

Canada Life UK Division Staff Pension Fund

Annual Report and Financial Statements
31 December 2023
Fund Registration Number 10167869

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Section 1 – Trustee and its Advisers

The Trustee

Trustee Company: Canada Life UK Staff Pension Trustee Limited

The Directors of the Board of the Trustee are set out below:

Company appointed

JE Occleshaw

TM Deeks

R Wisentaner

N Riley (resigned 6 September 2023)

T Milner (appointed 6 September 2023)

Member nominated

R Helyer

K Austin

Secretary to the Trustee

B Thompson, Hymans Robertson LLP (resigned 6 September 2023)

V Melville, Hymans Robertson LLP (appointed 6 September 2023)

Advisers

The advisers to the Trustee are set out below:

Scheme Actuary

P Bloomfield, Hymans Robertson LLP (until 2 November 2023)

L McLaren, Hymans Robertson LLP (appointed 3 November 2023)

Auditor

Deloitte LLP

Legal Adviser

Eversheds LLP

Administrator

Hymans Robertson LLP

Investment Adviser

Hymans Robertson LLP

Investment Manager & Investment Custodian

Canada Life Limited ('CLL')

Death-in-Service Provider

Canada Life Limited

Bankers

Barclays Plc

Principal Employer

CLFIS (UK) Limited

Enquiries

Hymans Robertson LLP

20 Waterloo Street, Glasgow, G2 6DB

0141 566 7777

CanadaLifePensions@hymans.co.uk

Section 2 – Trustee Report

Introduction

The Trustee of Canada Life UK Division Staff Pension Fund (the 'Fund') is pleased to present its report together with the audited financial statements and actuarial statements of the Fund for the year ended 31 December 2023. The purpose of the report is to describe how the Fund and its investments have been managed during the year.

Management of the Fund

Constitution

The Fund was a hybrid scheme comprising of Defined Benefit ('DB') and Defined Contribution ('DC') sections until the assets of the DC section of the Fund were successfully transferred to the LifeSight Master Trust on 4 July 2019. The Fund is governed by a Trust Deed as amended from time to time and is administered by Hymans Robertson LLP in accordance with the establishing document and rules solely for the benefit of its members and other beneficiaries. The Fund is closed to new members.

The DB Section was closed to all future accrual as at 1 April 2016.

Following the transfer of member entitlements under the DC Section of the Fund to the LifeSight Master Trust in July 2019, no further member benefits remain in this section of the Fund. The DC section was closed and has been notified to The Pensions Regulator accordingly.

Trustee and Trustee Directors

The Trustee and Trustee Directors are shown on page 1.

Under the Trust Deed and Rules of the Fund, the Trustee is appointed and removed by Principal Employer, subject to the Member-Nominated arrangements.

The power of appointing and removing the Trustee Directors is contained in the Articles of Association of Canada Life UK Staff Pension Trustee Limited, subject to the Member-Nominated arrangements.

In accordance with The Pensions Act 2004 at least one third of the total number of Trustee Directors must be nominated by Fund members. The Member-Nominated Trustee Directors are elected from the membership.

A Trustee Director can choose to retire from office at any time. A Member-Nominated Trustee Director can only be removed with the agreement of all other Trustee Directors.

The Trustee has appointed professional advisers and other organisations to support it in delivering the Fund's objectives. These individuals and organisations are listed on page 1. The Trustee has written agreements in place with each of them.

The Trustee met 9 (2022: 9) times during the year. These meetings consisted of 4 Trustee meetings, 4 Administrator Working Group meetings and 1 Guaranteed Minimum Pension equalisation subcommittee meeting. All decisions are taken by simple majority with the Chairman having the casting vote.

The exercise of powers and discretions is by majority. The quorum shall be not less than four Trustee Directors (at least 1 being a Member Nominated Trustee) present in person or by telephone or video conference.

The Trustee has delegated the day to day management and operation of the Fund's affairs to professional organisations as set out on page 1. The Trustee has written agreements in place with each of them.

Trustee Report (continued)**Trustee and Trustee Directors (continued)**

There were no other changes to the Fund in the year other than those already disclosed in the Trustee Report.

Financial Development of the Fund

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

The fund account shows that the net assets of the Fund decreased from £264,294,784 at 31 December 2022 to £264,048,798 at 31 December 2023. The decrease in net assets is accounted for by:

	2023	2022
	£000	£000
Member related income	332	18,374
Member related payments	(9,178)	(11,963)
Net (withdrawals)/additions from dealings with members	(8,846)	6,411
Net returns on investments	8,600	(131,199)
Net decrease in fund	(246)	(124,788)
Net assets at start of year	264,295	389,083
Net assets at end of year	264,049	264,295

Pension Increases

Pensions in payment were increased with effect from 1 January 2023 in accordance with the Rules of the Fund. Pensions in excess of Guaranteed Minimum Pension ('GMP') were increased at 5% (2022: 3%) for pensions accrued between 6 April 1997 and 5 April 2005, and 5% (2022: 4.9%) for pension accrued after 5 April 2005. Post 1988 GMPs were increased at 3% (2022: 2.5%) and Pre 1988 GMPs were not increased, both in accordance with the Fund Rules and statutory requirements. There was also a discretionary pension increase of 5% at 1 January 2023 in respect of benefits accrued prior to 6 April 1997.

Deferred benefits are increased in line with legislation and the Fund Rules.

Transfer Values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits. All transfer values issued in 2023 allowed for GMP equalisation.

Members leaving service can normally transfer the value of their benefits under the Fund to another recognised scheme that they join or to an insurance contract or personal pension.

Transfers into the Fund are only allowed in limited circumstances from the LifeSight Master Trust as detailed in the Transfer Deed dated 16 January 2018.

Trustee Report (continued)

Change of Actuary

The Trustee wishes to inform the members of the sad passing of P Bloomfield, Scheme Actuary during the Fund year. L McLaren will take over as Scheme Actuary with the effective date of 3 November 2023. There are no circumstances connected with the change in Scheme Actuary that impact the interest of members, prospective members or beneficiaries.

Going concern

The Fund's financial statements have been prepared on the going concern basis. In making this assessment, the Trustee has assessed the ability of the Principal Employer to continue to meet its obligations to the Fund and for the Fund to meet its future obligations to pay member benefits as they fall due. The Trustee has reviewed information available to it from the Principal Employer and its advisors and, as a consequence, the Trustee believes the Fund is well positioned to manage its risks successfully. In the light of this the Trustee has a reasonable expectation that the Fund will continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Fund's financial statements.

Contributions

Contributions were paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 23 September 2020, up to the date of later revised Schedule of Contributions which was certified by the Scheme Actuary on 1 February 2023. The signed Actuarial Certificate for this revised Schedule of Contributions can be located on page 34. This revised Schedule of Contributions meant that the monthly instalments due in 2023 were to be paid as a single lump sum due to be paid no later than 30 November 2023.

However, prior to the end of November 2023, the 31 December 2022 actuarial valuation was finalised, and the Fund was in surplus at the valuation date. The new Schedule of Contributions signed as part of the 2022 actuarial valuation removed the need for any deficit reduction contributions to be paid and no contributions were paid in 2023.

During the year contributions of £1,440,833.33 that were due as at 31 January 2023 were not received. The contributions were not paid as the Principal Employer, CLFIS (UK) Limited believed the contributions were not payable as the new Schedule of Contributions, certified by the Scheme Actuary on 1 February 2023, did not require contributions from 1 January 2023. However, due to the new Schedule of Contributions being certified by the Scheme Actuary on 1 February 2023, the contributions for January 2023 of £1,440,833.33 were technically still due per the previous Schedule of Contributions certified on 23 September 2020. The Pensions Regulator was notified of the new Schedule of Contributions when it was put in place.

The Principal Employer separately meets the expenses of operating the Fund (with the exception of investment expenses) and the cost of insuring death-in-service benefits.

The Principal Employer separately pays all levies including the Pension Protection Fund levies.

Recovery Plan

At the 31 December 2022 valuation date, the Fund was in surplus and no recovery plan was required. Therefore, no contributions were paid in 2023.

Actuarial Position

In respect of the DB section, the liabilities are considered by the Scheme Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the DB section and the level of contributions payable.

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ('FRS 102'), the financial statements do not include liabilities in respect of promised retirement benefits.

Trustee Report (continued)**Report on Actuarial Liabilities (continued)**

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

The most recent complete actuarial valuation of the Fund was carried out at 31 December 2022.

The results of the latest actuarial valuation showed:

	31 December 2022
Market Value of Assets (A)	£264.3m
Technical Provisions (B)	£248.7m
Surplus (A-B)	£15.6m
Funding level (A/B)	106%

The formal actuarial certificate required by statute to be included in this Annual Report from the Scheme Actuary appears in Section 8.

The next Triennial valuation following this will be carried out at 31 December 2025.

The Technical Provisions are based on assumptions about various factors that will influence the Fund in the future, such as the levels of investment returns and inflation, when members will retire and how long members live.

The actuarial method used in the calculation of the Technical Provisions is the Projected Unit Method.

The significant actuarial assumptions used to calculate the Technical Provisions as at 31 December 2022 were:

Discount rate	BoE fixed-interest gilt yield curve + 1.6% until 31 Dec 2021, reducing linearly over the next 10 years to 0.5% p.a. from 31 Dec 2031.
Retail Price inflation ('RPI')	Bank of England RPI Inflation curve
Consumer Price inflation ('CPI')	RPI curve less 1% pre-2030 and RPI less 0% post-2030.
Post retirement mortality base table	Club Vita 2022 base tables, adjusted to ignore the effect of Covid-19.
Mortality improvement rate	CMI 2021 model with no weighting on 2020 and 2021 data, initial addition to improvements of 0.25%, long-term rate of improvement of 1.5% p.a.

Trustee Report (continued)

Fund Membership

The reconciliation of the Fund membership during the year ended 31 December 2023 is shown below:

Defined Benefit Section	Deferred	Pensioners	Total
As at 31 December 2022	908	872	1,780
Adjustments	(4)	2	(2)
As at 1 January 2023	904	874	1,778
New Beneficiary Pensioner	-	6	6
Retirements	(38)	38	-
Deaths	(1)	(28)	(29)
Transfers Out	(2)	-	(2)
Members as at 31 December 2023	863	890	1,753

Hybrid Section*	Deferred	Pensioners	Total
As at 31 December 2022	312	46	358
Adjustments	3	1	4
As at 1 January 2023	315	47	362
Retirements	(8)	8	-
Transfer Out	(1)	-	(1)
Other Adjustments	(4)	-	(4)
Members as at 31 December 2023	302	55	357

	Deferred	Pensioners	Total
Total members as at 31 December 2022	1,220	918	2,138
Total members as at 31 December 2023	1,165	945	2,110

*Hybrid members refer to members who were still employed by Canada Life at 31 December 2016 when the Fund was closed to future accrual.

Included within pensioners are 126 (2022: 127) individuals receiving a pension upon death of their spouse who was a member of the Fund.

These membership figures do not include movements notified to the Administrator after the completion of the annual review.

The prior year adjustments relate to late notification/processing of leavers.

Trustee Report (continued)

Investment Policy

Investment Manager

The Trustee has delegated management of investments to the investment manager shown on page 1. This manager, who is regulated by the Financial Conduct Authority in the United Kingdom, manages the investments in line with the investment manager's agreement which is designed to ensure that the objectives and policies captured in the Statement of Investment Principles ('SIP') are followed.

The Trustee has considered environmental, social and governance ('ESG') factors for investments (including but not limited to climate change) and has delegated to the investment manager the responsibility for taking these considerations into account when assessing the financial potential and suitability of an investment and for exercising the rights (including voting rights) relating to the Fund's investments. This is actively monitored by the Trustee who works with and challenges the investment manager regarding compliance.

Investment Manager Fees

The investment manager is paid fees for its services. The fees are calculated as a percentage of the market value of the part of the Fund that it manages.

Custody of Fund Assets

The Trustee has appointed Canada Life Limited as custodian of the Fund's investments. For directly held securities, such as the Bonds, Gilts and Cash, CLL have appointed Caices Investor Services (formerly Royal Bank of Canada) as sub-custodian. For the Open Ended Investment Companies ('OEICs') CLL have appointed The Bank of New York Mellon Corp. as sub-custodian and for the property fund the sub-custodian is State Street Bank and Trust Company.

The custodian is responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodian's nominee company, Caices Investor Services (formerly Royal Bank of Canada), in line with common practice for pension scheme investments.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Fund's investments and believe them to be appropriate relative to the reasons for holding each class of investments. The investments of the Fund have been managed by the Trustee in conjunction with the Fund's investment manager.

Investment Strategy

The investment strategy adopted by the Fund is designed to provide adequate funds to cover future retirement benefits for members of the Fund. The Fund invests in UK and foreign assets by holding Gilts, Corporate Bonds, Index Linked Bonds and units in the managed funds of CLL, and through some of these units indirectly invests in OEICs managed by Canada Life Asset Management. This ensures the portfolio is reasonably balanced. The composition of the portfolio is closely controlled by the Investment Department of CLL and is reviewed semi-annually by the Trustee.

Due to market volatility in the period, it was noted that control ranges per the December 2022 SIP had been breached during the period. The Trustee was comfortable taking no action to rebalance as the investment strategy was being reviewed during 2023. The SIP was updated in March 2024, and the investments are now within the updated control ranges.

Trustee Report (continued)**Investment Performance**

The holdings in this section of the Fund include direct investment in Gilts, Corporate Bonds, Index Linked Bonds and investment in the units of various CLL unit-linked pension funds that invest in indirect assets and OEICs. As such the marketability, security and valuation of the Fund's assets are the same as for all other unit-holders in these funds. The Fund does not therefore hold or have direct exposure to individual shares or real estate.

During 2023 the market value of the Fund (excluding inflows) increased by £3.3m (2022: decreased £124.8m) to £262.1m (2022: £258.8m). Adjusting for net inflows, this equated to a time-weighted gross investment return of 3.4% (2022: loss of 34.2%).

Longer term net performance of the Fund against its benchmark, and against the RPI for the year ended December 2023 is shown below:

	1 year %	3 years %	5 years %
Fund Investment Return	3.4	(24.0)	(2.2)
Benchmark Return	(1.0)	(32.9)	(13.0)
RPI	5.2	28.3	32.7

The benchmark return is calculated by Hymans Robertson LLP based on asset allocations equal to the mid-point of the investment ranges set by the Trustee for each asset class multiplied by index returns for each asset class over the relevant review period.

Asset Allocation (Excludes Other Investment Balances)

Valuation of Fund's assets at year end (over 5%)	Market Value 2023 £000	% of Net Assets 2023	Market Value 2022 £000	% of Net Assets 2022
WS Canlife Global Equity G ACC	18,523	7.1	35,227	13.3
WS Canlife UK Equity G ACC	9,203	3.5	14,031	5.3
Total	27,726	10.6	49,258	18.6

Trustee Report (continued)
Asset Allocation (continued)

The asset mix of the funds as at 31 December 2023 and 31 December 2022 is set out below:

Growth Portfolio	Market Value 2023 £000	%	Market Value 2022 £000	%
UK Equities	9,203	24.6	14,031	23.4
Overseas Equities	18,523	49.6	35,227	58.8
Property	9,634	25.8	10,689	17.8
Total	37,360	100.0	59,947	100.0

Matching Portfolio	Market Value 2023 £000	%	Market Value 2022 £000	%
Index Linked Bonds	63,992	28.8	59,074	30.0
Fixed Interest Bonds	155,540	69.9	135,776	69.0
Cash	2,886	1.3	2,020	1.0
Total	222,418	100.0	196,870	100.0

The asset mix of the total Fund during 2023 and 2022 and achieved gross return for each of the sub-funds is shown as follows:

	2023 Average Portfolio Weight %	2023 Portfolio Return %	2022 Average Portfolio Weight %	2022 Portfolio Return %
UK Equity	5.5	9.6	8.5	(1.0)
Overseas Equity	10.8	9.5	18.8	(7.3)
Corporate Bonds	29.5	10.3	19.2	(39.7)
Property	4.0	(9.0)	4.6	(0.3)
Index Linked Gilts	23.0	(10.2)	29.1	(55.6)
Gilts	26.2	5.2	19.1	(39.5)
Cash	1.0	3.2	0.7	0.0
Total *	100.0	3.4	100.0	(34.2)

* Note totals may not sum due to rounding.

Trustee Report (continued)
Asset Allocation (continued)

	Holding	Weight %
1	WS Canlife Global Equity	7.1
2	UK Treasury I/L Gilt 0.125% 22/03/58	3.9
3	Property ACS	3.7
4	WS Canlife UK Equity	3.5
5	UK Treasury 4.25% 07/12/46	3.5
6	UK Treasury 3.25% 22/01/44	3.3
7	UK Treasury I/L Gilt 0.125% 22/11/65	2.9
8	UK Treasury 4.25% 07/12/49	2.7
9	UK Treasury I/L Gilt 0.375% 22/03/62	2.5
10	UK Treasury 4.75% 07/12/30	2.5

Statement of Investment Principles

In accordance with Section 35 of the Pensions Act 1995 as amended by the Pensions Act 2004 and subsequent regulations, the Trustee has prepared a SIP, which sets out the principles governing how investments are chosen. A copy can be found on the Fund's website at

<https://www.canadalifepensions.co.uk/media/vp2nou2y/statement-of-investment-principles-december-2022.pdf>

and is also available on request from the Fund's Administrator, whose contact address is Hymans Robertson LLP, 20 Waterloo Street, Glasgow, G2 6DB.

Environmental, Social and Ethical Considerations

The Trustee acknowledges that an understanding of financially material considerations, including environmental, social and corporate governance factors (such as climate change) and risks related to these factors, can contribute to the identification of investment opportunities and financially material risks. As part of its delegated responsibilities, the Trustee expects the Fund's Investment Manager to take into account environmental, social and corporate governance considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments. Any decision should not apply personal, ethical or moral judgements to these issues, but should consider the sustainability of business models that are influenced by them.

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

- The Trustee Directors will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Fund's assets and liabilities.
- The Trustee will request the Fund's Investment Manager to provide their Responsible Investment policy and details of how they integrate ESG into their investment decision making process on a regular basis. Should the Fund look to appoint a new manager, the Trustee will request this information as part of the selection process. All responses will be reviewed and monitored with input from their Investment Consultant.

Trustee Report (continued)

Environmental, Social and Ethical Considerations (continued)

- The Trustee will ensure investments align with the Responsible Investment policy. This requires managers to screen the investment universe and exclude issuers based on pertinent ESG factors. Managers will also integrate ESG factors and risks into their investment decision-making process, considering them at a portfolio level.
- The Trustee will regularly engage with managers on ESG factors. This includes quarterly monitoring to ensure continued alignment with Responsible Investment requirements and to encourage engagement with issuers to deliver positive impact on ESG factors.
- The Trustee annually reviews the carbon intensity of the portfolio and expects the carbon intensity of the overall portfolio to trend downwards. Where appropriate, the Trustee will engage with managers who have a relatively high carbon intensity portfolio.
- The Trustee annually reviews the portfolio exposure to the following sectors: gambling, pornography, alcohol, tobacco, controversial weapons and fossil fuels. Where appropriate the Trustee will engage with managers on the rationale for such investment.

Exercise of Voting Rights

The Trustee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value.

Accordingly, the managers have written guidelines of their process and practice in this regard in relation to the pooled funds in which the Trustee invest. The managers are encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies.

Conflict between Russia and Ukraine

Following assessment of the Fund's investment portfolio, there is no significant exposure to the conflict. The Trustee will continue to monitor the situation and the impact on the Fund.

Employer-related investments

There were no direct or indirect Employer-related investments at 31 December 2023 (2022: £nil) or at any time during the year.

Trustee Report (continued)**Statement of Trustee Responsibilities**

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

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

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparing of the financial statements on a going concern basis unless it is appropriate to presume that the Fund will be wound up.

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

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

Trustee Responsibilities in Respect of Contributions

The Trustee is responsible under pensions legislation for preparing, maintaining and, from time to time, reviewing and, if necessary, revising a Schedule of Contributions showing the rates of contributions payable towards the Fund by or on behalf of the Principal Employer of the Fund and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for adopting risk-based processes to monitor whether contributions are made to the Fund by the Principal Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule of Contributions occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Trustee Report (continued)

Further Information

Internal Dispute Resolution (“IDR”) Procedures

It is a requirement of the Pensions Act 1995 that the Trustee of an occupational pension scheme must have IDR procedures in place for dealing with any disputes between the Trustee and the scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustee, details of which can be obtained by writing to the Secretary to the Trustee at the address below.

Contact for Further Information

Any enquiries or complaints about the Fund, including requests from individuals about their benefits or for a copy of Fund documentation, should be sent to the Secretary to the Trustee at the address below:

V Melville, Hymans Robertson LLP, 20 Waterloo Street, Glasgow, G2 6DB.

The Money and Pensions Service (‘MaPS’)

This service is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the Trustee. MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise, to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the government and free to use.

The Money and Pensions Service
Holborn Centre
120 Holborn
London
EC1N 2TD
Tel: 0800 011 3797
www.moneyhelper.org.uk

The Pensions Ombudsman

Members have the right to refer a complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the events(s) the member is complaining about happened – or, if later, within three years of when they first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London
E14 4PU
Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
www.pensions-ombudsman.org.uk

Members can also submit a complaint form online:
www.pensions-ombudsman.org.uk/making-complaint

Trustee Report (continued)

Further Information (continued)

The Pensions Regulator

The Pensions Regulator ('TPR') has the objectives of protecting the benefits of members, promoting good administration and reducing the risk of claims on the Pension Protection Fund. TPR has the power to investigate schemes, to take action to prevent wrongdoing in or maladministration of pension schemes and to act against the Principal Employer's failing to abide by their pension obligations. TPR may be contacted at the following address:

The Pensions Regulator

Telecom House

125 -135 Preston Road

Brighton

BN1 6AF

www.thepensionsregulator.gov.uk

Pension Tracing Service

The Pension Schemes Registry has been replaced with the Pension Tracing Service and is now provided by the Department for Work and Pensions. Responsibility for compiling and maintaining the register of occupational pension schemes has been passed to TPR.

Contact details for the services are as follows:

The Pensions Service

Post Handling Site A

Wolverhampton

WV98 1AF

Tel: 0800 731 0193

www.gov.uk/find-pension-contact-details

Approval of the Report by the Trustee

The Investment Report, Report on Actuarial Liabilities and Implementation Statement included in this annual report and financial statements forms part of the Trustee report.

Signed for and on behalf of the Trustee of Canada Life UK Division Staff Pension Fund by:

Trustee Director

Trustee Director

Date

Section 3 – Independent Auditor's Report

Independent Auditor's Report to the Trustee of Canada Life UK Division Staff Pension Fund

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Canada Life UK Division Staff Pension Fund (the 'Fund'):

- show a true and fair view of the financial transactions of the Fund during the year ended 31 December 2023 and of the amount and disposition at that date of its assets and liabilities, other than the 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

We have audited the financial statements which comprise:

- the fund account;
- the statement of net assets; and
- the related notes 1 to 19.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Report on the audit of the financial statements (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee Responsibilities, the Trustee is 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 Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 nature of the Fund's industry and its control environment, and reviewed the Fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of the Trustee, pension administration and Scheme Actuary about their own identification and assessment of the risks of irregularities, including those that are specific to the Fund's business sector.

Report on the audit of the financial statements (continued)**Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

We obtained an understanding of the legal and regulatory frameworks that the Fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Pension Act 1995, the Pensions Act 2004, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty. These included the Fund's regulatory requirements.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the misappropriation of investment assets due to the significant size of investment transactions and balances. In response we have:

- obtained an understanding of the relevant controls over investment holdings and transactions;
- agreed investment holdings to independent confirmations; and
- agreed investment and cash reconciliations to independent sales and purchase reports and bank statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of the Trustee, pension administrators and Fund Actuaries concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of Trustee and subcommittee meetings.

Use of our report

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

Deloitte LLP
Statutory Auditor
Reading, United Kingdom
Date:

Section 4 – Financial Statements

Fund Account for year ended 31 December 2023

		2023	2022
	Note	£000	£000
CONTRIBUTIONS AND BENEFITS			
Contributions – Employer	4	-	17,290
Transfers in	5	332	558
Other income	6	-	526
		<u>332</u>	<u>18,374</u>
Benefits paid or payable	7	(8,606)	(9,107)
Payments to and on account of leavers	8	(570)	(2,854)
Administrative expenses	9	(2)	(2)
		<u>(9,178)</u>	<u>(11,963)</u>
Net (withdrawals)/additions from dealings with members		(8,846)	6,411
RETURNS ON INVESTMENTS			
Investment income	11	6,419	4,753
Change in market value of investments	13.1	2,375	(135,732)
Investment management expenses	12	(194)	(220)
Net returns on investments		<u>8,600</u>	<u>(131,199)</u>
Net decrease in the fund during the year		(246)	(124,788)
Net assets of the Fund at the start of the year		264,295	389,083
Net assets of the Fund at the end of the year		<u>264,049</u>	<u>264,295</u>

The notes on pages 20 to 31 form part of these financial statements.

Statement of Net Assets (available for benefits) as at 31 December 2023

		2023	2022
	Note	£000	£000
Investment assets	13.1		
Bonds		219,532	194,850
Pooled investment vehicles		39,567	61,350
Cash		679	617
Other investment balances		2,360	1,987
Total investments		262,138	258,804
Current assets	14	2,054	5,744
Current liabilities	15	(143)	(253)
Net assets of the Fund at the end of the year		264,049	264,295

The notes on pages 20 to 31 form part of these financial statements.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on pages 4 and 5 and in the Scheme Actuary's certificates in Section 8 on page 34 of these financial statements and should be read in conjunction therewith.

Signed for and on behalf of the Trustee of Canada Life UK Division Staff Pension Fund by

Trustee Director

Trustee Director

Date

Section 5 – Notes to the Financial Statements

Notes to the financial statements for the year ended 31 December 2023

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS 102) – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (Revised 2018) (“the SORP”).

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Fund has adequate resources to realise its assets and meet pension payments in the normal course of affairs (ie to continue to operate) for at least the next twelve months. This assessment, together with income and capital growth from its assets, gives the Trustee confidence to prepare the financial statements on a going concern basis.

2 IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Canada Life UK Division Staff Pension Fund is a Defined Benefit occupational pension scheme established under trust under English Law.

The address of the Fund’s principal office is Canada Life Place, Potters Bar, Hertfordshire, United Kingdom, EN6 5BA.

3 ACCOUNTING POLICIES

The principal accounting policies applied to the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Contributions

Employer’s deficit funding and group life contributions are accounted for in the year in which they fall due in line with the Schedule of Contributions.

3.2 Transfers in

Individual transfers from other schemes are accounted for when member liability is accepted, which is normally when the transfer amount is received.

3.3 Benefits paid or payable

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

Benefits are accounted for in the period in which the member told the Trustee of their decision on the type and amount of the benefit to be taken or, if there is no member choice, on the date of retiring or leaving.

Where tax liabilities are settled on behalf of members, for example where the Lifetime Allowance or Annual Allowance is exceeded, the tax due is accounted for on the same basis as the benefit.

3.4 Payments to and on account of leavers

Individual transfers to other schemes are accounted for when member liability is discharged, which is normally when the transfer amount is paid.

3.5 Administrative expenses

Administrative expenses are accounted for on an accruals basis.

Notes to the financial statements for the year ended 31 December 2023 (continued)**3 ACCOUNTING POLICIES (continued)****3.6 Other income and payments**

Other income and payments are accounted for on an accruals basis.

3.7 Investment income

Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales of bonds.

Income arising from the underlying investments of the pooled investment vehicles, which is reinvested within the pooled investment vehicles, is reflected in the unit price. Such income is reported within the change in market value.

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

All investment income is stated inclusive of any related recoverable taxation but net of any irrecoverable tax, including overseas withholding taxes and the costs of collection.

3.8 Change in market value of 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 and unrealised changes in market value. In the case of pooled investment vehicles, which are accumulation funds where income is reinvested within the fund without issue of further units, change in market value also includes such income.

3.9 Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees.

3.10 Investment management expenses

Investment management fees are accounted for on an accruals basis.

3.11 Investments

Investment assets are included in the financial statements at fair value. The methods of determining fair value for the principal classes of investment are:

Bonds are valued on a clean basis which excludes the value of interest accruing from the previous interest payment date and the valuation date. Accrued interest is accounted for within investment income and other investment balances.

Pooled investment vehicles which are traded on an active market are included at quoted price, which is usually bid price.

Pooled investment vehicles which are unquoted or not actively traded are stated at bid price or single price where there is no bid/offer spread as provided by the investment manager at the year end.

3.12 Accounting estimates

The Trustee makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results. For the Fund, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year are related to the valuation of the Fund's investments and, in particular, those classified in Level 3 of the fair value hierarchy.

Notes to the financial statements for the year ended 31 December 2023 (continued)**3.13 Functional and presentational currency**

The Fund's functional and presentational currency are Pounds Sterling (GBP).

4 CONTRIBUTIONS

	2023	2022
	£000	£000
Employer's:		
Deficit funding	-	17,290

In accordance with the Schedule of Contributions dated 23 September 2020, deficit contributions of £17,290k per annum are payable monthly from 1 October 2020 to 31 December 2023. Under a revised Schedule of Contributions signed 1 February 2023 applicable from 1 January 2023, monthly contributions ceased at 31 December 2022 and were agreed to be paid as a single lump sum no later than 30 November 2023. However, this revised Schedule of Contributions was superseded by the 31 December 2022 valuation. At the 31 December 2022, the Fund was in surplus and the new Schedule of Contributions, stating no contributions are payable, was signed off before 30 November 2023. Therefore, no contributions were received in 2023.

During the year contributions of £1,440,833.33 that were due as at 31 January 2023 were not received. The contributions were not paid as the Principal Employer believed the contributions were not payable as the new Schedule of Contributions, certified by the Scheme Actuary on 1 February 2023, did not require contributions from 1 January 2023. However, due to the new Schedule of Contributions being certified by the Scheme Actuary on 1 February 2023, the contributions for January 2023 of £1,440,833.33 were technically still due per the previous Schedule of Contributions certified on 23 September 2020. The Pensions Regulator was notified of the new Schedule of Contributions when it was put in place.

5 TRANSFERS IN

	2023	2022
	£000	£000
Individual transfers in from other schemes	332	558

6 OTHER INCOME

	2023	2022
	£000	£000
Claims on term insurance policies	-	526

Notes to the financial statements for the year ended 31 December 2023 (continued)**7 BENEFITS PAID OR PAYABLE**

	2023	2022
	£000	£000
Pensions	7,038	6,717
Commutations and lump sum retirement benefits	1,546	1,846
Lump sum death benefits	22	544
	8,606	9,107

8 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2023	2022
	£000	£000
Individual transfers to other schemes	570	2,854

9 ADMINISTRATIVE EXPENSES

	2023	2022
	£000	£000
Bank charges	2	2

All other administrative expenses are paid directly by the Principal Employer.

10 TAX

The Fund is a registered pension scheme in accordance with the Finance Act 2004. This means that the contributions paid by both the Principal Employer and the members qualify for full tax relief, and is exempt from income tax and capital gains tax except for withholding tax on overseas investment income.

Notes to the financial statements for the year ended 31 December 2023 (continued)

11 INVESTMENT INCOME

	2023	2022
	£000	£000
Income from bonds	6,273	4,701
Interest on cash deposits	146	52
	<u>6,419</u>	<u>4,753</u>

12 INVESTMENT MANAGEMENT EXPENSES

	2023	2022
	£000	£000
Administration, management and custody	<u>194</u>	<u>220</u>

13 INVESTMENTS

13.1 INVESTMENT RECONCILIATION

	Opening value	Purchase cost	Sales proceeds	Change in market value	Closing value
	£000	£000	£000	£000	£000
Bonds	194,850	80,546	(53,106)	(2,758)	219,532
Pooled investment vehicles	<u>61,350</u>	<u>6,057</u>	<u>(32,973)</u>	<u>5,133</u>	<u>39,567</u>
	<u>256,200</u>	<u>86,603</u>	<u>(86,079)</u>	<u>2,375</u>	<u>259,099</u>
Cash	617				679
Other investment balances	<u>1,987</u>				<u>2,360</u>
TOTAL NET INVESTMENTS	<u>258,804</u>				<u>262,138</u>

The change in the 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.

Transaction costs

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Transaction costs include costs charged to the Fund such as fees, commissions and stamp duty. During the year an amount of £6k (2022: £5k) was charged to the Fund through transaction costs for safe custody fees.

In addition to the direct transaction costs above, indirect costs are incurred through the bid-offer spread on pooled investment vehicles. It is not possible for the Trustee to quantify these indirect costs.

Notes to the financial statements for the year ended 31 December 2023 (continued)**13.2 POOLED INVESTMENT VEHICLES ('PIV')**

The holdings of PIVs are analysed below:

	2023	2022
	£000	£000
Equity fund	27,726	49,258
Property funds	9,634	10,689
Cash funds	2,207	1,403
	39,567	61,350

The legal nature of the Fund's pooled arrangements is:

	2023	2022
	£000	£000
Open ended investment company	29,933	50,661
Unitised insurance policies	9,634	10,689
	39,567	61,350

13.3 CASH AND OTHER NET INVESTMENT BALANCES

	2023	2022
	£000	£000
Cash	679	617
Dividends and withholding tax	2,360	1,987
	3,039	2,604

13.4 CONCENTRATION OF INVESTMENTS

The following investments, excluding UK Government securities, account for more than 5% of the net assets of the Fund.

	2023	%	2022	%
	£000		£000	
Canada Life Global Equity Fund	18,523	7.0	35,227	13.3
Canada Life UK Equity Fund	9,203	3.5	14,031	5.3

Notes to the financial statements for the year ended 31 December 2023 (continued)

13.5 INVESTMENTS FAIR VALUE HIERARCHY

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

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment dates.
Level 2	Inputs other than quoted prices included within Level 1 which are observable (i.e. developed for the asset or liability, either directly or indirectly).
Level 3	Inputs which are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Fund's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

As at 31 December 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Bonds	-	219,532	-	219,532
Pooled investment vehicles	-	29,933	9,634	39,567
Cash	679	-	-	679
Other investment balances	2,360	-	-	2,360
	3,039	249,465	9,634	262,138

As at 31 December 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Bonds	-	194,850	-	194,850
Pooled investment vehicles	-	50,661	10,689	61,350
Cash	617	-	-	617
Other investment balances	1,987	-	-	1,987
	2,604	245,511	10,689	258,804

Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted and the investment assets are included in Level 3.

Valuation techniques in determining fair value are described in note 3.12.

Notes to the financial statements for the year ended 31 December 2023 (continued)

13.6 INVESTMENT RISKS

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

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

The Fund is subject to credit risk because it invests in managed funds and is therefore directly exposed to credit risk in relation to the instruments held in the managed funds. The Fund is also indirectly exposed to credit risks arising on some of the instruments held in the managed funds.

In order to minimise the credit risk with the Fund's cash holdings, cash is held with financial institutions which as a minimum are investment grade credit rated.

The Trustee manages the credit risk in the Fund by constructing a diverse portfolio of investments across markets and issuers.

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

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

The Fund is subject to indirect currency risk because some of its investments are held overseas within a managed fund.

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

The Fund is subject to interest rate risk because some of its investments are held in bonds via managed funds as well as the Fund's direct and indirect cash holdings.

In an effort to mitigate the risk within the Fund, the Matching portfolio aims to provide a better match to the interest rate and inflation sensitivities of the liabilities as measured by the technical provisions.

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

Other price risk arises principally in relation to the return seeking portfolio – the Growth portfolio – of the Fund which includes equities and investment properties held in managed funds.

The information about exposures and mitigation of different risks apply at both the current and previous year end.

The Trustee manages other price risk within the Fund by constructing a diverse portfolio of investments across various markets.

The Fund has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee Report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Fund's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment manager and monitored by the Trustee by regular reviews of the investment portfolios.

Notes to the financial statements for the year ended 31 December 2023 (continued)**13.6 INVESTMENT RISKS (continued)**

Further information on the Trustee's approach to risk management and the Fund's exposures to credit and market risks are set out below.

The following table illustrates the extent to which the section's investments are subject to the below risks:

	Market value 2023 (£000)	Market value 2022 (£000)	Credit Risk	Currency risk	Interest rate risk	Other price risk
Growth Portfolio						
UK equities	9,203	14,031	No	No	No	Yes
Overseas equities	18,523	35,227	No	Yes	No	Yes
Property	9,634	10,689	Yes	No	Yes	Yes
Matching Portfolio						
Index Linked Bonds	63,992	59,075	Yes	No	Yes	Yes
Government Bonds	67,834	71,344	Yes	No	Yes	Yes
Corporate Bonds	87,706	64,431	Yes	No	Yes	Yes
Cash	2,886	2,020	Yes	No	Yes	Yes
Total	259,778	256,817				

The legal nature of the Fund's pooled arrangements is analysed in note 13.2 on page 25.

The investment strategy adopted by the Fund on behalf of the members is designed to provide adequate funds to cover future retirement benefits for members of the Fund. The Fund invests in United Kingdom (UK) and overseas assets and by holding units in the managed funds of CLL. This ensures the portfolio is reasonably balanced. The composition of the portfolio is closely controlled by the Investment Department of CLL and is reviewed semi-annually by the Trustee.

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Fund has exposure to these risks because of the investments it makes in following the investment strategies set out below.

In July 2019 following consultation with the Principal Employer and the Fund's investment consultant the fund strategy was updated as follows. There are now two portfolios the Growth portfolio and the Matching portfolio.

The Growth Portfolio, at the outset, will comprise of 65% of the Fund's assets. Overtime the Trustee will instruct the manager to alter the percentage of assets between the Growth and Matching Portfolio which at onset was 65% Growth Portfolio and 35% Matching Portfolio. The Manager will then effect the requested changes by selling assets in one portfolio and reinvesting in the other portfolio. The Trustee will indicate in the instruction a time frame for completing their instructions.

- The Growth Portfolio objective is to provide good long-term returns, to outperform the liabilities and help eliminate the deficit. Any monies required to pay benefits can be taken from this portfolio.
- The Matching portfolio objective is to provide a better match to the interest rate and inflation sensitivities of the liabilities as measured by the Technical Provisions. The target hedge ratio is 90% of interest rates and 100% of inflation as measured using the Technical Provisions as at 31 December 2019. The actual hedge ratio will be dependent on market conditions, cashflows, and the changes to the Technical Provisions. Any monies that require investing from the Fund bank account (after allowing for benefit payments) are invested in this portfolio.

Notes to the financial statements for the year ended 31 December 2023 (continued)**13.6 INVESTMENT RISKS (continued)****Investment Strategy**

Growth Portfolio	
UK Equities	25-35%
Overseas Equities	55-65%
Property	0-20%

Matching Portfolio	
Index Linked Bonds	25-35%
Fixed Interest Bonds	60-80%
Cash	0-10%

Within these asset classes the following guidelines apply:

Growth Portfolio:**UK Equities**

Investments in equities will be made through a diversified managed fund or combination of managed funds. No single equity position will represent more than 7% or 110% of the weighting of that equity within the FTSE All Share Index – whichever is greater, of the Funds total equity component as measured by market value, unless approved by the Trustee.

Overseas Equities

Investments in equities will be made through a diversified managed fund or combination of managed funds. No single equity position will represent more than 7% of the Funds total equity component as measured by market value, unless approved by the Trustee. No more than 65% of the total value of overseas equities will be invested in any single foreign country.

Property

Property equity investments will be made through open-ended or closed pooled funds.

Further restrictions apply to ensure that the Fund is invested in a prudently diversified manner.

1. The investment manager is restricted from investing in hedge funds and using derivative instruments.
2. The investment manager is not permitted to take an action that will deliberately move the asset allocation outside of the ranges quoted above unless sanctioned by the Trustee.
3. If the assets move outside of the ranges quoted above due to market movements, the investment manager should take corrective action within 3 months to address the situation.

Matching Portfolio:

Investments will be made directly into index-linked gilts, fixed interest gilts or sterling denominated investment grade credit.

The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Fund's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Notes to the financial statements for the year ended 31 December 2023 (continued)**14 CURRENT ASSETS**

	2023	2022
	Total	Total
	£000	£000
Cash balances	1,930	5,619
Accrued bank interest	-	30
Due from the Principal Employer	95	95
Sundry debtors	29	-
	2,054	5,744

15 CURRENT LIABILITIES

	2023	2022
	Total	Total
	£000	£000
Accrued benefits	21	-
PAYE due to HMRC	106	93
Accrued investment management expenses	16	160
	143	253

16 RELATED PARTY TRANSACTIONS

Related party transactions and balance comprise:

Key management personnel

Fees and expenses were paid to Trustee Directors in the amount of £26,250 (2022: £36,525) by the Principal Employer.

The membership status of the Trustee Directors at the year end is as below:

K Austin	pensioner (2022: pensioner)
TM Deeks	pensioner (2022: pensioner)
R Helyer	pensioner (2022: pensioner)
JE Occleshaw	deferred (2022: deferred)
R Wisentaner	non-member (2022: non-member)
T Milner	non-member (2022: N/A)

Notes to the financial statements for the year ended 31 December 2023 (continued)

16 RELATED PARTY TRANSACTIONS (continued)

Principal Employer and other related parties

The Principal Employer is considered a related party. All transactions involved with these entities relate to remittance of monthly contributions required under the Rules of the Fund.

The Principal Employer meets all administrative expenses of the Fund except for those in note 9.

Investments are managed by Canada Life Limited, a related party of the Fund.

As at 31 December 2020 the DB Section of the Fund owed Canada Life Limited £95,728 due to overpaid group life contributions. The amount of £95,728 was paid back to the Principal Employer on 5 August 2021 and again on 23 December 2021 as a result of a clerical error. As this was reimbursed twice it is due from the Principal Employer.

CLFIS (UK) Limited is the Principal Employer of the Fund. In addition, the Trustee has a guarantee from the holding company, The Canada Life Group (UK) Limited, to provide further protection to members of the Fund.

Life assurance covering death in service for Fund members is effected through an insurance policy with Canada Life Limited.

17 CONTINGENCIES AND COMMITMENTS

In the opinion of the Trustee, other than the GMP Equalisation issue described below in note 19, the Fund had no other contingent assets and liabilities as at 31 December 2023 (2022: £nil).

18 EMPLOYER-RELATED INVESTMENTS

There were no direct or indirect Employer-related investments at 31 December 2023 (2022: £nil) or at any time during the year.

19 GMP EQUALISATION

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 Trustee is continuing to review, with its advisers, the implication of this ruling on the Fund and the value of any liability. As soon as this review is finalised and any liability quantified, the Trustee will communicate with members.

There has been a further High Court judgement in relation to the equalisation of GMP benefits. This judgement focused on the GMP treatment of historic transfers out of members, an issue which had not been addressed in the 2018 GMP ruling. There was a subsequent High Court judgement on 20 November 2020 in relation to historic transfer values paid from May 1990 to assess if any top-up payment is required to the receiving scheme, to reflect the member's right to equalised GMP benefits. The impact of this court case is also being considered by the Trustee. It is not possible to estimate the cost of any rectification adjustments at this time.

The Trustee is continuing to receive advice on how to deal with GMP equalisation and will communicate how it proposes to deal with this issue as soon as it can. GMP equalisation will be complex and may take a number of years to complete. The impact of any change is, for the vast majority of members, expected to be small.

Section 6 – Independent Auditor's Statement about Contributions

Independent Auditor's Statement about Contributions to the Trustee of Canada Life UK Division Staff Pension Fund

We have examined the Summary of Contributions to the Canada Life UK Division Staff Pension Fund for the Fund year ended 31 December 2023 to which this statement is attached.

Qualified statement about contributions payable under the Schedule of Contributions

In our opinion, except for the effects of the departure from the Schedule of Contributions, contributions for the Fund year ended 31 December 2023 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid for the period 1 January 2023 to 31 January 2023 at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 23 September 2020, for the period 1 February 2023 to 20 November 2023 at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 1 February 2023, and for the period 21 November 2023 to 31 December 2023 at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 21 November 2023.

Basis for qualified statement about contributions

As explained on page 33, during the year contributions of £1,440,833.33 that were due as at 31 January 2023 were not received. The contributions were not paid as the Principal Employer believed the contributions were not payable as the new Schedule of Contributions, certified by the Scheme Actuary on 1 February 2023, did not require contributions from 1 January 2023. However, due to the new Schedule of Contributions being certified by the Scheme Actuary on 1 February 2023, the contributions for January 2023 of £1,440,833.33 were still due per the previous Schedule of Contributions certified on 23 September 2020.

Scope of work on statement about contributions

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

Respective responsibilities of Trustee and the Auditor

As explained more fully in the Trustee's responsibilities statement, the Fund's Trustee is responsible for preparing, and from time to time reviewing, and if necessary, revising, a Schedule of Contributions and for monitoring whether contributions are made to the Fund by the Principal Employer in accordance with the Schedule of Contributions.

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

Use of our report

This statement is made solely to the Trustee, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body for our work, for this statement, or for the opinion we have formed.

Deloitte LLP

Statutory Auditor

Reading, United Kingdom

Date

Section 7 – Summary of Contributions

Trustee's Summary of Contributions Payable under the Schedule in respect of the Fund year ended 31 December 2023

The preparation of the Summary of Contributions is the responsibility of the Trustee. It sets out the Principal Employer's contributions payable to the Fund under the Schedules of Contributions certified by the Scheme Actuary on 23 September 2020, 1 February 2023 and 21 November 2023 in respect of the Fund year ended 31 December 2023.

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

During the year contributions of £1,440,833.33 that were due as at 31 January 2023 were not received. The contributions were not paid as the Principal Employer believed the contributions were not payable as the new Schedule of Contributions, certified by the Scheme Actuary on 1 February 2023, did not require contributions from 1 January 2023. However, due to the new Schedule of Contributions being certified by the Scheme Actuary on 1 February 2023, the contributions for January 2023 of £1,440,833.33 were technically still due per the previous Schedule of Contributions certified on 23 September 2020. The Pensions Regulator was notified of the new Schedule of Contributions when it was put in place.

Summary of Contributions payable in the year

During the year contributions of £1,440,833.33 were payable to the Fund but not received as the Principal Employer believed the contributions were not payable under the new Schedule of Contributions detailed above.

Signed for and on behalf of the Trustee of Canada Life UK Division Staff Pension Fund by:

..... Trustee Director

..... Trustee Director

..... Date

Section 8 – Actuarial Statement & Certificate

Canada Life UK Division Staff Pension Fund

Schedule of Contributions – Actuarial Certificate

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective on 31 December 2022 can be expected to continue to be met during the five-year period covered by this schedule.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated November 2023.

Please note that the adequacy of contributions statement in this certificate relates to the Fund's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the Fund's full liabilities with annuities if the Fund were to wind up.

Signature



Date

21-Nov-2023 | 11:03 GMT

Name

Laura McLaren

Qualification

Fellow of the Institute and Faculty of Actuaries

Name of Employer

Hymans Robertson LLP

Address

One London Wall, London EC2Y 5EA

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

Section 9 – Implementation Statement (Forming part of the Trustee Report)

Canada Life UK Division Staff Pension Fund

Engagement Policy Implementation Statement ('EPIS')

Statement of Compliance with Canada Life UK Division Staff Pension Fund's Stewardship Policy for the year ending 31 December 2023

Introduction

This statement is prepared on behalf of the Trustee of the Canada Life UK Division Staff Pension Fund (the "Trustee") in its capacity as Trustee of the Canada Life UK Division Staff Pension Fund (the "Fund") in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Fund's Stewardship Policy during the period from 1 January 2023 to 31 December 2023.

Changes to the SIP over the year to 31 December 2023

During the reporting year, the Fund's portfolio underwent a series of investment changes, some of which were a result of the investment strategy review that took place following the 2022 Actuarial Valuation.

The changes were as follows:

- Strategic asset allocation to growth assets was reduced by 10 percentage points from 25% to 15% and the allocation to matching assets increased by 10 percentage points from 75% to 85%. The Trustee was also notified of the closure of the Property Fund.
- Rebalancing of the matching portfolio benchmark to bring the benchmark in line with the target levels of 90% of interest rates and 100% of inflation protection.

The matching portfolio benchmark was reviewed again in early 2024, to improve the curve risk of the matching portfolio and new fixed interest gilts and index linked gilts were introduced. The Statement of Investment Principles ("SIP") was consequently reviewed and updated.

Stewardship Policy

The Trustee's Stewardship (Voting and Engagement) Policy sets out how the Trustee will behave as an active owner of the Fund's assets which includes the Trustee's approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with its investment manager and any other stakeholders.

The Fund's Stewardship Policy is reviewed on an annual basis in line with the Fund's SIP review (updated in early 2024).

The Stewardship Policy in the Fund's SIP is stated below:

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Fund and its beneficiaries.

Implementation Statement – (continued)**Stewardship policy (continued)**

The Trustee expects the Fund's Investment Manager to use its influence as a major institutional investor to carry out the Trustee's rights and duties as a shareholder including voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability, and positive change.

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

The Trustee reviews the stewardship activities of its asset managers on an annual basis, covering both engagement and voting actions. The Trustee will review the alignment of its policies to those of the Fund's asset managers and ensure their managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner.

The Trustee will engage with its investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of its active ownership policies, are being actioned. Furthermore, the investment managers are challenged directly by the Trustee and its investment advisers on the impact of any significant issues including, where appropriate, ESG issues that may impact the prospects for the return from the portfolio, on a biannual basis at Trustee meetings.

The Trustee expects the Fund's appointed asset managers to comply with the United Nations Global Compact, UK Stewardship Code and TCFD Recommendations.

The transparency for voting should include voting actions and rationale with relevance to the Fund, in particular where: votes were cast against management; votes against management generally were significant, an asset manager abstained from voting; voting differed from the voting policy of either the Trustee or the asset manager.

Where a significant concern is identified, the Trustee will consider the circumstances on a case-by-case basis and a range of methods to monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, environmental and social impact, corporate governance, the capital structure, and management of actual or potential conflicts of interest.

The Trustee separately considers any conflicts of interest arising in the management of the Fund and its investments and has ensured that the investment manager has an appropriate conflicts of interest policy in place.

The full Stewardship Policy can be found within the Fund's SIP, at: <https://www.canadalife.co.uk/statement-of-investment-principles-canada-life-uk-division-staff-pension-fund/>

The Trustee also monitors its compliance with the Stewardship Policy on a regular basis and is satisfied that it has complied with the policy over the reporting year. Throughout this Statement, the Trustee reviews how the actions of the Fund's investment manager have aligned with the expectations and principles set out in the SIP.

Implementation Statement – (continued)

Manager Voting and Engagement Approach

The Fund's assets are held in a policy issued by Canada Life Limited ("CLL") and managed by Canada Life Asset Management ("CLAM"). CLAM has named portfolio managers across a range of asset classes to invest the assets of the Fund in line with the strategic asset allocation.

CLAM manage Environmental, Social and Governance ("ESG") risks in three ways: integrating ESG research into investment decisions, voting and engagement.

The Trustee has delegated voting and engagement activity in respect of the underlying assets to CLAM. The Trustee believes it is important that its investment manager takes an active role in the supervision of the companies in which it invests, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

Ongoing monitoring

The Trustee receives, on a semi-annual basis, monitoring reports from its investment manager outlining the valuation of all investments held, the performance of these investments and any transactions made during the quarter. Investment returns are compared against appropriate performance objectives to monitor the relative performance of these investments. The Trustee monitors and challenges where necessary.

The Trustee seeks to ensure that its manager is exercising voting rights and, where appropriate, monitors the manager's voting patterns. The Trustee also monitors the investment manager's voting on particular companies or issues that affect more than one company. CLAM's voting record is available online as is its stewardship and engagement policy. The Trustee meets regularly with CLAM for CLAM to provide verbal updates. This allows the Trustee to consider CLAM's exercise of its stewardship.

Integration

CLAM uses research services to ensure that ESG risks are properly assessed and monitored. Environmental examples include a company's contribution to climate change, the impacts of a company's activities on natural resources and the production and disposal of hazardous waste. Social and governance risks that may be considered include poor working and safety conditions, bribery and corruption, denial of labour rights, controversial sourcing in the supply chain and product liability issues.

Voting activity

The Trustee seeks to ensure that its manager is exercising voting rights and where appropriate, to monitor the manager's voting patterns. The Trustee also monitors the investment manager's voting on particular companies or issues that affect more than one company.

CLAM view voting as an important way in which it can join other investors in holding company management to account. CLAM regularly vote against management on governance issues such as excessive or poorly structured remuneration, lack of board independence or the absence of separation between the roles of chair and chief executive. CLAM will also often join other investors in voting for shareholder resolutions which focus on social and environmental issues such as workers' rights or the environmental impact of their activities.

CLAM updated its Engagement Policy in 2020 as a result of the integration of tools and insights delivered by external third-party providers, including Sustainalytics, Institutional Shareholder Services ("ISS") Climate Change Solutions and ISS Pooled Engagement, and to include enhancements to incorporate voting principles. The ISS Pooled Engagement service allows the manager to participate in and initiate collective engagement activities with companies that it is invested in, whilst also allowing the manager to add its voice to engagements with other companies, thus improving governance of companies globally.

Implementation Statement – (continued)**Voting activity (continued)**

The manager uses the proxy advice services of ISS and assesses its guidance and advice in a timely manner so that voting decisions are properly recorded (to the extent possible) before shareholder meetings. The voting principles which they follow are set out in the manager's Engagement Policy. CLAM define a 'significant vote' as one in which they vote against management recommendations.

The Trustee holds equity assets through two regional mandates managed by CLAM. CLAM have reported on how votes were cast in each of these mandates as set out in the table below over the 12-month period to 31 December 2023:

Strategy/Fund name	UK Equity Fund	Global Equity Fund
No. of meetings eligible to vote at during the year	69	109
No. of resolutions eligible to vote on during the year	1322	1747
% of resolutions voted	100%	96%
% of resolutions voted with management	99%	89%
% of resolutions voted against management	1%	11%
% of resolutions abstained	0.2%	0.2%
% of meetings with at least one vote against management	7%	54%

The top three categories that CLAM voted against management for the Global Equity and UK Equity Fund were director elections, board-related and compensation.

CLAM publicly publishes summaries of the number of meetings at which it voted, resolutions and votes for/against/unvoted and provides the reason for votes against management on a given date. Voting information can be found at: [VDS Dashboard \(issgovernance.com\)](https://issgovernance.com).

Engagement activity

CLAM will seek to engage with companies both individually and alongside other investors when it feels that a company's management has not properly addressed ESG risks to their businesses.

Monitoring, dialogue and voting processes occasionally highlight areas of concern to CLAM. If the manager believes a decision or proposal by company management will negatively affect the company's long-term investment potential, the portfolio manager may remove the holding from its portfolios. When the manager deems fit to escalate its activities, it would do so via meetings or conversations between investment managers and company management. Following a meeting, it would monitor the company's response to ensure that steps are taken to address the issues raised.

CLAM participated in 132 engagements during the period. From these, 118 written responses were received, and 72 meetings were held.

Implementation Statement – (continued)

Engagement activity (continued)

Further information on the CLAM annual engagement report, engagement policy, integration of UK Stewardship Code principles in the investment process (including a full record of voting decisions) can be found here:

<https://www.canadalifeassetmanagement.co.uk/responsible-investing/policies-reports/>

Voting and Engagement examples

Over the period, the Fund was invested in two equity and one property fund as well as individual bonds and gilts, and a liquidity fund. The main asset class where the investment manager will have voting rights is equities.

This section provides an overview of the voting and engagement examples to illustrate the stewardship activity carried out in relation the Fund's invested assets. The use of “we” and “our” is from the perspective of the investment manager and not Hymans Robertson LLP.

Collaborative engagement example: Kerry Group

Kerry Group is a global leader in the food industry, with operations across 150 countries and a diverse portfolio of products and ingredients. It has a leading market position with strong financial credit metrics and a long-term track record of performance. Additionally, it's categorised as a climate leader under our internal carbon risk rating, and we identify positive features in its governance.

Like many of its peers operating in the consumer goods sector, Kerry Group faces environmental and social challenges linked to the production and sourcing of raw materials, the impacts of its products on health, and managing waste.

Kerry Group was identified through CLAM's engagement and prioritisation framework under the Water engagement thematic workstream. It had also been identified under various collaborative initiatives. Given this, CLAM focused its efforts on the collaborative workstreams already in train.

CLAM engaged collectively on various topics related to the company's environmental impact. CLAM participated in the Sustainalytics Thematic engagement on 'Feeding the Future', where the company's strategy and targets for responsible sourcing, sustainable nutrition, and responsible consumption and production were discussed. CLAM provided feedback on its reporting and disclosure practices and encouraged it to align with best practice disclosure frameworks for wider environmental factors. CLAM collaborated with other investors in a separate collaborative initiative to understand its climate goal setting strategy, and to better understand its decarbonisation plan, capital expenditure allocation to decarbonisation, use of offsets, and lobbying activities. CLAM will continue to engage to address areas where we believe further progress will support an even more resilient strategy adding our voice to others in the industry to generate appropriate focus, with an aim to protect the company's performance record. To the extent possible, CLAM will seek to engage on its more specific water concerns during 2024.

Equity voting example: Alphabet - Shareholder resolution on governance

In June 2023, Alphabet Inc put forward an advisory (non-binding) shareholder vote to ratify its executive officers' compensation package. The proposed compensation package included:

- a) a triennial equity grant to the CEO valued at \$218m, 40% of which was time-vesting and therefore not linked to performance.
- b) a sustainability component in the annual bonus, but this was not linked to pre-set goals disclosed in advance and was awarded on a discretionary basis by the remuneration committee; and
- c) a long-term incentive plan which switched in 2022 predominantly to time-vested equity, with no rationale given for this change.

Implementation Statement – (continued)

Voting and Engagement examples (continued)

The three elements of the compensation package described above do not meet the requirements that variable pay should be linked to performance, and that shareholders' long-term interests should be protected. Furthermore, notwithstanding the size and profitability of Alphabet, the scale of the CEO equity grant was out of alignment with peers.

CLAM voted against management in accordance with ISS advice and the principles set out in its voting policy.

Equity engagement example: Amedisys - Escalation

Amedisys, a healthcare company listed in the US, in various portfolios including the Global Equity Fund. It's a company that provides a range of solutions, including home health, hospice, and personal care support to patients to live later life at home. On 3 May 2023, the company received a takeover offer from Option Care Health which was to be 100% financed by the acquirer's stock. Management proposed to support the bid.

CLAM's review of the transaction details led to concerns surrounding the timing of the transaction and the valuation of Amedisys. Amedisys' share price had been under pressure reflecting, in part, distortions relating to the pandemic. Those concerns were exacerbated by the fall in valuation of Option Care Health (of circa 15%) upon announcement.

CLAM communicated its concerns formally in writing to the company, making clear to them CLAM's voting intentions. CLAM set out its concerns, requested some supplementary information and made it clear that they did not support the transaction in its current form. This method was selected for its immediacy. This escalated to an in-person meeting with the management team. CLAM reiterated its position and explained that should this proceed to a vote, CLAM would not be supportive, clearly signalling its voting intention, which can be an escalation itself.

The transaction did not go ahead. On 26 June 2023, Amedisys announced that it had received an all-cash takeover offer (at \$101 per share) from United Health. The stock was trading at \$75-\$80 in the days preceding the offer but traded at closer to \$90 following the announcement.

Fixed Income & Real Estate

While equity managers may have more direct influence on the companies they invest in, fixed income managers are also increasingly influential in their ability to encourage positive change. CLAM is a signatory to the UK Money Market Code.

The Trustee recognises that the investment processes of alternative investments such as real estate mean that stewardship may be less applicable or have a less tangible financial benefit. Nonetheless, the Trustee still expects that, in line with the SIP for the relevant period, portfolio managers within the arrangement should engage with external parties should they identify concerns that may be material.

CLAM believe that attention to ESG in the management of real estate reduces project risk, builds social support and generates value. Such risks are assessed through their environmental management system (EMS) which has been established and aligned to the internationally recognised standard. It assists in the development and continual improvement of environmental performance to the benefit of the business, stakeholders and the wider society.

Implementation Statement – (continued)**Fixed Income & Real Estate (continued)**

For the real estate portfolio, CLAM employ a specialist environmental consultant who supported preparing and publishing a detailed Real Estate ESG Policy. Specific detailed engagement case studies were not provided by the manager in relation to fixed income and property, though CLAM publicly disclose quarterly engagement summaries at a firm level, as noted above, and the investment manager confirmed that the themes raised with investee companies are addressed in manager meetings across fixed income and real estate (where applicable).

In Summary

This just follows the format of the rest of the statement. The Trustee notes that the investment manager was able to disclose evidence of voting and engagement activity at a firm level.

The Trustee, along with its investment consultant, has developed a separate Responsible Investment Policy which covers all aspects of Responsible Investment including Stewardship. This policy goes into greater detail than the Stewardship Policy in the SIP.

The Trustee acknowledges that stewardship may be less applicable to certain asset classes and is encouraged that across asset classes, its portfolio managers incorporate responsible investment and ESG considerations in its investment processes.

Employer related investments

The investments of the Fund are invested in accordance with Section 40 of the Pensions Act 1995. Details of any Principal Employer related investments are disclosed in note 18 to the financial statements.