Scottish & Newcastle Pension Plan

Plan Registration Number: 10105163

Trustee's Annual Report and Financial Statements
For the Year Ended 31 October 2024

Contents

Trustee, Principal Employer and Advisers

Trustee:	Scottish & Newcastle Pension Plan Trustee Limited (Company registration number SC183267)
Employer-nominated Trustee Directors:	K Taylor-Welsh S Winstanley M Keene (appointed 15 November 2023)
Member-nominated Trustee Directors:	J Sharpe (resigned 25 June 2024) M Coles – Pensioner J Adamson
Independent Trustee Directors:	J Scriven – Chair M Condron M Graesser
Principal Employer:	Scottish & Newcastle Limited
Actuary:	A Lyon, FFA, Mercer Limited
Investment Adviser:	Isio Group Ltd
Independent Auditor:	RSM UK Audit LLP
Administrator:	Capita Pension Solutions Limited
Covenant Adviser:	Interpath Limited
Longevity Swap Provider:	Aviva plc
Longevity Swap Valuer:	Mercer Limited
Investment Managers:	Aberdeen Standard Investments (Aberdeen Standard) Allianz Global Investors (Allianz) Apollo Global Management, Inc. (Apollo) BlackRock Advisors (UK) Limited (BlackRock) CQS Investment Management Limited (CQS) Aviva plc (Aviva) Highbridge Principal Strategies (Highbridge) Insight Investment Services Limited (Insight) M&G Limited (M&G) Lighthouse Investment Partners (Lighthouse) Prudential Global Investment Management (*appointed 25 February 2025*)

Trustee, Principal Employer and Advisers

AVC Providers:	Clerical Medical Investment Group Utmost Life and Pensions Limited Phoenix Life Assurance Limited Prudential Assurance Company Limited Standard Life Assurance Company
Bank:	National Westminster Bank plc
Legal Adviser:	CMS Cameron McKenna Nabarro Olswang LLP
Contact for further information about the Plan:	J Ireland (Secretary) Scottish & Newcastle Pension Plan Trustee Ltd Janis.ireland@snpensions.co.uk www.snpensions.co.uk
Global Custodian, accounting, and performance measurement:	Bank of New York Mellon (BNYM)

Trustee's Report

The Trustee of the Scottish & Newcastle Pension Plan (the Plan) is pleased to present its report together with the financial statements for the year ended 31 October 2024. The Plan is a defined benefit scheme with a final salary section and a career average salary section called "PensionBuilder", both of which were closed to further accrual on 8 July 2011.

Plan Management

Trustee

The Trustee of the Plan is Scottish & Newcastle Pension Plan Trustee Limited.

The Principal Employer has the power to appoint and remove Employer nominated Trustee Directors and Independent Trustee Directors on the same basis. Member nominated Trustee Directors are nominated by the Plan membership and may only be removed by a unanimous decision of the other Trustee Directors if they cease to be a member of the Plan.

The Trustee Board currently consists of two Member-Nominated Directors, three Employer-Nominated Directors and the remaining Directors are independent, appointed by the Principal Employer. The Trustee is currently in the process of inviting applicants for the vacant MND position following the resignation of James Sharpe on 25 June 2024, with the expectation an appointment will be made during 2025, assuming a suitable candidate is identified. The members of the Trustee Board during the year and since 31 October 2024 are noted on page 2.

The Trustee is responsible for the administration of the Plan and for setting the long-term investment strategy. The implementation of the Trustee's agreed investment strategy, and the selection of investment managers, is delegated to the Investment Committee. The day-to-day management of the investments has been delegated by the Investment Committee to the investment managers and AVC providers listed on pages 2 and 3.

The Investment Committee meets quarterly to discuss reports received from the investment managers and the Plan's investment adviser, and to assess the overall performance of the investments held by the Plan against the long-term strategy. During the year ended 31 October 2024, the Chair of the Investment Committee is Mark Condron, an Independent appointed Director.

During the year ended 31 October 2024, the Plan had in place a Notable Cases Committee, an Investment Committee, a Valuation Committee, a Funding Committee, a Risk Committee and an Audit Committee, each with its own terms of reference. These sub-committees met regularly during the year and reported to the Trustee Board at each meeting. The Trustee Board met formally four times during the year ended 31 October 2024.

The terms of the Articles of Association of Scottish & Newcastle Pension Plan Trustee Limited set out how the company is run and governed and that resolutions of the Trustee are passed on a simple majority of those voting.

Governance and risk management

The Trustee continues to review its objectives in areas such as administration, investment, funding, and communication. A risk register has been implemented which sets out the key risks to which the Plan is subject, the controls in place to mitigate these, combined with the Trustee's objectives for the Plan, to help the Trustee run the Plan efficiently.

Trustee's Report

Internal dispute resolution (IDR) procedure

It is a requirement of the Pensions Act 1995 that all Occupational Pension Schemes must have an IDR procedure in place for dealing with any disputes between the Trustee and the Plan beneficiaries. A dispute resolution procedure has been agreed by the Trustee, details of which can be obtained online at: www.snpensions.com or by writing to the Secretary to the Trustee at the email address shown on page 3.

Trustee knowledge and understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Plan documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective from 6 April 2006, and which was revised and reissued in November 2009. The Trustee complies with these requirements.

Principal Employer

The Plan was provided for all eligible employees of the Principal Employer. The Principal Employer's registered address is Scottish & Newcastle Limited, 3-4 Broadway Park, South Gyle, Edinburgh, EH12 9JZ.

Scottish & Newcastle Limited is the former Scottish & Newcastle plc which was acquired by HEINEKEN NV in 2008; it therefore retains many of the company decision making powers set out in the Plan's rules. HEINEKEN UK is wholly owned by Scottish & Newcastle Limited and was a participating employer in the Plan until March 2018. HEINEKEN NV is the ultimate parent and group holding company and, since the acquisition of Scottish & Newcastle plc by HEINEKEN in 2008, has provided a valuable funding guarantee for the Plan.

The Trustee entered into a Funding Agreement with Scottish & Newcastle Limited in January 2020. This Funding Agreement sets out how the funding target for the Plan will be steadily increased at each actuarial valuation (by reducing the discount rate) until 31 October 2030 and how contributions to the Plan to meet this target will be calculated in this period. The Funding Agreement also sets out how the investment strategy of the Plan will be modified in the period to 31 October 2030; setting out agreed steps to reduce the investment risk taken over time with the pace of this de-risking dependent on the likelihood of the Plan meeting the agreed funding target by 31 October 2030.

Financial development

The financial statements on pages 28 to 53 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995.

Deficit funding contributions of £nil million were receivable in the year (2023: £27.5 million) in accordance with the Schedule of Contributions agreed with the Principal Employer as part of the 2021 triennial actuarial valuation. At the time the valuation was agreed, the recovery plan was expected to eliminate the shortfall resulting from the triennial valuation as at 31 October 2021 by 30 April 2022. Under the terms of the Schedule of Contributions, further contributions were payable until 31 May 2023 and additional contingent contributions may be payable to the plan between 1 June 2023 and 30 October 2030, contingent on the terms set out in the Funding Agreement dated 28 January 2020 (as amended) between the Principal Employer and the Trustees. No contingent contributions were payable in the year ending 31 October 2024 (2023: £nil). The requirements of the latest Schedule of Contributions are set out on page 34. The Plan's Schedule of Contributions will be reviewed and may be revised as part of the 31 October 2024 actuarial valuation.

Trustee's Report

Financial development (continued)

During the year, net withdrawals from dealing with members were £155.2 million compared to £133.8 million for the prior year. Net returns on investments show an overall net gain of £185.8 million (2023: net loss of £163.9 million) primarily as a result of a change in market value gain of £177.2 million (2023: loss of £201.1million). As a result, the value of the fund increased from **£2,080.5 million** at 31 October 2023 to **£2,111.1 million** at 31 October 2024.

Capita Cyber Incident

As reported in last year's financial statements, Capita Pensions Solutions Limited (Capita) experienced a cyber incident on or around 22 March 2023, before being interrupted by Capita on 31 March 2023.

The Trustee was notified by Capita on 18 May 2023; 28 June 2023; and 27 March 2024 that personal data which Capita processes on behalf of the Trustee has been part of the data exfiltrated as a result of the cyber incident. The Trustee has taken action to comply with its regulatory obligations, including informing relevant regulators and communicating with affected members.

Capita has taken extensive steps to recover and secure the data contained within the impacted servers and Capita has advised the Trustee that all of their systems are now safe and secure. Capita has advised that they have had third party experts engaged since the earliest days of this incident and they still have not found any evidence that data about members is or has been available for sale as a result of this incident. Capita are continuing to carry out these checks on an ongoing basis.

GMP equalisation

On 26 October 2018, the High Court ruled that schemes which contracted-out of the State scheme on a Guaranteed Minimum Pension (GMP) basis prior to 5 April 1997 must take action to treat men and women equally in relation to the GMP built up for service between 17 May 1990 and 5 April 1997. Following the ruling, it was expected that the Trustee would be required to modify benefits under the Plan, for this period of service.

During the year ended 31 October 2023, the Trustee completed its GMP equalisation exercise with respect to the 2018 High Court judgement, and in January 2024 arrears of pension payments of £7.5m were paid to affected members. The provision of £7,499,000 included in the 2023 financial statements has been fully utilised as a result and no further provision is deemed necessary.

The Trustee has completed the second and third phases of its GMP equalisation exercise, with affected members receiving £0.6m in June 2024 (phase 2) followed by a payment of £0.15m in September 2024 (phase 3). These second and third phase payments are reflected in the financial statements for the year ended 31 October 2024, within pensions (note 6).

Following on from the High Court's 2018 judgment, a further High Court ruling on 20 November 2020 has provided clarification on certain obligations for trustees. This judgment focused on the GMP treatment of historic transfers out of members' benefits; an issue which had not been addressed in the 2018 ruling. Under this ruling, trustees are required to review historic transfer values paid from May 1990 to assess if any top up payment is required to be paid, to reflect members' rights to equalised GMP benefits.

An initial broad estimate of the financial impact of the 2020 High Court ruling has indicated that the additional liability of £1.5m is not material and, consequently, the Trustee has concluded that no additional reserve needs to be made at this time.

Trustee's Report

Membership

The membership movements of the Plan for the year are given below:

	Deferred	Pensioners	Suspended Pensioners[1]	Total
At 1 November 2023	**12,841**	**18,582**	**286**	**31,709**
Adjustment to membership records	**1**	**-**	**(1)**	**-**
Retirements	**(642)**	**642**	**-**	**-**
Suspended pensioners[1]	**-**	**(176)**	**176**	**-**
Reinstated pensioners[2]	**-**	**14**	**(14)**	**-**
Deaths	**(30)**	**(634)**	**(120)**	**(784)**
Transfers out	**(24)**	**-**	**-**	**(24)**
Spouses and dependants	**-**	**287**	**-**	**287**
Ineligible	**(3)**	**-**	**-**	**(3)**
Pensions commuted for cash	**(105)**	**(110)**	**-**	**(215)**
No entitlement	**(11)**	**-**	**-**	**(11)**
At 31 October 2024	**12,027**	**18,605**	**327**	**30,959**

[1] Pensioners are suspended where the Plan has been unable to trace the member or where a payment has been returned.

[2] Reinstated pensioners relate to suspended pensioners who are subsequently reinstated upon verification.

Pensioners include individuals receiving a pension upon the death of their spouse. At the year end, there were 976 deferred members (2023: 1,029) who had passed their normal retirement date and had not notified the Trustee of their benefit choice.

Included in the pensioners above, as at 31 October 2024, are 72 (2023: 88) members who are in receipt of annuity.

Pension increases

For the year ended 31 October 2024, discretionary awards of 1.9% were applied on 1 November 2024 for benefits accrued pre 6 April 1997. The rate of annual increase on the pension for benefits accrued after 5 April 1997 and all Courage pension in excess of GMP is based on the increase in RPI to July 2024 of 3.6%.

Contributions

As required by the Pensions Act 1995, the Trustee has agreed a Schedule of Contributions with the Employer, which was certified by the Actuary on 1 May 2022. The requirements of this Schedule of Contributions are disclosed in note 4 to the financial statements.

Changes to the Plan Rules

The definitive trust deed dated 11 June 1976 and subsequent amendments were included in a consolidated Trust Deed and Rules dated 29 July 2016. There were no changes to Plan Rules during the year.

Trustee's Report

The General Code of Practice

The Pensions Regulator's (TPR) long-awaited General Code of Practice came into force on 27 March 2024. The code consolidates existing codes of practice into one document, as well as introducing some new requirements for pension schemes.

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

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

Virgin Media Ltd v NTL Pension Trustees II Section 37 Legal Ruling

In June 2023 the High Court found in the Virgin Media case that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate in line with section 37 of the Pensions Schemes Act 1993, and that changes without this certification are to be considered void. This requirement applies to past service rights and future service rights, and to changes to the detriment or benefit of plan members. The Trustee is aware of the matter, is considering it but is not in a position to assess any potential financial impact to the Plan.

Transfer values

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

Going concern

In assessing whether the going concern assumption is appropriate, the Trustee assesses a period of at least 12 months from the date of approval of the financial statements, based on information available at the time of their approval.

The Plan benefits from a Framework Agreement by which Heineken N.V. (HNV) fully underwrites the solvency of the Plan in the event of default by Heineken UK (HUK). Consequently, the Trustee considers both entities in its assessment of going concern.

Investment Matters

Overview

The Trustee, with the assistance of its appointed investment adviser, determines the overall investment strategy for the Plan and sets out the broad policy to be adopted by each of the appointed investment managers. The Trustee obtains approval from HEINEKEN NV for any strategy changes as part of the terms of the company guarantee.

Investment managers

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

The managers' duties include the consideration of environmental, social and governance factors in the selection, retention, and realisation of investments as well as voting and corporate governance in relation to the Plan's assets. The Trustee has reviewed each of the investment managers' policies on these issues.

Longevity swap

In August 2015, the Trustee took the decision to introduce a longevity hedge to reduce the Plan's exposure to longevity risk and entered into an insurance contract with Aviva. This contract provides long term protection for the Plan against the costs associated with increases in the life expectancy of certain existing pensioner members (and is called a Longevity Swap).

This contract represents an investment of the Plan and does not change the relationship with Scottish & Newcastle Limited or HEINEKEN NV, which will continue to support the Plan. It has no impact on members' benefits and all current and future pensioners (and their dependants) will receive their pension from the Plan as normal.

The longevity swap contract shows a negative value of £79,956,000 at 31 October 2024, compared to a negative value of £81,402,000 at 31 October 2023 (note 15), reflecting a higher mortality rate than expected in the period since the inception of the contract.

The total collateral posted to Aviva is included in the Insight valuation shown in these financial statements. The longevity swap contract insures the Plan against the additional costs of providing pensions for longer than expected if pensioner members live longer than is currently anticipated. If this does prove to be the case the longevity swap will, over time, have a positive value to the Plan. If this does not prove to be the case the longevity swap will, over time, have a negative value. The value of the swap can go up or down year on year as the actual Plan longevity experience unfolds.

Employer related investments

As at 31 October 2024 and 31 October 2023, the Plan did not hold over 5% invested in employer related investments. The Plan's investments comply with the restrictions prescribed by regulations made under section 40(1) of the Pensions Act 1995.

Trustee's Report

Investment Matters

General

The Investment Governance Group Principles (formerly known as the Myners Principles) codify best practice in investment decision-making. Whilst they are voluntary, pension fund trustees are expected to consider whether they apply to their own fund and report on a 'comply or explain' basis how they have used them.

The Principles emphasise the essentials of investment governance, notably the importance of effective decision-making, clear investment objectives and a focus on the nature of each scheme's liabilities.

The Principles also require that trustees include a statement of the scheme's policy on responsible ownership in the Statement of Investment Principles and report periodically to members on the discharge of these responsibilities. The Trustee considers that its investment policies and their implementation are in keeping with the revised Principles for defined benefit schemes.

The Trustee understands that the primary purpose of the Myners review was to ensure that the Trustee has the right skill set and decision-making structures and also that it has clear objectives for the Plan and an appropriate and well-documented strategy in place for achieving these objectives. In a similar vein, the Trustee knows that it should set explicit goals for the fund managers used by the Plan.

The Trustee has complied with the requirements for setting clear objectives and making strategic asset allocation decisions for the Plan. The Trustee has agreed explicit mandates, appropriate benchmarks and performance targets with each of the investment managers. The Statement of Investment Principles is reviewed regularly and is available to all members on request.

In addition, as part of the Three Year Business Plan, the Trustee Board regularly reviews its training needs and the skills of its members to ensure effective decision-making. Where appropriate, it takes independent expert advice.

Statement of investment principles

The Trustee has produced a Statement of Investment Principles (SIP) in accordance with Section 35 of the Pensions Act 1995. A copy of the SIP is available on request and can be found at:

https://www.snpensions.co.uk/Uploads/Documents/00/00/00/19/DocumentFile_FILE/Statement-of-Investment-Principles.pdf.

The main priority of the Trustee, when considering the investment policy, is to provide adequate security for members' benefits both now and in the longer term.

The SIP contains details of the Plan's benchmark investment strategy, including the target allocation to each sub-asset class and the associated control range. The benchmark and control ranges in the SIP remained unchanged during the year.

Departures from the statement of investment principles

There have been no departures from the SIP during the year and this is considered at each Trustee meeting.

Trustee's Report

Investment Matters

Task Force on Climate-Related Financial Disclosures ("TCFD")

The Financial Stability Board ("FSB") created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks related to climate change.

The Trustee is pleased to release its latest TCFD Report for the scheme year ending 31 October 2024 to highlight the progress against the targets that have been set.

A copy of the report can be viewed and downloaded on the Scottish & Newcastle Pension Plan website:

https://www.snpensions.co.uk/Uploads/Documents/00/00/00/43/DocumentFile_FILE/SNPP-TCFD-Report.pdf

Environmental, social and governance matters

The Department for Work and Pensions is increasing regulation to improve disclosure of financially material risks for pension schemes. This regulatory change recognises environmental, social and governance ("ESG") factors as financially material and schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that schemes detail their policies in their SIP and demonstrate adherence to these policies in the implementation statement. The Trustee of the Scottish & Newcastle Pension Plan produces an implementation statement annually in line with the regulations to demonstrate that it has adhered to its investment principles and its policies for managing financially material considerations, including ESG factors and climate change.

Investment strategy and allocation

The Trustee, on the recommendation of the Investment Committee, has appointed a number of investment managers to manage the assets of the Plan.

During the 12 months to 31 October 2024, the Trustee conducted a review of the Plan's Corporate Bond mandate managed by Insight. Given credit spreads on investment grade corporate bonds were at levels that were tight by historical standards, the Trustee viewed there to be limited upside to the Plan's funding position from any further credit spread tightening, whilst credit spread widening presented a material downside risk. The review determined that asset-backed securities ("ABS") were an attractive asset class due to the much lower credit spread duration of an ABS portfolio versus an investment grade credit portfolio. The Trustee therefore decided to redeem £65m from the Corporate Bond mandate and reduce the credit spread duration of the remaining portfolio to mitigate the downside risks identified. The redemption proceeds were held in a money market fund within the LDI portfolio managed by Insight as at 31 October 2024.

After year end, the Trustee carried out an asset-backed securities ("ABS") manager selection exercise and decided to appoint (PGIM) to manage a pooled mandate. The Trustee allocated £65m to this mandate. In the revised SIP, a new allocation to Liquid Credit has been introduced in the place of Corporate Bonds and corresponds to the combined ongoing target allocation to Corporate Bonds and ABS.

Trustee's Report

Investment Matters

Investment strategy and allocation (continued)

Trustee's Strategic Benchmark Asset Allocation	Current Target Allocation (%)	31 October 2024 Actual Allocation (%)
Liability Driven Investments (LDI)*	33.0	35.5
Corporate Bonds	12.5	11.6
Equities (including currency hedging)**	6.0	6.2
Higher Yielding Credit	15.0	15.2
Private Markets***	23.5	23.1
Long Lease Property	10.0	8.3
Total	**100.0**	**100.0**

* The LDI benchmark allocation is shown as a proportion of the Plan's physical assets and is calculated by taking the total assets across the LDI, Synthetic Equity, Asset-Backed Securities (at Insight) portfolios and cash balances (including the Trustee bank account) and deducting the notional exposure to Synthetic Equity. The Trustee has a hedging target of 100% of liabilities as measured on the Gilts + 1% basis.

** The strategic allocation to equity above (6%) is achieved synthetically and is equivalent to a physical allocation to equity of the same amount, expressed as a percentage of the total market value of Plan assets. The Trustee's objective is to achieve exposure to a Global Equity Index and this is obtained synthetically using a range of permissible derivatives as set out in the Investment Manager Agreement.

*** The Private Markets allocation includes an allowance for an investment in a basket of credit-based Exchange Traded Funds (ETFs) managed by BlackRock. The ETFs are being utilised as a short-term home before capital is then deployed into a BlackRock Diversified Private Debt mandate as required. This process is managed by BlackRock.

The Trustee believes this benchmark allocation has an expected return of 2.55% p.a. in excess of the return on long-dated gilts (of an appropriate duration). The Trustee's objective is currently Gilts + 2.10% p.a. however the illiquid nature of the Private Markets mandates means that it is not possible to rebalance the portfolio to achieve this target level of risk and return. The expected return on the Plan's assets is expected to move back towards Gilts + 2.10% p.a. over time as the illiquid mandates make distributions. The benchmark allocation will be kept under review.

The Investment Committee has some discretion to vary the actual allocation of assets as it feels appropriate having taken advice, given prevailing market conditions. The Investment Committee will review, at least annually, whether it wishes to rebalance the overall asset allocation of the Plan back to these target allocations to reflect market movements.

The Investment Committee made no changes to the Plan's overall benchmark during the year. A summary of portfolio activity by asset class is included under the headings below.

Bonds (including liability driven investments)

During the year, the Plan's strategic allocation to Corporate Bonds has remained at 12.5%. The strategic allocation to LDI has also remained at 33%, which includes the allocation to asset-backed securities funds.

Absolute Return

The Plan has a small legacy position (c£1m) with Lighthouse, the only remaining absolute return fund, with holdings being distributed periodically.

Trustee's Report

Investment Matters

Investment strategy and allocation (continued)

Equities

The strategic allocation to equities has remained at 6% over the year. The exposure is accessed synthetically via derivatives (e.g. total return swaps). Following a period of strong performance, the exposure to equity was reduced by £50m in June 2024 so that the exposure was restored to c.6% of assets.

Higher Yielding Credit

The strategic allocation to Higher Yielding Credit has remained at 15% of total Plan assets during the year under review.

Private Markets

The Plan's strategic benchmark allocation to private markets has remained at 23.5%. Investment managers employed to manage mandates falling under these categories include:

- BlackRock Diversified Private Debt Fund: BlackRock was appointed on 22 April 2021 and the Trustee has committed £250m to the Fund. In order to ensure a low-governance approach, the entire £250m commitment was transferred to BlackRock (from the Insight collateral pool) and invested in a low-risk Exchange Traded Fund credit basket. BlackRock have been given the authority by the Trustee to transfer money from the ETF basket to the Diversified Private Debt Fund (DPD) as and when drawdown events occur. Note that the ETF and the DPD together contribute to the Private Market allocation shown in the strategic allocation in the SIP. It is expected that the allocation to the new DPD mandate will grow as the existing Private Market mandates run off.
- Highbridge Principal Strategies, which manages a mezzanine debt mandate comprised of the Highbridge Offshore Mezzanine Partners II Fund, Highbridge Offshore Mezzanine Partners III Fund and the Highbridge HPS Offshore Mezzanine Partners 2019 Fund.
- M&G, which manages the Plan's allocation to property debt, and which is split between three different funds over a range of vintages.
- Allianz Global Investors, which manages an Infrastructure Debt fund.
- During the year, BlackRock Q-BLK Co-Investment Fund, M&G Real Estate Debt Finance II and M&G Real Estate Debt Finance III wound up and made their final distributions.

Long Lease Property

The Plan's strategic allocation to long lease property has remained at 10.0%. This is managed by Aberdeen Standard.

Other Assets - Insight manages the index-linked gilts held as collateral backing for the longevity swap.

Trustee's Report

Investment Matters

Investment management arrangements

The Trustee has the following policies in relation to the investment management arrangements of the Plan.

How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.	• Other than the mandate with Insight, the Plan's investments are in pooled funds. The Trustee has selected pooled funds which help it to align with the strategic return objective. The Trustee does not take any further action to incentivise investment managers to align with the Trustee's policies as this would not be practical for a pooled fund with other investors. • The Trustee has a segregated arrangement with Insight which allows them to align their strategy with the Trustee's policies. This is reviewed on an ongoing basis. • The Plan's investments in the Lighthouse, BlackRock Alternative Advisors, Highbridge and M&G mandates are subject to a performance related fee.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	• The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements. • The Trustee monitors the investment managers' engagement and voting activity on an annual basis as part of their Environmental, Social and Governance monitoring process. • The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.	• The Trustee reviews the performance of all of the Plan's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. • The Trustee evaluates performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years. Additionally, the Trustee monitors the investment managers' performance over each quarter and since the Plan's initial investment in each mandate.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	• The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
The duration of the Plan's arrangements with the investment managers.	• The duration of the arrangements is considered in the context of the type of fund the Plan invests in. o For closed-ended funds or funds with a lock-in period the Trustee ensures the timeframe of the investment or lock-in is in line with the Trustee objectives and Plan's liquidity requirements. o For open-ended funds, the duration is flexible, and the Trustee will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.

Trustee's Report

Investment Matters

The valuation below is based on the Plan's assets as at 31 October 2024. As the Investment Committee reviews the performance of the Plan's assets on a quarterly basis during each calendar year, the review of performance (page 16) is based on the position at 30 September 2024 (whilst the year end of the Plan is 31 October 2024):

		2024		2023	
		£ million	**%**	**£ million**	**%**
Pooled Investment Vehicles					
BlackRock	Private Equity	-	0.0	0.1	0.0
Aberdeen Standard	Long Lease Property	181.4	8.4	198.1	9.2
BlackRock	Corporate Bonds (ETF basket)	44.5	2.0	82.6	3.9
Lighthouse	Absolute Return (Hedge Fund of Funds)	1.0	0.0	1.3	0.1
Highbridge	Mezzanine Debt	163.4	7.5	198.4	9.1
BlackRock	Private Debt	205.9	9.5	183.2	8.8
M&G	Property Debt	51.6	2.4	67.2	3.1
CQS	Multi-Asset Credit	73.7	3.4	69.8	3.3
Apollo	Semi-Liquid Credit	258.0	11.9	251.2	11.7
Allianz	Infrastructure Debt	40.3	1.9	37.1	1.8
Insight	Asset Backed Securities	1.2	0.1	1.1	0.1
		1,021.0	**47.1**	**1,090.1**	**51.1**
Segregated Mandates					
Insight	LDI	814.1	37.5	697.2	32.5
Insight	Corporate Bonds	254.5	11.7	294.0	13.7
Insight	Synthetic Equity	(0.3)	0.0	(10.0)	(0.5)
Insight	Fee Collateral pool for longevity swap	33.9	1.6	33.1	1.5
		1,102.2	**50.8**	**1,014.3**	**47.2**
Cash & Cash Equivalents					
BNY Mellon	Cash and Managers Cash	45.9	2.1	37.4	1.7
		45.9	2.1	**37.4**	1.7
Total		**2,169.1**	**100.0**	**2,141.8**	**100.0**

Note: mark to market valuation. All valuations supplied by investment managers. The above table does not include the Trustee Bank Account, AVC investments, Longevity Swap or other investment balances. Totals may not sum exactly due to rounding.

Trustee's Report

Investment Matters

Investment performance

Each of the investment managers appointed by the Trustee with an active mandate has been set a specific performance target against an appropriate benchmark.

Over the year to 30 September 2024, (whilst the Plan year end is 31 October 2024, available data is for quarter ends), the total Plan assets returned 9.6% on a net-of-fees basis (this figure has been estimated by Isio based on the underlying data provided by the investment managers). For the year ended 30 September 2024 the long-term performance target was to outperform Gilts by 2.10% p.a. This can also be expressed relative to the Plan's liabilities where the return on the Plan's liabilities is estimated from the benchmark returns from the Liability Driven Investment manager. Over the year to 30 September 2024, the Plan's long-term performance objective returned 9.2%, so the Plan outperformed its target return by 0.4%.

Over the three year period to 30 September 2024, the total Plan assets returned -8.4% p.a. on a net-of-fees basis, with the Plan's long term performance objective returning -5.9% p.a., resulting in an underperformance of 2.5% p.a.

Over the month of October 2024 total Plan assets delivered an estimated return of -1.8% (net of fees, estimated return calculated by Isio) (2023: total Plan assets returned -1.1% over the month of October, net of fees, estimated return calculated by Isio).

Custodial arrangements

Except in relation to the segregated mandates managed by Insight, the custodians of the Plan's investments are appointed by the individual investment managers. For the segregated mandates managed by Insight, the Trustee has appointed BNY as custodian.

All the custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. The investments are held in the name of the Plan.

Capita Pension Solutions Limited operates a client bank account on behalf of the Plan with National Westminster Bank plc.

Basis of investment managers' fees

Investment managers' fees are primarily based upon the market value of the assets under their management and, in some cases, their performance relative to their benchmark. Commissions and fees are also levied on investment transactions.

Further investment disclosures

Further details on the investment strategy, objectives and investment risks are disclosed in note 16 on pages 43 to 50.

Compliance Matters

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

Help and Advice

Contact for Further Information

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

J Ireland (Secretary to the Trustee) at the address shown on page 3.

Related party transactions

The Principal Employer pays the majority of the costs of administering the Plan and recharges the Plan during the year.

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

MoneyHelper

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

Website: https://maps.org.uk/en Email: contact@maps.org.uk

Telephone: 0800 011 3797

Pensions Ombudsman

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

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

Telephone: 0800 917 4487 Early resolution email: helpline@pensions-ombudsman.org.uk

Email: enquiries@pensions-ombudsman.org.uk

Pensions Regulator

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

The Pensions Regulator may be contacted at Telecom House, 125-135 Preston Road, Brighton, BN1 6AF.

Telephone: 0345 600 7060

Pension Tracing

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

The Pension Tracing Service may be contacted at The Pension Service 9, Mail Handling Unit A, Wolverhampton, WV98 1LU. Telephone: 0800 731 0193

Summary of Contributions Payable

During the year ended 31 October 2024, the contributions payable to the Plan by the Employer were as follows:

	2024 £000
Contributions payable under the Schedule of Contributions	
Contributions from the employer:	
Administrative expenses	**2,800**
Contributions payable under the Schedule of Contributions (as reported on by the Plan's Independent Auditor)	**2,800**

The value of contributions received in the year ended 31 October 2024 were in accordance with the Schedule of Contributions in place during the year.

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every appointed 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 pensions in payment and deferred pensions at the valuation date, assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

The most recent actuarial valuation of the Plan was completed with an effective date of 31 October 2021.

A summary of the funding position as at 31 October 2021 showed the following:

	£ million
The value of the technical provisions at that date was:	3,596
The value of the assets at that date was:	3,560*
The shortfall at that date was:	36
Funding level:	99%

*This valuation does not agree to the Net Assets of the Plan as at 31 October 2021 as it includes the valuation of the Annuity Policies held in the name of the Plan (valued at £1.7m) which are not valued in the Plan's accounts on grounds of materiality, but excludes AVC investments of £7.4m and the value of the longevity swap (valued at £(120)m).

The actuarial method used in the calculation of the technical provisions is the Defined Accrued Benefit Method.

Principal actuarial assumptions for valuation as at 31 October 2021*	
Discount interest rate	2.38% p.a.
Future Retail Prices inflation	3.74% p.a.
Future Consumer Prices inflation	3.22% p.a.
Pension increases in payment (LPI 5%)	3.37% p.a.
Mortality	S2PA YoB tables with weightings as follows: - 115%/109% for non-retired males/females - 119%/112% for retired males/females CMI 2020 core projections (sk = 7.5, A = 0) converging to a 1.75% p.a. future improvement for retired and non-retired males and females

* The financial assumptions shown above are the single equivalent weighted average rates. The actual calculations used full yield curves.

Trustee's Report

Report on Actuarial Liabilities

The derivation of these key assumptions is set out below.

Derivation of actuarial assumptions for valuation as at 31 October 2021	
Discount interest rate	Term dependent rates set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date plus an addition of 1.3% per annum.
Future Retail Prices inflation	Term dependent rates derived from the Bank of England fixed interest and index-linked gilt curves at the valuation date with no reduction for inflation risk premium.
Future Consumer Prices inflation	Term dependent rates derived from the assumption for future retail price inflation less an adjustment equal to 1% per annum up to 2030 and an adjustment equal to 0% per annum from 2030 onwards
Pension increases in payment	Derived from the term dependent rates for future price inflation allowing for the caps and floors on pension increases according to the provisions in the Plan's rules.
Mortality	S3PMA YoB tables ("middle" tables for females) with a scaling factor of 115% for male deferred members and 119% for male pensioner members; and S3PFA_M YoB tables with a scaling factor of 109% for female deferred members and 112% for female pensioner members with improvements based on the CMI 2020 model with core parameters (Sk = 7.5, A = 0) and a long-term improvement rate of 1.75% per annum.

The fact that there was a shortfall at the most recent valuation has not affected the pensions paid from the Plan and all members who have retired have received the full amount of their pension. It is worth remembering that a valuation is just a "snap-shot" of the Plan's funding position, and it can change considerably if there are sudden changes in share prices, gilt yields or if Plan members live longer than expected.

The Trustee agreed a recovery plan with the Principal Employer as part of the triennial valuation as at 31 October 2021 to improve the Plan's finances over a period of time, with the aim of being fully funded by 30 April 2022. The Principal Employer also agreed to continue paying previously agreed contributions up to 31 May 2023 and so paid the following amounts:

DATE	**PAYMENTS**
1 November 2021 to 31 December 2021	£7.4m
1 January 2022 to 31 December 2022	£46.0m
1 January 2023 to 31 May 2023	£19.9m

If the Principal Employer goes out of business or decides to stop contributing to the Plan, the Plan may be "wound up" and the Principal Employer could be required to pay additional money to buy all members' benefits from an insurance company. The comparison of the Plan's assets to the cost of buying the benefits from an insurance company is known as the "buy-out position''. A pension scheme's buy-out position will often show a larger shortfall than the standard actuarial valuation as insurers are obliged to take a very cautious view of the future (since they must guarantee to provide the benefits), and they also need to make a profit.

Trustee's Report

Report on Actuarial Liabilities

The actuarial valuation at 31 October 2021 showed that the Plan's assets would not have been enough to buy all members' benefits from an insurance company, as the estimated buy-out position at that date was:

	£ million
Estimated cost of buying benefits with an insurance company:	4,585
Value of assets:	3,560
Buy-out position shortfall:	1,025
Funding level:	78%

This is provided for information only as the Principal Employer is not planning to wind up the Plan.

The next triennial valuation is due to be completed as at 31 October 2024 and is currently in progress.

Funding update

The latest summary of the annual funding position assessed by the Actuary as at 31 October 2023 showed the following:

	£ million
The value of the technical provisions at that date was:	2,240
The value of the assets at that date was:	2,156
The shortfall at that date was:	84
Funding level:	96%

Statement of Trustee's Responsibilities

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 *The Financial Reporting Standard applicable in the UK* and Republic of Ireland, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

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

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it intends either to wind up the Plan, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a trustee's annual report, information about the Plan prescribed by pensions legislation, which it should ensure is consistent with the financial statements it accompanies.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have 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 Plan and to prevent and detect fraud and other irregularities.

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 Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid.

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

Approval of the Trustee's Report

This Trustee's Report was approved by the Trustee of the Scottish & Newcastle Pension Plan and signed on its behalf by:

.... **Date:** 25 March 2025

Trustee Director

.... **Date:** 25 March 2025

Trustee Director

Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the Scottish & Newcastle Pension Plan

Statement about contributions payable under Schedule of Contributions

We have examined the summary of contributions payable to the Scottish & Newcastle Pension Plan on page 18, in respect of the Plan year ended 31 October 2024.

In our opinion the contributions for the Plan year ended 31 October 2024 as reported in the summary of contributions on page 18 and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Actuary on 1 May 2022.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 18 have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of the Trustee and Auditor

As explained more fully on page 22, in the Statement of Trustee's Responsibilities, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions.

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

Use of our statement

This statement is made solely to the Plan's Trustee as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan and the Plan's Trustee as a body, for our audit work, for this statement, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
103 Colmore Row
Birmingham B3 3AG

Date:

Independent Auditor's Report to the Trustee of the Scottish & Newcastle Pension Plan

Opinion

We have audited the financial statements of the Scottish & Newcastle Pension Plan for the year ended 31 October 2024 which comprise the Fund Account, the Statement of Net assets available for Benefits and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 October 2024, 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; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Plan's 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 Plan'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 Plan's Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Plan's 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.

Independent Auditor's Report to the Trustee of the Scottish & Newcastle Pension Plan

Other information (continued)

Our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the 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 the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 22, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Plan'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 Plan 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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted, in accordance with the provisions of laws, and regulations and for the prevention and detection of fraud.

Independent Auditor's Report to the Trustee of the Scottish & Newcastle Pension Plan

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Plan operates in and how the Plan is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates.

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

Use of our report

This report is made solely to the Plan's Trustee as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements 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 Plan'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 Plan and the Plan's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
103 Colmore Row
Birmingham B3 3AG

Date:

Fund Account

For the year ended 31 October 2024

	Note	2024 £000	2023 £000
Contributions and benefits			
Employer contributions	4	**2,800**	30,341
Total contributions		**2,800**	30,341
Benefits paid or payable	5	**(151,163)**	(153,938)
Payments to and on account of leavers	6	**(3,107)**	(5,966)
Administrative expenses	7	**(3,735)**	(4,191)
		(158,005)	(164,095)
Net withdrawals from dealings with members		**(155,205)**	(133,754)
Returns on investments			
Investment income	8	**15,016**	44,467
Change in market value of investments	9	**177,217**	(201,008)
Investment management expenses	12	**(6,442)**	(7,410)
Net returns on investments		**185,791**	(163,951)
Net increase / (decrease) in the fund during the year		**30,586**	(297,705)
Net assets of the Plan at 1 November		**2,080,555**	2,378,260
Net assets of the Plan at 31 October		**2,111,141**	2,080,555

The accompanying notes on pages 30 to 53 form an integral part of these financial statements.

Statement of Net Assets available for Benefits

As at 31 October 2024

	Note	2024 £000	2023 £000
Investment assets:			
Bonds	9	**2,095,160**	2,199,941
Pooled investment vehicles	9 / 11	**1,020,858**	1,090,076
Derivatives	9 / 10	**127,786**	134,376
AVC investments	9 / 14	**5,954**	6,620
Cash and cash equivalents	9	**132,313**	60,001
Other investment balances	9	**12,146**	19,957
		3,394,217	3,510,971
Investment liabilities:			
Derivatives	9 / 10	**(123,167)**	(159,011)
Longevity swap	9 / 13	**(79,956)**	(81,402)
Amounts due under repurchase agreements	9	**(1,096,717)**	(1,203,909)
Other investment balances	9	**(633)**	(672)
		(1,300,473)	(1,444,994)
Total net investments	9	**2,093,744**	2,065,977
Current assets	17	**21,878**	28,770
Current liabilities	18	**(4,481)**	(14,192)
Net assets of the Plan at 31 October		**2,111,141**	2,080,555

The financial statements summarise the transactions of the Plan 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 Plan year. The actuarial position of the Plan, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on pages 19 to 21 of the Trustee's Report and these financial statements should be read in conjunction with this report.

The accompanying notes on pages 30 to 53 form an integral part of these financial statements.

These financial statements were approved by the Trustee on 25 March 2025

Signed on behalf of Scottish and Newcastle Pension Plan Trustee Limited:

Trustee Director **Trustee Director**

Notes to the Financial Statements

1. Basis of preparation

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

The financial statements have been prepared on a going concern basis, which the Trustee believes is appropriate based on their expectations for a 12-month period from the date of approval of these financial statements. The Trustee has not identified any material uncertainty related to going concern that requires disclosure in the financial statements.

2. Identification of the financial statements

The Plan is established as a trust under Scottish Law. The registered address of the Plan is at 3-4 Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ.

3. Accounting policies

The principal accounting policies are set out below:

Accruals concept

The financial statements have been prepared on an accruals basis.

Presentational currency

The Plan's functional currency and presentational currency is pounds Sterling (GBP).

Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction. Assets and liabilities denominated in foreign currency are translated into sterling at the spot exchange rate prevailing at the year end. Gains and losses arising are dealt with as part of the change in market value of investments.

Contributions

Employer deficit funding contributions and contributions for administrative expenses are accounted for on the due dates in accordance with the Schedule of Contributions.

Payments to members

Pensions in payment are recognised in the month to which they relate.

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate.

Notes to the Financial Statements

3. Accounting policies (continued)

Payments to members (continued)

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

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

Expenses

Expenses and investment manager fee rebates are accounted for on an accruals basis, net of recoverable VAT.

Investment income

Interest on cash deposits is accounted for on an accruals basis.

For certain pooled investment vehicles, income is automatically reinvested by the fund and is therefore included within the change in market value. Where income is distributed, the income is accounted for on an accruals basis when the Plan's right to receive the payment is established.

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

Net receipts or payments under swap contracts, representing the difference between the swapped cash flows, are included in investment income on a cash basis.

Income arising from annuity policies is accounted for on an accruals basis and is included in investment income. The pensions paid in respect of which annuities income is received are included in benefits payable.

Interest payable or receivable on repurchase agreements or reverse repurchase agreements is accounted for on an accruals basis and included in investment returns. Other interest payable is accounted for an accruals basis or in accordance with the agreement under which it is payable.

Investments

The changes in investment market values are accounted for in the year in which they arise and comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Investments are included at fair value as described below:

Pooled investment vehicles

Where the pooled investment vehicles which are not quoted on active markets operate under a single swing pricing structure, the fair value is based on the closing price, as advised by the Investment Managers. Where a dual pricing structure is operated, the value is based on the bid prices at the accounting date.

Shares in certain other pooled arrangements have been valued at the latest available net asset value (NAV) determined in accordance with fair value principles, provided by the pooled investment managers.

Notes to the Financial Statements

3. Accounting policies (continued)

Pooled investment vehicles (continued)

Private equity investments are valued at fair value, using the most recent valuations received from the General Partners. For these investments, valuations as at 30 September 2023 have been used, with adjustments for cashflows in the intervening period to 31 October 2023.

General Partners are required by their industry guidelines to perform their valuation in accordance with the International Private Equity and Venture Capital Valuation guidelines.

Longevity swap

The fair value of the longevity swap is based on the expected future cash flows arising under the swap, discounted using market interest rates as at 30 September, taking into account credit risk and liquidity premium appropriate for the circumstances.

Payments and receipts relating to experience adjustments are accounted for as investment purchases or sales. Payments and receipts relating to swap insurance fees are accounted for within investment management expenses.

Bonds

Bonds, which are traded on an active market, are included at their clean prices, which exclude the value of interest accruing from the previous interest payment date to the valuation date. Accrued interest is included in investment income.

Other

The Trustee holds insurance policies that secure pensions payable in respect of certain members. These policies remain assets of the Trustee but after due consideration of current regulations and accounting practice the Trustee has decided that £1.5m valuation of these policies is immaterial and therefore need not be included in the statement of net assets.

the statement of net assets.

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

Derivatives are valued using the following valuation techniques:

- Futures - are valued as the sum of the daily mark-to-market, which is a calculated difference between the settlement prices at the reporting date and the inception date.
- Swaps – current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.
- Forward foreign exchange – the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

Repurchase agreements are accounted for as follows:

- Repurchase agreements – the Plan continues to recognise and value the securities that are delivered out as collateral and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.

Notes to the Financial Statements

3. Accounting policies (continued)

Taxation

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

Estimates

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

Specifically, the longevity swap contract, which insures the Plan against the additional costs of providing pensions for longer than expected if pensioner members live longer than is currently anticipated. If this does prove to be the case the longevity swap will, over time, have a positive value to the Plan. If this does not prove to be the case the longevity swap will, over time, have a negative value. The value of the swap can go up or down year on year as actual Plan longevity experience unfolds. actual Plan longevity experience unfolds.

Other liabilities

Short term borrowings are accounted for in accordance with the loan agreement under which they are arranged and reported within current liabilities. Interest on loan agreements is accounted for on an accruals basis. There were no such short term borrowings during the year or the previous year.

Notes to the Financial Statements

4. Contributions

	2024 £000	2023 £000
Employer contributions		
Deficit funding	**-**	27,541
Administrative expenses	**2,800**	2,800
	2,800	30,341

With effect from 8 July 2011 the Plan was closed to further accrual for existing members. Therefore, only employer contributions are due to be received into the Plan.

A Schedule of Contributions and Recovery Plan was certified on 1 May 2022 which required the following deficit funding contributions for the period to 31 May 2023:

Period	Payable
From 1 May 2022 to 31 December 2022	£3,833,000 per month
From 1 January 2023 to 31 May 2023	£3,975,000 per month

Contributions in respect of administrative expenses relate to fixed amounts of £233,333 per month from April 2022 to cover expenses of the Plan.

As set out in the Schedule of Contributions, additional contingent contributions may be payable to the Plan between 1 June 2023 and 30 October 2030, contingent on the terms set out in the Funding Agreement dated 28 January 2020 (as amended) between the Principal Employer and the Trustees. No contingent contributions were payable in the year ending 31 October 2024 or the previous year.

The Schedule of Contributions also requires the Principal Employer to reimburse the Trustee for the cost of the Pension Protection Fund and Pensions Regulator levies. The levies for the periods from 1 April 2024 to 31 March 2025 of £468,812 and from 1 April 2023 to 31 March 2024 of £616,306 were paid directly by the Principal Employer and are not reflected in these financial statements.

5. Benefits paid or payable

	2024 £000	2023 £000
Pensions	**132,772**	137,658
Commutation of pensions and lump sums on retirement	**17,025**	14,886
Lump sum death benefits	**1,366**	1,175
Taxation where lifetime or annual allowances exceeded	**-**	148
Purchase of annuities	**-**	71
	151,163	153,938

Included within pensions are amounts of £750,000 (2023: £7,500,000) in respect of settlements paid to members following completion of the Plan's GMP equalisation exercise. These additional amounts were payable to members in respect of the 2018 High Court judgement. Further details are included on page 6 of the Trustee's Report and in note 20.

Notes to the Financial Statements

6. Payments to and on account of leavers

	2024 £000	2023 £000
Individual transfers to other schemes	**3,107**	5,966

7. Administrative expenses

	2024 £000	2023 £000
Administration fees	**1,003**	1,511
Trustee Director fees and expenses	**183**	156
Investment consultancy fees	**1,815**	1,817
Actuarial fees	**319**	347
Legal and other professional fees	**335**	280
Audit fees	**79**	79
Pension levies	**1**	1
	3,735	4,191

In addition to the pension levies included above Pension Protection Fund Levies for the periods from 1 April 2024 to 31 March 2025 of £468,812 and from 1 April 2023 to 31 March 2024 of £616,306 were paid directly by the Principal Employer and are therefore not reflected in the financial statements.

8. Investment income

	2024 £000	2023 £000
Annuity income	**111**	150
Income from pooled investment vehicles	**37,076**	33,344
Income from bonds	**44,918**	48,393
Net payments from swaps	**(12,759)**	(30,121)
Interest on cash deposits	**2,413**	2,890
Foreign currency exchange losses	**(256)**	(1,252)
Other investment income	**29**	100
Interest paid or payable on repurchase agreements	**(56,516)**	(8,537)
Interest payable on loan from Heineken NV	**-**	(500)
	15,016	44,467

For the year ended 31 October 2024, interest payable on repurchase agreements is wholly reported above within “interest paid or payable”. The comparative year is unadjusted, where part of interest payable on repurchases agreements (£39m) was reported separately within change in market value.

Notes to the Financial Statements

9. Investments

Reconciliation of net investments

	Value at 1 November 2023 £000	Purchases at cost & derivative payments £000	Sales proceeds & derivative receipts £000	Change in market value £000	Value at 31 October 2024 £000
Bonds	2,199,941	**613,491**	**(805,127)**	**86,855**	**2,095,160**
Pooled investment vehicles	1,090,076	**65,135**	**(170,887)**	**36,534**	**1,020,858**
Derivatives	(24,635)	**42,356**	**(68,538)**	**55,436**	**4,619**
Longevity swap	(81,402)	**4,034**	**-**	**(2,588)**	**(79,956)**
AVC investments	6,620	**-**	**(1,357)**	**691**	**5,954**
	3,190,600	**725,016**	**(1,045,909)**	**176,928**	**3,046,635**
Cash deposits	60,001			**289**	**132,313**
Other investment balances	19,285			**-**	**11,513**
Repurchase agreements	(1,203,909)			**-**	**(1,096,717)**
	2,065,977			**177,217**	**2,093,744**

The change in market value for the pooled investment vehicles includes £15,308,000 (2023: £7,048,000) relating to management fees and net expenses in relation to private equity and other limited liability partnership investments.

Sales of AVC investments of £1,357,000 represent certain member's monies disinvested from their segregated AVC funds, for the specific purpose of settling benefits payable to those members.

Direct transaction costs are included in the cost of purchases and sales proceeds and include costs charged directly to the Plan such as fees, commissions, stamp duty and other fees.

Indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The indirect costs are not separately provided to the Plan.

At the year end, other investment balances include accrued income receivable (net of accrued interest payable on repurchase agreements) of £7,910,000 (2023: £7,073,000), amounts payable to brokers of £1,706,000 (2023: amounts receivable from brokers of £12,884,000) in respect of unsettled trades.

For repurchase agreements, the Plan recognises within these financial statements the value of securities that are delivered out as collateral as at 31 October 2024 of £1,063,910.000 (2023: £1,202,282,000). There is also collateral posted of £29,459,344 (2023: £12,690,845).

Notes to the Financial Statements

9. Investments (continued)

Concentration of investments

The following investments, excluding UK government securities, each account for more than 5% of the Plan's net assets at the year end.

	2024		2023	
	£000	%	£000	%
Apollo Total Return Fund	**256,724**	**12.2**	251,227	12.1
Blackrock Diversified Private Debt ETF	**205,942**	**9.8**	183,245	8.8
Aberdeen Standard - Long Lease Property Fund	**181,364**	**8.6**	198,090	9.5
HPS Offshore Mezzanine Partners 2019	**112,706**	**5.3**	130,010	6.2
Amounts repayable on repurchase agreements:				
Mizuho Intern	**(104,960)**	**(5.0)**	-	-
Standard Life	**181,364**	**8.6**	198,090	9.5
National Australian Bank	**-**	**-**	(114,657)	(5.5)
NatWest Bank	**-**	**-**	(237,090)	(11.4)
Credit Lyonnais	**-**	**-**	(146,348)	(7.0)

10. Derivatives

Objectives and policies

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Plan as follows:

Futures – the Trustee did not want cash held to be "out of the market" and therefore bought exchange traded index-based futures contracts which had any underlying economic value broadly equivalent to cash held.

Swaps – the Trustee's aim is to match as far as possible the Liability Driven Investment (LDI) portfolio of the Scheme's long-term liabilities, in particular in relation to their sensitivities to interest rate movements. Due to the lack of available long dated bonds the Trustee has entered into OTC interest rate swaps during the year that extend the duration of the fixed income portfolio to better match the long-term liabilities of the Scheme.

Forward foreign exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in GBP, a currency hedging programme, using over the counter forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

10. Derivatives (continued)

At the year end, the Plan held the following derivatives:

	2024 Asset £000	2024 Liability £000	2023 Asset £000	2023 Liability £000
Futures	**370**	**(3,653)**	1,077	(719)
Swaps	**126,673**	**(115,054)**	133,275	(151,724)
Forward foreign exchange contracts	**743**	**(4,460)**	24	(6,568)
	127,786	**(123,167)**	134,376	(159,011)

At the year end, the Plan received net collateral of £14,864,000 (2023: pledged net collateral of £30,370,000) in respect of Over The Counter (OTC) swaps, of which £7,397,000 was held in Cash (2023: pledged in cash £597,000) and £7,467,000 was received in Gilts (2023: pledged in gilts £29,773,000).

A summary of the Plan's outstanding derivative contracts is set out as follows:

(i) **Futures**

Type of contract	Expiration	Asset £'000	Liability £'000
Long Gilt (ICF)	Within one year	**-**	**(3,653)**
US Ultra Bond (CBT)	Within one year	**172**	**-**
US 10YR Ultra Future (CBT)	Within one year	**198**	**-**
Total Futures		**370**	**(3,653)**

(ii) **Swaps**

Type of contract	Expiration	Notional principal £'000	Asset £'000	Liability £'000
Equity Index swap	1-5 years	**44**	**2,012**	**-**
			2,012	**-**
Interest Rate swap	1-5 years	**539,193**	**11,719**	**(24,742)**
Interest Rate swap	6-10 years	**15,855**	**312**	**(40)**
Interest Rate swap	11-15 years	**74,828**	**11,982**	**(611)**
Interest Rate swap	21-25 years	**29,428**	**-**	**(11,817)**
Interest Rate swap	26-30 years	**7,250**	**375**	**(484)**
Interest Rate swap	31-35 years	**4,962**	**-**	**(110)**
Interest Rate swap	36-40 years	**12,732**	**-**	**(6,969)**
Interest Rate swap	41-45 years	**5,337**	**2,569**	**-**
			26,957	**(44,773)**

10. Derivatives (continued)

(ii) Swaps

Type of contract	Expiration	Notional principal £'000	Asset £'000	Liability £'000
Inflation swap	1-5 years	**78,710**	**13,512**	**-**
Inflation swap	6-10 years	**191,173**	**49,329**	**(52,876)**
Inflation swap	11-15 years	**167,237**	**16,672**	**(2,211)**
Inflation swap	21-25 years	**8,708**	**2,345**	**-**
Inflation swap	26-30 years	**75,586**	**6,826**	**(415)**
Inflation swap	31-35 years	**61,279**	**6,312**	**(6,737)**
Inflation swap	36-40 years	**67,491**	**2,708**	**(8,009)**
Inflation swap	41-45 years	**4,785**	**-**	**(33)**
			97,704	**(70,281)**
Total Swaps			**126,673**	**(115,054)**

(iii) Forward foreign exchange

Type of contract	Settlement date	Currency Bought £'000	Currency Sold £'000	Asset £'000	Liability £'000
Australian Dollars to GBP	1-3 months	**2,598**	**(5,028)**	**35**	**-**
Canadian Dollars to GBP	1-3 months	**4,361**	**(7,727)**	**45**	**(1)**
Swiss Franc to GBP	1-3 months	**3,401**	**(3,748)**	**18**	**-**
Danish Krone to GBP	1-3 months	**1,273**	**(11,238)**	**-**	**(2)**
Euro to GBP	1-3 months	**11,591**	**(13,743)**	**1**	**(30)**
GBP to Danish Krone	1-3 months	**663**	**(75)**	**1**	**-**
GBP to US Dollar	1-3 months	**32,438**	**(24,869)**	**362**	**-**
Hong Kong Dollar to GBP	1-3 months	**709**	**(7,250)**	**-**	**(17)**
Israeli Sheqel to GBP	1-3 months	**278**	**(1,340)**	**-**	**(1)**
Japanese Yen to GBP	1-3 months	**7,988**	**(1,509,200)**	**249**	**-**
Norwegian Krone to GBP	1-3 months	**203**	**(2,815)**	**4**	**-**
New Zealand Dollar to GBP	1-3 months	**63**	**(133)**	**2**	**-**
Swedish Krona to GBP	1-3 months	**1,137**	**(15,251)**	**26**	**-**
Singapore Dollar to GBP	1-3 months	**509**	**(869)**	**-**	**(2)**
US Dollar to GBP	1-3 months	**189,356**	**(249,091)**	**-**	**(4,407)**
Total Forward foreign exchange				**743**	**(4,460)**

Notes to the Financial Statements

11. Pooled investment vehicles

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

	2024 £000	2023 £000
Absolute Return	**962**	1,310
Higher Yielding Credit	**331,673**	320,987
Private Markets	**461,160**	485,975
Bonds	**44,457**	82,565
Asset Backed Securities	**1,242**	1,149
Long Lease Property	**181,364**	198,090
	1,020,858	1,090,076

12. Investment management expenses

	2024 £000	2023 £000
Administration and management	**1,433**	2,486
Longevity swap insurance fees	**4,942**	4,930
Custodian fees	**373**	368
Investment manager fee rebates	**(306)**	(374)
	6,442	7,410

The longevity swap insurance fees are ongoing fees due to Aviva, based on a percentage of the monthly fixed premium amounts over the term of the agreement. In relation to the longevity swap, fees collateral of £31,935,000 (2023: £31,495,000) has been pledged in the form of index-linked gilts.

The longevity swap insures the Plan against a longer than anticipated life expectancy of those pensioners in receipt of pension payments as at 30 November 2014. The term of the contract therefore depends on the actual life expectancy of the Plan's pensioners at that date.

13. Longevity swap

	2024 £000	2023 £000
Longevity swap	**79,956**	81,402

A bespoke longevity swap was entered into with Aviva in 2015 to insure the Plan against future longevity risk. The fair value of the longevity swap is based on the expected future cash flows arising under the swap discounted using market interest rates. The cashflows are discounted using market-based interest rates, taking into account credit risk and liquidity premium appropriate for the circumstances.

Experience collateral of £83,680,030 (2023: £78,660,000) has been pledged in the form of index-linked gilts. These gilts are included in the Plan's assets.

13. Longevity swap (continued)

The experience collateral valuation provided by the insurer forms the basis of the valuation as at 31 October 2024 and 31 October 2023. The key features of the basis for the experience collateral valuation calculation (as set out in the longevity swap contract) and used for the 30 September 2024 calculation (the value used in these accounts) are set out below:

Element	Collateral method per swap contract
Frequency of calculation	Quarterly, most recent assessment 30 September 2024
Discount rate	Overnight Indexed Swap Rate
Inflation	RPI or CPI swap rates
Demographic assumptions for floating leg (and for assessing the market view of longevity)	Reviewed for the first time in 2020. Revised assumptions adopted: Base mortality: • 90.5% S3PMA_H (males) • 101.3% S3PFA_H (females) Future improvements: • CMI_2018_M; Sk=7.25; "SEG"=0.25%, LTR=1.75% (males) • CMI_2018_F; Sk=7.25; "SEG"=0.35%, LTR=1.50% (females) *Note: SEG parameter is an in-house Aviva adjustment to the CMI model performing a similar function to the 'A' parameter*
Fee collateral	Excluded from the experience collateral calculation (and determined separately for collateral management purposes).

14. AVC investments

The Trustee holds assets which are separately invested from the main fund, in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, for those members who have elected in the past to pay AVCs. Members participating in these arrangements receive an annual statement made up to the relevant renewal date, confirming the amounts held in their account and the movements during the year.

The total amount of additional voluntary contribution investments at the year-end is shown below:

	2024 £000	2023 £000
With-Profits - Prudential Assurance Company	**5,653**	6,318
Unit-Linked - Standard Life Assurance Company	**159**	149
With-Profits - Phoenix Life Assurance Limited	**67**	64
Unit-Linked - Utmost Life and Pensions Limited	**57**	68
With-Profits - Clerical Medical Investment Group	**-**	5
Unit-Linked - Clerical Medical Investment Group	**18**	16
	5,954	6,620

Notes to the Financial Statements

15. Fair value determination

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

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

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

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

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

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

As at 31 October 2024	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Bonds	**-**	**2,095,160**	**-**	**2,095,160**
Pooled investment vehicles	**-**	**-**	**1,020,858**	**1,020,858**
Derivatives	**-**	**-**	**4,619**	**4,619**
Longevity Swap	**-**	**-**	**(79,956)**	**(79,956)**
AVC investments	**-**	**234**	**5,720**	**5,954**
Cash and cash equivalents	**5,772**	**126,541**	**-**	**132,313**
Other investment balances	**5,571**	**-**	**-**	**5,571**
Repurchase agreement	**-**	**(1,090,775)**	**-**	**(1,090,775)**
	11,343	**1,131,160**	**951,241**	**2,093,744**

As at 31 October 2023	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Bonds	-	2,199,941	-	2,199,941
Pooled investment vehicles	-	-	1,090,076	1,090,076
Derivatives	-	-	(24,635)	(24,635)
Longevity Swap	-	-	(81,402)	(81,402)
AVC investments	-	233	6,387	6,620
Cash and cash equivalents	12,535	47,466	-	60,001
Other investment balances	19,285	-	-	19,285
Repurchase agreement	-	(1,203,909)	-	(1,203,909)
	31,820	1,043,731	990,426	2,065,977

Notes to the Financial Statements

16. Investment risk disclosures

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

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

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

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

The Plan has exposure to these risks because of the investments it makes to implement the investment strategy described on pages 11 to 13. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. The Trustee's risk management policy for the Plan is set out in the Statement of Investment Principles. These investment objectives are implemented through the appointment documentation in place with the Plan's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the Plan's exposures to credit and market risks are set out in this note. This does not include AVC investments or other Investment balances as these are not considered significant in relation to the size of the Plan's main assets.

The Trustee's approach to risk management, as advised by the Plan's investment adviser, Isio includes meeting with the Plan's investment managers as necessary. When meeting with the Plan's managers, the Trustee investigates the exposures within each manager's fund, the risk management the manager employs in their fund and ongoing performance. The Trustee also monitors the Plan's allocation to each manager (and hence their subset of risks) on a quarterly basis via the cashflow policy. This is used to monitor the actual allocations versus the SIP and to take action (if required). The Plan's investment adviser also monitors the investment managers on an ongoing basis and reports to the Trustee where required.

Notes to the Financial Statements

16. Investment risk disclosures (continued)

At 31 October 2024 the benchmark asset allocation agreed by the Trustee was as set out in the table below.

Mandate	***Manager***	***%***
Liability Driven Investments*	Insight	**33.0**
Corporate Bonds	Insight	**12.5**
Equities**	Insight	**6.0**
Higher Yielding Credit	CQS/Apollo	**15.0**
Private Markets***	M&G/Allianz/Highbridge/BlackRock	**23.5**
Long Lease Property	Aberdeen Standard	**10.0**
Total		**100**

* The LDI benchmark allocation is shown as a proportion of the Plan's physical assets and is calculated by taking the total assets across the LDI, Synthetic Equity, Asset-Backed Securities (at Insight) portfolios and cash balances (including the Trustee bank account), and deducting the notional exposure to Synthetic Equity. The Trustee has a hedging target of 100% of liabilities as measured on the Gilts + 1% basis.

** The strategic allocation to equity above (6%) is achieved synthetically and is equivalent to a physical allocation to equity of the same amount, expressed as a percentage of the total market value of Plan assets. The Trustee's objective is to achieve exposure to a Global Equity Index and this is obtained synthetically using a range of permissible derivatives as set out in the Investment Manager Agreement.

*** The Private Markets allocation includes an allowance for an investment in a basket of credit-based Exchange Traded Funds (ETFs) managed by BlackRock. The ETFs are being utilised as a short-term home before capital is then deployed into a BlackRock Diversified Private Debt mandate as required. This process is managed by BlackRock.

The actual allocations will vary from the above benchmark weights due to market price movements. The Investment Committee may, from time to time, diverge from this split if, having taken advice, it feels appropriate to do so and invest in other asset classes, provided this divergence remains within the agreed control ranges set out in the Statement of Investment Principles.

16. Investment risk disclosures (continued)

The following tables summarise the extent to which the Plan's various investments (excluding the Trustee bank account, longevity swap, AVC investments and other investment balances, which are not considered significant in relation to the Plan's main assets) held at 31 October 2024 and 31 October 2023 are affected by financial risks:

Segregated Mandates	Direct Credit risk	Direct Currency risk	Direct Interest rate risk	Direct Other Price risk	Value as at 31 October 2024 (£000) *	Value as at 31 October 2023 (£000)
Liability Driven Investments						
Insight LDI						
Conventional Gilt	✓		✓		**634,696**	438,475
Index-Linked Gilt	✓		✓	✓	**1,179,930**	1,436,002
Derivatives - Futures	✓		✓		**-**	-
Corporate Bond	✓		✓		**10,121**	9,701
Repurchase Agreements	✓		✓		**(1,095,358)**	(1,210,925)
Derivatives - RPI Swap	✓		✓	✓	**27,423**	20,929
Derivatives - Vanilla IR Swap	✓		✓		**(17,089)**	(26,348)
Insight Liquidity Fund	✓		✓		**9,030**	6,130
Insight Liquidity Plus Fund	✓		✓		**65,260**	-
Cash	✓				**42**	23,243
Insight Buy & Maintain						
Corporate Bond	✓	✓	✓		**254,500**	290,797
Derivatives - Futures	✓		✓		**-**	-
Derivatives - Vanilla IR Swap	✓		✓		**(727)**	(1,015)
Foreign Forward Contracts	✓	✓	✓		**(1,388)**	(902)
Insight Liquidity Fund	✓		✓		**4,367**	4,088
Cash	✓	✓			**741**	1,058
Insight Synthetic Equity						
Derivatives - Swaps	✓	✓	✓	✓	**2,012**	(4,349)
Foreign Forward Contracts	✓	✓	✓		**(2,329)**	(5,642)
Cash	✓	✓			**30**	
Collateral for Longevity Swap						
Index-Linked Gilt	✓		✓	✓	**33,030**	32,622
Insight Liquidity Fund	✓		✓		**817**	417
Cash	✓				**38**	33
Total segregated mandates					**1,105,146**	1,014,314

* Due to Insight's reporting method, the underlying asset values might not sum to the total valuation.

Risks impacting the longevity swap are disclosed on page 50.

Notes to the Financial Statements

16. Investment risk disclosures (continued)

Pooled investment vehicles	Indirect Credit risk	Indirect Currency risk	Indirect Interest rate risk	Indirect Other Price risk	Value as at 31 October 2024 (£000)	Value as at 31 October 2023 (£000)
Corporate Bonds						
BlackRock Corporate Bonds (ETFs)	✓		✓	✓	**44,467**	82,583
Absolute Return						
Lighthouse	✓	✓	✓	✓	**951**	1,310
Higher Yielding Credit						
CQS Multi Asset Credit	✓	✓	✓	✓	**73,687**	69,761
Apollo Semi-Liquid Credit	✓		✓	✓	**257,986**	251,227
Private Markets						
BlackRock Diversified Private Debt	✓	✓	✓	✓	**205,942**	183,245
M&G Property Debt	✓	✓	✓	✓	**51,614**	67,188
Allianz Infrastructure Debt	✓		✓	✓	**40,262**	37,088
Highbridge Mezzanine debt	✓	✓	✓	✓	**163,351**	198,374
BlackRock Private Equity		✓		✓	**-**	75
Long Lease Property						
Aberdeen Standard Long Lease Property	✓		✓	✓	**181,364**	198,090
Asset Backed Securities						
Insight	✓	✓	✓	✓	**1,241**	1,147
Total pooled investment vehicles					**1,020,865**	1,090,088

Cash and cash equivalents	Credit risk	Currency risk	Interest rate risk	Other price risk	Value as at 31 Oct 2024 (£000)	Value as at 31 Oct 2023 (£000)
Cash	✓	✓	✓		**132,313**	60,001
Total Cash					**132,313**	60,001

Longevity Swap	Credit risk	Currency risk	Interest rate risk	Other price risk	Value as at 31 Oct 2024 (£000)	Value as at 31 Oct 2023 (£000)
Aviva	✓		✓	✓	**(79,956)**	(81,402)
Total Longevity Swap					**(79,956)**	(81,402)

16. Investment risk disclosures (continued)

Credit risk

Direct credit risk:

The Plan invests in pooled investment vehicles and is therefore directly exposed to credit risk.

The Plan's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangement being ring-fenced from the investment manager of the pooled fund, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

Direct credit risk arising on bonds held directly is mitigated by investing predominantly in UK government bonds where the credit risk is minimal.

The Plan invests in the Aberdeen Standard Long Lease Property Fund via a unit-linked long term insurance policy with Standard Life Assurance Limited and is therefore directly exposed to credit risk in relation to the solvency of Standard Life Assurance Limited. The regulatory environment in which Standard Life Assurance Limited operates (including capital requirements), and the Prudential Regulatory Authority's regulatory oversight help mitigate this risk.

Where the Plan's assets are held in cash at custody it is exposed to direct credit risk. This risk is mitigated by holding significant cash balances only for a short period of time. When it is identified that a significant cash balance is being built up, the Plan will organise a sweep facility with its custodian to sweep the cash into a pooled cash vehicle overnight.

The expectation is that any significant cash balances built up as part of distributions from the Plan's private markets holdings (Highbridge, BlackRock Diversified Private Debt, M&G Property Debt, Allianz Infrastructure Debt) will either be used to fund future drawdown requests, be swept into GBP/USD sweep accounts, or moved to the Trustee bank account.

The Plan is also subject to direct credit risk from exposure to the underlying investments within the segregated Insight accounts.

The longevity swap is subject to direct credit risk with Aviva who due to strict regulation (including capital requirements) and oversight from the regulatory authority are deemed to have a very low chance of default. In order to mitigate the unlikely event of default, the longevity swap is collateralised. The assets available for use as collateral are held with Insight.

Government bonds: Credit risk arising on bonds held directly is mitigated by investing in UK government bonds where the credit risk is minimal.

Corporate bonds: Credit risk arising on corporate bonds held directly is mitigated by investing in corporate bonds which are rated at least investment grade. The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch or rated at Baa3 or higher by Moody's.

Pooled investment vehicles: This relates to holdings in Insight's Liquidity Fund and Liquidity Plus Fund. The Plan is therefore directly exposed to direct credit risk in these funds which is mitigated by the underlying assets of the funds being ring-fenced from Insight's wider business and the regulatory environment in which Insight operates.

16. Investment risk disclosures (continued)

Direct credit risk (continued)

The Plan is also subject to indirect credit risk in relation to the instruments held within the Insight Liquidity Fund and the Insight Liquidity Plus Fund. This is mitigated by ensuring cash is held with a diversified range of institutions which are at least investment grade credit rated.

Derivatives: Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter.

- OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Plan is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements. In addition, the risk is also mitigated by the manager ensuring that it transacts with counterparties which are at least investment grade credit rated.
- Credit risk also arises on forward foreign currency contracts. There are no collateral arrangements for these contracts, but all counterparties are required to be at least investment grade.

Repurchase agreements: Credit risk on repurchase agreements is mitigated through collateral arrangements. In addition, the risk is also mitigated by the manager ensuring that it transacts with counterparties which are at least investment grade credit rated.

Indirect credit risk:

Where shown in the tables on pages 45 and 46, the Plan is indirectly exposed to credit risk in relation to the instruments held in the pooled investment vehicles including investments in bonds, over the counter (OTC) derivatives, cash, investments in individual companies and repurchase agreements.

Indirect credit risk arising on non-investment grade bonds held by the Plan's higher yielding credit portfolios is mitigated through diversification of the underlying securities to minimise the impact of default by any one issuer. The Plan is exposed to indirect credit risk through the use of derivatives by the underlying investment managers in these mandates. Again, the credit risk arising depends on whether the derivative is exchange traded or is an over the counter ("OTC") derivative. The credit risk for OTC swaps is reduced by collateral arrangements. Some of these managers may also use forward foreign currency contracts. The credit risk relating to these derivatives is also mitigated by the manager ensuring that they transact with a diversified range of counterparties, each with a high credit rating.

The Trustee manages this exposure to overall credit risk by constructing a diverse portfolio of investments across various asset classes and markets.

Currency risk:

The Plan is exposed to currency risk within the Insight synthetic equity account, to help mitigate this risk, the foreign currency exposure across the MSCI AC World Index is hedged to GBP.

In addition, the Plan's investments in the Lighthouse Absolute Return fund and Highbridge Mezzanine Debt also expose the Plan to indirect currency risk. This exposure is not explicitly hedged as the manager of the absolute return fund may use currency exposures as part of the fund's investment strategy. Currency risk in the BlackRock Diversified Private Debt Fund is hedged back to GBP.

The Plan's investments include £164.3 million in non-sterling denominated pooled funds (2023: £199.8 million), which subjects the Plan to direct currency risk.

16. Investment risk disclosures (continued)

Currency risk: (continued)

As a result, the Plan's US dollar denominated Mezzanine debt allocations with Highbridge, and US dollar denominated exposure to Lighthouse are exposed to the currency movements between GBP and USD.

The Trustee is comfortable with the level of currency risk exposure, mitigated largely by the foreign currency exposure within the Insight synthetic equity account being hedged to GBP.

The longevity swap is not subject to currency risk. The collateralised assets are denominated in sterling.

Interest rate risk:

The Plan is subject to direct interest rate risk within its segregated Insight LDI and Buy & Maintain ("B&M") accounts. The assets are viewed as matching the characteristics of the liabilities. The underlying assets of the segregated Insight accounts are subject to interest rate risk because a proportion of the investments are held in bonds and bond-like instruments (fixed interest gilts, index linked gilts, derivatives, repurchase agreements and cash). The Trustee has set a benchmark of 33% for total investment in liability driven investments. These assets match the characteristics of the liabilities (interest rate and inflation sensitivity). Under this strategy, if interest rates fall (rise), the value of the bonds will rise (fall) to match the increase (fall) in the actuarial value placed on the liabilities arising from a fall (rise) in the discount rate.

The Plan is also exposed to direct interest rate risk on bonds directly held for use as collateral for the Plan's longevity swap.

The value of the longevity swap is determined by the difference in present value of the fixed and floating legs of the swap and is therefore subject to interest rate risk.

Assets held as cash are exposed to direct interest rate risk, as these are held in liquidity funds that hold very short-term fixed income instruments. The Trustee is comfortable with the level of direct interest rate risk in this respect as the cash balance exposed directly to interest rate risk is not expected to be significant.

The Plan has exposure to indirect interest rate risk via the higher yielding credit mandates. The indirect interest rate exposure that these funds have is expected to be low as the growth fixed income assets are positioned by the underlying managers to have a low duration and therefore are expected to have a low sensitivity to interest rates.

Additionally, the absolute return fund may take an active interest rate position in the pooled fund either to achieve excess returns or for efficient portfolio management (for example when taking a currency position on a particular security, but not taking a view on interest rates and so uses a derivative to hedge this risk). This risk is managed within the fund by Lighthouse.

The Trustee is comfortable with this level of exposure as it partially hedges the impact of the interest rate changes on liabilities.

Other price risk:

Indirect other price risk arises principally in relation to the Plan's return seeking assets held within pooled investment vehicles, which include absolute return, private equity, private debt, infrastructure debt, multi-asset credit (which may invest in convertible bonds), semi-liquid credit and property, as well as the segregated Insight equity account. The Plan has a benchmark allocation of 54.5% of investments being held in return-seeking assets as at 31 October 2024.

Notes to the Financial Statements

16. Investment risk disclosures (continued)

Other price risk: (continued)

Some of the underlying instruments in the segregated Insight accounts are subject to other price risk. However, these assets match the characteristics of the liabilities (in terms of inflation sensitivity).

The Trustee is comfortable with the level of risk in these assets as they are used to hedge the impact of interest rate and inflation changes on liabilities. The Trustee manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets within the return seeking assets.

The longevity swap is subject to other price risk (including the disclosures under Longevity risk below). Assets posted as collateral have inflation sensitivity.

Longevity risk:

Life expectancy has increased in recent years and the Trustee has considered how to provide protection for the Plan against what is known as longevity risk. This is the risk that members will live longer than expected and therefore the Plan will pay their pensions for longer.

The Trustee discussed this issue in detail with the Employer after receiving advice from the Plan's advisors, and with the agreement of the Employer, the Trustee entered into a longevity swap contract (in August 2015) with Aviva (previously Friends Life) to mitigate the impact of the longevity risk for the pensioner population. This longevity swap will, therefore, offset the cost of increased life expectancy for existing pensions in payment as at the inception of the contract under the Plan. Conversely, if life expectancy decreases, this will result in payments from the Plan to Aviva.

This transaction was an investment decision and does not affect the pensions that are paid from the Plan. The Plan holds the swap as a Plan asset to meet its liabilities.

Classification of pooled funds

A summary of the Plan's pooled investment vehicles by legal type is shown below:

Mandate	PIV Type
Allianz	Limited Partnership
Apollo	Other - Limited Company
ASI LLP	Unit-linked Insurance Contract
BlackRock DPD	(Scottish) Limited Partnership
BlackRock ETF	Open-ended Investment Company
CQS	Open-ended Investment Company
Highbridge II/III/2019	Limited Partnership
Global ABS Fund	Qualifying Investor Alternative Investment Fund (QIAIF)
High Grade ABS	Open Ended Investment Company (UCITS)
M&G REDF IV/V/SCMLF	Other – Irish S110 Companies
Lighthouse	Open-ended Investment Company
Allianz	Limited Partnership
Apollo	Other - Limited Company

Notes to the Financial Statements

17. Current assets

	2024 £000	2023 £000
Contributions due in respect of: employer	**233**	233
Cash balances	**19,462**	25,803
Pensions paid in advance	**2,056**	2,564
Other debtors	**127**	170
	21,878	28,770

Cash balances held represent the balance in the Plan's administrator's bank account held with National Westminster Bank plc.

Contributions due from the employer as at 31 October 2024 were received after the year end in accordance with the requirements of the Schedule of Contributions.

18. Current liabilities

	2024 £000	2023 £000
Accrued expenses	**2,532**	2,721
Unpaid benefits	**472**	1,599
Other creditors	**1,477**	2,373
GMP equalisation provision	**-**	7,499
	4,481	14,192

In the prior year, the Trustee completed its GMP equalisation exercise with respect to the 2018 High Court judgement, and in January 2024 arrears of pension payments of £7.5m were paid to affected members.

The Trustee has assessed no further provision is required either for the 2018 High Court judgment, nor in respect of the subsequent 2020 High Court ruling regarding historic transfers on the grounds of being immaterial. Further details on GMP equalisation are included in note 22.

19. Related party transactions

The Plan paid pensions in respect of one (2023: one) Trustee company director who is a pensioner of the Plan. These benefits are paid in accordance with the Plan Rules.

Fees and expenses were paid to the three Independent Trustee Directors who served during the year (2023: three), and to two member-nominated Trustee Director who served during the year (2023: two).

Trustee Director fees and expenses, to the value of £182,614 (2023: £156,138) were incurred in the year. As at 31 October 2024, £29,508 was payable and included in accrued expenses (2023: £32,096).

Administrative expenses and custodian fees are paid by HEINEKEN UK Ltd and recharged to the Plan. The total recharge payable in the current financial year, was £4,200,336 (2023: £4,834,855). As at 31 October 2024, £964,714 (2023: £2,720,948) was payable to HEINEKEN UK Ltd and included in accrued expenses.

Notes to the Financial Statements

20. GMP equalisation

As disclosed on page 6 of the Trustee's Report, the High Court ruled on 26 October 2018 that schemes must equalise GMP benefits for men and women for service between 17 May 1990 and 5 April 1997. Following this ruling, the Trustee undertook a GMP equalisation exercise.

In January 2024, arrears of pension payments totaling £7.5m were paid to affected members, as provided for in the prior year financial statements (note 20). During the year ended 31 October 2024, the Trustee completed the second and third phases of the GMP equalisation exercise, with affected members receiving £0.6m in June 2024 and £0.15m in September 2024. These payments are reflected in the financial statements for the current and prior years within pension payments in Note 6. No further provision is deemed necessary by the Trustee in respect of the 2018 ruling.

A further High Court ruling on 20 November 2020 clarified obligations regarding historic transfers out of members' benefits. An initial estimate indicated that the additional liability of £1.5m is not material, and the Trustee has deemed no provision is required at this time.

21. Virgin Media Ltd v NTL Pension Trustees II Section 37 Legal Ruling

As disclosed on page 8 of the Trustee's Report, the High Court ruled in June 2023 in the Virgin Media Ltd v NTL Pension Trustees II case that changes to member benefits in contracted-out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate under section 37 of the Pensions Schemes Act 1993. Changes made without this certification are void. The Trustee is in the process of assessing the impact of this finding on the Plan.

22. Employer-related investments

As at 31 October 2024 and during the year, the Plan held no employer related investments with a value above 5% of the Plan's net assets (2023 – none).

23. Framework Agreement

The Plan benefits from a Framework Agreement by which Heineken N.V. (HNV) fully underwrites the solvency of the Plan in the event of default by Heineken UK (HUK).

24. Capital commitments

The initial value of the commitment to each investment manager, and remaining uncommitted balances at 31 October 2024 (2023 for comparison) are shown below:

Manager	Remaining commitment at 31 October 2024	Remaining commitment at 31 October 2023	Initial Commitment
Highbridge (Fund II)*	$14,858,195	$14,839,520	$110,000,000
	(£11,557,401)	(£12,229,702)	
Highbridge (Fund III)*	$14,148,577	$14,341,464	$115,000,000
	(£11,005,427)	(£11,819,239)	
Highbridge (Fund 2019)*	$31,397,261	$44,670,916	$175,000,000
	(£24,422,263)	(£36,814,666)	
M&G (Senior)*	-	-	£58,000,000
M&G (REDF IV, REDF V)*	£61,661,457	£41,348,925	£100,000,000
Allianz (Fund II)*	£26,547,884	£26,547,884	£80,000,000
BlackRock (DPD Fund)	£57,086,329	£72,706,672	£250,000,000

* Note that funds are outside their investment periods and no further drawdowns are expected.

Highbridge was appointed in 2013 and the Plan committed to invest in its Offshore Mezzanine Partners II Scotland LP Fund and in 2017 the Plan made a commitment to the new vintage Offshore Mezzanine Partners III Scotland LP Fund. In May 2019, the Plan made a commitment of $175m to the new Offshore Mezzanine Partners 2019 LP Fund.

M&G was also appointed in 2013. The Plan committed to invest in three real estate funds managed by M&G: the Senior Commercial Mortgage Loan Fund I, the Real Estate Debt Fund II Feeder LP and the Real Estate Debt Fund III LP (the latter two have now wound up and are not shown in the table above). In November 2017 the Plan made a commitment of £100m to two new vintages of the M&G series, Real Estate Debt Fund IV LP and Real Estate Debt Fund V LP.

Allianz was appointed in November 2017 and the Plan committed to invest in its Infrastructure Debt II LP Fund.

BlackRock was appointed in April 2021 and the Plan made a commitment of £250m to the Diversified Private Debt Fund.

Actuary’s Certification of the Schedule of Contributions

Mercer

CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Name of the Plan	Scottish & Newcastle Pension Plan

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 October 2021 to be met by the end of the period specified in the recovery plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated January 2022.

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

Signature	
Name	Alistair Lyon
Date of signing	1 May 2022
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of employer	Mercer Limited
Address	Quartermile One 15 Lauriston Place Edinburgh EH3 9EN

Implementation Statement – March 2025

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a trustee's fiduciary duty.

Implementation Report

This Implementation Report is to provide evidence that the Plan continues to follow and act on the principles outlined in the Statement of Investment Principles ('SIP').

Over the Plan year to 31 October 2024, there were no updates made to the SIP. The most recent version of the SIP is dated March 2023 and can be accessed here.

The Implementation Report details:

- actions the Trustee has taken to manage financially material risks and implement the key policies in its SIP;
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks;
- the extent to which the Trustee has followed policies on engagement, covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in their investment mandates; and
- voting behaviour covering the reporting year up to 31 October 2024 for and on behalf of the Plan, including the most significant votes cast by the Plan or on its behalf.

Summary of key actions undertaken over the Plan's reporting year

- The Trustee received training on Credit Default Swaps ('CDS') at the February 2024 IC meeting to highlight their potential utility in times of market stress. This would enable the Plan to maintain credit exposure should corporate bonds need to be sold to support the collateral position in the LDI mandate. These were incorporated into the investment guidelines with Insight, who manage the Plan's LDI mandate, to enable faster implementation of CDS if needed.

- In March 2024, the Trustee adopted a formal collateral management framework and agreed a process for meeting collateral calls should these be required. The Trustee agreed to review and stress test this framework on a regular basis, or as soon as possible in the event of significant market movements.

- Following the strong performance of equity markets, the synthetic equity exposure was reduced in June 2024 to c.6% of total assets, bringing the equity exposure back in line with its strategic allocation.

- The Trustee carried out a review of the illiquid mandate and the cashflow policy in October 2024. It was concluded that the cashflow policy remained appropriate.

- Over mid-2024, the Plan reviewed the Corporate Bond mandate in light of relatively tight levels of credit spreads. The Trustee shortened the duration of the mandate in September 2024 to reduce the impact on the funding position were credit spreads to widen. The Trustee also redeemed a portion of the Corporate Bond mandate to redeploy into asset-backed securities ('ABS'), with the manager selection and investment taking place after the Plan's year end.

- The sustainability guidelines for the Corporate Bond mandate were amended in September 2024, seeing the weighted-average carbon intensity ('WACI') fall over time to zero by 2050. The portfolio's future WACI evolution pathway was strengthened from "targets" specified at future dates to "upper limits". In focussing on these carbon factors, other requirements around weighted-average ESG rating versus the Comparator and a minimum proportion of impact investments were removed.

Implementation Statement

This report demonstrates that the Trustee of the Scottish & Newcastle Pension Plan has adhered to its investment principles and its policies for managing financially material considerations, including ESG factors and climate change.

Signed	**Jane Scriven**
Position	**Chair of Trustee**
Date	**March 2025**

Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions
Solvency and mismatching	The change in the value of the assets over time does not keep pace with changes in the value of the liabilities.	The Trustee has developed a suitable long-term investment strategy and assesses the progress of the actual growth of the liabilities relative to the selected investment policy.	The Trustee maintains a segregated LDI portfolio to provide a bespoke interest and inflation hedge that accurately reflects the Plan's liabilities. The LDI mandate is regularly reviewed to capture changes in the Plan's liability profile, with the next review due to be carried out following the conclusion of the 2024 actuarial valuation.
Manager	The Plan's investment managers underperform their performance targets.	The Investment Committee receives quarterly investment performance reporting from their investment advisors to assess how the Plan's investment managers are performing relative to their objectives.	The Trustee made no changes to investment mandates over the twelve months to 31 October 2024 following underperformance of targets. The Trustee received an update from Abrdn on the Long Lease Property Fund at the February 2024 Investment Committee meeting.
Liquidity	The Plan is unable to raise cash when it needs to without incurring excessive costs.	The Plan's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.	The Trustee invests across a wide range of asset classes and managers. A significant proportion of the Plan's assets deal on a daily basis and can be liquidated at short notice should cash be required. The Trustee conducted a full review of the illiquid mandates in October 2024, ultimately opting to retain the current cashflow policy.

Custodian	A custodian defaults or fails in its safekeeping of the Plan's assets leading to a financial loss for the Plan.	The investment managers of the pooled funds in which the Plan invests hold most responsibility. The Investment Committee also monitor the Plan's custodian's activities.	The Trustee received regular statements from the Plan's custodian. Asset values were sense checked monthly against records issued by investment managers.
Concentration	Over-exposure to the performance of a single asset which suffers losses relative to the Plan's liabilities.	The Trustee ensures diversification within and across portfolios. The Investment Committee undertakes regular reviews of the actual split of the pooled investments held, regular assessment of the underlying split of the various pooled funds and the resulting asset split at the total Plan level.	The Trustee reviewed the pooled investments held by the plan on a quarterly basis. Following a period of strong equity performance, the Trustee rebalanced the synthetic equity exposure back to 6% of Plan assets in June 2024. The Trustee made the decision to reallocate 3% of assets to ABS from the Corporate Bond mandate to better protect the Plan were credit spreads to widen. The new mandate was funded after year end.
Collateral	The Plan, or funds within which the Plan invests, fail to meet obligations to provide collateral on derivative transactions.	This is managed by the individual managers where posting of collateral is required. The Investment Committee also monitors the collateral adequacy within the LDI portfolio on a quarterly basis via the reports provided by the Plan's investment adviser.	The collateral adequacy of the assets held in the LDI portfolio was monitored by the investment manager on a regular basis. In March 2024, the Trustee adopted a formal collateral management framework and agreed a process for meeting collateral calls should these be required. CDS were incorporated into the framework to allow credit exposure to be maintained should corporate bonds need to be sold to support the collateral position. The Plan's reduction of the synthetic equity exposure in June 2024 reduced leverage against the LDI collateral pool.
Counterparty	The Plan suffers a financial loss as a result of the failure of a counterparty to meet its obligations to the Plan (or to a fund in which the Plan invests).	The Trustee requires the provision of collateral on a daily basis where possible and uses a number of counterparties to limit the exposures to individual organisations.	The credit-worthiness of the counterparties is monitored by the Plan's managers and the decision to terminate exposure to a counterparty is the responsibility of the manager.

Currency	The Plan suffers a financial loss through exposure to currencies other than sterling.	Overseas assets are diversified across a range of currencies. The developed overseas equity market exposure and fixed income holdings have been fully currency hedged.	The hedging on the synthetic equity exposure was maintained over the twelve months to 31 October 2024. This was achieved using the currency exposure of a proxy index after the mandate switched to an equity index with enhanced ESG characteristics in 2022.
Interest rate and inflation	The Plan suffers a financial loss through exposure to interest rate and inflation risks on its liabilities or through exposure to interest rate and inflation risks on its assets which differ from those on the liabilities.	The Trustee uses LDI to hedge a portion of the interest rate and inflation exposure, reducing the risk as far as practically possible.	The Trustee maintains a segregated LDI portfolio to provide a bespoke interest rate and inflation hedge that accurately reflects the Plan's liabilities to reduce this risk. The LDI mandate is regularly reviewed to capture changes in the Plan's liability profile, with the next review due to be carried out following the conclusion of the 2024 actuarial valuation.
Credit	Default on payments by issuers of corporate bonds and other debt assets which the Plan holds or through reductions in the market values of those assets.	To diversify this risk by investing in a range of credit opportunities. The Trustee appoints investment managers who actively manage this risk and avoid defaults.	The Plan committed to the BlackRock Diversified Private Debt Fund in May 2021. Commitments continue to be drawn and invested in assets diversified across asset class and sector.
Equity	The Plan suffers financial loss through exposure to equity market assets.	The Trustee diversifies the Plan's investments across a number of alternative assets to reduce the reliance on equity markets. Regional diversification is used to reduce exposure to equity market falls in any particular region.	The Plan maintains an allocation managed by Insight that accesses equity exposure synthetically; this is diversified by region.
Property	The Plan suffers financial loss through exposure to property market assets.	The Trustee invests in low-risk property investments with long-term secure tenants and rental streams.	The Plan maintains an allocation to the Abrdn Long Lease Property Fund, which invests in low-risk property investments with long-term secure tenants and rental streams.

Sponsor	The Company is unable to meet the current and potential future contribution requirements of the Plan.	The interaction between the Plan and the Company is assessed and measured by a number of factors, including the credit-worthiness of the Company and the size of the pension liability relative to a number of metrics reflecting the financial strength of the Company.	The Trustee monitored the credit-worthiness of the Company on a quarterly basis.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Plan's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implementation of ESG factors in the investment process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory The Trustee monitors the managers on an ongoing basis.	ESG actions undertaken: • The Trustee has reviewed the ESG policy, climate delegation framework and risk register to ensure that they remain appropriate. • The managers' ESG policies were reviewed and presented to the Investment Committee in a Sustainability Integration Assessment report. • This also contained detailed results of Isio's engagements with investment managers. • The Trustee gathered climate metrics as part of preparing the Plan's 2024 Task Force for Climate-related Disclosures report. • As part of this, the Trustee set a new carbon footprint target after data quality surpassed the Trustee's target level. • The sustainability guidelines for the Corporate Bond mandate were amended to focus on reducing WACI over time. More details of the ESG policy and how it was implemented are presented later in this report.

Stewardship	The Plan's investments lose value over the long term due to poor stewardship of the underlying investments.	The voting rights and engagement with underlying investments are delegated to the Plan's investment managers and monitored by the Trustee.	The Plan does not have equity voting rights as equity exposure is held synthetically. The Sustainability Integration Assessment (delivered to the Investment Committee by the Plan's investment advisor) set out how the investment managers engage with underlying investments and described how the Plan's investment advisor had engaged on the Trustee's behalf to encourage best practice in this area.

Changes to the SIP

The Trustee most recently updated the Plan's SIP in March 2023. There were no updates to the SIP in the Plan year to 31 October 2024.

Implementing the current ESG policy and approach

ESG as a financially material risk

The SIP describes the Plan's policy with regard to ESG factors as a financially material risk. The Investment Committee, on behalf of the Trustee, has established its ESG beliefs to help underpin Trustee decision making. The ESG beliefs are set out in a separate ESG policy document, which describes how the Trustee monitors and engages with the investment managers regarding the ESG polices. The ESG policy was last reviewed in June 2024.

The Trustee's ESG Beliefs

The following areas represent a consensus of ESG beliefs held by the Trustee. These have been grouped into the main areas of ESG focus by the Trustee.

Approach / Framework	1. The Trustee wants to understand how investment managers integrate ESG considerations into their investment process and in their stewardship activities.
Risk Management	2. ESG factors are important for risk management and can be financially material. Managing these risks forms part of the fiduciary duty of the Trustee. 3. The Trustee believes that ESG integration can lead to better risk-adjusted outcomes. 4. The Trustee will consider the ESG values and priority areas of the stakeholders and sponsor. 5. The Trustee recognises that climate change risk poses significant investment risk that could become incrementally more severe over time.
Voting & Engagement	6. ESG factors are relevant to all asset classes and, whether equity or debt investments, managers have a responsibility to engage with companies on ESG issues. 7. The Trustee wants to understand the impact of voting and engagement activity within their investment mandates. 8. The Trustee believes that engaging with managers is more effective to initiate change than divesting and so will seek to communicate key ESG actions to the managers in the first instance.
Reporting & Monitoring	9. ESG factors are dynamic and continually evolving, therefore the Trustee will receive training as required to develop their knowledge. 10. The Trustee will seek to monitor key ESG metrics within their investment portfolio to understand the impact of their investments.
Collaboration	11. Investment managers should be actively engaging and collaborating with other market participants to raise ESG investment standards and facilitate best practices as well as sign up and comply with common codes such as UNPRI, TCFD and Stewardship Code.

In relation to Taskforce for Climate-Related Disclosures ('TCFD') reporting, the Trustee adopted a target in 2022 to increase carbon footprint data coverage to 75% of the total portfolio by 30 June 2024. Reporting as at 30 June 2024 confirmed that this target had been surpassed. The Trustee has now updated its target to achieve a 35% reduction in Carbon Footprint (Scope 1 & 2) (excluding LDI assets) by 2030 from a 2024 baseline, in line with the pathway published by the IPCC to achieve a 1.5°C temperature increase scenario.

Implementing the Current ESG Policy

The below table outlines the areas on which the Plan's investment managers are assessed when evaluating their ESG policies and engagements. The Trustee intends to review the Plan's ESG policies and engagements periodically to ensure they remain fit for purpose.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of voting rights	• The Plan's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental, and corporate governance issues. • The Investment Committee receives information from their investment advisers on the investment managers' approaches to engagement. • The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters at least annually. • The Trustee is provided with a Sustainability Integration Assessment detailing the managers' ESG policies as well as a summary of actions Isio has engaged with managers on. This helps to manage the Plan's exposure to risks relating to Environmental, Social or Governance factors.	• The manager has not acted in accordance with their policies and frameworks. • The manager's policies are not in line with the Trustee's policies in this area.

Sustainability Integration Assessment and engagement with the investment managers

Over the twelve months to 31 October 2024, Isio conducted due diligence on the ESG processes of the Plan's investment managers. The results were reported back to the Investment Committee in the form of a Sustainability Integration Assessment during June 2024.

The due diligence was conducted in line with the Trustee's ESG beliefs and Isio gave each manager a total ESG rating and rated them in each of the following areas:

- Investment Approach
- Risk Management
- Stewardship
- Reporting
- Collaboration

Isio also advised the Trustee on the potential engagement points and engaged on the Trustee's behalf with the investment managers.

A summary of proposed actions for each mandate and the investment manager's progress against prior points of engagement are outlined in the following table.

Manager and Fund	ESG Summary	Proposed Actions this Review	Progress Since Previous Review
Insight Segregated LDI & Synthetic Equity Mandates	Insight demonstrate a strong commitment to ESG principles which is reflected in the increase in both the ESG and Climate score. Insight leverage multiple independent ESG data sources and have a dedicated Responsible Investment team ensuring effective integration.	**Stewardship** – Develop capabilities on sharing stewardship activities, especially those made to enhance ESG factors. **Reporting –** Consider publishing the ESG score for the counterparties within the pooled funds or segregated mandates.	Insight have engaged with the DMO on its proposal for green gilt issuance, specifically on post-issuance impact reporting and the potential for sustainability-linked bond issuance from the UK government. They also provide climate reporting on counterparties as part of regular counterparty risk reporting.

Insight Segregated Corporate Bond Mandate	Insight have integrated enhanced sustainability guidelines into SNPP's segregated portfolio, including specific sector guidelines and decarbonisation targets consistent with achieving net zero by 2050. Insight have integrated ESG analysis into the investment process, meaning ESG considerations contribute to the overall assessment of potential issuers.	**Investment approach –** Consider quantifying more forward-looking ESG objectives, such as KPIs with a target percentage improvement, in the ESG score of assets. **Reporting –** Continue to improve the reported coverage of ESG metrics, particularly GHG emissions reporting, and rely less on estimated data.	Insight have developed a means to model how various climate scenarios may affect the fund's value, publishing the outputs of scenario analysis for their sovereign and corporate holdings. They have also implemented a system to assess the effectiveness of engagements.
Insight Asset-Backed Securities	Insight have a strong firm-wide approach to stewardship and plays a key role as an industry collaborator. However, they are limited by the quantity and quality of data in the ABS market.	**Investment Approach –** Update ESG scorecard annually to maintain best practice. **Risk Management –** Assess the use of 'green' bonds for potential inclusion in the portfolios. **Reporting –** Develop an approach to estimate carbon footprint and include it in ESG reports.	Insight have developed a quantitative scorecard for originators but should consider issuing originators with a proprietary questionnaire with ESG focus.
Apollo Total Return Fund	Apollo have a central ESG team, including a dedicated ESG credit sub-team. ESG considerations are integrated into the Fund's risk management framework and due diligence process.	**Investment Approach –** Develop ESG objectives for the Fund, including formalising an exclusions policy. **Risk Management** - Develop climate scenario analysis for the Fund. **Stewardship –** Establish a stewardship policy and priorities. **Collaboration –** Become a signatory to the 2020 UK Stewardship Code.	Apollo are now able to provide evidence of how the ESG risks identified at the due diligence stage are actively managed through the life of the investment and share record of key engagements.
MCQS Multi Asset Fund	MCQS have a clear firm-wide ESG framework and the Fund itself has several ESG objectives, such as attaining better ESG ratings and lower 'WACI' than a high yield index benchmark and achieving Net Zero by 2050. Proprietary analysis feeds into the investment and risk management processes.	**Risk Management –** Update the risk framework to ensure it remains fit for purpose. **Stewardship** - Increase MCQS engagement with holdings. **Reporting –** Incorporate social and biodiversity metrics into quarterly reporting and improve the coverage of reported / verified greenhouse gas emissions data.	MCQS have formalised their interim decarbonisation target, which covers the Credit Multi-Asset Fund. They are also able to use MSCI's Climate Value at Risk and implied temperature rise tools to assess the potential impact of climate scenarios on the Fund. MCQS have implemented a social stewardship policy for diversity within a company.

Abrdn Long Lease Property Fund	Abrdn have strong ESG resources and comprehensive policies and targets employed within the Fund. However, the nature of direct real estate investing does lead to limitations in terms of Engagement, Voting, and Stewardship	**Investment Approach –** Provide more clarity on social initiatives. **Stewardship –** Provide evidence of active engagement with tenants and suppliers on ESG issues. **Reporting –** Introduce quarterly reporting of ESG metrics. **Collaboration –** Produce fund-specific white papers as to how the Fund's ESG objectives lead to more favourable investment outcomes.	Abrdn have successfully introduced Fund-specific ESG targets and objectives, but do not yet report against these in a regular way.
Allianz Infrastructure Debt Fund	The Allianz Infrastructure Debt Fund made its last investment into illiquid assets in 2019, prior to the formalisation of ESG policy. Nonetheless, aspects of the firm-level ESG framework are reflected within this platform.	**Risk management** - Allianz should provide fund-level case studies of ESG risk management and seek to quantify the impact of climate change on the Fund, such as through climate scenario modelling. **Stewardship** - Look to establish KPIs to determine engagement effectiveness. **Reporting –** Summarise engagement activity and ESG metrics (e.g. carbon emissions, social factors) within regular reporting. Improve the availability and coverage of TCFD metrics.	Allianz were able to supply some TCFD metrics, limited to GHG emissions data for two out of the three assets in the portfolio.
Highbridge Mezzanine Debt Funds	Highbridge have a growing ESG team who have developed a firm-level ESG framework, but we note the lack of its integration within the Mezzanine Partners strategies.	**Risk management –** Establish a strategy to identify and mitigate climate change risks. **Stewardship –** Consider setting a firm-level stewardship policy to feed down into their funds. **Reporting –** Summarise engagement activity and ESG metrics within regular reporting.	A sector specific ESG scorecard has been developed and is used within initial due diligence and ongoing monitoring. Adjustments have been made in late 2023 to the ESG Framework which enhance their approach to climate change and human rights.

M&G Real Estate Debt Funds	While M&G have a firm-wide ESG policy, integration of these polices is limited within these funds. Ongoing engagement and relevant reporting are a challenge, with ESG data difficult due to the nature of the investments; however, M&G are still able to carry out risk assessments and engage on climate related matters. As these Funds are largely deployed, material ESG improvements are unlikely to be made given that integration of ESG factors is typically part of the initial due diligence process.	**Risk management -** Model various climate scenarios including physical risks. **Stewardship -** Set fund-specific stewardship priorities with clear engagement objectives. **Reporting -** Improve data coverage, reporting metrics, and regularity of reporting.	There has been no progress against these actions.
Lighthouse Absolute Return Funds	The Plan is currently disinvesting from the Lighthouse absolute return funds. Given the Plan's small residual value invested with Lighthouse, a review of the manager's ESG capabilities has not been undertaken.		
BlackRock Private Equity	The BlackRock Private Equity fund wound up in June 2024. Given the Plan's small residual value invested in this fund at that time, a review of the manager's ESG capabilities has not been undertaken.		
BlackRock iShares GBP Ultrashort Bond and BlackRock iShares Global High Yield Corporate Bond	The Plan's allocation to these vehicles is not considered long term as this will reduce over time as capital is called into the BlackRock Diversified Private Debt Fund. Therefore, a review of ESG capabilities has not been undertaken.		
BlackRock Diversified Private Debt Fund	BlackRock have made minor improvements to their ESG framework, but the Fund itself does not have a specific impact focus due to the nature of the private debt asset classes it is primarily invested in.	**Investment Approach -** Produce a quantitative scorecard tailored to real estate debt. **Stewardship –** Demonstrate examples of recent fund-level engagement in line with stewardship priorities, improve engagement coverage. **Reporting -** Improve fund-level coverage of GHG emissions.	BlackRock are yet to create ESG-specific objectives in terms of both investment approach and engagement. However, discussions are ongoing as to how to develop the interaction between the fixed income team and the ESG team in efforts to rectify this.

Engagement

As the Plan invests via fund managers, the managers provided details on their engagement activity including a summary of the engagements by category for the 12 months to 31 October 2024.

Fund name	Engagement summary	Commentary
Insight Segregated LDI Mandate	Total engagements: 72 Environmental: 13 Social: 16 Governance: 7 Other: 61 Note: Data covers the period Q4 2023 to Q3 2024.	Insight proactively engages with counterparties based on different factors including climate change, accounting, financial and impact bond issues. ESG factors also can also drive engagement where analysts believe them to have financial relevance.
Insight Segregated Synthetic Equity Mandate	Insight have not provided a breakdown of their engagement activity for this mandate.	Please see above.
Insight Asset-Backed Securities	There were a total of c.25 engagements across both the High Grade and Global ABS Funds. Note: Data covers the period Q4 2023 to Q3 2024.	Stewardship analysts are responsible for setting the engagement strategies. On an annual basis Insight identifies key ESG themes and highest priority issuers. A key stewardship focus for ABS is to improve disclosures and data from issuers to enable Insight to assess ESG performance. An example of a significant engagement includes: **Angle Auto (PANO) -** Insight is engaging with issuers within the auto lending sector of the ABS market to promote the inclusion of carbon metrics within initial documentation. Insight has raised the issue of data provision with the originator, who accepted the increasing importance of reporting transparency. PANO has agreed to build on required ESG and carbon metrics in their reporting. Insight is due to follow up in 2025 to monitor progress on these disclosures.

Insight Segregated Corporate Bond Mandate	Total engagements: 85 Environmental: 34 Social: 19 Governance: 11 Other: 178 Note: Data covers the period Q4 2023 to Q3 2024.	Insight have engaged with a variety of issuers in relation to the mandate, including discussions focused on relevant ESG issues. Insight measure the effectiveness of engagements through monitoring the issuer response rate. Examples of significant engagements include: **Heathrow Funding Ltd –** Insight have previously engaged with the issuer in 2022 to better understand its decarbonisation strategy, and found they were unaware of the Carbon Disclosure Project ('CDP'). Since then, the issuer has started reporting to CDP, and now has decarbonisation targets approved by the Science-Based Targets initiative (STBi), which is especially pertinent due to the materiality of the airlines industry to carbon emissions. The issuer commits to reduce scope 1, 2, and 3 GHG emissions by 46.2% by 2030, using 2019 as a base year, and Insight will continue to monitor the trajectory of the airport's progress. **NatWest Group Plc –** Insight have noted that the issuer maintains a leading position in financing environmental impact, but has had several governance controversies, including the recent departure of its CEO due to the de-banking scandal. The issuer's leadership position in climate strategy is now contingent on the new CEO's stance on ESG, following a period of strong targets being set by the previous CEO, and reporting of financed emissions and strong fossil fuel financing policies being introduced. Insight continue to monitor the issuer against the ESG targets set and has issued the counterparty engagement questionnaire in early 2024 to explore these themes in more detail.

Apollo Total Return Fund	Total engagements: 109 Environmental: 90 Social: 77 Governance: 88 Note: Data covers the period Q4 2023 to Q3 2024.	Apollo have a clear due diligence and engagement framework. Apollo's credit team primarily engages with issuers to identify ESG risk and opportunities. To stay on top of ESG developments, Apollo monitors public issuer filings and media reports, attends industry conferences, and reviews ESG data from internal teams and third-party vendors. Where issues are identified, they are raised with management with the goal of driving value or meeting stakeholder needs. Examples of significant engagements include: **Pacific Gas & Electric Company –** Apollo consistently engage with their public market holdings through conferences and larger meetings. Apollo engaged with Pacific Gas & Electric Company twice over the last 12 months to discuss capex spend on renewables, transmissions, electrification, as well as the social aspects around customer affordability. **Integrated Disclosure Project ('IDP') –** Apollo have the role of the inaugural Chair of the ESG IDP. A core part of Apollo's involvement is the distribution of the ESG IDP template, which seeks to provide a standardised format for ESG-related disclosures. Apollo believe that a harmonised approach to ESG may enhance investor ability to identify industry specific ESG risks in their credit portfolios and compare meaningful data across alternative asset managers more consistently. The ESG IDP has been sent to approximately 50 companies over the 12 months to 30 September 2024, with Apollo expecting to receive completed questionnaires or hold engagement calls over the coming months.

MCQS Multi Asset Fund	Total engagements: 103 Environmental: 150 Social: 41 Governance: 75 Other: 114 Note: Data covers the period Q4 2023 to Q3 2024.	MCQS record their engagements in an internal ESG system. This gives portfolio managers access to previous engagements and provides a basis for further, more focused engagements to improve investment outcomes. MCQS have previously implemented an updated framework that offers greater guidance on the engagement process and an improved ability to monitor engagement effectiveness. Examples of significant engagements include: **The Targeted Engagement Programme –** MCQS launched the Private Equity Sponsor Targeted Engagement Programme in Q4 2023 in seeking alignment of corporate level commitments with portfolio company ESG-oriented disclosures and targets. CQS met with Private Equity Sponsors in November 2023 to outline the scope of their engagement and are now providing detailed analysis on the sponsor and related firms. **US Water Infrastructure –** MCQS' portfolio management team identified this operator as a high emissions contributor in the Fund with lacking reporting practices. Following inquiry, the company highlighted their commitment to transitioning volumes from trucking to pipeline, allowing them to avoid excessively high emissions and elevate water reuse targets – which are now a material component of company-wide compensation. MCQS will continue to monitor their progress and will consider upgrading their internal ESG rating if further emissions goals and targets are set.

Abrdn Long Lease Property Fund	Abrdn have not provided a breakdown of their engagement activity. Note: Data covers the period Q1 2023 to Q4 2024.	The Fund invests directly in real estate and most properties are occupied by tenants who have discretion over day-to-day management of the property. Abrdn do look to actively engage with tenants on ESG issues where they can, as detailed by the case studies below, however, Abrdn feel their overall influence as a landlord is limited. Abrdn would like to see greater engagement and further disclosure of data from tenants. **MBNA Campus –** Abrdn collaborated with the tenant to agree and action a comprehensive plan to improve key ESG credentials and EPC ratings. The plan is estimated to save c.2,075 tonnes of CO_2 over 25 years. Progress will be revisited in 2025 where improvements in key metrics are anticipated. **Dalata Hotel Group –** Abrdn encouraged the tenant to redevelop the asset, with a focus on ESG improvements and waste reduction. The final decision not to demolish the building has saved 2,084 tonnes of CO_2 emission, whilst the redevelopment saw the achievement of EPC A and a Very Good BREEAM score. Additionally, the project created 80 local jobs and added 255 rooms to the local stock. Abrdn continues to monitor the progress of the project.
Allianz Infrastructure Debt Fund II	Allianz have not provided a breakdown of their engagement activity	Allianz undertake regular engagements to discuss all issues of relevance to the investment and have classified each meeting retrospectively. They do not separate engagements between 'ESG' and 'non-ESG' matters. There are no key engagement priority areas in place or KPIs to determine engagement effectiveness.
Highbridge Mezzanine Debt Fund II, III and 2019	Total engagements: 59 Environmental: 6 Other ESG Data Collection: 53 Note: Data covers all three Funds together.	Highbridge are looking to develop their capabilities in providing engagement activity on the Mezzanine strategies and are looking to strengthen their engagement activities with portfolio companies. Highbridge identify engagement priority areas for each portfolio company via an industry specific ESG checklist. Fund II is mature and is approaching wind up. An example of significant engagement for a holding in Funds III and 2019 is as follows: **Project Billboard –** HPS have continued to engage with the property sponsor to discuss the Property's energy efficiency and transition planning as it relates to New York City Local Laws, and the Sponsor's climate risk assessment procedures. The HPS Investment Team and ESG Team were satisfied that the Property has taken the necessary steps for compliance with the existing local laws.

M&G Senior Commercial Real Estate Debt Fund	M&G have not provided a breakdown of their engagement activity.	M&G's ability to control and dictate ESG initiatives at the borrower level is somewhat limited as they do not hold a controlling share or any voting control over the investment. Most of M&G's engagement activity is with the sponsor counterparties that they lend capital to. Their ability to influence sponsor activity is highest during the initial negotiations on loan terms and happens at the outset of the investment during this phase, with ongoing engagement actions typically revolving around how the sponsor is adhering to / progressing on the terms agreed upon. The Senior Commercial Mortgage Loan Fund is currently liquidating and has no real estate holdings, and therefore does not have any engagement data to report.
M&G Real Estate Debt Fund IV	Total engagements: 4 Environment: 8 Note: Data covers the period Q4 2023 to Q3 2024.	Please see above. M&G have engaged on four occasions with sponsors to loans held in REDF IV and REDF V and have provided examples relevant to SNPP's commitments in both funds. In one engagement, as part of a discussion of the refurbishment of a vacant office building in London, M&G queried the sponsor's ESG plans for the asset. M&G stated that targeting ESG initiatives would be a positive factor in their analysis of the transaction. The sponsor has confirmed they will target high sustainability standards and aim for a Sustainable Building Certification BREEAM "excellent" rating. Additionally, in 2023 M&G financed a portfolio of hotel properties with a covenant that requires the borrower to commission new EPCs by 2025. If any of the properties are rated 'C' or below, the sponsor must create a strategy to improve the EPC to B within two years. M&G will closely monitor the environmental performance of the portfolio throughout the loan term.
M&G Real Estate Debt Fund V	Please see above.	Please see above. Fund V is outside of its investment period, which limits opportunities for engagement.
Lighthouse Absolute Return Fund Class MOF III	Lighthouse do not provide details of their engagement activity for their absolute return funds.	The Plan is currently disinvesting from the Lighthouse absolute return funds. There is only a small residual value remained invested in the MOF III fund and hence the Trustee has not undertaken a full review of their ESG capabilities. The Lighthouse Group does not current apply an ESG investment policy to any absolute return funds.

BlackRock iShares GBP Ultrashort Bond	Total engagements: 48 Environmental: 23 Social: 22 Governance: 45	At firm-level, BlackRock engage with many companies, informing clients about their engagement and voting policies through various forms of communication. The Investment Stewardship team is responsible for encouraging sound corporate governance practices and encouraging companies to deliver long-term, sustainable growth and returns for clients through engagement and proxy voting.
BlackRock iShares Global High Yield Corporate Bond	Total engagements: 149 Environmental: 41 Social: 49 Governance: 144	Please see above. An example of significant engagement with an issuer in the portfolio includes: **Tesla –** BlackRock were able to vote on multiple management shareholder proposals at the Company's June 2024 AGM. These proposals addressed a range of issues including plans to improve harassment reporting efforts, a non-interference policy, and the election of director James Murdoch. Blackrock voted with management for some resolutions and against management for others. They considered: • Enhanced harassment disclosure framework would help investors better assess risks at the company. Therefore, Blackrock voted for the proposal regarding reporting on harassment and discrimination efforts, against board recommendation. • James Murdoch is a member of the board Nominating and Corporate Governance committee, which could impair the board's integrity as an independent body. Blackrock voted against electing James Murdoch as director, against board recommendation. • Whilst Tesla continues to face material risks in relation to its approach to human capital management, Blackrock's view is that the company already has sufficient policies in place to address the issues raised. Blackrock voted in line with board recommendation against adopting a non-interference policy respecting freedom of association.

BlackRock Diversified Private Debt Fund	BlackRock do not currently provide a full breakdown of their engagement activity for the Diversified Private Debt ('DPD') Fund. However, they have provided case studies related to holdings within the portfolio. These engagements took place over Q3 2023 to Q2 2024.	BlackRock are focusing on engaging with DPD portfolio companies throughout key stages of the investment process. As part of initial due diligence, an ESG scorecard is completed which included a good governance assessment and screens for UNGC violators. This is alongside pricing incentives based on ESG-related disclosures and progress against the setting or fulfilment of ESG KPIs. Examples of significant engagements include: **Project Balance –** BlackRock worked with HH Global – a leading global marketing execution and procurement provider – to incorporate an ESG ratchet mechanism to allow for a margin incentivisation based on the company satisfying specific ESG criteria. As a result, HH Global has set quantitative reduction targets in both the medium term (~50% reduction by 2030) and long term (~90% by 2040) and is currently on track to achieve these targets. The BlackRock team is continuing to monitor their progress and notes that year-on-year reduction is currently exceeding BlackRock's stated objectives. **Project Falcon –** BlackRock engaged with Falcon ('the Company') on their exploration of ESG ratchets and their intention to transition. Since 2021, ongoing engagement by the investment team has ensured a commitment to reducing the Company's emissions in line with the net zero pathway. BlackRock has encouraged the Company to plan for sites in locations with a cleaner energy grid, and, as of 2024, the Company has agreed to include a margin ratchet criterion of achieving an 8% reduction in Scope 1-3 emissions.

Note that the breakdown of engagements by topic may not always sum to the total number of engagements as investment managers may engage on more than one topic at a time.

Voting

Given the Plan does not have any physical equity investments over the year to 31 October 2024 there is no voting data to report.