

# BACB PENSION SCHEME ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

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# BACB PENSION SCHEME

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## TRUSTEES AND ADVISERS

### Principal Employer

British Arab Commercial Bank plc

### Trustees

#### Company Nominated Trustees

C Dunford (resigned 1 December 2022)

C Du Plessis (resigned on 1 February 2022)

L Fitzgerald (appointed 1 February 2022)

#### Independent Trustee

BESTrustees Ltd (Chair of Trustees)

Represented by Andrew Cole

#### Member Nominated Trustees

R Abbott (appointed 1 December 2022)

T Sousa-Jajo (appointed 1 December 2022)

### Secretary to the Trustees

Mercer

### Scheme Actuary

Elaine Wilson FIA

### Independent Auditors

Haines Watts

New Derwent House

69-73 Theobalds Road

London WC1X 8TA

### Scheme Administrators

Mercer

### Investment Consultant

Mercer

### Investment Managers

Blackrock Investment Management (UK) Limited (until October 2022)

Until January 2023:

Columbia Threadneedle Asset Management Limited (formerly known as BMO Global Asset Management - rebranded 4 July 2022)

M&G Investment Management Limited

Schroders Investment Management Limited

Standard Life Investments Limited

Nordea Investment Funds S.A.

From January 2023:

Mobius Life Limited

### Annuity Providers

Aviva plc

Partnership Life Assurance Company Limited

Rothesay Life plc

### AVC providers

The Prudential Assurance Company Limited

The Standard Life Assurance Company

### Bankers

RBS plc

### Solicitors

Burges Salmon LLP (appointed 4 October 2022)

(previously Pinsent Masons LLP)

### Address for enquiries

Human Resources Department

British Arab Commercial Bank Plc

8-10 Mansion House Place

London

EC4N 8BJ

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

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## TRUSTEES' REPORT

The Trustees of the BACB Pension Scheme ("the Scheme") are pleased to present the Trustees' Report and audited financial statements for the year ended 31 December 2022. The main purpose of this report is to provide general information about the Scheme. It is not meant to provide details of the way the Scheme works, nor specific personal data, as such information is contained in the Scheme booklet which is issued to all active members. The financial statements have been prepared and audited in accordance with the regulations made under Section 41 (1) and (6) of the Pensions Act 1995.

The Scheme is governed by the Trust Deed and Rules, the latest version of which is dated 22 December 2008. It is a 'registered pension scheme' for tax purposes and is therefore exempt from UK income and capital gains taxes. Any queries regarding the Scheme should be sent to the address on page 1.

### **Changes to the Scheme**

There have been no changes to the benefit and contribution structure of the Scheme during the year ended 31 December 2022.

### **Appointment and Removal of Trustees and Management of the Scheme**

In accordance with the Trust Deed, Trustees are appointed and may be dismissed by the Principal Employer. The Principal Employer has in place arrangements for at least one-third of the Trustees to be elected by the members and the remainder appointed by the Bank. These arrangements were reviewed in November 2015 and can only be changed with the agreement of the members.

The Trustees meet regularly to discuss the affairs of the Scheme and to deal with discretionary matters regarding benefits such as early retirement and the payment of death benefits. During the year the Trustees met five times.

The Trustees who served during the Scheme year are listed on page 1.

### **Administration**

The administration of the Scheme is carried out by Mercer Limited. Enquiries about the Scheme generally or about an individual's entitlement to benefits should be sent to the address shown at the beginning of this report.

### **Contributions**

In accordance with the Schedule of Contributions certified on 14 December 2020, the Employer will pay an annual contribution of £1,472,004, payable monthly with effect from 1 November 2020 until 30 April 2024. With the exception of miscellaneous expenses, all other administrative expenses are borne by Principal Employer.

### **Additional Voluntary Contributions (AVCs)**

The Scheme has AVC arrangements with The Prudential Assurance Company Limited and The Standard Life Assurance Company.

### **Pension Increases**

In May 2022 the Trustees granted increases of RPI to a max 7.5% on all pensions payable. As RPI in the relevant period was 9%, members received an increase of 7.5%, in line with the Scheme Rules, and with the remaining 1.5% carried forward and will be awarded if RPI is below 7.5% in a future year. Deferred pensions were increased in line with statutory requirements.

### **Transfer Values**

Since 1 October 2008, the Trustees have been responsible for the calculation and verification of cash equivalents and initial cash equivalents in relation to transfer values in accordance with Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008. No discretionary benefits were included in the calculations of transfer values.

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

## TRUSTEES' REPORT (CONTINUED)

### Actuarial Review

The financial statements set out on pages 15 to 25 do not take into account the liabilities to provide pension benefits which fall due after the year end. These liabilities are considered by the Scheme Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Scheme and the level of contributions payable. The most recent triennial valuation was carried out at 31 December 2019.

A summary of the funding position of the Plan at the last valuation, 31 December 2019, and updated as at 31 December 2021 was as follows:

	Actuarial Report 31.12.21 £'000s	Scheme funding valuation 31.12.19 £'000s
Present value of the past service liabilities for:		
Deferred pensioners	39,434	38,438
Pensioners *	53,425	53,144
<b>Total value of liabilities</b>	<b>92,859</b>	<b>91,582</b>
<b>Value of assets</b>	<b>91,154</b>	<b>83,777</b>
<b>Surplus</b>	<b>1,705</b>	<b>7,805</b>
<b>Funding level</b>	<b>98%</b>	<b>91%</b>

*\*includes an allowance of 0.12% of the liabilities for Guaranteed Minimum Pension (GMP) equalisation*

The formal actuarial certificate required by statute to be included in this Annual Report from the Scheme Actuary appears on page 30. In addition, as required by FRS 102, the Trustees have included the Report on Actuarial Liabilities on pages 26 to 27, which forms part of the Trustees' Report. The next actuarial valuation is due as at 31 December 2022 and is currently in progress.

### Financial development of the Scheme

The Fund Account on page 15 shows a net annual withdrawal arising from dealings with members of £2,221,084 (2021: £2,715,750) and a net return on Scheme investments for the year of £ 29,826,935 (2021: £2,618,756). The total net movement in Scheme assets for the year decreased by £ 32,048,019 (2021: increased by £96,994), giving net assets at year end of £59,343,621 (2021: £91,391,640). Further details of the financial development of the Scheme may be found in the audited financial statements on pages 15 to 25.

### Investment strategy and management of the investments

The Trustees have a responsibility for ensuring that the Scheme's assets are properly invested and also that the return is achieved at an acceptable level of risk. The Trustees regularly review the performance being achieved by the investment managers, although the Trustees are not involved in the day to day investment decisions.

At the start of the year, the Scheme's investment assets were held with Blackrock Investment Management (UK) Limited, Columbia Threadneedle Asset Management Limited, Schroders Investment Management Limited, Standard Life Investments Limited, M&G Investment Management Limited and Nordea Investment Funds S.A. Following an investment strategy review, the Trustees, after considering appropriate investment advice, transferred the assets held with Blackrock to Columbia Threadneedle during October 2022. Since the year end, in January 2023, all assets were then transferred to a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius).

The basis of the Trustees' revised strategy is to invest the Scheme's assets across "growth" funds comprising of assets such as diversified growth funds ("DGF") and multi asset credit funds ("MAC"), and "matching" funds comprising of assets such as absolute return bond funds ("ARBF"), corporate bonds, gilts, index-linked gilts and liability driven investment funds ("LDI"). The basis for the amount in growth (32%) and matching (68%) assets are set with regard to the overall required return objective of the Scheme's assets.

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

## TRUSTEES' REPORT (CONTINUED)

### Statement of Investment Principles

The Trustees produced a Statement of Investment Principles as required by section 35 of the Pensions Act 1995, with the latest version being signed after the year end in March 2023. This is reviewed formally every three years to coincide with the Actuarial valuation or other actuarial advice relating to statutory funding requirements, or earlier after any significant change in investment policy. This Statement forms the basis of investment decisions made on behalf of the Scheme and is used to monitor the performance of the investment managers. All investments held by the Scheme during the year were in accordance with the Statement. A copy of the Statement is available from the Trustees at the address on page 5 or on the following website <https://www.bacb.co.uk/uploads/files/BACB-SIP-March-2023>. In addition, the Trustees have invested in bulk annuity policies with Aviva plc, Partnership Life Assurance Company Limited and Rothesay Life plc.

### Custody

During the year, the investment fund holdings were registered in the name of the Trustees, whilst the underlying investments represented by these holdings were held on the managers' behalf by third party custodians. The Trustees appointed Citibank N.A. for Columbia Threadneedle Asset Management, Citigroup for Standard Life Investments Limited, JP Morgan Chase Bank for Schroders, Brown Brother Harriman (Lux) SCA for M&G Investments and J.P. Morgan Bank Luxembourg S.A. for Nordea Investment Funds S.A. to maintain custody over the investments they hold. Since the year end, following the transfer to a Mobius Life platform, their appointment foregoes the need for a custodian.

The Trustees have implemented mandates ensuring that the rights attaching to Scheme investments are acted upon. This includes active voting participation and a requirement to consider social, ethical and environmental issues when forming the Scheme's investment strategy. There were no employer related investments within the meaning of section 40 (2) of the Pensions Act 1995.

### Membership

Details of the membership of the Scheme as at 31 December 2022 are given below:

	2022	2021
<b>PENSIONERS</b>		
Opening balance	154	154
Members retiring during the year	5	2
Deaths	(4)	(3)
New beneficiaries	3	1
<b>PENSIONERS AT THE END OF THE YEAR</b>	<b>158</b>	<b>154</b>
<b>MEMBERS WITH DEFERRED BENEFITS</b>		
Opening balance	101	107
Adjustment	(1)	-
Retirements	(5)	(2)
Transfers out	(2)	(4)
<b>MEMBERS WITH DEFERRED BENEFITS AT THE END OF THE YEAR</b>	<b>93</b>	<b>101</b>
<b>TOTAL MEMBERSHIP</b>	<b>251</b>	<b>255</b>

# BACB PENSION SCHEME

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## TRUSTEES' REPORT (CONTINUED)

### Internal Dispute Resolution (IDR) Procedure

The Trustees have adopted a dispute resolution procedure, a copy of which can be provided on request to the Scheme Administrators.

Any member with a complaint against the Plan or a query about their pension entitlement which they consider has not been satisfactorily addressed can use the "Internal Disputes Resolution Procedure" or, alternatively, they can refer the complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman can be contacted at 10 South Colonnade, Canary Wharf, E14 4PU.

### Further Information

Members are entitled to inspect copies of documents giving information about the Scheme. In some circumstances copies of documents can be provided, but a charge may be made for copies of the trust documents (Deed and Rules) and of the Actuary's report.

Any member with a complaint against the Scheme or a query about their pension entitlement which they consider has not been satisfactorily addressed can use the "Internal Disputes Resolution Procedure" or, alternatively, they can obtain free advice through The Money & Pensions Service (Money Helper) who can be reached at 120 Holborn, London, EC1N 2DT. If a member has a complaint which Money Helper is unable to resolve then they can ask for a ruling from the Pensions Ombudsman who can be reached at 10 South Colonnade, Canary Wharf, London, E14 4PU.

Any query about the Scheme, including requests from individuals for information about their benefits, should be addressed to:

The Trustees of the BACB Pension Scheme care of:

Human Resources Department  
British Arab Commercial Bank Plc  
8-10 Mansion House Place  
London  
EC4N 8BJ

This Trustees' Report was approved by the Trustees on .....07/06/2023..... and signed on their behalf by:

Tauane Sousa-Jajo.....

Trustee

.....

Trustee

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# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

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## STATEMENT OF TRUSTEES' 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 Trustees. Pension Scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

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

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

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

### **Trustees' responsibilities in respect of contributions**

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

The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and to the Members.



# BACB PENSION SCHEME

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## INVESTMENT REPORT

### Performance up to 31 December 2022

Fund Name	1 Year (%)		3 Year (% p.a.)	
	Fund	Benchmark	Fund	Benchmark
Schroders Life Diversified Growth Fund	-11.2	7.1	0.9	7.6
Nordea Diversified Growth Fund	-6.7	4.7	1.8	3.9
Columbia Threadneedle Real Dynamic Fund	-91.8	-94.6	-50.6	-57.9
Standard Life Absolute Return Global Bond Strategies Fund	-6.7	3.9	-2.4	3.1
M&G Total Return Credit Fund	0.1	5.1	3.0	4.3
<b>Total Scheme</b>	<b>-41.0</b>	<b>-44.5</b>	<b>-9.5</b>	<b>-12.1</b>

### Investment Markets

2022 started on a positive note. The continued absence of far-reaching Covid restrictions in developed countries supported demand. Although inflation came in at elevated levels, a combination of improving supply chains and moderate monetary tightening was expected to bring it under control. The invasion of Ukraine and subsequent spike in commodity markets completely changed this narrative, however. Central banks were forced to accelerate the pace of tightening even as growth expectations were dialled down. The recovery in supply chains was nipped in the bud due to the conflict, sanctions on Russia and to a lesser degree China locking down large swathes of its economy again.

The second quarter of 2022 saw a continuation of the broad macro trends seen since the beginning of 2022. Surging commodity prices, to some degree the result of the ongoing conflict in Ukraine and associated sanctions against Russia, alongside the enormous monetary and fiscal stimulus of the last two years led to new multi-decade inflation records. Central banks in the major regions doubled down on monetary tightening as a consequence, resulting in elevated market volatility and a sell-off in pretty much all asset classes except commodities. Growth expectations were dialled down over the quarter, with a growing number of investors seeing a recession as an increasingly plausible scenario. On the brighter side, there was evidence of supply chains gradually beginning to improve.

Inflation and central bank policy continued to drive markets in the third quarter of 2022. Inflation readings in most major regions remained high and rising. Central banks therefore continued to tighten monetary policy and maintained a hawkish outlook, resulting in elevated market volatility. Risk assets rose in July on the back of hopes of inflation peaking and the hiking cycle ending, but these hopes were quashed later in the quarter. Furthermore, markets priced in the increasing risk of a recession resulting from the monetary tightening. Therefore most major asset classes ended the quarter with negative returns. Significant continued weakening in sterling mitigated the drawdown for unhedged UK investors. The conflict in Ukraine added to negative sentiment as Russia stepped up its anti-west rhetoric and further restricted natural gas supplies to Europe which exacerbated pressure on energy prices. Volatility spiked in UK markets at the end of Q3 2022 as an unfunded fiscal budget led to a crisis in government bond markets.

In Q4, developed market central banks continued tightening monetary policy but the pace of tightening began to slow in the US amid an encouraging downwards trend in inflation albeit from high levels. In China, a near total reversal of all Covid-related restrictions were a late year boost to its ailing economy. The narrative of peaking inflation and resilient economic growth drove positive equity returns during October and November, but hawkish messaging from central banks in December led to a premature end of the "Santa rally".

Overall, the 12-month period to December 2022 saw tightening of financial conditions by major central banks, with the notable exception of China and Japan. Inflation remained rampant although tentative signs of a potential peak began to show late in 2022.

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## INVESTMENT REPORT (CONTINUED)

Commodities and the US dollar were among the few asset classes to provide positive returns. Returns for cash, floating rate and gold were flat to slightly negative, compared to the high single digit drawdown for a typical 60/40 portfolio in unhedged sterling terms.

### Equities

On a year-on-year basis to 31 December 2022, Sterling returns for developed market equities were negative, -7.2%. Emerging market equities also posted negative returns. After finishing 2021 with double digit returns, equity markets had a torrid year. Markets sold off for much of 2022 as inflationary pressures, exacerbated by Russia's invasion of Ukraine, accelerated monetary tightening from developed market central banks and heightened recessionary risks. Markets attempted to stage a mini-rally in July 2022 but this proved short lived as the Federal Reserve re-iterated its hawkish outlook for monetary policy. A similar rally took place in October and November following some softer than expected US inflation data but positive momentum came once again to an end in December after major central banks retained their hawkish forward guidance.

### Bonds

On a year-on-year basis to 30 December 2022, UK government bond returns were deeply negative, -23.8%, as were returns for UK corporate bonds, -17.8%. Inflation-linked bonds also performed poorly over the year, -33.6%.

In 2022, inflation pressures in the UK showed little signs of receding until very late in the year. The Bank of England had started its hiking cycle as early as late 2021 and increased rates two more times in Q1 2022, with the base rate reaching 0.75%. By the end of Q2 2022 rates had increased a further 50 basis points to 1.25%. In September 2022, the UK went through a major government bond (gilt) sell-off after the government announced a mini budget that markets deemed fiscally unsound. The 10-year gilt yield soared by over 130 basis points and ended the quarter at over 4%. Markets positioned for the Bank of England having to double down on tightening in order to offset the expansionary mini budget. Soaring yields led to a scramble for collateral by UK pension plans who used leverage for liability hedging strategies. This ultimately led to the Bank of England providing liquidity support at the longer end of the yield curve. However, the Bank of England also continued to raise rates in the third and fourth quarter of 2022, ending the year at a base rate of 3.5%.

UK real yields rose over the year to December 2022, with most of the increase in yields occurring in Q3 2022, in particular September. Market-based measures of inflation, as measured by the 10-year break-even inflation rate fell by 31bps over the year reaching 3.6% as at the end of December 2022 – lower than the 4.6% reached in March 2022.

Both investment grade and high yield credit spreads widened over the year, leading to a negative performance of spread based assets. The negative return impact of rising spreads on credit was further exacerbated by rising rates. Credit performed relatively better than government bonds on a duration adjusted basis, the ICE BofAML Sterling Non-Gilts 15+ year Index outperforming the equivalent government bond index by close to 7%.

### Property

The uncertain macro-economic backdrop worsened in mid-2022 amid concerns about inflation and rising interest rates dampened investor sentiment while borrowing costs began to increase. Transaction activity began to stall as investment decision making was delayed over the summer months. By September valuations began to catch-up, with significant capital value declines recorded across most of the main commercial real estate sectors while residential values remained resilient. The MSCI/AREF UK Quarterly Fund Index posted positive total returns until Q2 2022, but returned -4.3% in Q3 2022. Annual returns for the MSCI/AREF UK Quarterly Fund Index to Q3 2022 remained positive at 10.9%. However, the timelier MSCI UK Monthly All Property Index experienced negative returns following the end of the third quarter, with the 3-month gross total return at -13.6% for November 2022.

### Equity Markets

At a global level, developed markets as measured by the FTSE World index, returned -7.2%. Meanwhile, a return of -6.4% was recorded by the FTSE All World Emerging Markets index. Sterling weakness cushioned the global equity losses for unhedged UK investors by a sizable amount. Unhedged US dollar investors in global equities saw returns of almost -20%.

# BACB PENSION SCHEME

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## INVESTMENT REPORT (CONTINUED)

### Equity Markets (Continued)

At a regional level, European markets returned -7.0% as indicated by the FTSE World Europe ex UK index. At a country level, UK stocks as measured by the FTSE All Share index returned 0.3%. The FTSE USA index returned -9.1% while the FTSE Japan index returned -4.8%. The considerable outperformance of UK equities is attributed to the index's large exposure to oil, gas and basic materials.

Equity market total return figures are in Sterling terms over the 12-month period to 31 December 2022.

### Bonds

UK Government Bonds as measured by the FTSE Gilts All Stocks Index, returned -23.8%, while long dated issues as measured by the corresponding Over 15 Year Index had a return of -40.1% over the year. Yields at the longer end of the nominal yield curve rose less than the shorter end but this was offset by the duration impact on the longer-dated gilt returns. The yield for the FTSE Gilts All Stocks index rose over the year from 1.0% to 3.8% while the Over 15 Year index yield rose from 1.1% to 3.9%.

The FTSE All Stocks Index-Linked Gilts index returned -33.6% with the corresponding over 15-year index exhibiting a return of -46.9%. The combination of falling inflation expectations and increasing nominal yields led to a sharp rise in real yields and underperformance of index-linked gilts relative to nominal gilts given the much longer duration for the former.

Corporate debt as measured by the ICE Bank of America Merrill Lynch Sterling Non-Gilts index returned -17.8%.

Bond market total return figures are in Sterling terms over the 12-month period to 31 December 2022.

### Property

Over 12-month period to 30 September 2022, the MSCI UK All Property Index returned 13.4% in Sterling terms. All three main sectors of the UK Property market recorded positive returns over the period (retail: 7.7%; office: 2.2%; and; industrial 29.6%).

### Commodities

The price of Brent Crude Oil rose 8.3% from \$78.40 to \$84.92 per barrel over the one-year period. Over the same period, the price of Gold decreased 0.6% from \$1822.39 per troy ounce to \$1812.36.

The S&P GSCI Commodity Spot Index returned 22.4% over the one-year period to 31 December 2022 in Sterling terms.

### Currencies

Over the 12-month period to 31 December 2022, Sterling depreciated by 11.2% against the US Dollar from \$1.35 to \$1.20. Sterling appreciated by 1.8% against the Yen from ¥155.97 to ¥158.72. Sterling depreciated against the Euro by 5.4% from €1.19 to €1.13 over the same period.

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

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## SUMMARY OF CONTRIBUTIONS

**Trustees' Summary of Contributions payable under the Schedule in respect of the Scheme year ended 31 December 2022**

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustees. It sets out the employer and member contributions payable to the Scheme under the Schedule of Contribution certified by the Scheme Actuary on 14 December 2020. The Scheme Auditor reports on contributions payable under the schedule in the Auditor's statement about contributions.

<b>Contributions payable under the Schedule in respect of the Scheme year</b>	<b>£</b>
Employer: Deficit funding	1,472,004
<b>Total contributions payable per Note 4 to the financial statements (as reported by the Scheme Auditors)</b>	<b>1,472,004</b>

Signed on behalf of the Trustees on .....07/06/2023.....2023

Tauane Sousa-Jajo  
.....

Trustee

.....

Trustee

# INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE BACB PENSION SCHEME

We have examined the Summary of Contributions to the BACB Pension Scheme in respect of the Scheme year ended 31 December 2022 which is set out in the Trustees' Report on page 10.

In our opinion, contributions for the Scheme year ended 31 December 2022 as reported in the Summary of Contributions and payable under the Schedule of Contributions have, in all material respects, been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 14 December 2020.

## Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions on page 10 have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

## Respective responsibilities of Trustees and the Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

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

## Use of our Report

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



**Haines Watts**  
**Statutory Auditors**  
New Derwent House  
69-73 Theobalds Road  
London WC1X 8TA

Date: 7/6/23

# INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BACB PENSION SCHEME

## Opinion

We have audited the financial statements of the BACB Pension Scheme for the year ended 31 December 2022 which comprise the fund account, the statement of net assets 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Trustees 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 and our Auditors' statement about contributions. The Trustees are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

# INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BACB PENSION SCHEME

## **Other information (continued)**

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement set out on page 6, the Scheme's Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine 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 Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

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

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

Our assessment focused on key laws and regulations the Scheme has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Pensions Act 1995 and United Kingdom Generally Accepted Accounting Practice.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Scheme and how the Scheme is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Scheme's control environment and how the Scheme has applied relevant control procedures, through discussions and sample testing of controls;
- obtaining an understanding of the Scheme's risk assessment process, including the risk of fraud;
- reviewing Trustee meeting minutes throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing the appropriateness of journal entries and other adjustments made.

# INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BACB PENSION SCHEME

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

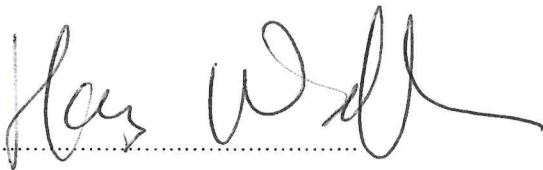
Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

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

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

## Use of our report

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



**Haines Watts**  
Statutory Auditors  
New Derwent House  
69-73 Theobalds Road  
London WC1X 8TA

Date: 7/6/23



# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

## FUND ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>CONTRIBUTIONS AND BENEFITS</b>			
Employer contributions	4	<u>1,472,004</u>	<u>1,472,004</u>
		<b>1,472,004</b>	<b>1,472,004</b>
Benefits paid or payable	5	<u>(2,465,726)</u>	<u>(2,182,680)</u>
Payments to and on account of leavers	6	<u>(1,227,362)</u>	<u>(2,005,074)</u>
		<b>(3,693,088)</b>	<b>(4,187,754)</b>
<b>NET WITHDRAWALS FROM DEALINGS WITH MEMBERS</b>			
		<u>(2,221,084)</u>	<u>(2,715,750)</u>
<b>INVESTMENT RETURNS</b>			
Investment income	7	<u>2,002,073</u>	<u>1,986,541</u>
Change in market value of investments	8.1	<u>(31,829,008)</u>	<u>632,215</u>
<b>NET RETURN ON INVESTMENTS</b>			
		<u>(29,826,935)</u>	<u>2,618,756</u>
<b>NET DECREASE IN THE FUND DURING THE YEAR</b>			
		<b>(32,048,019)</b>	<b>(96,994)</b>
<b>NET ASSETS OF THE SCHEME AT 1 JANUARY</b>			
		<b>91,391,640</b>	<b>91,488,634</b>
<b>NET ASSETS OF THE SCHEME AT 31 DECEMBER</b>			
		<u><b>59,343,621</b></u>	<u><b>91,391,640</b></u>

The notes on pages 17 to 25 form an integral part of these financial statements.

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

## STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AT 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>INVESTMENT ASSETS</b>			
Pooled investment vehicles	8.4	26,152,847	44,979,170
Insurance policies – annuities	8.5	32,343,000	45,980,000
AVC Investments	8.6	310,883	308,161
<b>TOTAL INVESTMENTS</b>		<b>58,806,730</b>	<b>91,267,331</b>
<b>CURRENT ASSETS</b>			
	9	555,061	197,963
<b>CURRENT LIABILITIES</b>	10	(18,170)	(73,654)
<b>TOTAL NET ASSETS AT 31 DECEMBER</b>		<b>59,343,621</b>	<b>91,391,640</b>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on pages 26 and 27 and these Financial Statements should be read in conjunction with that Report.

The notes on pages 17 to 25 form an integral part of these financial statements.

These financial statements were approved by the Trustees on 07/06/2023.....2023 and were signed on its behalf by:

Tauane Sousa-Jajo  
.....

Trustee

.....  
Trustee

### NOTES TO THE FINANCIAL STATEMENTS

#### **1 BASIS OF PREPARATION**

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

The financial statements have been prepared on a going concern basis of accounting. In the opinion of the Trustees, no material uncertainty exists that may cast doubt on the Scheme's ability to continue as a going concern. The Trustees have considered the funding levels of the Scheme, the sponsoring employer's performance and the performance of investments. The Trustees believe the basis to be appropriate as they believe that the Scheme has adequate resources to realise its assets and meet pension payments in the normal course of affairs for at least the next twelve months.

#### **2 IDENTIFICATION OF THE FINANCIAL STATEMENTS**

The Scheme is established as a trust under English law. The address for enquiries to the scheme is included in the Trustees' report.

#### **3 ACCOUNTING POLICIES**

The following principal accounting policies have been adopted in the preparation of the financial statements.

##### **3.1 Accruals concept**

The financial statements have been prepared on an accruals basis, except as noted below.

##### **3.2 Foreign currency translation**

Foreign income is translated into sterling at the rate ruling on the date the income is received. Foreign currency investments are translated into sterling at the rate of exchange ruling at the year-end date.

##### **3.3 Contributions**

Contributions are accounted for in the period in which they fall due. Deficit funding, additional and members' additional voluntary contributions are accounted for in the period they are due under the Schedule of Contributions, in accordance with the agreement between the Trustees and the relevant employer.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid.

##### **3.4 Benefits**

Benefits are accounted for in the year in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retirement or leaving. The Trustees have secured annuities which fully provide the benefits for certain members of the Scheme.

##### **3.5 Transfers to and from other schemes**

Transfer values represent the amounts paid or received during the year for members who have left or joined the Scheme.

##### **3.6 Valuation of investments**

Investments are included at fair value.

The majority of listed investments are stated at the bid price or the last traded price, depending on the convention of the stock exchange on which they are quoted, at the date of the net assets statement.

Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.

AVCs are stated at values supplied by the managers.

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3.7 Valuation of investments (continued)

Annuities purchased in the name of the Trustees which fully provide the pension benefits for certain members are included in these Financial Statements at the amount of the related obligation, determined by using the most recent Scheme Funding valuation assumptions and methodology. The valuation of the annuitant policies has been carried out on an approximate basis by adjusting and updating the scheme funding valuation at 31 December 2019. In particular it is assumed that the annuitant policies in the name of the Trustees as at the valuation remain in force and have made no allowance for any membership movements. Annuity valuations are provided by the Scheme Actuary. Annuities have been issued by Aviva plc, Partnership Life Assurance Company Limited and Rothesay Life plc.

### 3.8 Investment income

Except for Nordea income which is received and reinvested, income generated by the pooled investment vehicles is not distributed, but is retained within the fund and reflected in the market value of the units. Interest receivable on cash deposits is accounted for as it accrues.

### 3.9 Significant judgements and estimates

Significant judgements and estimates - In applying the Scheme's accounting policies, the Trustees are required to make judgements, estimates and assumptions in determining the carrying amount of assets and liabilities. The Trustees' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the calculations were made and are based on member data, historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the revision is made, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

The following are key areas of estimation uncertainty:

#### *Valuation of the secured annuity policies*

The valuation, as explained more fully in Notes 3.7 and 8.5 to the financial statements, has been estimated at £32.3m (2021: £46.0m) for the secured annuity policies. The amount has been estimated by the Scheme Actuary based on a model used by Mercer which has been tailored for the pension scheme's circumstances. Such estimates may be subject to significant uncertainty.

## 4 CONTRIBUTIONS

	2022	2021
	£	£
Employer's contributions		
Deficit funding	1,472,004	1,472,004

In accordance with the Schedule of Contributions certified on 14 December 2020, the Employer will pay an annual contribution of £1,472,000, payable monthly, with each contribution being paid by the end of the calendar month to which they relate. This will be payable with effect from 1 November 2020 until 30 April 2024.

## 5 BENEFITS PAID OR PAYABLE

	2022	2021
	£	£
Pension payments	2,243,414	2,119,485
Commutations and lump sum retirement benefits	222,312	63,195
	<u>2,465,726</u>	<u>2,182,680</u>

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2022	2021
	£	£
Individual transfers out to other schemes	1,227,362	2,005,074

### 7 INVESTMENT INCOME

	2022	2021
	£	£
Annuity income	2,049,522	1,975,348
Income from pooled investment	11,420	11,193
Rebalancing costs	(59,076)	-
Interest on cash deposits	207	-
	<b>2,002,073</b>	<b>1,986,541</b>

The above income from pooled investment vehicles relates to income received from the Nordea Fund units which is reinvested and units purchased. The £59,076 expense was paid to Columbia Threadneedle for the cost of rebalancing the LDI units in order to reduce exposure.

### 8 INVESTMENTS

#### 8.1 RECONCILIATION OF INVESTMENTS

Reconciliation of investments held at beginning and end of year:

	Value at 01 January 2022	Purchases at cost	Sales proceeds	Change in market value	Value at 31 December 2022
	£	£	£	£	£
Pooled investment vehicles	44,979,170	15,620,463	(16,252,056)	(18,194,730)	26,152,847
Insurance policies – annuities	45,980,000	-	-	(13,637,000)	32,343,000
AVC investments	308,161	-	-	2,722	310,883
	<b>91,267,331</b>	<b>15,620,463</b>	<b>(16,252,056)</b>	<b>(31,829,008)</b>	<b>58,806,730</b>

The Scheme invests in pooled investment vehicles which are managed by companies registered in the United Kingdom with transaction costs included in the purchases and sales figures. Such costs are also taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

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

#### 8.2 CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Scheme's net assets at 31 December 2022.

	£	%
Bulk Annuity Insurance policies	32,343,000	54.5
Columbia Threadneedle Real Dynamic LDI Fund - NG LU0704287688	11,201,756	18.9
Nordea Diversified Return Fund – BI – GBP	7,274,639	12.3
Schroder life Diversified Growth Fund SER 3 ACC	5,001,487	8.4

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8.3 TRANSACTION COSTS

There are no direct transaction costs (2021: £NIL) during the year. Indirect transaction costs are borne by the Scheme in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the swinging single price or the bid/offer spread of these investments and are not separately reported.

### 8.4 POOLED INVESTMENT VEHICLES

	2022	2021
	£	£
Diversified Growth Funds	12,276,126	24,590,746
Liability Driven Investment Funds	11,437,685	17,876,183
Multi Asset Funds	1,331,938	1,330,210
Absolute Return Funds	1,107,098	1,182,031
	<u>26,152,847</u>	<u>44,979,170</u>

### 8.5 BULK INSURANCE POLICIES

	2022	2021
	£	£
Bulk annuity policies	<u>32,343,000</u>	<u>45,980,000</u>

The Trustees hold bulk annuity policies from Aviva plc, Partnership Life Assurance Company Limited and Rothesay Life plc. These policies provide benefits of the members and so will perform in line with this portion of the Scheme's liabilities and are valued by the Scheme's Actuary.

### 8.6 AVC INVESTMENTS

The AVCs are invested separately from the main investments in individual insurance policies and building society accounts with The Prudential Assurance Company Limited and The Standard Life Assurance Company. Members participating in these arrangements each receive an individual statement made up to 31 December or to 5 April confirming the amounts held to their account and any movements in the year.

The amount of AVC investments held at the year-end are as follows:

	2022	2021
	£	£
The Prudential Assurance Company Limited	35,004	34,564
The Standard Life Assurance Company	<u>275,879</u>	<u>273,597</u>
	<u>310,883</u>	<u>308,161</u>

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8.7 FAIR VALUE HIERARCHY

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

Level 1	The unadjusted quoted price for an identical asset in an active market
Level 2	Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3	Inputs are unobservable for the asset or liability

The pooled investment vehicles have all been included in level 2 as the pooled funds themselves are not exchange traded.

The AVC investments held with Prudential are unit-linked AVC funds, and have therefore been accounted within the level 2 tier. The AVC Investments held with Standard Life are valued using the single priced bonus interest rate which together with a basic interest rate, is broadly equal to the average yield on the underlying fixed interest investments in a with profit fund operated by the AVC provider. With profits funds are categorised as level 3 as they often rely on a number of unobservable (in the market) inputs, such as bonuses.

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

	Level 1 2022	Level 2 2022	Level 3 2022	Total 2022
	£	£	£	£
Pooled investment vehicles	-	26,152,847	-	26,152,847
Insurance policies	-	-	32,343,000	32,343,000
AVC investments	-	35,004	275,879	310,883
	-	26,187,855	32,618,879	58,806,730

	Level 1 2021	Level 2 2021	Level 3 2021	Total 2021
	£	£	£	£
Pooled investment vehicles	-	44,979,170	-	44,979,170
Insurance policies	-	-	45,980,000	45,980,000
AVC investments	-	34,564	273,597	308,161
	-	45,013,734	46,253,597	91,267,331

### 8.8 INVESTMENT RISKS

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

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

**Market risk:** this comprises the following elements:

- **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 (other than those arising from interest rate of currency risk) whether those changes are caused by factors specific to the individual financial instrument of its issuer, or factors affecting all similar financial instruments traded in the market.

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 8.8 INVESTMENT RISKS (continued)

The Trustees determine their investment strategy after taking advice from a professional investment advisor. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustees manages investment risks, including credit risk and market risk, within agreed parameters which are set taking into account the Scheme's strategic investment objectives.

These investment objectives are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular review of the investment portfolio. As they are not considered significant, the Scheme's AVC holdings and Trustee Bank Account balance are not included in these disclosures. We have also not included the value of the annuity policies that the Trustees hold.

Further information on the Trustees' approach to risk management, credit and market risk is set out below.

#### **Investment Strategy**

The Trustees' primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

The Trustees wish to ensure that they can meet their obligations to the beneficiaries both in the short and long term.

The Trustees recognise that the investment performance of the Scheme's assets will not usually have a direct impact on the members' benefits. The investments can have an indirect impact on the members' benefits if they alter the sponsoring employer's ability and/or willingness to continue to support the Scheme

With that in mind, the Trustees have set specific investment objectives regarding the manner in which the primary objective of meeting their obligations to the members is to be achieved:

- To pay the Scheme benefits as they fall due and avoid any reduction in benefits if possible
- To achieve and maintain a funding level of 100% on the on-going funding basis
- To minimise risk in achieving and maintaining a 100% funding level on the on-going funding basis subject to acceptable affordability
- To pay due regard to the interests of the sponsoring employer in relation to the funding of the Scheme.

The Trustees invest their assets in the following manner:

- 60% of assets have been invested into Growth Assets comprising Diversified Growth Funds.
- The Trustee disinvested from the BlackRock DGF in the last quarter of 2022.
- 40% of assets have been invested into Stabilising Assets comprising an LDI Fund, an Absolute Return Bond Fund and a Total Return Credit Fund. There is also a small cash allocation.

The Trustees set the investment strategy taking into account considerations such as the strength of the employer covenant, the long-term liabilities and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Principles ("SIP") with details of any changes during the year included in the Trustees' report.

Since the year end, in March 2023, following an investment strategy review, the Trustees, after considering appropriate investment advice, transferred the assets to a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius) and a revised investment strategy was agreed.



# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8.8 INVESTMENT RISKS (continued)

#### (i) Credit Risk

To gain exposure to certain asset classes in a cost effective way (in both monetary and governance terms), the Scheme invests in pooled investment vehicles. Therefore, the Scheme is directly exposed to credit risk of these pooled investment vehicles. The value of assets invested in pooled funds and therefore directly exposed to credit risk as a result of this at year end was £26,152,847 (2021: £44,979,170).

The Scheme is subject to indirect credit risk due to bonds, OTC derivatives, repurchase agreements and cash held within pooled investment vehicles. The value of assets exposed indirectly to credit risk as a result of this at year end was £26,152,847 (2021: £44,979,170). This value includes pooled investment vehicles that have only a partial allocation to these asset classes. Some of the pooled investment vehicles may also undertake stock lending which will also introduce indirect credit risk.

In respect of the Trustees approach to managing credit risk arising from the various asset classes, we note the following positions at year end:

- The credit risk from Sovereign Government bonds held directly or indirectly is considered to be minimal. These assets are primarily held for risk management purposes.
- The credit risk from corporate (investment grade) bonds held directly or indirectly is mitigated by investing in a diversified mix of (predominantly) investment grade rated bonds. These assets are held for income and return generating as well as risk management purposes, and the expected return from these assets is considered appropriate for the associated risk.
- The credit risk from corporate (sub-investment grade) and other bonds held directly or indirectly is mitigated via diversification to minimise the impact of default by any one issuer. These assets are held for return generating purposes, and the expected return from these assets is considered appropriate for the associated risk.
- OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps and repurchase agreements is reduced by collateral arrangements. Credit risk also arises on forward currency contracts. There are no collateral arrangements for these contracts but all counterparties are required to be at least investment grade.
- Pooled liquidity funds will invest with a diversified range of institutions, which are at least investment grade credit rated, to mitigate credit risk.
- Pooled investment arrangements used by the Scheme comprise open-ended investment companies and unit-linked insurance contracts.

The Scheme'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 arrangements being ring-fenced from the pooled manager, the regulatory environment in which the pooled fund manager operates and diversification of investments amongst a number of pooled arrangements. The Trustees carries out due diligence checks before appointing new-pooled investment managers. A summary of the pooled investment vehicles by type of arrangement is shown below.

Investment Type	2022 (£)	2021 (£)
Unit Linked Insurance Contracts	6,108,565	7,376,448
Authorised Unit Trusts*	-	9,203,486
SICAV	8,606,577	10,523,053
FCP (Fonds communs de placement)	11,437,685	17,876,183
Total	26,152,827	44,979,170

Source: Investment Managers and Mercer.

\*The Scheme disinvested from this fund (the BlackRock Dynamic Diversified Growth Fund) during the year.

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8.8 INVESTMENT RISKS (continued)

#### (ii) Currency risk

The Scheme's assets are not subject to indirect currency risk as none of the Scheme's investments are held in overseas markets via pooled investment vehicles.

The Trustees do not currently have a currency hedging policy.

Note that the Diversified Growth Fund managers may from time to time take unhedged overseas investment positions in pursuit of growth opportunities or to reduce overall fund risk, although their neutral position is considered to be 100% Sterling.

#### (iii) Interest rate risk

The Scheme is subject to interest rate risk via its LDI, ARBF, MAC and DGF pooled investment holdings. The LDI strategy is set by the Trustee so as to provide an acceptable level of hedging against the interest rate and inflation risk inherent within the Scheme's liabilities.

If interest rates fall, the value of these assets will rise to help match a proportion of the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these assets will fall in value (as will the actuarial liabilities) due to an increase in the discount rate. As at year end, the Trustees expect these assets to capture 95% (2021: 95%) of the change in actuarial liability value due to interest rate movements.

At the year end, the Scheme was exposed to indirect interest rate risk on 2022: £26,152,847 (2021: £44,979,170) of ARBF, DGF, LDI and Multi Asset Credit securities.

#### (iv) Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes DGF held in pooled investment vehicles, as well as the index-linked bonds in the MAC and ARBF pooled investment vehicles, due to the inflation sensitive elements of the fund. The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

Other price risk also arises in the Real LDI pooled investment vehicles due to the inflation sensitive elements of these funds. However, inflation risk is also inherent in the Scheme's liabilities in the same way as interest rate risk, as described above. The Trustees similarly considers the net inflation risk when taking account of how the liabilities are valued.

At the year end, the Scheme's exposure to investments subject to indirect other price risk through its DGF, LDI, ARBF and MAC pooled investment vehicles was 2022: £26,152,847 (2021: £44,979,170).

### 9 CURRENT ASSETS

	2022	2021
	£	£
Cash balance	549,177	194,445
Other debtors	5,884	3,518
	<u>555,061</u>	<u>197,963</u>

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10 CURRENT LIABILITIES

	2022	2021
	£	£
Unpaid benefits	18,170	73,654
	<u>18,170</u>	<u>73,654</u>

### 11 CONTINGENT LIABILITIES

As stated on page 26, these financial statements do not take account of liabilities to pay pensions and other benefits in the future. On this basis, and in the opinion of the Trustees, the Scheme has no contingent liabilities at the year end.

### 12 EMPLOYER RELATED INVESTMENTS

There were no employer related investments within the meaning of section 40 (2) of the Pensions Act 1995.

All contributions due to the Scheme during the year were paid in full within the timescale required by the Schedule of contributions currently in force.

### 13 RELATED PARTY TRANSACTIONS

There were no transactions during the year outside the normal course of the Scheme's activities. Apart from deficit funding contributions the Scheme is now closed to future accrual and there isn't any contributions receivable in respect of individual Trustees.

The Trustees are also able to reclaim any reasonable expenses incurred in carrying out their duties, however, with the exception of miscellaneous expenses, all other administrative expenses are borne by the Principal Employer.

### 14 GUARANTEED MINIMUM PENSIONS -GMP

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

Following on from the original judgment, a further High Court ruling on 20 November 2020 has provided clarification on the obligations for Trustees. This judgement focused on the GMP treatment of historic transfers out of members' benefits, an issue which had not been addressed in the 2018 GMP 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 the receiving scheme, to reflect members' rights to equalised GMP benefits.

Based on an initial assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore this is a non-adjusting post balance sheet event. The Trustees are currently assessing the impact on the Scheme and agreeing the GMP Equalisation methodology.

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

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## REPORT ON ACTUARIAL LIABILITIES (FORMING PART OF THE TRUSTEES' REPORT)

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

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustees and the employer and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

The most recent triennial actuarial valuation of the Scheme effective as at 31 December 2019 showed that the accumulated assets of the Scheme represented 91% of the Scheme's technical provisions in respect of past service benefits; this corresponds to a deficit of £7,805,000 at the valuation date.

	<b>£m's</b>
The value of the technical provisions was:	91.582
The value of the assets at that date was:	83,777

If the plan had been discontinued and wound up at 31 December 2019 there would have been insufficient assets to buy out the accrued benefits through the purchase of annuity policies with an insurer. The estimated discontinuance (or wind up) funding level was 84%, corresponding to a shortfall of £15,614,000.

There has since been an updated valuation carried out with an effective date of 31 December 2021. This showed that the accumulated assets of the Scheme represented 98% of the Scheme's technical provisions in respect of past service benefits; this corresponds to a deficit of £1,705,000 at this date.

	<b>£m's</b>
The value of the technical provisions was:	92.859
The value of the assets at that date was:	91,154

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the scheme in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in the calculations are as follows:

### **Method**

The actuarial method to be used in the calculation of the technical provisions is the Defined Accrued Benefits Method.

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

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## REPORT ON ACTUARIAL LIABILITIES (CONTINUED)

### Significant actuarial assumptions

**Discount interest rate:** The pre-retirement and post retirement discount rates adopted for the scheme funding valuation was Normal Gilt Yield curve plus 0.25% p.a. at each term.

**Future Retail Price inflation:** The rate of inflation as measured by RPI growth will be calculated using Gilt Inflation Curve at each term.

**Pension increases:** Pensions will be taken to increase in payment at assumed rate of RPI growth, derived at each term using Black Scholes Methodology with a volatility assumption of 1.75%.

**Mortality:** 100% of 2018 Vita Curves projected to the valuation date.

### Recovery plan

In light of the deficit arising from the actuarial valuation, a 4 year 4 months recovery programme was agreed between the Trustees and the employer on 14 December 2021. Under the recovery plan, the Company has agreed to make the following additional contributions to make good the deficit:

The Employer will pay an annual contribution of £1,472,000, payable monthly with each contribution being paid by the end of the calendar month, to which they relate, from 1 November 2021 to 30 April 2024.

These arrangements were formalised in a schedule of contributions which the Scheme Actuary certified on 14 December 2021.

### Next actuarial valuation

The next triennial valuation will be performed as at 31 December 2022.

# Schedule of Contributions

## BACB Pension Scheme

This schedule of contributions has been prepared by the trustees, after obtaining the advice of Elaine Wilson, the Scheme Actuary. It replaces the previous schedule of contributions which was actuarially certified on 29 June 2018.

In preparing this schedule of contributions, account has been taken of contributions due in the period between 31 December 2019 and the commencement of this schedule under the previous schedules of contributions, together with any further contributions paid during the same period.

### Period covered by this schedule of contributions

This schedule of contributions takes effect from the date it is certified by the Scheme Actuary and ends on 30 April 2024.

### Contributions by employer in respect of the shortfall in funding

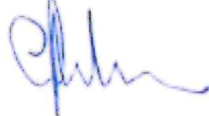
In accordance with the recovery plan following the 31 December 2019 actuarial valuation, the employer will pay annual contributions of £1,472,000, payable monthly, with each contribution being paid by the end of the calendar month to which they relate, from 1 November 2020 until 30 April 2024.

### Additional employer contributions

The employer may pay additional contributions of any amount and at any time from those set out above.

## Signatures

Signed on behalf of the trustees:



Name: Graham Wardle

Position: Chair of Trustees

Date: 10 December 2020

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

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Signed on behalf of the employer:

*C du Plessis*

Name: *Celeste du Plessis*

Position: *CFO*

Date: *08-12-2020*

This schedule of contributions has been agreed by the trustees after obtaining actuarial advice from me.

Signed: *Elaine Wilson*

Name: Elaine Wilson

Fellow of the Institute and Faculty of Actuaries

Position: Scheme Actuary

Date: 14 December 2020

# Actuary's Certification of Schedule of Contributions

## BACB PENSION SCHEME

### 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 December 2019 to be met by the end of the period specified in the recovery plan dated (i.e. signed on behalf of the trustees on) 10 December 2020.

### 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 (i.e. signed on behalf of the trustees on) 10 December 2020.

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

Signature:	<i>Elaine Wilson</i>	Date:	14 December 2020
Name:	Elaine Wilson	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Tower Place London EC3R 5BU	Name of employer:	Mercer Limited



# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

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## MEMBERS' INFORMATION

### INTRODUCTION

The Scheme is a defined benefit scheme and is administered by Mercer in accordance with the establishing document and rules, solely for the benefit of its members and other beneficiaries. The registration number in the Register of Occupational and Personal Pension Schemes is 10017700.

The **Department for Work and Pensions** provides a tracing service for members and their dependants who have pension entitlements from schemes operated by previous employers but have lost touch with those schemes. This service can be contacted at:

The Pension Service 9  
Mail Handling Site A  
Wolverhampton  
WV98 1AF




 [www.gov.uk/find-pension-contact](http://www.gov.uk/find-pension-contact)  
 0800 731 0193

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

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




TPO now operates an Early Resolution Service (ERS) in addition to its normal Adjudication Service that aims to provide a quick, informal and streamlined process. Any member that elects to use the ERS does not need to follow the Trustees' Internal Dispute Resolution Procedure (IDRP). However should any complaint that has gone through the ERS remain unresolved, TPO expects the IDRP to be followed prior to complaint being passed to its Adjudication Service.

The Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
London E14 4PU

 [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)  
 0800 917 4487  
 [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

The Money & Pensions Service ("Money Helper") works to make pensions accessible and understandable for everyone. It provides independent and impartial information and guidance about pensions, free of charge, to members of the public. It helps with all pension matters covering workplace, personal and stakeholder schemes and also the State Pension. It answers general questions, helps with specific queries and offers guidance for people with complaints about their private pension scheme but will not provide any information or guidance that could be construed as regulated financial advice. Money Helper can be contacted using the contact details below:

Money & Pensions Service  
120 Holborn  
London EC1N 2TD

 [enquiries@moneyhelper.org.uk](mailto:enquiries@moneyhelper.org.uk)  
 0800 138 7777  
 [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

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## MEMBERS' INFORMATION (CONTINUED)

The statutory body that regulates occupational pension schemes is **The Pensions Regulator ('TPR')**. TPR works with pension scheme trustees, scheme managers and employers to help protect workplace pensions but does not deal with queries about individuals' pension benefits.

**The Pension Protection Fund ("PPF")** was established to protect members' interests in certain circumstances, i.e. to provide compensation where an employer has become insolvent and the scheme assets have been reduced due to fraud, theft, or misappropriation. It does not cover losses resulting from adverse investment returns.

The PPF is funded by a levy on occupational pension schemes.

## Engagement Policy Implementation Statement (forming part of the Trustees' Report)

### Introduction

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 31 December 2022. This statement has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

### Investment Objectives of the Scheme

The Trustees believe that it is important to consider the policies in place in the context of the investment objectives they have set. As set out in the SIP, the Trustee's primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

The Trustees wish to ensure that they can meet their obligations to the beneficiaries both in the short and long term.

The Trustees recognise that the investment performance of the Scheme's assets will not usually have a direct impact on the members' benefits. The investments can have an indirect impact on the members' benefits if they alter the Sponsoring Employer's ability and/or willingness to continue to support the Scheme.

With that in mind, the Trustees have set specific investment objectives regarding the manner in which the primary objective of meeting their obligations to the members is to be achieved:

- To pay the Scheme benefits as and when they fall due and avoid any reduction in benefits if possible
- To achieve and maintain a funding level of 100% on the on-going funding basis
- To maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme
- To pay due regard to the interests of the Sponsoring Employer in relation to the funding of the Scheme.

The Trustees have also received confirmation from the Scheme Actuary during the process of revising the investment strategy that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

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## **Investment Strategy**

The Trustees have established a strategic benchmark for the Scheme assets, during the course of the financial year the Trustees did not make any changes to the Scheme's investment strategy. The Scheme continues to target a strategic asset allocation consisting of 60% growth assets and 40% bond-type assets, but this was updated at the beginning of 2023. The new strategy targets 32% growth assets and 68% bond assets.

The Trustees monitor the asset allocation from time to time and may rebalance the Scheme's investments if necessary to bring them in line with the strategic benchmark (SIP section Appendix 1).

## **Review of the SIP**

The Scheme's SIP was updated in March 2023 and these changes were made to reflect the revised investment strategy.

## **Scheme's Investment Structure**

Over the course of the year, the Scheme's assets were invested in pooled funds managed by third party investment managers.

As such, whilst the Trustees have a direct relationship with the Scheme's underlying investments managers, they do not directly engage with the underlying companies that the fund manager invests in.

## **Policy on ESG, Stewardship and Climate Change**

The Trustees understand that they must consider all factors that have the potential to impact upon the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme's SIP includes the Trustees' policy on ESG factors, Stewardship and Climate Change; these policies were last reviewed in March 2023. The Trustees keep its policies under regular review with the SIP, subject to review at least triennially.

## **Engagement**

In the relevant year, the Trustees have not engaged with the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change. However, the Trustees review the stewardship and ESG policies of the Fund managers periodically.

## **Voting Activity**

The Scheme has no direct relationship with the underlying companies that it is ultimately invested in, and therefore, do not have the voting rights in relation to the Scheme's investments. The Trustees have therefore effectively delegated its voting rights to the managers of the funds the Scheme's investments are ultimately invested in.

The Trustees have not been asked to vote on any specific matters over the Scheme year. Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e. all funds which include equity holdings) in which the Scheme's assets are ultimately invested.

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

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We note that best practice in developing a statement on voting and engagement activity is evolving and we will take on board industry activity in this area before the production of next year's statement.

## **Significant Votes**

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote".

The Trustee defines a significant vote as one that is linked to the Scheme's stewardship priorities/themes. A vote could also be significant for other reasons, e.g. due to the size of holding. Given the nature of the Scheme's holdings, this is unlikely to be a material consideration for the Trustee.

# BACB PENSION SCHEME

YEAR ENDED 31 DECEMBER 2022

The table below sets out a summary of the key voting activity over the financial year:

Fund	Votes cast			Most significant votes (description)	Significant vote examples
	Votes in total	Votes against management endorsement	Abstentions		
<b>Schroders Diversified Growth Fund</b>	14,437	1,095	87	Schroders consider "most significant" votes as those against company management. Schroders is not afraid to oppose management if they believe that doing so is in the best interests of shareholders and clients.	A significant vote is defined by Schroders as a vote against management which signals they are not comfortable with the company's management actions/intentions. This is usually used as an escalation method to an engagement that is not progressing, or otherwise may kickstart start an engagement period with the company concerned. Schroders believe that all votes against management should be classified as a significant vote.
<b>Nordea Diversified Return Fund</b>	2,335	211	40	Significant votes are those that are severely against their principles, and where Nordea feel that they need to enact change in the company. The process stems from first identifying the most important holdings, based on size of ownership, size of holding, ESG reasons, or any other special reason. From there, Nordea benchmark the proposals against our policy.	Nordea have provided a number of examples which include voting against management on tax transparency and Green House Gas (GHG) emissions.

Notes: ISS = Institutional Shareholder Services Inc.

IVIS = Institutional Voting Information Service

During the year the Scheme disinvested from the BlackRock Dynamic Diversified Growth fund. The voting for the partial period is not included but is available upon request.

Proxy Voter used:

- **Schroders:** Receive research from both ISS and the Investment Association's Institutional Voting Information Services (IVIS) for upcoming general meetings, however this is only one component that feeds into their voting decisions. In addition to relying on internal policies they will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.
- **Nordea:**
  - o ISS – for the technical expertise and voting platform, as well as their global reach, and second opinion
  - o NIS – a smaller, specialist firm which provides input and third opinion