheme during the period in accordance with the Schedules of Contributions agreed between the Trustees and the Sponsoring Employer.

Notes to the Financial Statements (Cont)

6. Transfers in

	Defined Benefit Section	2023 Defined Contribution Section	Total
	£	£	£
Individual transfers in from other schemes	-	-	-
		2022	
Individual transfers in from other schemes	-	15,637	15,637

7. Other income

	Defined Benefit Section	2023 Defined Contribution Section	Total
	£	£	£
VAT reclaim	25,645	12,003	37,648
		2022	
VAT reclaim	18,372	12,086	30,458

8. Benefits paid or payable

	Defined Benefit Section	2023 Defined Contribution Section	Total
	£	£	£
Pensions	818,083	-	818,083
Commutation of pensions and lump sum retirement benefits	-	-	-
Taxation where lifetime or annual allowance exceeded	37,299	-	37,299
	855,382	-	855,382
		2022	
Pensions	736,532	-	736,532
Commutation of pensions and lump sum retirement benefits	536,550	-	536,550
Taxation where lifetime or annual allowance exceeded	280,705	-	280,705
	1,553,787	-	1,553,787

Notes to the Financial Statements (Cont)

9. Payments to and on account of leavers

	Defined Benefit Section	2023 Defined Contribution Section	Total
	£	£	£
Individual transfers to other schemes	-	58,906	58,908
		2022	
Individual transfers to other schemes	-	103,425	103,425

10. Administrative expenses

	Defined Benefit Section	2023 Defined Contribution Section	Total
	£	£	£
Administration and actuarial fees	147,637	79,411	227,048
Audit fee	13,480	-	13,480
Legal fees	29,070	-	29,070
Bank charges	171	150	321
	190,358	79,561	269,919
		2022	
Administration and actuarial	108,289	55,734	164,023
Audit fee	9,600	-	9,600
Legal fees	1,846	-	1,846
Bank charges	181	121	302
	119,916	55,855	175,771

All other administrative expenses and other expenses are borne by the Sponsoring Employer.

11. Other payments

	Defined Benefit Section	2023 Defined Contribution Section	Total
	£	£	£
Term insurance premium	3,011	108,509	111,520
PPF Administration levy	1,163	-	1,163
	4,174	108,509	112,683

Notes to the Financial Statements (Cont)

11. Other payments (Cont)

		2022	
Term insurance liability	10,134	140,395	150,529
PPF administration levy	677	-	677
	10,811	140,395	151,206

12. Investment income

	Defined Benefit Section	2023 Defined Contribution Section	Total
	£	£	£
Interest on cash deposits	892	627	1,519
		2022	
Interest on cash deposits	-	-	-

13. Reconciliation of investments

	Value at 31 March 2022	Purchases at cost	Sales proceeds	Change in market value	Value at 31 March 2023
	£	£	£	£	£
Defined Benefit Section					
Legal and General					
Pooled investment vehicles	35,366,299	27,889,852	(27,790,007)	(9,560,671)	25,905,473
BlackRock					
Pooled investment vehicles	133,944	-	-	(7,761)	126,183
	35,500,243	27,889,852	(27,790,007)	(9,568,432)	26,031,656
Defined Contribution Section					
BlackRock					
Pooled Investment vehicle	9,546,152	1,379,044	(289,407)	(717,554)	9,918,235
Total	45,046,395	29,268,896	(28,079,414)	(10,285,986)	35,949,891
Other investment balance	84,655				-
Total	45,131,050				35,949,891

The pooled investment vehicles in which the Scheme has invested are all operated or managed by companies registered in the United Kingdom.

Included in the purchases and sales is an amount of £28,000,801 in relation to switches between funds.

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Scheme. Direct transactions costs do not arise on pooled funds, these are therefore not separately disclosed.

Notes to the Financial Statements (Cont)

13. Reconciliation of investments (Cont)

The Defined Contribution 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 Trustees. The Scheme administrator allocates investment units to members. The Trustees may hold investment units representing the value of employer contributions that have been retained by the Scheme that relate to members leaving the Scheme prior to vesting.

Defined Contribution assets are allocated to members and the Trustees as follows:

	2023	2022
	£	£
Members	9,910,733	9,538,423
Trustees	7,502	7,729
	9,918,235	9,546,152

14. Investment management expenses

	Defined Benefit Section	2023 Defined Contribution Section	Total
	£	£	£
Administration, management and custody	67,209	-	67,209
Investment advice	45,550	8,599	54,149
	112,759	8,599	121,358
		2022	
Administration, management and custody	60,079	-	60,079
Investment advice	56,630	11,415	68,045
	116,709	11,415	128,124

15. Pooled investment vehicles

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

	2023	2022
	£	£
Defined Benefit Section		
Equities	6,750,645	12,693,348
Bonds	5,765,109	6,409,205
Cash	2,372,171	7,591,668
Life Path	94,587	102,880
Matching Core	8,574,022	8,703,142
Buy & Maintain	2,475,122	-
	26,031,656	35,500,243
Defined Contribution Section		
Equities	1,666,880	1,518,369
Bonds	292,739	358,271
Cash	45,936	35,467
Life Path	7,912,680	7,634,045
	9,918,235	9,546,152

Notes to the Financial Statements (Cont)

16. AVC investments

The Trustees hold assets securing additional benefits on a money purchase basis for both DC and DB members electing to pay additional voluntary contributions (AVCs) to the Scheme. In addition some DB section members have paid-up money purchase accounts known as Bonus Accounts which were transferred in from the Viridian Group Pension Scheme. Both the AVCs and the Bonus Accounts are invested with BlackRock investments.

AVCs totalling £126,183 (2022: £133,944) relating to Defined Benefit members are included in the BlackRock DB section investments in Note 13, and AVCs of £748,222 (2022: £579,989) relating to Defined Contribution members are included in the BlackRock DC section investments in Note 13.

17. Fair value hierarchy

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

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

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

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

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

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

		As at 31 March 2023		
	Level 1	Level 2	Level 3	Total
Defined Benefit Section	£	£	£	£
Pooled investment vehicles	-	26,031,656	-	26,031,656
Defined Contribution Section	-	26,031,656	-	26,031,656
Pooled investment vehicles	-	9,918,235	-	9,918,235
	-	35,949,891	-	35,949,891

		As at 31 March 2022		
	Level 1	Level 2	Level 3	Total
Defined Benefit Section	£	£	£	£
Pooled investment vehicles	-	35,500,243	-	35,500,243
Defined Contribution Section				
Pooled investment vehicles	-	9,546,152	-	9,546,152
Other investment balances	84,655	-	-	84,655
	84,655	45,046,395	-	45,131,050

Notes to the Financial Statements (Cont)

18. Investment risk disclosures

Investment risks

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

- Credit risk – one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk – comprises the following three types of risk:
    1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates
    2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates
    3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

The Trustees determine their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustees manage 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 Trustees by regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management, credit and market risk is set out below. Defined contribution holdings within the Focus section, as well as any AVC holdings and/or annuities, are not considered to be significant in the context of the Scheme's total assets and have not been included in the reporting below.

Defined Benefit Section - Focus

Investment strategy

The investment objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the Trust Deed and Rules as they fall due.

The Trustees set the investment strategy for the Scheme taking into account considerations such as the strength of the employer covenant, the long-term liabilities of the Scheme and the funding agreed with the Employer. The investment strategy is set out in the Scheme's Statement of Investment Principles (SIP).

The SIP was updated in January 2022 to incorporate the Trustees' decision to update the Scheme's strategic allocation.

The current strategy of the defined benefit Focus section at year-end is to hold:

- 65% in investments that move broadly in line with the long term liabilities of the Scheme. This portfolio comprises corporate bonds; liability driven investment (LDI) funds and money market funds. The purpose of the portfolio is to hedge against the impact of interest rate and inflation rate movements on long term liabilities, while the corporate bonds are also expected to provide a return in excess of gilts. The money market funds are primarily intended to be used as additional collateral for the leverage within the LDI funds, as and when required.
- 35% in return seeking investments comprising UK and overseas equities.

Notes to the Financial Statements (Cont)

18. Investment risk disclosures (Cont)

Market risk: Interest rates

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds and other liability-matching assets through pooled vehicles and cash. As at 31 March 2023 £14.3m was invested in index-linked gilts and corporate bonds (2022: £15.1m). The Trustees have set a benchmark for total investment in bonds of 35% of their total investment portfolio.

The Trustees have set a benchmark for total investment in the liability-matching portfolio of 65% of their total investment portfolio. Under this strategy, if interest rates fall, the value of these investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these investments will fall in value, matching the fall in the actuarial liabilities because of an increase in the discount rate.

As at 31 March 2023, the Scheme had £0.3m in the DB Trustee bank account (2022 £0.3m).

Market risk: Currency

The Scheme is exposed to currency risk because some of its investments are held indirectly in overseas markets. The Scheme invests in overseas equities through pooled investment vehicles. As at 31 March 2023 the amount invested in the overseas equities was £9.2m (2022 £9.9m). The Scheme's liabilities are denominated in sterling and currency hedging is employed on approximately 50% of the overseas equities to manage the impact of exchange rate fluctuations on the Scheme's investments.

Market risk: Other price

Other price risk arises in relation to the Scheme's return seeking portfolio, which as at 31 March 2023 includes £20.0m invested in pooled equity funds (2021: £20.3m); and holdings in index-linked gilts, which are exposed to inflation risk, of £nil at 31 March 2023 (2022: £nil).

The Trustees have set a benchmark for investment in LDI funds and index-linked gilts of 25% of their total investment portfolio. Under this strategy, if inflation expectations rise, the value of these investments will rise to help match the increase in actuarial liabilities arising from a rise in the inflation assumption. Similarly, if inflation falls, the index-linked gilts investments will fall in value, matching the fall in the actuarial liabilities because of a decrease in the inflation assumption.

The Scheme manages this exposure to other price risk by investing in pooled funds which invest in a diverse portfolio of instruments across various markets. The Trustees monitor the performance of the Scheme's investment manager on a regular basis in addition to having meetings with the manager from time to time as necessary.

Credit risk

The Scheme is subject to direct credit risk because the Scheme holds units in pooled investment vehicles and cash in the Trustee bank account.

Pooled investment arrangements used by the Scheme comprise authorised unit trusts. Direct credit risk arising from the pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the manager, the regulatory environments in which the manager operates and the ongoing due diligence of the manager.

The Scheme also has indirect exposure to credit risks from the underlying investments held by the pooled investment vehicles. This risk is mitigated through investment in a diverse portfolio of instruments across various markets. The manager also has responsibility of ensuring that an appropriate amount of credit risk is taken given the fund's guidelines and constraints. The overseas equity holdings are also subject to credit risk as they engage in stock lending, but this is not considered to be a significant risk in the context of the Scheme's total assets.

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

	2023	2022
	£	£
Unit linked insurance contracts	25,905,473	35,366,299

Notes to the Financial Statements (Cont)

18. Investment risk disclosures (Cont)

Defined Contribution section - Options

Investment strategy

The Trustees' objective is to make available to members of the Scheme an appropriate range of investment options designed to generate income and capital growth, which together with new contributions from members and their Employer in the Options section will provide a retirement amount. The SIP outlines the investment objectives and strategy for the defined contribution assets of the Scheme.

The investment funds offered to members are as follows:

- Equity funds
- Bond funds
- Multi-asset funds
- Cash funds

The Trustees have investment management agreements in place with the fund manager(s) that set out guidelines for the underlying investments held by the funds. The day-to-day management of the funds is the responsibility of the fund managers, including the direct management of credit and market risks. The fund managers may then delegate that responsibility to other providers.

The Trustees monitor the underlying risks by conducting quarterly investment reviews of the fund managers.

Credit risk

The Scheme is subject to direct credit risk because the Scheme holds units in pooled investment vehicles and cash. As at 31 March 2023 the defined contribution Options section held £9.9m (2022 £9.6m) in pooled funds and £0.2m in the DC Trustee bank account (2022: £0.2m).

The fund managers are regulated by the Financial Conduct Authority and maintain separate funds for their policy holders. The Trustees monitor the credit worthiness of the fund managers from time to time. The fund managers invest all of the Scheme's funds in their own investment unit linked funds.

The Scheme also has indirect exposure to credit risks from the underlying investments held by the pooled investment vehicles, in particular the Cash, Pre-Retirement Fund, Diversified Growth Fund, Index Linked Gilt Fund and the underlying holdings in the LifePath funds. At 31 March 2023 the value of these funds was £8.8m (2022: £7.8m). Member-level risk exposures will be dependent on the funds invested in by individual members.

The equity funds may be subject to some credit risk, but this is not considered to be a significant risk in the context of the Scheme's total assets.

Market risk

The Options Section assets are subject to currency, interest rate and other price risk arising from the underlying financial instruments held in the funds managed by the fund managers.

- The UK equity fund, which as at 31 March 2023 was valued at £640,968 (2022: £632,558) is exposed to other price risk.
- The Global equity 50:50 fund, which as at 31 March 2023 was valued at £896,439 (2022: £885,811) is exposed to currency and other price risk.
- The Diversified Growth fund, which as at 31 March 2023 was valued at £129,473 (2022: £115,345) is exposed to currency, interest rate and other price risk.
- The Index-linked gilt fund, which as at 31 March 2023 was valued at £189,946 (2022: £222,923) is exposed to interest rate and other price risk.
- The pre-retirement fund, which as at 31 March 2023 was valued at £102,792 (2022: £135,348) is exposed to interest rate and currency risk.

Notes to the Financial Statements (Cont)

18. Investment risk disclosures (Cont)

Market risk (Cont)

- The Target date multi asset retirement fund which as at 31 March 2023 was valued at £7,912,680 (2022: £7,518,700) is exposed to credit, currency, interest rate and other price risk.
- The cash fund, which as at 31 March 2023 was valued at £45,936 (2022: £35,467) is exposed to interest rate risk.

As at 31 March 2023, the Scheme had £0.2m in the DC Trustee bank account (2022: £0.2m). This is also potentially subject to interest rate risk.

19. Concentration of investments

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

	2023		2022	
	£	%	£	%
LGIM Sterling Liquidity	2,372,171	6.5	7,591,668	16.6
LGIM UK Equity Index Fund	-	-	2,724,916	6.0
LGIM North America Equity Index	-	-	1,839,013	4.0
LGIM North America Equity Index Hedged	-	-	1,689,563	3.7
LGIM Matching Core Real Long	5,219,005	14.3	4,631,017	10.1
LGIM Europe (ex UK) Equity Index Hedged	-		1,684,126	3.7
LGIM Europe (ex UK) Equity Index	-		1,598,187	3.5
LGIM Active Corp Bonds	5,765,019	15.8	6,409,206	14.0
LGIM Matching Core Real Short	3,275,772	9.0	4,006,655	8.8
LGIM Global Equity Index Hdgd	3,455,416	9.5	-	-
LGIM Global Equity Index	3,263,723	8.9	-	-
LGIM Buy & Maintain Credit	2,475,122	6.8	-	-
BlackRock Life Path Flexi 2043-2045	2,046,884	5.6	-	-

20. Current assets

	Defined Benefit Section	2023 Defined Contribution Section	Total
	£	£	£
Cash balance	316,247	207,886	524,133
Employer contributions due	15,427	-	15,427
VAT reclaim	10,190	-	10,190
Prepayment	11,031	109,437	120,468
Due from DB	-	100	100
	352,895	317,423	670,318
		2022	
Cash balance	291,234	251,299	542,533
Employer contributions due	-	-	-
VAT reclaim	17,424	2,324	19,748
Prepayment	-	-	-
Due from DB	-	100	100
	308,658	253,723	562,381

Notes to the Financial Statements (Cont)

21. Current liabilities

	Defined Benefit Section	2023 Defined Contribution Section	Total
	£	£	£
Professional fees	78,426	15,287	93,713
Investment fees	3,674	1,164	4,838
Unpaid benefits	11,186	79	11,265
Due to DC	100	-	100
	93,386	16,530	109,916
		2022	
Professional fees	32,294	7,982	40,276
Investment fees	2,714	553	3,267
Unpaid benefits	9,829	79	9,908
Due to DC	100	-	100
	44,937	8,614	53,551

22. Related party transactions

Mr C Cairnduff, Mrs S Windrum, MR P Jackson and Mrs N Sayee who acted as Trustees during the year are members of the Scheme.

The Sponsoring Employer provides secretarial and certain administration services to the Trustees and bears these costs. Dalriada Trustees Limited are renumerated for their services as Trustee, with cost borne by the Sponsoring Employer this amounted to £25,808 during the year an amount of £8,191 was outstanding as at the year end. The costs borne by the Sponsoring Employer in relation to the Scheme are not reflected in these financial statements. All of the above transactions were made in accordance with the Scheme Rules

23. Contingent liability – GMP equalisation

As explained on page 5 of the Trustees' Report, in October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. The Trustees are now reviewing, with their advisers, the implication of this ruling on the Schene and the equalisation of guaranteed minimum pensions between men and women; in the context of the rules of the Scheme and the value of any liability. As soon as this review is finalised and any liability quantified, then members will be communicated with.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Scheme has experienced significant historical transfers out which will be subject to adjustment as a result of this second ruling. The Trustees will be considering this at a future meeting and decisions will be made as to the next steps. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these accounts, it is not possible to estimate the value of any such adjustments at this time.

23. Subsequent event

A new Schedule of Contributions and Payment Schedule were signed after the year end following the completion of the full actuarial valuation as at 31 March 2022.

Certificate of Adequacy of Contributions

SONI Limited Pension Scheme

Certification of the Schedule of Contributions

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected, on 31 March 2022, to be met by the end of the period specified in the Recovery Plan dated June 2023.

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 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:	4 July 2023
Name:	Chris Ramsey	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	2 London Wall Place London EC2Y 5AU	Employer:	Barnett Waddingham LLP

SONI Limited Pension Scheme – Focus Section
Schedule of Contributions

Status

This Schedule of Contributions has been prepared by the Trustees of the SONI Limited Pension Scheme (the Scheme), after obtaining the advice of the Scheme Actuary appointed by the Trustees. It solely relates to the Focus Section of the Scheme.

Contributions to be paid by active members from 1 July 2023 to 30 June 2028

6% of Pensionable Salary (unless zero, in line with the provisions in the Scheme Rules), to be deducted from earnings by SONI Limited and paid towards the Scheme on or before the nineteenth day of the calendar month following deduction.

Contributions to be paid by the Employer from 1 July 2023 to 30 June 2028

In respect of the future accrual of benefits:	57.0% of Pensionable Salary Additionally, 6% of Pensionable Salaries for active members who, under the Rules, do not contribute to the Scheme.
In respect of the provision of death-in-service benefits:	0.7% of Pensionable Salary
In respect of the shortfall in funding as set out in the Recovery Plan dated June 2023:	Monthly payments of £71,760 from 1 July 2023 to 30 November 2026
In respect of expenses:	Monthly payments of £12,500. These payments can instead be met (or partially met) by transfers from the Options Section bank account, provided that this is agreed by the Trustees and Employer

All payments made in respect of the above should be made to the Scheme on or before the nineteenth day of the calendar month following that to which the payments relates.

The Employer shall separately pay the cost of the Pension Protection Fund Levy.

The Employer may pay contributions in addition to the amounts shown above at any time. Any contributions paid at a rate higher than that required can be offset against later payments due at the request of the Employer.

This schedule has been agreed by the Trustees and the Employer

....
Signed on behalf of the Trustees of the SONI Limited Pension Scheme

29/06/2023
Date

Alan Campbell (Jul 4, 2023 12:03 GMT+1)
Signed on behalf of SONI Limited Pension Scheme

04/07/2023
Date

SONI Limited Pension Scheme
Options Section Payment Schedule

Status

This payment schedule has been prepared by the Trustees of the SONI Limited Pension Scheme Options Section (the Scheme). It sets out the contributions that are due to be paid to the Options Section of the Scheme from 1 July 2023 and has been agreed with SONI Limited (the Employer).

Contributions to be paid by active members from 1 July 2023 to 30 June 2028

By active members participating in "SMART" (the Employer's salary sacrifice arrangement in respect of their pension contributions):

These members make no direct contributions.

By active members not participating in SMART:

In accordance with the Scheme's rules, contributions of at least a percentage of Pensionable Salary as enables the Scheme (after allowing for the contributions to be paid by the Employer) to satisfy the minimum requirements of an auto-enrolment compliant scheme. The member may specify some other such greater integer percentage. Contributions are to be deducted from earnings by the Employer and paid to the Scheme on or before the nineteenth day of the calendar month following deduction.

Contributions to be paid by the Employer from 1 July 2023 to 30 June 2028

In respect of the future accrual of benefits:

For active members participating in SMART:

The Employer will match the level of contribution selected by the member up to a maximum of 8% of Pensionable Salary and pay an additional amount equal to the relevant active member contributions not paid by members as a result of participating in SMART.

The percentage selected by the member must be at least a percentage of Pensionable Salary as enables the Scheme (after allowing for the contributions to be paid by the Employer) to satisfy the minimum requirements of an auto-enrolment compliant scheme.

For active members not participating in SMART:

The Employer will match member contributions up to a maximum of 6% of Pensionable Salary.

All active members:

Additional Employer contributions of 1% of Pensionable Salary are payable once a member has reached 10 years of pensionable service in the Options Section of the Scheme.

The Employer will ensure that the Trustees receive the contributions payable on or before the 19th of the calendar month immediately following the month to which the contributions relate.

In respect of expenses:	3% of Pensionable Salaries for active members, to be paid towards the Scheme on or before the 19th of the calendar month immediately following the month to which the payment relates.

The Employer may pay contributions in addition to the amounts shown above at any time. Any contributions paid at a rate higher than that required can be offset against later payments due at the request of the Employer.

Pensionable Salary

For the purpose of this schedule, Pensionable Salary is as defined in the Scheme rules dated 24 September 2015, as amended.

This schedule has been agreed by the Trustees and the Employer

.... 29/06/2023

Signed on behalf of the Trustees of the SONI Limited Pension Scheme — Date

Alan Campbell (Jul 4, 2023 12:05 GMT+1) 04/07/2023

Signed on behalf of SONI Limited — Date

SONI Limited Pension Scheme ("the Scheme")

Chair's statement regarding the governance of defined contribution benefits

Scheme year - 1 April 2022 to 31 March 2023

1. Introduction

1.1. This statement has been prepared by the Trustees of the Scheme ("the Trustees") to report on compliance with governance standards.

1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.

1.3. This statement covers the scheme year 1 April 2022 to 31 March 2023 ("the Scheme year").

2. The Scheme's DC arrangements

2.1. The Scheme's DC arrangements comprise:

2.1.1. The Options Section – this section holds the Scheme's main DC benefits, i.e. those arising from standard contributions and additional voluntary contributions ("AVCs"). These benefits are administered by Barnett Waddingham. Funds are invested through Aegon's investment-only platform.

2.1.2. Bonus Accounts within the Focus Section, the defined benefit section of the Scheme. These accounts have historically comprised of "bonus" contributions made by SONI Limited ("the Company") and AVCs, and funds are invested alongside the Options Section assets with Aegon.

2.2. The Options Section is open to new joiners and future contributions and is used as a 'qualifying' workplace pension scheme for automatic enrolment purposes.

3. Default arrangement

3.1. The Scheme has had three default investment arrangements throughout the reporting period for the purposes of the governance standards, all of which are versions of BlackRock's "LifePath" target-date funds. These are as follows:

3.1.1. Aegon BlackRock LifePath Flexi ("Default") is the Options Section default arrangement for new joiners. This strategy uses a 'target date fund' approach to de-risk members' investments as they approach their Target Retirement Age (TRA). Through the Default, members always invest in a single fund, however BlackRock manage and adjust the underlying investment portfolio to provide an appropriate level of risk at each stage of the member journey, from the inception of the policy up to and through retirement.

3.1.2. The Default consists of a series of funds with the underlying investments built around investors moving to retirement at some stage in a particular three-year window (2043 to 2045 for example). LifePath Flexi is designed to target drawdown at a member's TRA and has been structured to offer a strategy that is appropriate both up to and through retirement. The drawdown portfolio targets a holding of 40% in equities and 60% in bonds at TRA and is maintained throughout the decumulation phase.

3.1.3. LifePath Retirement is the default arrangement for both Options and Focus Section members who were 5 years or less from their TRA when LifePath was added as the Default.

3.1.4. LifePath Capital is the default investment arrangement for Focus Section members with Bonus Accounts who were 5 years or more from their TRA when LifePath was added as the Default.

3.1.5. Like the Default, both LifePath Capital and LifePath Retirement are a series of funds with 3-year retirement windows. LifePath Capital is designed to be suitable for members who want to withdraw their funds as cash at their TRA. LifePath Retirement is designed to be suitable for those members who intend to purchase a fixed income for life ('an annuity') when they retire, and the asset portfolio targets a holding of 25% cash and 75% in fixed income at the member's TRA.

3.1.6. Alongside the default strategies, the Trustees have made all three variants of LifePath (Capital, Flexi and Retirement) available to members on a self-select basis. Six other individual funds are also available that cover the major asset classes. These are managed by BlackRock and LGIM and are hosted on the Aegon investment platform. The investments available are the same for the Options Section and Focus Section Bonus Accounts.

3.2. Further details of the Default are set out in the 'Statement of Investment Principles' ("SIP"), which has been appended to this statement in Appendix 2. This covers the investment policy in relation to the entire Scheme.

Review of the default

3.3. No formal review of the default was undertaken in the Scheme year. The default was last reviewed from a strategic point of view at a trustee meeting in October 2017, with a formal recommendation to change the default strategy agreed by the Trustees at a further meeting on 9 March 2018. A further review of the default strategy and wider fund range is underway and we will provide an update on this in next year's governance statement.

3.4. The Trustees have also been undertaking work in recent Scheme years, in conjunction with the Company and their pensions advisers, to review the overall suitability of the Scheme for members relative to other options available in the workplace pensions market. This included consideration of the different default investment strategies used across different providers and how they compared relative to the strategy used in the Scheme.

3.5. The Trustees understand that the LifePath investment strategies are also used as default strategies by a large workplace pension provider and therefore receive significant governance oversight as a result which benefits Scheme members as investors, however also recognise their responsibility to continue to review the strategies to ensure that they remain suitable for the Scheme's membership in particular.

3.6. With assistance from Barnett Waddingham LLP, the Scheme's investment advisors, the Trustees review the performance of all the DC Section investment options, including the default strategies, on a quarterly basis. During the reporting period, the Trustees were satisfied that the performance of the defaults was consistent with their aims and objectives, which are outlined in the Statement of Investment Principles.

4. Core financial transactions

4.1. The Trustees have a specific duty to ensure that 'core financial transactions' are processed promptly and accurately.

4.2. Core financial transactions comprise the following:

4.2.1. Investment of contributions

4.2.2. Transfers into and out of the Scheme

4.2.3. Investment switches within the Scheme

4.2.4. Other payments out of the Scheme (e.g. retirement payments, death payments).

4.3. Core financial transactions for both the Options and Focus Sections are undertaken for the Trustees by the Scheme administrators, Barnett Waddingham LLP.

Controls in place

4.4. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:

4.4.1. The Trustees have Service Level Agreements (SLAs) in place with Barnett Waddingham, the Scheme's administrator. The administrator aims to process at least 95% of core financial transactions within the service level for each type of transaction. Barnett Waddingham undertakes to ensure that core financial transactions are processed within the SLAs set out below:

Core financial transaction	Service Level Agreement
Contribution files	5 working days
Transfer payments (in or out)	3 working days
Investment switches	5 working days
Payments out of the Scheme	5 working days

4.4.2. Barnett Waddingham monitors that contributions are paid within regulatory timescales. All contributions during the Scheme year were paid well within these timescales.

4.4.3. All tasks completed by an administrator go through a robust checking process and any payments or investment activities in relation to the Scheme are authorised by a senior member of the team.

4.4.4. Barnett Waddingham operates a pooled banking facility. The Barnett Waddingham pension administration system is updated daily to show reconciled balances to the pooled banking system. Financial Conduct Authority regulations for holding client monies mean that Barnett Waddingham must carry out an internal and external reconciliation every day.

4.4.5. The audit of the Scheme's annual report and accounts.

4.4.6. The Trustees monitor the quality of the data held by Barnett Waddingham on an ongoing basis. Both common data and scheme-specific data scores are produced quarterly, and the Trustees will take action to improve data quality wherever possible. As at 31 March 2023, the common data score for the Scheme was 96.95%, and the scheme-specific data score was 90.86%. Under the methodology used, both scores indicate "very good data with minimal cleansing requirements".

4.4.7. Barnett Waddingham's administration controls and processes are subject to a formal external audit for the annual assurance report on internal controls.

4.4.8. Any material issues uncovered regarding inaccuracies with core financial transactions are included within the administrator's regular reporting to the Trustees.

Performance during the scheme year

4.5. During the Scheme year, Barnett Waddingham provided the Trustees with three administration reports that included reporting of service performance against the SLAs and identified any issues arising regarding administration accuracy.

4.6. As reported in the administration reports, the vast majority of tasks relating to DC core financial transactions were completed within SLA over the Scheme year. Although a small number of tasks were reported as missing SLA, these were when the transactions had themselves been processed in time but the tasks hadn't been properly closed down on the administration system.

4.7. The Trustees believe that these measures have enabled them to monitor the promptness and accuracy of core financial transactions and will allow them to continue to carefully scrutinise SLA achievement going forward.

Assessment

4.8. In view of the controls and monitoring arrangements in place, and the lack of any issues experienced during the Scheme year, the Trustees believe that core financial transactions have been processed promptly and accurately.

5. Member-borne charges and transaction costs

5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:

5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).

5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER.

5.2. The table below provides details of the explicit and implicit charges applied to each of the investment options provided through both the Options Section and Focus Section over the Scheme year (data sourced from Aegon as at 31 March 2023).

Default arrangements

Investment option	TER (p.a.)	Transaction Costs (p.a.)
Aegon BlackRock LifePath Capital (BLK)	0.36%	0.013%
Aegon BlackRock LifePath Capital 2022-2024 (BLK)	0.36%	0.024%
Aegon BlackRock LifePath Capital 2025-2027 (BLK)	0.36%	0.042%
Aegon BlackRock LifePath Capital 2028-2030 (BLK)	0.36%	0.056%
Aegon BlackRock LifePath Capital 2031-2033 (BLK)	0.36%	0.037%
Aegon BlackRock LifePath Flexi 2025-2027 (BLK)	0.36%	0.061%
Aegon BlackRock LifePath Flexi 2028-2030 (BLK)	0.36%	0.065%
Aegon BlackRock LifePath Flexi 2031-2033 (BLK)	0.36%	0.060%
Aegon BlackRock LifePath Flexi 2034-2036 (BLK)	0.36%	0.058%
Aegon BlackRock LifePath Flexi 2037-2039 (BLK)	0.36%	0.052%
Aegon BlackRock LifePath Flexi 2040-2042 (BLK)	0.36%	0.054%
Aegon BlackRock LifePath Flexi 2043-2045 (BLK)	0.36%	0.045%
Aegon BlackRock LifePath Flexi 2046-2048 (BLK)	0.36%	0.048%

Investment option	TER (p.a.)	Transaction Costs (p.a.)
Aegon BlackRock LifePath Flexi 2049-2051 (BLK)	0.36%	0.035%
Aegon BlackRock LifePath Flexi 2052-2054 (BLK)	0.36%	0.044%
Aegon BlackRock LifePath Flexi 2055-2057 (BLK)	0.36%	0.028%
Aegon BlackRock LifePath Flexi 2058-2060 (BLK)	0.36%	0.060%
Aegon BlackRock LifePath Flexi 2061-2063 (BLK)	0.36%	0.060%
Aegon BlackRock LifePath Flexi 2064-2066 (BLK)	0.36%	0.060%
Aegon BlackRock LifePath Retirement (BLK)	0.36%	0.098%

Other investment options

Investment option	TER (p.a.)	Transaction Costs (p.a.)
Aegon BlackRock Cash	0.280%	0.013%
Aegon BlackRock Dynamic Diversified Growth	0.600%	0.442%
Aegon BlackRock Index-Linked Gilt	0.300%	0.036%
Aegon BlackRock Pre-Retirement	0.300%	0.127%
Aegon BlackRock UK Equity Optimum	0.600%	0.171%
Aegon LGIM Global Equity (50:50) Index	0.400%	0.045%

Impact of the costs and charges applied through the Scheme

5.3. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustees have produced illustrations and these are set out in Appendix 1.

Net investment returns

5.4. From 1 October 2021, trustees of all relevant pension schemes, are required to calculate and state the annualised return, net of transaction costs and charges, of all investment options members were able to select, and in which members' assets were invested, during the Scheme year.

5.5. For investment strategies where the investment returns vary with age, trustees are required to show the returns for a member aged 25, 45 and 55 at the start of the period. The target date structure of the Plan's investment options already reflects any such variation and there is therefore no need to present information in this way.

5.6. The following table provides the returns for each fund used by Scheme members over the Scheme year.

Investment option	1yr net return	3yr net return (p.a.)	5yr net return (p.a.)
Aegon BlackRock LifePath Capital (BLK)	1.98%	0.61%	0.58%
Aegon BlackRock LifePath Capital 2022-24 (BLK)	-3.04%	2.87%	2.11%
Aegon BlackRock LifePath Capital 2025-27 (BLK)	-6.07%	4.36%	2.79%
Aegon BlackRock LifePath Capital 2028-30 (BLK)	-8.06%	6.13%	3.59%
Aegon BlackRock LifePath Capital 2031-33 (BLK)	-9.40%	7.28%	3.95%

Investment option	1yr net return	3yr net return (p.a.)	5yr net return (p.a.)
Aegon BlackRock LifePath Flexi 2025-2027 (BLK)	-10.18%	4.87%	2.91%
Aegon BlackRock LifePath Flexi 2028-2030 (BLK)	-9.66%	6.14%	3.45%
Aegon BlackRock LifePath Flexi 2031-2033 (BLK)	-9.34%	7.29%	3.97%
Aegon BlackRock LifePath Flexi 2034-2036 (BLK)	-8.79%	8.54%	4.50%
Aegon BlackRock LifePath Flexi 2037-2039 (BLK)	-8.15%	9.86%	5.10%
Aegon BlackRock LifePath Flexi 2040-2042 (BLK)	-7.42%	11.19%	5.64%
Aegon BlackRock LifePath Flexi 2043-2045 (BLK)	-6.78%	12.52%	6.19%
Aegon BlackRock LifePath Flexi 2046-2048 (BLK)	-5.87%	13.66%	6.69%
Aegon BlackRock LifePath Flexi 2049-2051 (BLK)	-5.66%	14.34%	6.98%
Aegon BlackRock LifePath Flexi 2052-2054 (BLK)	-5.15%	14.80%	7.19%
Aegon BlackRock LifePath Flexi 2055-2057 (BLK)	-4.85%	14.98%	7.27%
Aegon BlackRock LifePath Flexi 2058-2060 (BLK)	-4.84%	14.97%	7.26%
Aegon BlackRock LifePath Flexi 2061-2063 (BLK)	-4.84%	14.97%	7.25%
Aegon BlackRock LifePath Flexi 2064-2066 (BLK)	-4.83%	14.97%	7.26%
Aegon BlackRock LifePath Retirement (BLK)	-12.68%	-6.25%	-1.96%
Aegon BlackRock Cash (BLK)	1.93%	0.56%	0.54%
Aegon BlackRock Dynamic Diversified Growth (BLK)	-2.94%	4.73%	2.67%
Aegon BlackRock Index-Linked Gilt (BLK)	-30.63%	-9.48%	-4.41%
Aegon BlackRock Pre-Retirement (BLK)	-17.35%	-8.53%	-2.87%
Aegon BlackRock UK Equity Optimum (BLK)	4.48%	13.30%	5.83%
Aegon LGIM Global Equity (50:50) Index (BLK)	2.08%	14.31%	6.85%

Value for members

5.7. Regulations require the Trustees to assess the extent to which a scheme provides value for members.

5.8. The method to be used for this assessment changed for schemes with assets of less than £100m that have been operating for three years or more, effective for scheme years ending after 31 December 2021. The Scheme fits these criteria.

5.9. The assessment comprises three components:

5.9.1. An assessment of costs and charges relative to the average costs and charges for three comparator schemes.

5.9.2. An assessment of net investment returns relative to the average net investment returns for three comparator schemes.

5.9.3. A self-assessment across seven key metrics of scheme administration and governance.

5.10. For the relative assessments, costs and charges and net returns for default arrangements should be compared with those for the default arrangements of the comparator schemes. In addition, costs and charges and net returns for popular self-select funds should be compared with those for the nearest comparable funds in the comparator schemes (or, where there is no comparable fund, a comparator scheme's default arrangement).

5.11. The value for members assessment was undertaken in accordance with the statutory guidance for the Scheme year. Analysis was undertaken by Barnett Waddingham LLP and the findings considered and the outcome confirmed at a Trustees meeting in October 2023.

5.12. The following comparator schemes were used for the relative components of the assessment: the Aegon Master Trust, the Aviva Master Trust and the Legal & General Master Trust. In line with the guidance, all three of these schemes hold over £100m in defined contribution assets under management and have confirmed the possibility that they could reasonably accept a transfer of members' rights in the event that the Scheme is wound up (this is a regulatory requirement and does not in any way indicate that the Scheme is due to be wound up).

5.13. The outcomes of the three components of the assessment were:

5.13.1. Giving greater weight to the default investment arrangement, in which the majority of assets are invested, costs and charges for the Scheme were moderately higher than the average for the comparator schemes. The Trustees therefore concluded that the Scheme provides moderate value for members in relation to costs and charges.

5.13.2. Giving greater weight to the default investment arrangement, in which the majority of assets are invested, net investment returns for the Scheme were closely comparable with the average for the comparator schemes. The Trustees therefore concluded that the Scheme provides good value for members in relation to net investment returns.

5.13.3. The Trustees considered all seven metrics across scheme administration and governance, these being:

5.13.3.1. Promptness and accuracy of core financial transactions;

5.13.3.2. Quality of record keeping;

5.13.3.3. Appropriateness of the default investment strategy;

5.13.3.4. Quality of investment governance;

5.13.3.5. Level of trustee knowledge, understanding and skills to operate the pension scheme effectively.

5.13.3.6. Quality of communications with members;

5.13.3.7. Effectiveness of management of conflicts of interest.

The Trustees' performance against these metrics was reviewed and it concluded that the Scheme provides good value for members in relation to these metrics.

5.14. Taking the three components into account, the Trustees concluded that overall, the Scheme's DC arrangements offer good value for members.

5.15. The method of assessment is prescribed. Factors that were not considered but that add value include the employer contributions available through the Scheme and the operation of salary sacrifice for employee contributions for some members.

6. Trustee knowledge and understanding

The Trustee Board

6.1. The Trustees comprise five individual trustees, two of whom are nominated by the members and three of whom are appointed by the Company. The Chair of the Trustees is a professional and independent trustee, who brings a high degree of pensions experience, knowledge and expertise.

Trustee knowledge and understanding requirements

6.2. The Trustees are required to be conversant with the Scheme's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets to enable them to properly exercise their functions.

Approach

6.3. The Trustees aim to remain conversant with the Scheme's trust deed and rules as well as all other Scheme documents such as the Statement of Investment Principles, the risk register and current policies, e.g. conflicts of interest. They do so through their experience in governing the Scheme, as well as specific activities over the Scheme year and access to professional advice

6.4. The Trustees aim to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training, taking professional advice and the inclusion of a professional trustee as a trustee and chair.

6.5. The independent and professional trustee holds multiple trustee roles which provides a breadth of industry experience and exposure to different professional advisers. Dalriada Trustees Limited also provide significant support and oversight for their trustee representatives, including peer review support for significant decisions, internal disclosures, and continuous professional development (CPD) requirements. They also have a robust internal handover process should a change in representative on the Scheme's trustee board be required in the future.

6.6. There is a training programme in place to meet knowledge gaps and training needs in relation to emerging legislation, Scheme changes and upcoming matters in the Scheme's calendar. The majority of training takes place at trustee meetings. New trustees are required to complete the Pensions Regulator's trustee toolkit within 6 months of appointment. A training log is maintained in relation to training undertaken and is reviewed at each trustee meeting. As a professional trustee, the Chair complies with CPD requirements of both the Association of Professional Pension Trustees and the Pensions Management Institute, in line with their responsibilities as a professional trustee.

6.7. The Trustees supplement training received at trustee meetings with further training activities such as attending seminars and conferences and reading pensions-related articles.

6.8. The Trustees consult with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustees on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Scheme's documents, attending trustee meetings and often in the delivery of training at these meetings.

Activities over the Scheme year

6.9. During the Scheme year, in relation to the Scheme documentation, the Trustees:

6.9.1. Reviewed and signed off the Trustees Report and Accounts;

6.9.2. Reviewed and updated the Scheme's risk registers;

6.9.3. Reviewed the Summary of Scheme Policies document;

6.9.4. Oversaw the legal documentation required to ratify the resignation of one trustee and the appointment of another; and

6.9.5. Worked with their administrators to implement a paperless system of member communication.

6.10. During the reporting period, the Trustees received training on:

6.10.1. The Pension Regulator's New Code of Practice, Effective System of Governance and Own Risk Assessment requirements;

6.10.2. Investment strategies and assessment of investment consultants.

6.10.3. The Pensions Dashboard and associated data quality and security issues;

6.10.4. Legislative updates and developments in the DC pension environment.

6.11. During the period covered by this statement, the Trustees took professional advice on:

6.11.1. The annual Value for Member assessment;

6.11.2. Completion of the annual DC governance statement;

6.11.3. Updates to the SIP and production of the Implementation Statement;

6.11.4. Reviewing the objectives for their investment advisers in line with the CMA Order.

6.11.5. Monitoring of the Scheme's investments; and

6.11.6. Statutory Money Purchase Illustration assumptions.

Assessment

6.12. The Trustees comprise of company-appointed and member-nominated individuals from different professional backgrounds who bring a diversity of experience and perspective and allow for comprehensive consideration of the issues pertinent to the Scheme and its members.

6.13. The Trustees consider that their combined knowledge and understanding, together with their access to professional advice, enables them to exercise their trustee functions properly and effectively in the following ways:

6.13.1. The Trustees are able to challenge and question advisers, service providers and other parties effectively;

6.13.2. Trustees' decisions are made in accordance with the Scheme rules and in line with trust law duties; and

6.13.3. The Trustees' decisions are not compromised by such things as conflicts or hospitality arrangements.

....	27/10/2023 ....
Greig McGuinness, of Dalriada Trustees Limited	
Chair of the Trustees	Date

Appendix 1 - Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustees have produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

Parameters used for the illustrations

A1.2. The membership of the Options Section and the Bonus Accounts within the Focus Section, and the investment options offered, were analysed in determining the parameters to be used.

A1.3. Pot size: pot sizes of £11,000, £35,000 and £88,000 have been used; these represent the 25th percentile, the median and the 75th percentile of pot values (rounded to the nearest £1,000) of Options Section and Focus Section Bonus Account members respectively as at 31 March 2023.

A1.4. Future contributions: As there are both active and deferred members in the Scheme the Trustees have included illustrations that cater for both cohorts. The illustrations that represent active members use a future contribution assumption of 16% of pensionable salary as is the most common contribution rate paid by active members. There are also illustrations that include no future contribution assumptions to represent the Scheme's deferred members.

A1.5. Pensionable salary: For the illustrations that include future contribution assumptions, a starting pensionable salary of £55,000 has been used as this represents the approximate median (rounded to the nearest £1,000) pensionable salary of active members. Pensionable salary is assumed to grow at 2.5% per year.

A1.6. Timeframe: The illustrations for LifePath funds cover the periods over which an investor in each fund is expected to reach retirement age. The illustrations for non-LifePath funds cover the period it is expected to take the youngest Scheme member to reach retirement age.

A1.7. Investment options: the investment options selected for the illustrations include the default strategy (for which different versions are chosen to cover each investment stage), the highest charged fund and the lowest charged fund. These are outlined in the table below:

Fund Name	Rationale	Total Cost (p.a.) *	Assumed return **
Aegon BlackRock LifePath Flexi 2031-33	Default strategy	0.39%	2.48% above inflation
Aegon BlackRock LifePath Flexi 2055-57	Default strategy	0.39%	3.30% above inflation
Aegon BlackRock LifePath Flexi 2064-66	Default strategy	0.42%	3.52% above inflation
Aegon BlackRock Dynamic Diversified Growth	Highest costs and charges	0.98%	3.80% above inflation
Aegon BlackRock Cash	Lowest costs and charges	0.29%	1.75% above inflation

* This figure includes both the TER and transaction costs. The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as these are available) when producing the illustrations.

** Projected growth rates, gross of costs and charges, for each investment option are in line with the 2023 Statutory Money Purchase Illustrations (SMPIs).

Guidance to the illustrations

A1.8. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.9. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year.

A1.10. Values shown are estimates and not guaranteed.

A1.11. The starting date for the illustrations is 31 March 2023.

A1.12. The illustrations should be read based on the number of future years that a member expects to be invested in those funds.

Aegon BlackRock LifePath Flexi 2064-66 Fund

An illustration has been included for this fund as it shows the impact of costs and charges for the target date fund within the default strategy with the longest duration. It covers a 45-year timeframe.

Illustration basis	Years of membership	Starting pot size £11,000		Starting pot size £35,000		Starting pot size £88,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member Starting pensionable Salary: £55,000 Contribution level: 16%	**0**	£11,000	£11,000	£35,000	£35,000	£88,000	£88,000
	5	£60,365	£59,630	£88,779	£87,485	£151,526	£149,000
	10	£118,809	£116,072	£152,448	£148,402	£226,736	£219,799
	15	£187,984	£181,565	£227,807	£219,086	£315,748	£301,944
	20	£269,869	£257,568	£317,009	£301,112	£421,111	£397,270
	25	£366,801	£345,771	£422,605	£396,303	£545,837	£507,895
	30	£481,546	£448,130	£547,605	£506,774	£693,484	£636,278
	35	£617,378	£566,920	£695,576	£634,976	£868,263	£785,267
	40	£778,171	£704,776	£870,739	£783,756	£1,075,160	£958,171
	45	£968,513	£864,760	£1,078,092	£956,418	£1,320,080	£1,158,827
Deferred member No contributions	**0**	£11,000	£11,000	£35,000	£35,000	£88,000	£88,000
	5	£13,023	£12,767	£41,437	£40,623	£104,184	£102,137
	10	£15,418	£14,818	£49,058	£47,149	£123,345	£118,545
	15	£18,252	£17,197	£58,074	£54,718	£146,016	£137,576
	20	£21,606	£19,957	£68,747	£63,500	£172,849	£159,658
	25	£25,577	£23,161	£81,380	£73,693	£204,613	£185,285
	30	£30,277	£26,878	£96,335	£85,522	£242,214	£215,026
	35	£35,841	£31,192	£114,038	£99,249	£286,725	£249,539
	40	£42,427	£36,199	£134,995	£115,179	£339,416	£289,593
	45	£50,224	£42,010	£159,803	£133,667	£401,790	£336,076

1. **Note on how to read this table**: If a member has invested £11,000 in the Aegon BlackRock LifePath Flexi 2064-66 Fund on 31 March 2023, and £733 in contributions were paid each month, when they came to retire in 20 years, the fund could be worth £269,869 if no charges are applied but £257,568 with charges applied.

Aegon BlackRock LifePath Flexi 2055-57 Fund

An illustration has been included for this fund as it shows the impact of costs and charges for the target date fund within the default strategy which covers the period in which the fund is de-risking. It covers a 35-year timeframe.

Illustration basis	Years of membership	Starting pot size £11,000		Starting pot size £35,000		Starting pot size £88,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member Starting pensionable Salary: £55,000 Contribution level: 16%	**0**	£11,000	£11,000	£35,000	£35,000	£88,000	£88,000
	5	£59,979	£59,317	£88,099	£86,936	£150,198	£147,928
	10	£117,366	£114,920	£150,314	£146,704	£223,074	£216,892
	15	£184,606	£178,907	£223,210	£215,484	£308,462	£296,256
	20	£263,389	£252,543	£308,621	£294,635	£408,509	£387,587
	25	£355,698	£337,283	£408,696	£385,721	£525,732	£492,689
	30	£463,855	£434,800	£525,951	£490,542	£663,080	£613,640
	35	£590,580	£547,021	£663,337	£611,169	£824,008	£752,829
Deferred member No contributions	**0**	£11,000	£11,000	£35,000	£35,000	£88,000	£88,000
	5	£12,888	£12,659	£41,009	£40,278	£103,108	£101,269
	10	£15,101	£14,567	£48,049	£46,351	£120,809	£116,540
	15	£17,694	£16,764	£56,298	£53,340	£141,550	£134,113
	20	£20,731	£19,292	£65,964	£61,383	£165,851	£154,335
	25	£24,291	£22,201	£77,288	£70,639	£194,325	£177,608
	30	£28,461	£25,549	£90,557	£81,291	£227,686	£204,389
	35	£33,347	£29,401	£106,104	£93,549	£266,775	£235,208

Note on how to read this table: If a member has invested £11,000 in the Aegon BlackRock LifePath Flexi 2055-57 Fund on 31 March 2023, and £733 in contributions were paid each month, when they came to retire in 20 years, the fund could be worth £263,389 if no charges are applied but £252,543 with charges applied.

Aegon BlackRock LifePath Flexi 2031-33 Fund

An illustration has been included for this fund as it shows the impact of costs and charges for the target date fund within the default strategy which covers the period a member approaches retirement. It covers a 10-year timeframe.

Illustration basis	Years of membership	Starting pot size £11,000		Starting pot size £35,000		Starting pot size £88,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member	**0**	£11,000	£11,000	£35,000	£35,000	£88,000	£88,000
	2	£29,345	£29,193	£54,520	£54,181	£110,116	£109,365
Starting pensionable Salary: £55,000	**4**	£48,588	£48,135	£74,996	£74,153	£133,315	£131,610
	6	£68,773	£67,857	£96,475	£94,947	£157,650	£154,771
	8	£89,947	£88,392	£119,006	£116,598	£183,177	£178,886
Contribution level: 16%	**10**	£112,159	£109,773	£142,640	£139,141	£209,954	£203,995
Deferred member	**0**	£11,000	£11,000	£35,000	£35,000	£88,000	£88,000
	2	£11,539	£11,453	£36,714	£36,442	£92,310	£91,625
	4	£12,104	£11,925	£38,512	£37,943	£96,831	£95,400
No contributions	**6**	£12,697	£12,416	£40,398	£39,506	£101,573	£99,330
	8	£13,318	£12,928	£42,377	£41,134	£106,548	£103,422
	10	£13,971	£13,460	£44,452	£42,828	£111,766	£107,683

Note on how to read this table: If a member has invested £11,000 in the Aegon BlackRock LifePath Flexi 2031-33 Fund on 31 March 2023, and £733 in contributions were paid each month, when they came to retire in 10 years, the fund could be worth £112,159 if no charges are applied but £109,773 with charges applied.

Aegon BlackRock Dynamic Diversified Growth Fund

An illustration has been included for this fund as it is the highest-charged investment option available to members. It covers a 45-year timeframe.

Illustration basis	Years of membership	Starting pot size £11,000		Starting pot size £35,000		Starting pot size £88,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member Starting pensionable Salary: £55,000 Contribution level: 16%	**0**	£11,000	£11,000	£35,000	£35,000	£88,000	£88,000
	5	£60,860	£59,144	£89,651	£86,632	£153,231	£147,336
	10	£120,673	£114,286	£155,212	£145,769	£231,485	£215,295
	15	£192,427	£177,442	£233,860	£213,501	£325,360	£293,132
	20	£278,505	£249,777	£328,210	£291,077	£437,975	£382,282
	25	£381,766	£332,626	£441,394	£379,928	£573,071	£484,388
	30	£505,642	£427,515	£577,173	£481,693	£735,137	£601,336
	35	£654,247	£536,197	£740,057	£598,249	£929,555	£735,280
	40	£832,517	£660,674	£935,458	£731,744	£1,162,785	£888,692
	45	£1,046,376	£803,242	£1,169,867	£884,643	£1,442,575	£1,064,401
Deferred member No contributions	**0**	£11,000	£11,000	£35,000	£35,000	£88,000	£88,000
	5	£13,196	£12,599	£41,987	£40,087	£105,567	£100,790
	10	£15,830	£14,430	£50,369	£45,913	£126,642	£115,439
	15	£18,990	£16,527	£60,424	£52,586	£151,923	£132,217
	20	£22,781	£18,929	£72,486	£60,229	£182,251	£151,434
	25	£27,329	£21,680	£86,957	£68,983	£218,634	£173,443
	30	£32,785	£24,831	£104,316	£79,009	£262,280	£198,652
	35	£39,330	£28,440	£125,140	£90,492	£314,638	£227,524
	40	£47,181	£32,574	£150,122	£103,645	£377,449	£260,593
	45	£56,600	£37,308	£180,091	£118,709	£452,799	£298,467

Note on how to read this table: If a member has invested £11,000 in the Aegon BlackRock Diversified Growth Fund on 31 March 2023, and £733 in contributions were paid each month, when they came to retire in 20 years, the fund could be worth £278,505 if no charges are applied but £249,777 with charges applied.

Aegon BlackRock Cash Fund

An illustration has been included for this fund as it is the lowest-charged investment option available to members. It covers a 45-year timeframe.

Illustration basis	Years of membership	Starting pot size £11,000		Starting pot size £35,000		Starting pot size £88,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member Starting pensionable Salary: £55,000 Contribution level: 16%	**0**	£11,000	£11,000	£35,000	£35,000	£88,000	£88,000
	5	£57,324	£56,839	£83,444	£82,598	£141,125	£139,482
	10	£107,739	£106,038	£136,166	£133,684	£198,943	£194,736
	15	£162,608	£158,841	£193,546	£188,513	£261,867	£254,039
	20	£222,323	£215,514	£255,994	£247,360	£330,350	£317,688
	25	£287,313	£276,340	£323,958	£310,519	£404,882	£386,000
	30	£358,043	£341,622	£397,925	£378,307	£485,998	£459,319
	35	£435,021	£411,689	£478,426	£451,061	£574,279	£538,010
	40	£518,799	£486,890	£566,038	£529,147	£670,357	£622,467
	45	£609,977	£567,601	£661,389	£612,955	£774,922	£713,113
Deferred member No contributions	**0**	£11,000	£11,000	£35,000	£35,000	£88,000	£88,000
	5	£11,972	£11,806	£38,092	£37,565	£95,773	£94,448
	10	£13,029	£12,671	£41,456	£40,317	£104,233	£101,369
	15	£14,180	£13,600	£45,118	£43,272	£113,440	£108,797
	20	£15,433	£14,596	£49,103	£46,443	£123,460	£116,770
	25	£16,796	£15,666	£53,441	£49,846	£134,365	£125,326
	30	£18,279	£16,814	£58,161	£53,498	£146,234	£134,510
	35	£19,894	£18,046	£63,299	£57,419	£159,151	£144,367
	40	£21,651	£19,368	£68,890	£61,626	£173,209	£154,945
	45	£23,564	£20,787	£74,975	£66,142	£188,509	£166,299

Note on how to read this table: If a member has invested £11,000 in the Aegon BlackRock Cash Fund on 31 March 2023, and £733 in contributions were paid each month, when they came to retire in 20 years, the fund could be worth £222,323 if no charges are applied but £215,514 with charges applied.

Statement of Investment Principles

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustees of the SONI Limited Pension Scheme (the Scheme). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
- the Occupational Pension Schemes (Charges and Governance) Regulations 2015; and,
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

1.2. In preparing this statement the Trustees have consulted SONI Limited, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultant. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.

1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.

1.4. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.

1.5. The investment powers of the Trustees are set out in Clause E of the Definitive Trust Deed & Rules, dated June 2009. This statement is consistent with those powers.

1.6. The Scheme consists of the Focus Defined Benefit (DB) Section, the Focus Defined Contribution (DC) Section and the Options DC Section.

2. Choosing investments

2.1. The Trustees' policy for the DB Section is to set the overall investment target and then monitor the performance of their managers against that target. For the DC Sections, the Trustees' policy is to offer a default investment arrangement suitable for the Scheme's membership profile plus a core range of investment funds into which members can choose to invest. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

2.2. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in the Appendices to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.

2.3. The Trustees review the appropriateness of the Scheme's DB and DC investment strategies on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the employer before amending either the DB or DC investment strategy.

3. Investment objectives

3.1. The Trustees have discussed key investment objectives in light of an analysis of the Scheme's liability profile (for the DB Section) and the Scheme's membership profile (for the DC Section) as well as the constraints the Trustees face in achieving these objectives.

3.2. The Trustees' main investment objectives in respect of the Focus DB Section are:

- to ensure that they can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to achieve a long-term positive real return;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Scheme's required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from members and the participating employer, the cost of current and future benefits which the Scheme provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives;
- to take account of the long-term risks, including those relating to non-financial factors, when making investment decisions.

3.3. The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Focus DB Section's liabilities. The Trustees have obtained exposure to investments that they expect will meet the Focus Section's objectives as best as possible.

3.4. The Trustees' main investment objectives for the DC Sections are:

- to provide suitable default investment option(s) that are likely to be suitable for a typical member of the DC Sections;
- to offer an appropriate range of alternative investment options so that members who wish to make their own investment choices have the freedom to do so, recognising that members may have different needs and objectives;
- to maximise member outcomes;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the value of members' pension pots;
- to reduce the risk of the assets failing to meet projected retirement income levels.
- Within the DC Sections, the Trustees are responsible for the design of the default investment option and for choosing which funds to make available to members. Members are responsible for their own choice of investment options.

4. Kinds of investments to be held

4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property, annuity policies and other alternatives.

4.2. Any investment in derivative instruments is only made to contribute to a reduction in the overall level of risks in the portfolio or for the purposes of efficient portfolio management.

4.3. The Trustees monitor from time-to-time the employer-related investment content of their portfolio as a whole and will take steps to alter this should they discover this to be more than 5% of the portfolio. Typically this check is carried out annually by the Scheme's auditors.

5. The balance between different kinds of investments

5.1. The Focus DB Section invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within Appendix 1 to this Statement.

5.2. DC Section members can choose to invest in the funds detailed in Appendix 2. Where members do not choose where their contributions, and those made on their behalf by the employer, are invested, the Trustees will invest these contributions according to the default investment strategy set out in Appendix 2.

5.3. The Trustees consider the merits of both active and passive management for the various elements of each Section's portfolio and may select different approaches for different asset classes. The current arrangements are set out in the Appendices to this Statement.

5.4. From time to time the DB Section may deviate from its strategic or tactical asset allocation in order to accommodate for any short-term cashflow requirements or any other unexpected items.

5.5. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and therefore the asset allocation of the Focus DB Section will be expected to change as the Scheme's liability profile matures. The asset allocation of the DC Sections may change as the membership profile evolves.

6. Risks

6.1. The Trustees have considered the following risks for the Focus DB Section with regard to its investment policy and the Scheme's liabilities, and considered ways of managing/monitoring these risks:

Risk versus the liabilities	The Trustees will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.
Covenant risk	The creditworthiness of the employer and the size of the pension liability relative to the employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	The risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustees are aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
Asset allocation risk	The asset allocation is detailed in Appendix 1 to this Statement and is monitored on a regular basis by the Trustees.
Liquidity risk	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.

6.2. For the DC Sections, investment risk lies with the members themselves. However, the Trustees have considered the following risks when making available suitable investment choices:

Inflation risk	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustees make available investment options that are expected to provide a long-term real rate of return.
Conversion risk	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. In the default arrangements made available to members (see Appendix 2), the Trustees increase the proportion of assets that are expected to more closely match how they expect members to access their retirement savings as members move towards retirement.
Retirement income risk	The risk that a member's retirement income falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid. The Trustees periodically review the appropriateness of the fund range offered to members to support appropriate member outcomes, whilst providing communication to members from time to time explaining the importance of the level of contributions.

6.3. The following risks have been considered in the context of both the Focus and Options Sections:

Investment manager risk	The Trustees monitor the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustees have considered long-term financial risks to the Scheme and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. Currency hedging is employed in some cases to manage the impact of exchange rate fluctuations.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7. Expected return on investments

7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

7.3. In considering the expected return from investments, the Trustees recognise that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities of the Focus DB Section.

7.4. Having established the investment strategy, the Trustees monitor the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions (and the Focus DB Section's funding position). The Trustees meet the Scheme's investment managers as frequently as is appropriate, in order to review performance.

8. Realisation of investments

8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment managers. The Trustees have considered the risk of liquidity as referred to above.

8.2. Ultimately, the Focus DB Section investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustees are aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

9. Environmental, Social and Governance considerations and investment stewardship

Policy on financially material considerations

9.1. The Trustees invest in pooled investment vehicles. The Trustees are comfortable that the funds currently invested in by the Scheme (for the DB Section and the default strategy in the DC Section) are managed in accordance with their views on financially material factors, as set out below. This position is monitored periodically.

9.2. The Trustees believe that Environmental, Social and Governance factors, including but not limited to climate change, (referred to together as "ESG issues"), are potentially financially material for the Scheme over the length of time until the Scheme's life comes to an end. This was agreed subsequent to a training session by their investment advisor. The Trustees appreciate that the method of incorporating ESG in the investment strategy and process will differ between asset classes and needs to be considered alongside other implementation factors. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

9.3. The Trustees are also cognisant of the different investment timeframes that members/investments will have. Further to this, the Trustees believe that ESG issues will be more important for members who are further from retirement (or more generally longer-term holdings), as the financial materiality of such issues will have a greater impact over a longer timeframe.

9.4. All managers are signatories to the UN Principles of Responsible Investment and the Financial Reporting Council's UK Stewardship Code (which aims to enhance the quality of engagement between investors and companies). The Trustees will consider ESG, voting and engagement issues when appointing and reviewing managers (and reviewing the investment strategy of either the DB or DC Section) to ensure that they are appropriately taken into account given the asset class involved.

9.5. A summary of the Trustees' views for each asset class in which the Scheme invests is outlined below.

Equities The Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's equities.

- Passive equities – The Trustees accept that the fund manager must invest in line with the specified index and, therefore, may not be able to select, retain or realise investments based on ESG related risks and opportunities. However, the Trustees believe that positive engagement on ESG factors can lead to improved risk-adjusted returns alongside better environmental, social or governance outcomes more generally. The Trustees therefore require that the fund manager takes into account ESG considerations when engaging with companies and by exercising voting rights.

- Active Equities – Where equities are actively managed, the Trustees expect the fund manager to integrate ESG factors into the selection, retention, monitoring, and realisation of the stocks they hold where this is expected to have a material impact on returns.. The Trustees also expects their fund manager to take into account ESG considerations when engaging with companies and by exercising voting rights.

Multi-asset funds The Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's multi-asset fund managers. The Trustees are therefore supportive of the multi-asset fund managers used by the Scheme taking ESG issues into account in the investment process, where relevant. The Trustees are satisfied that the managers have suitable processes to consider ESG factors and take them into account (where relevant) in the selection, retention and realisation of the underlying investments within the funds. The Trustees also support engagement activities and (where relevant) the exercise of rights attaching the investments by the Scheme's multi-asset fund managers. However, the incorporation of ESG issues, the exercise of rights and engagement activities should be consistent with, and proportionate to, the rest of the investment process.

Credit The Trustees believe that ESG issues are financially material to the risk-adjusted returns achieved by the Scheme's credit holdings. For active mandates, the manager is expected to consider all financially material considerations, including but not limited to ESG factors, when managing the fund. The Trustees recognise that for passive mandates, the fund's holdings are largely dictated by the index being tracked. The Trustees recognise that fixed income assets do not include voting rights, however, they support engagement with companies by their managers, particularly in markets where the manager may be responsible for a larger share of any investment. However, the incorporation of ESG issues and engagement activities should be consistent with, and proportionate to, the rest of the investment process.

LDI, government bonds and money markets The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in these asset classes because of the nature of the instruments used and the fact that money market investments are short-term. Gilts and swaps do not have voting rights attached, and the UK Government does not currently engage with gilt holders in this way. Government bonds of developed market countries, and money market investments, typically have very low levels of ESG risk and therefore ESG analysis is less relevant to these investments. It is worth noting that when transacting in LDI and money market funds, the Trustees require due diligence is undertaken to assess the credit worthiness of the counterparty both at the start of and throughout any investment, whilst at the same time looking to achieve best execution. The Trustees believe this is more relevant for longer term trades compared to shorter term trades and should incorporate ESG factors where these assist with the credit worthiness assessment.

9.6. In relation to the DC Section's default strategy, the Trustees remain comfortable that, at the present time, it is aligned with their view on ESG issues. This recognises that ESG issues are not the only financially material consideration and need to be considered alongside factors such as active manager risk and cost.,

9.7. In relation to the DC section, The Scheme's investment advisor will review how ESG issues are taken into account for each of the Scheme's mandates and report back their beliefs so that this can from part of the Trustees' implementation report that will be produced annually.

Policy on assessment and monitoring

9.8. The Trustees delegate the consideration of all financially material factors in relation to determining the underlying holdings within the pooled funds, including ESG factors, to the Scheme's investment managers as part of their day-to-day management.

9.9. For all pooled funds, the Trustees take into account how ESG factors are integrated into the Scheme's managers' fund management processes when appointing, monitoring, engaging with and replacing funds and managers as follows.

Appointing funds and managers When selecting new investments, the Trustees will consider requesting information on ESG integration credentials as part of the proposals. However, an investment manager's excellence in this area will not necessarily take precedence over other factors.

Monitoring and engagement with managers Each of the Scheme's investment managers has its own ESG policy, ESG integration process and ESG resources as part of its wider management process and capability. The Trustees will continue to monitor and assess these on an ongoing basis. From time to time, the Trustees may ask the Scheme's investment managers to attend meetings and provide updates on the funds, which the Trustees may request to include an update on ESG considerations.

If, as part of this monitoring process or based on any ad-hoc updates provided by the investment consultant, any issues specifically related to the ESG factors are identified, the Trustees may request further information from the Scheme's managers and engage with them in relation to these matters either directly or through their investment consultant.

Replacing funds and managers If any significant ESG integration related issues are identified for a fund or a manager, the Trustees may choose to replace them. However, as per the appointment of funds and managers, the investment manager's shortcomings in this area will not necessarily be seen as sufficient reason for replacement and will not necessarily take precedence over consideration of other factors.

9.10. The Trustees will also take ESG factors into account as part of determining the strategic asset allocation, and consider these factors as part of their ongoing review of the Scheme's investments.

Policy on the exercise of voting rights and engagement activities

9.11. The Trustees believe that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns.

9.12. As an investor in pooled funds, the Trustees currently adopt a policy of delegating the exercising of the rights (including voting rights) attached to the Scheme's investments to the investment managers.

9.13. The Trustees also delegate undertaking engagement activities, which include entering into discussions with the company management in an attempt to influence behaviour, to the investment managers.

9.14. The Trustees assessed the current stewardship approach of its investment managers based on information collated by the investment consultant and provided by the respective managers.

9.15. The Trustees will monitor and engage with the investment managers in relation to stewardship activities as follows.

9.16. The Trustees will, with support from the investment consultant, periodically request and review the stewardship policies, voting and engagement activities of the Scheme's investment managers. In case of any specific issues or questions being identified through this monitoring process, the Trustees will engage with the Scheme's investment managers for more information and discuss any remedial action taken.

9.17. The Trustees will also ask managers to attend meetings from time to time to present and discuss their stewardship activities, including details of any voting rights exercised.

9.18. When selecting investment managers, where appropriate and applicable, the Trustees will consider the investment managers' polices on stewardship and engagement, and how those policies have been implemented.

Engagement activities

9.19. The Trustees acknowledge the importance of ESG and climate risk within their investment decision-making framework. When delegating investment decision making to their investment managers, they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

9.20. The Trustees are firmly of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

9.21. The Trustees consider it to be a part of their investments managers' roles to assess and monitor developments in the capital structure for each of the companies in which the manager invests on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

9.22. The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme. Where the Trustees use pooled funds, the Trustees expect the investment manager to employ the same degree of scrutiny.

9.23. Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

9.24. The Scheme's investment managers are granted full discretion over whether or not to hold the equity, debt or other investment in the Sponsoring employer's business. Through their consultation with the Sponsoring Employer when setting this Statement of Investment Principles, the Trustees have made the Sponsoring Employer aware of their attitude to ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

9.25. The Scheme's investment consultants, Barnett Waddingham, are independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflict of interest.

9.26. The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees/investment manager and the investee companies.

Policy on non-financial matters

9.27. The Trustees do not take account of non-financial matters (such as member ethical views) within the default investment strategies of the DC Section or within the DB Section investment strategy and in terms of the selection, retention and realisation of investments. However, the Trustees will consider the viability and attractiveness of offering DC Section members a self-select option should they wish to express an ethical preference in their pension saving.

9.28. The Trustees will review the policy on whether to take account of non-financial matters periodically.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment policies

Prior to appointing an investment manager, the Trustees discuss the investment manager's benchmark and approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how they are aligned with the Trustees' own investment aims, beliefs and constraints.

10.2 When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will use another manager for the mandate.

10.3 The Trustees carry out a strategy review at least every 3 years where they assess the continuing relevance of the strategy in the context of the Scheme and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.

10.4 In the event that the investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated. The investment managers have been informed of this by the Trustees.

10.5 Investment manager ESG policies are reviewed in the context of best industry practice and feedback is/will be provided to the investment manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

10.6 The Trustees are mindful that the impact of ESG and climate change may have a long-term nature. However, they are aware that the need to change their current pathway is great. The Trustees recognise that the potential for change in value as a result of ESG and climate risk, may occur over a much shorter term than climate change itself. The Trustees have acknowledged this in their investment management arrangements.

10.7 When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over an agreed predetermined rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this to be sufficient to ensure an appropriate alignment of interests.

10.8 The Trustees expect investment managers to be voting and engaging on behalf of the fund's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short term targets.

Method and time horizon for assessing performance

10.9 The Trustees monitor the performance of its investment managers over the medium to long time periods that are predetermined and consistent with the Trustees' investment aims, beliefs and constraints.

10.10 The Scheme invests mainly in pooled funds. The investment managers are remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less. In some instances, a performance fee may also be applied. Details of the fee structures for the Scheme's investment managers are contained in the appendices.

10.11 The Trustees believe that this fee structure, including the balance between any fixed and performance related element, enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

10.12 The Trustees ask the Scheme's Investment Consultant to assess whether the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered every three years as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

10.13 The Trustees acknowledge that portfolio turnover costs can impact on the performance their investments. Overall performance is assessed as part of the regular investment monitoring process.

10.14 During the investment manager appointment process, the Trustees consider both past and anticipated portfolio turnover levels. When underperformance is identified deviations from the expected level of turnover may be investigated with investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

10.15 The Trustees acknowledge that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

Duration of arrangement with asset manager

10.16 For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.

10.17 The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment aims, beliefs and constraints is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

11. Agreement

11.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the investment managers, the actuary and the Scheme auditor upon request.

Appendix 1 Investment policy of the Scheme's DB section in relation to the current Statement of Investment Principles dated January 2022

1 Focus DB Section

The Trustees have appointed Legal & General Investment Management to carry out the day-to-day investment of the funds.

The fund managers are authorised and regulated by the Financial Conduct Authority.

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters..

The fee arrangements with the fund managers are recorded separately by the Trustees:

Barnett Waddingham LLP is remunerated on a time-cost basis, or through fixed fees as agreed by the Trustees from time to time.

The Trustees have an AVC contract with Aegon for the receipt of members' Additional Voluntary Contributions and pensionable bonus payments. The arrangement is reviewed from time to time.

Kinds of investments to be held

The Trustees have considered all asset classes and have gained exposure to the following asset classes in respect of the defined benefit assets:

UK equities;
Overseas equities;
Long-dated index-linked gilts;
Corporate bonds;
Liability Driven Investment instruments
Cash

The balance between different kinds of investment and rebalancing

The asset allocation has been agreed following a formal investment review and the results of the Scheme's first actuarial valuation. The asset allocation has also been chosen with reference to the liability profile, expected return of the various asset classes and the need for diversification.

The investment benchmarks and objectives for each fund manager are given in the following table:

Fund	Target performance
Legal & General	
UK Equity Index	FTSE All-Share Index
North America Equity Index	FTSE World North America Index
North America Equity Index – GBP Hedged	FTSE World North America Index on a currency hedged basis
Europe (ex UK) Equity Index	FTSE World Europe (ex UK) Index
Europe (ex UK) Equity Index – GBP Hedged	FTSE World Europe (ex UK) Index on a currency hedged basis
Japan Equity Index	FTSE World Japan Index
Japan Equity Index – GBP Hedged	FTSE World Japan Index on a currency hedged basis
Asia Pacific (ex Japan) Equity Index	FTSE World Asia Pacific (ex Japan) Developed Index
Asia Pacific (ex Japan) Equity Index – GBP Hedged	FTSE World Asia Pacific (ex Japan) Developed Index on a currency hedged basis
Active Corporate Bond – All Stocks	Exceed the iBoxx £ Non-Gilt Index by 0.75% p.a. (before fees) over a three year rolling period
Matching Core Real Short Fund	To hedge a subset of the liabilities of a typical UK pension scheme with respect to changes in interest rates and inflation
Matching Core Real Long Fund	To hedge a subset of the liabilities of a typical UK pension scheme with respect to changes in interest rates and inflation
Sterling Liquidity Fund	To provide diversified exposure and a competitive return in relation to 7 Day LIBID.

All funds except the Active Corporate Bond – All Stocks Fund and the Matching Core Funds are passively managed and their target is therefore to track the performance of the respective index within a specified margin.

The performance of fund managers will be monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short term and long term performance.

The Trustees have set the strategic asset allocation as set out in the following table. The Trustees recognise that the allocation to different asset classes will vary over time as a result of market movements. The Trustees may choose to rebalance on an ad hoc basis as they see fit.

Legal & General	Allocation
Equities	**35%**
UK equities	8.8%
North American equities	4.3%
North American equities (currency hedged)	4.3%
European (ex. UK) equities	4.3%
European (ex. UK) equities (currency hedged)	4.3%
Japanese equities	2.2%
Japanese equities (currency hedged)	2.2%
Asia-Pacific (ex. Japan) equities	2.2%
Asia-Pacific (ex. Japan) equities (currency hedged)	2.2%
LDI portfolio*	**25%**
Corporate bonds	**20%**
Sterling Liquidity Fund	**20%**
Total	**100%**

1 *LDI portfolio currently includes the Matching Core Real Short Fund and the Matching Core Real Long Fund.

Investment of new money and realisation of investments

New money is generally invested in proportion to the assets already held but the Trustees keep this policy under review to assess its continued appropriateness. They may therefore decide to invest new money in a different manner in order to effect a change to the asset allocation. Similarly any investments realised to pay benefits will usually be in proportion to the investments held but this may be altered in order to effect a change in allocation or strategy.

Monitoring

The performance of the investment managers will be monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

The AVC arrangement is reviewed from time to time.

Appendix 2 Note on investment policy of the Scheme's DC Sections in relation to the current Statement of Investment Principles dated January 2022

2 Focus DC and Options DC Sections

The Trustees have made available a range of funds to suit the individual needs of the Scheme's members.

These include lifestyle arrangements, whereby a member's assets are automatically invested in line with a pre-determined strategy that changes as the member gets closer to accessing their retirement savings. Emphasis is placed on medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term inflation-protected growth whilst the member is a long way off accessing their retirement savings, switching progressively to protection assets over the years preceding the member's target retirement date so as to protect the purchasing power of the retirement savings. The Trustees have appointed AEGON/Scottish Equitable plc to carry out the day-to-day investment of the funds.

The fund managers are authorised and regulated by the Financial Conduct Authority.

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters in addition to advice received from the fund managers on suitability of investments.

The fee arrangements with the fund managers are summarised in the table below:

Barnett Waddingham LLP is remunerated on a time-cost basis, or through fixed fees as agreed by the Trustees from time to time.

AVC investments in the Options Section are invested in the same way as ordinary contributions.

Default Option

2 The Trustees acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible to offer a default investment option that will be suitable for all. However, having analysed the Scheme's membership profile, the Trustees decided that the lifestyle arrangements set out below represent suitable default investment options for the majority of members who do not make a choice about how their contributions (and those made on their behalf by the employer) are invested.

3 The default strategy for most Options Section members (unless otherwise notified) is BlackRock LifePath Flexi.

4 From June 2018, Options Section members more than five years from retirement were switched to the default option of BlackRock LifePath Flexi unless they requested an alternative. Options Section members less than five years from retirement were switched to the default option of BlackRock LifePath Retirement unless they requested an alternative.

Kinds of investments to be held

The Trustees have considered all asset classes and have gained exposure to the following asset classes in respect of the defined contribution assets:

UK equities;
Overseas equities;
Fixed Interest Gilts;
Index-Linked Gilts;
Multi-Asset Pooled Investment Vehicles;
Cash

LifePath strategies

The Trustees have decided to introduce the LifePath Strategy which is made up of a series of target date funds with varying allocations of the above assets dependant on the member's target retirement date.

A summary of the target of each strategy is summarised in the able below:

Strategy	Target at retirement
BlackRock LifePath Capital range	For members who wish to take their DC pot as cash at retirement
BlackRock LifePath Flexi range	For members who wish to stay invested post-retirement and potentially draw down an income from their DC pot
BlackRock LifePath Retirement range	For members who wish to use all or the majority of their DC pot to purchase an annuity at retirement

The investment benchmarks and objectives for each fund manager are given in the following table:

Fund	Benchmark	Objective
BlackRock		
BlackRock Cash Fund	7 Day LIBID Rate	Aims to produce a return in excess of its benchmark principally from a portfolio of Sterling denominated cash, deposits and money market instruments
BlackRock Diversified Growth Fund	N/A	This Fund targets an investment return of 3.5% above the Bank of England base rate measured over rolling 3 year periods by utilising a multi-asset flexible investment approach. In aiming to achieve the target, this Fund will generally hold a variety of different types of assets at any one time.
BlackRock Index-Linked Gilt Fund	FTA Over 5 Year Index Linked Index	Invests mainly in index-linked UK government bonds and aims to produce a return in line with its benchmark
BlackRock LGIM Global Equity 50:50 Fund	Composite-using FTSE All-World sub-divisions	Invests mainly in UK equities (around 50%) and overseas equities (around 50%). The overseas equities are split between geographical regions in fixed percentages. The fund aims to track the return of its benchmark.
BlackRock LifePath Capital	Composite benchmark	The Fund will gain exposure to global equities, fixed income instruments, property and commodities and may invest in other permitted assets. The allocation will adjust over time nearer the maturity date towards a portfolio of mainly Sterling-denominated short-duration fixed income and cash-like assets.
BlackRock LifePath Flexi	Composite benchmark	The Fund will gain exposure to global equities, fixed income instruments, property and commodities and may invest in other permitted assets. The allocation will adjust over time nearer the maturity date towards a portfolio of approximately 40% equities and 60% fixed income.
BlackRock LifePath Retirement	Composite benchmark	The Fund will gain exposure to global equities, fixed income instruments, property and commodities and may invest in other permitted assets. The allocation will adjust over time nearer the maturity date towards a portfolio of approximately 25% cash and 75% fixed income.
BlackRock Pre-Retirement Fund	50% FTA Over 15 Year Gilt Index and 50% ML £ Non-Gilt AA/AAA Over 15 Year Index	Invests mainly in long-dated UK government bonds (around 50%) and long-dated UK corporate bonds (around 50%) and aims to produce a return in excess of its benchmark

• BlackRock UK Equity Optimum Fund	• FTSE All Share Index	• A more concentrated portfolio of UK stocks than BlackRock's core UK equity funds, this Fund aims to invest in those shares where they have most investment conviction.

The performance of the investment managers will be monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

The Trustees review the suitability of the default strategies and fund range from time to time, taking into account the membership profile and advice from their advisors, and will make changes where they deem appropriate.

Implementation Statement

SONI Limited Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the **SONI Limited Pension Scheme ("the Scheme")** to set out the following information over the year to 31 March 2023:

- how the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes; and
- A summary of any changes to the Statement of Investment Principles (SIP) over the period;
- A description of how the Trustees' policies, included in their SIP, have been followed over the year.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at January 2022 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in January 2022 and has been made available online in the below link. The Trustees updated their strategy in 2022, with the updated SIP being finalised at time of writing this statement, however the policies on stewardship remain unchanged.

https://www.soni.ltd.uk/media/documents/SONI-Ltd-Pension-Scheme-Statement-of-Investment-Principles.pdf

At this time, the Trustees have not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believe that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- Investment rights (including voting rights) have been exercised by the investment managers in line with the investment managers' general policies on corporate governance, which reflect the recommendations of the UK Stewardship Code, and which are provided to the Trustees from time to time, considering the financial interests of the beneficiaries. The Trustees also expect the investment managers to have engaged with companies in relation to Environmental, Social and Governance ("ESG") matters, and to take these into account in the selection, retention and realisation of investments where appropriate.
- The Trustees are comfortable with the investment managers' strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor. The Trustees are satisfied that the investment managers' policies are reasonable and no remedial action has been required.

- At the Scheme year-end, the investment managers were Legal & General Investment Management ("LGIM") and BlackRock. The Trustees meet several times a year to discuss performance of the funds and receive updates on important issues. The Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members' best interests.
- The Trustees receive and review voting information and engagement policies from the asset managers and review them to ensure alignment with the Trustees' own policies. Having reviewed the above in accordance with their policies, the Trustees are comfortable that the actions of the fund managers are in alignment with the Scheme's stewardship policies.

How the SIP has been followed over the year

Based on the information provided by the Scheme's investment managers, the Trustees believes that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- The Trustees monitored the performance of the fund managers to ensure that the funds were meeting their stated objectives. Their investment consultants provided updates at Trustees meetings to assist with this process. This includes quarterly monitoring reports for the DB and DC sections.
- The Trustees review the appropriateness of the investment strategy on an ongoing basis and conduct formal strategy reviews from time to time. Over the year, the Trustees reduced the strategic allocation to growth assets and increased the allocation to liability-matching assets in order to more closely align the investment strategy with the maturity profile of the liabilities.
- The DC section offers a suitable default strategy for members. The Trustees regularly monitor the strategy and there were no material changes made over the year.
- The DC section offers a range of self-select fund options which give members a reasonable choice from which to select their own strategy. The Trustees monitor the range of available funds, and no material changes were made over the year.
- The Trustees hold the view that the funds invested in by both the DB and DC sections were managed over the year in accordance with their views on financially material factors.
- The SIP is reviewed alongside any changes to underlying funds or investment strategy (and at least every three years). The SIP was last updated in January 2022 to incorporate the Trustees' decision to update the Scheme's strategic allocation. Although a more up to date version is being finalised at time of writing this statement reflecting changes to the investment strategy.
- The Trustees made no new manager appointments over the year.

Prepared by the Trustees of the SONI Limited Pension Scheme
September 2023

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 31 March 2023. The Cash and LDI with LGIM have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

DB Section

Manager	LGIM					
Fund name	UK Equity Index Fund	North America Equity Index Fund North America Equity Index Fund – GBP Currency Hedged	Europe (ex UK) Equity Index Fund Europe (ex UK) Equity Index Fund – GBP Currency Hedged	Japan Equity Index Fund Japan Equity Index Fund – GBP Currency Hedged	Asia Pacific (ex-Japan) Developed Equity Index Fund Asia Pacific (ex-Japan) Developed Equity Index Fund – GBP Currency Hedged	Future World Global Equity Index Fund Future World Global Equity Index Fund – GBP Currency Hedged
Structure	Pooled					
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.					
No. of eligible meetings	733	676	618	505	503	5,067
No. of eligible votes	10,870	8,543	10,391	6,267	3,590	54,368
% of resolutions voted	99.9%	99.4%	99.9%	100.0%	100.0%	99.9%
% of resolutions abstained[1]	0.0%	0.1%	0.5%	0.0%	0.0%	1.0%
% of resolutions voted with management[1]	94.5%	65.4%	81.0%	88.8%	70.8%	80.4%

[1] As a percentage of the total number of resolutions voted on

Manager		LGIM				
% of resolutions voted against management[1]	5.5%	34.5%	18.5%	11.2%	29.2%	18.6%
Proxy voting advisor employed	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 they do not outsource any part of the strategic decisions.					
% of resolutions voted against proxy voter recommendation	4.2%	26.6%	9.7%	9.2%	17.9%	10.5%

Manager	LGIM	BlackRock		
Fund name	Global Equity Fixed Weights (50:50) Index Fund	DC Diversified Growth Fund	LifePath Flexi Funds	UK Equity Optimum Fund
Structure	Pooled			
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.			
No. of eligible meetings	3,197	103	7,829	137
No. of eligible votes	41,099	1,349	80,206	2,202
% of resolutions voted	99.8%	85.0%	93.0%	100.0%
% of resolutions abstained[1]	0.1%	1.0%	1.0%	1.0%
% of resolutions voted with management[1]	81.9%	97.0%	90.0%	96.0%
% of resolutions voted against management1	18.0%	2.0%	9.0%	3.0%
Proxy voting advisor employed1	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 they do not outsource any part of the strategic decisions.	BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply BlackRock's proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.		
% of resolutions voted against proxy voter recommendation	12.2%	0.0%	0.0%	0.0%

[1] As a percentage of the total number of resolutions voted on

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes. At this time, the Trustees have not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. So, for this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a “significant vote”. The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

LGIM and BlackRock have provided a selection of votes which they believe to be significant the trustees have decided to show the largest holding as the most significant and provided the largest of the votes provided as the most significant. Where votes are repeated across sections we have chosen the next biggest to gain a wider variety of votes.

A summary of the significant votes provided is set out below.

DB Section

During the 12 months to 31 March 2023, the Scheme replaced their LGIM regional equity holdings with LGIM Future World Equity funds (currency hedged and unhedged). In this section we have included one significant vote from each fund that was held during the respective period invested by the Scheme.

Manager		LGIM	
Fund Name	UK Equity Index	North America Equity (currency hedged and unhedged)	Europe (ex UK) Equity (currency hedged and unhedged)
Company name	Royal Dutch Shell Plc	Amazon.com, Inc.	LVMH Moet Hennessy Louis Vuitton SE
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.7%	2.8%	2.2%
Summary of the resolution	Approve the Shell Energy Transition Progress Update	Elect Director Daniel P. Huttenlocher	Re-elect Bernard Arnault as Director

Manager	LGIM		
Fund Name	**UK Equity Index**	**North America Equity (currency hedged and unhedged)**	**Europe (ex UK) Equity (currency hedged and unhedged)**
How the manager voted	Against	Against	Against
Rationale for the voting decision	LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, they remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	Vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings. .	A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.
Outcome of the vote	79.9% Voted for the proposal	93.3% Voted for the proposal	92% Voted for the proposal
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on these issues and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have

Manager		**LGIM**	
Fund Name	**UK Equity Index**	**North America Equity (currency hedged and unhedged)**	**Europe (ex UK) Equity (currency hedged and unhedged)**
			voted against all combined board chair/CEO roles.

Manager	LGIM		
Fund Name	**Japan Equity Index (currency hedged and unhedged)**	**Asia Pacific (ex Japan) (currency hedged and unhedged)**	**Future World Equity Index (currency hedged and unhedged)**
Company name	Shin-Etsu Chemical Co., Ltd.	Rio Tinto Limited	Accenture Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.5%	0.9%	0.5%
Summary of the resolution	Elect Director Kanagawa, Chihiro	Approve Climate Action Plan	Elect Director Julie Sweet
How the manager voted	Against	Against	Against
Rationale for the voting decision	A vote against is applied due to: the lack of meaningful diversity on the board; the Company not providing disclosure surrounding the use of former CEO as Advisor to the Board; the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. LGIM would like to see all companies have a third of the board comprising truly independent outside directors.	LGIM recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while they acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, LGIM remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.	A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.
Outcome of the vote	Not provided	84.3% Voted for the proposal	94.5%% Voted for the proposal

Manager	LGIM		
Fund Name	Japan Equity Index (currency hedged and unhedged)	Asia Pacific (ex Japan) (currency hedged and unhedged)	Future World Equity Index (currency hedged and unhedged)
Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

DC Section

Manager	LGIM	BlackRock		
Fund Name	**Global Fixed Weight 50:50**	**Diversified Growth**	**Life Path**	**UK Equity Optimum**
Company name	BP Plc	Siemens AG	Bank of Montreal	Royal Dutch Shell Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.5%	Not provided	Not provided	Not provided
Summary of the resolution	Approve Net Zero - From Ambition to Action Report	Amend Articles Re: Participation of Supervisory Board Members in the Annual General Meeting by Means of Audio and Video Transmission	Adopt a Policy to Ensure the Bank's Financing is Consistent with IEA's Net Zero Emissions by 2050 Scenario	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions
How the manager voted	For	For	Against	Against
Rationale for the voting decision	While LGIM note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is their view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, they remain committed to continuing their constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.	This information was not provided	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	BlackRock do not believe the proposal was in shareholder's best interest.
Outcome of the vote	88.5% Voted for the proposal	Pass	Fail	Fail

Manager	LGIM	BlackRock		
Fund Name	**Global Fixed Weight 50:50**	**Diversified Growth**	**Life Path**	**UK Equity Optimum**
Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	Not provided	Not provided	Not provided
Criteria on which the vote is considered "significant"	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	BlackRock Investment Stewardship prioritizes its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. Their year-round engagement with clients to understand their priorities and expectations, as well as their active participation in market-wide policy debates, help inform these themes. The themes they have identified in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which they look at the sustainable long-term financial performance of investee companies.		

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM	BlackRock		
Fund name	Passive Equity Index Funds (currency hedged and unhedged) Matching Core LDI funds Active Corporate Bond Fund – All Stocks Buy & Maintain Credit Fund Sterling Liquidity Fund	DC Diversified Growth Fund	LifePath Flexi Funds	UK Equity Optimum Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	Not provided	370	2,341	117
Number of entities engaged on behalf of the holdings in this fund in the year	Not provided	212	1,551	61
Number of engagements undertaken at a firm level in the year	1,088		3,963	

Examples of engagement activity undertaken over the year to 31 March 2023

Legal and General Investment Management, firm-level

Capricorn:

LGIM has undertaken numerous engagements with the Capricorn board over the past nine months to express their widespread concerns with the transactions the board has proposed, including the NewMed transaction. In particular, they noted the timing of the proposed meetings as a matter of grave concern. The decision to hold the company's meeting before a shareholder requisitioned meeting appeared to be a direct attempt to undermine due process. It was LGIM's view that meaningful board change was needed to restore investor confidence. The process to date has raised serious questions about the ongoing suitability and fitness of the entire board – and the chair and senior independent director in particular – to serve as directors of a listed company.

As a result, the company announced the resignation of the seven directors who were proposed to be removed, and in the shareholder EGM held on 1 February 2023, all six directors proposed by the proponent were elected by an overwhelming majority of 99.2% of the votes cast. The newly constituted board intended to conduct a comprehensive strategic review of Capricorn's business and potential directions for the future, with a priority given to the NewMed transaction. Following the strategic review, and given shareholders' views, the board and NewMed have agreed to terminate the business combination.

Pearson plc

Over the course of 2022, BIS engaged with Pearson plc (Pearson) on material governance related issues, including on the company's remuneration policy. While the company is based in the UK, Pearson's CEO is based in the U.S., a reflection of the market's strategic importance.

Remuneration practices between the UK and U.S. differ, particularly surrounding the comparatively higher base salary and executive officers' variable pay schemes in the U.S. In their engagements with Pearson's leadership prior to the April 2022 annual general meeting (AGM), they sought to understand the company's approach to pay practices, given their concerns that, in their assessment, the remuneration policy seemed unbalanced across markets and misaligned with long-term shareholders' economic interests. BIS looks to a company's board of directors –typically a relevant committee –to put in place a remuneration policy that incentivizes and rewards executives against appropriate and stretching goals tied to relevant strategic metrics, especially those measuring operational and financial performance. In 2020, Pearson had awarded the CEO with high base pay and a one-off co-investment award granted to secure his appointment.

In BlackRock's view, the performance metrics underlying the co-investment award were not sufficiently rigorous, especially considering the value of the award. To signal their concerns, BIS did not support either the approval of the company's remuneration report, or the election of directors to the remuneration committee at the April 2021 AGM.

SONI accounts 31 March 2023 For signing

Final Audit Report 2023-10-31

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