

The BIC UK Pension Scheme

ANNUAL REPORT AND FINANCIAL STATEMENTS

5 April 2023

The BIC UK Pension Scheme
INDEX TO ANNUAL REPORT AND FINANCIAL STATEMENTS
5 April 2023

	Page
Scheme Trustees and advisers	1
Trustees' report	2 - 4
Trustees' responsibilities	5
Investment report	6-8
Implementation statement	9-14
Summary of contributions paid	15
Independent auditor's statement about contributions	16
Independent auditor's report on the financial statements	17 - 19
Fund account	20
Statement of net assets (available for benefits)	21
Notes to the financial statements	22 – 30
Actuarial statements	31 - 34
Compliance statement	35 - 36

The BIC UK Pension Scheme

SCHEME TRUSTEES AND ADVISERS

Trustees	Mr B Griffiths Mr D Everitt Mr M J Burgess
Scheme administrators	Atkin Pensions Cornwall House Blythe Valley Park Solihull B90 8AF
Actuary	Mr R Dales Atkin Pensions
Solicitors	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
Auditors	RSM UK Audit LLP Chartered Accountants Third Floor Centenary House 69 Wellington Street Glasgow, G2 6HG
Investment manager	Mobius Life Limited
Investment advisers	Barnett Waddingham LLP
AVC provider	The Prudential Assurance Company Limited
Bankers	NatWest 4 High Street Solihull West Midlands B91 3TF
Principal Employer	BIC UK Limited Chaplin House Widewater Place Moorhall Road Harefield Middlesex UB9 6NS

The BIC UK Pension Scheme

TRUSTEES' REPORT

Introduction

The Trustees of the BIC UK Pension Scheme ("the Scheme") are pleased to present their report together with the financial statements of the Scheme for the year ended 5 April 2023.

The Scheme is constituted as a Trust and administered by the Trustees according to a Trust Deed and rules dated 16 January 2006. The Scheme is a Defined Benefit Scheme. It was established on 27 September 1951 to provide retirement benefits to all eligible employees of BIC UK Limited and their dependants.

Management of the Scheme

The power of appointing and removing Trustees is vested in the Principal Employer, subject to the provisions of the Pensions Act 2004 in respect of Member Nominated Trustees (MNTs). A deed of variation was executed by the Trustees on 24 August 2006 bringing the rules of the Scheme into line with the provisions of the Pensions Act 2004.

The Trustees have been appointed in accordance with the Occupational Pension Schemes (Member nominated Trustees and Directors) Regulations 2006, which required that at least one third of the Trustees are nominated and elected by the members.

The current Trustees are split between member nominated (MNT) and company nominated (ENT) as summarised below:

Mr B Griffiths (ENT)
Mr D Everitt (MNT)
Mr M J Burgess (ENT)

The Scheme advisers are on page 1.

Trustee meetings

In the year under review the Trustees met three times.

Changes to the Scheme

The Scheme was closed to future accrual by a Deed of Amendment dated 25 May 2011 between the Trustees and the Principal Employer with effect from 1 December 2010 with all active members becoming deferred members at this date.

There have been no changes to the Scheme rules during the year.

Financial Development of the Scheme

The Pensions Act 1995 requires the Annual Report and Financial Statements to be prepared and audited in accordance with the accounting practice prescribed by the Statement of Recommended Practice (SORP) for Financial Reports of Pension Schemes and in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995. These show how the Scheme's finances have developed over the year and the notes to the financial statements give further information on the various figures shown.

The Pensions Act 1995 also requires the Trustees to prepare and maintain a Statement of Investment Principles (SIP) which sets out their policy with regards to the Scheme's investments. During the preparation of the SIP, the Trustees have sought appropriate professional advice. A copy of the Statement of Investment Principles is available on request and online. [BIC UK Pension Scheme Members Site \(pensionpal.co.uk\)](https://pensionpal.co.uk)

The financial statements on pages 19 to 29 show that the value of the Scheme's net assets as at 5 April 2023 was £31,771,700. The decrease comprised net withdrawals from dealings with members of £522,525 together with a net decrease in investments of £4,762,283.

The BIC UK Pension Scheme

TRUSTEES' REPORT

GMP Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits earned between May 1990 and April 1997. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

On 20 November 2020, the High Court handed down a second judgment involving Lloyds Banking Group's defined benefit schemes. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgment arise in relation to many other defined benefit pension schemes.

Under the first ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. The Trustees and Bic UK Limited agreed a methodology to allow for GMP equalisation. As such, an exercise was completed to assess whether adjustments were required to benefits currently in payment and whether any arrears payments should be made. Any members affected have been notified and adjustments to pensions in payment were made in July 2021. Arrears payments including an allowance for interest were made at the same time.

The Trustees of the Scheme have agreed a method to deal with closed cases and have identified all those members who fall into this scope. An exercise is underway to pay additional top ups for these cases

Actuarial Status of the Scheme

An actuarial valuation took place as at 5 April 2021 with results set out in a report dated November 2021. The actuarial valuation of the Scheme at 5 April 2021 revealed a surplus (technical provisions minus value of assets) of £2,013,000. The statutory funding objective is defined in Section 222 of the Pensions Act 2004 and required every scheme to have sufficient and appropriate assets to cover its technical provisions.

The Company and Trustees have agreed that the Employer would pay £100,000 per month until 31 December 2022 to improve the funding level. As per the Schedule of Contributions, the Employer gave 3 months' notice prior to January 2023 that they wished to stop the contributions. Hence nine contributions of £100,000 were paid over the period.

The Employer will meet the cost of the PPF levy and the cost of any expenses (excluding bank charges) as and when they fall due.

The BIC UK Pension Scheme currently has a parent company guarantee in place. Therefore if BIC UK Limited is unable to meet its obligations to the Scheme, Société Bic would be obliged to cover any amounts due.

The actuarial position of the Scheme, which takes account of such obligations, is summarised on pages 29 to 34 of this report.

The BIC UK Pension Scheme

TRUSTEES' REPORT

Scheme Membership

The Membership of the Scheme is as set out below: -

	Deferred Members	Pensioners	Total
As at 6 April 2022	121	221	342
Retirements	(7)	7	-
Dependants	-	5	5
Deaths	-	(17)	(17)
As at 5 April 2023	114	216	330

As at 5 April 2023, there were no insured pension annuity members, that are being paid direct by Prudential (2022: nil). These members are now included in the total number of pensioners as they are being paid directly from the Scheme. There remain 11 insured deferred annuity members (2022: 11).

Investment management

The Scheme's investments are managed by investment managers appointed by the Trustees. The investment strategy is agreed by the Trustees after taking appropriate advice. Subject to the investment strategy laid down by the Trustees, the day to day management of the Scheme's portfolio is the responsibility of the investment managers.

The investment managers during the year were Mobius Life Limited. A detailed investment report that relates to the Scheme's investments with Mobius Life is included at pages 6 to 7.

Environmental, Social, and Governance ("ESG") Considerations

The Trustees recognise that social, environmental and ethical considerations are among the factors which investment managers will take into account, where relevant, when selecting investments. Where relevant the managers have produced statements setting out their policy in this regard. The Trustees have delegated responsibility to act accordingly to the managers and do not currently impose any specific restrictions on which investments may be considered to be socially responsible.

Contact for further information

For any information about the Scheme generally, further information about resolving disputes, or an individual's entitlement to benefit, please contact the Scheme's administrators: Atkin Pensions, Cornwall House, Blythe Valley Park, Solihull, B90 8AF, email@atkin.uk.com.

The BIC UK Pension Scheme

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in Regulation 3A of 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 relevant financial reporting framework applicable to occupational 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 the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

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

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

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

The trustees are responsible for the maintenance and integrity of the pension and financial information included on the [BIC UK Pension Scheme Members Site \(pensionpal.co.uk\)](http://pensionpal.co.uk).

Signed on behalf of the Trustees by:



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For and on behalf of the Trustees

Date: 14.10.2023

The BIC UK Pension Scheme

INVESTMENT REPORT

The BIC UK Pension Scheme

Fund Performance to 5 April 2023

% Fund Growth	1 Year to 31 Mar 23	3 Years to 31 Mar 23	1 Year to 31 Mar 22	1 Year to 31 Mar 21	1 Year to 31 Mar 20	1 Year to 31 Mar 19
L&G Life TD Core Plus Weekly	-9.9 %	-1.1 %	-5.1 %	13.1 %	-0.4 %	3.9 %
L&G Life AP Over 5 Year Index-Linked Gilts Index Fund	-30.4 %	-9.2 %	4.9 %	2.6 %	2.4 %	5.7 %
L&G Life AF Over 15 Year Gilts Index Fund	-29.7 %	-16.4 %	-7.2 %	-10.4 %	17.6 %	4.7 %
L&G Life TA Sterling Liquidity Fund	2.3 %	0.9 %	0.1 %	0.2 %	0.8 %	0.7 %

Market Returns	1 Year to 31 Mar 23	3 Years to 31 Mar 23	1 Year to 31 Mar 22	1 Year to 31 Mar 21	1 Year to 31 Mar 20	1 Year to 31 Mar 19
FTSE ALL Share Index FTSE	2.9 %	13.8 %	13.0 %	26.7 %	-18.5 %	6.4 %
100	5.4 %	14.3 %	16.1 %	21.9 %	-18.4 %	7.7 %
FTSE 250	-7.9 %	10.3 %	0.5 %	45.1 %	-18.6 %	1.0 %
FTSE Small Cap	-9.0 %	16.0 %	5.3 %	63.0 %	-19.4 %	1.0 %
FTSE AW World Index FTSE	-0.7 %	16.9 %	14.9 %	39.9 %	-6.1 %	11.1 %
North America	-2.5 %	18.5 %	19.7 %	42.8 %	-2.8 %	17.5 %
FTSE Developed Europe ex UK	8.1 %	15.6 %	6.1 %	34.5 %	-8.2 %	2.6 %
FTSE Developed Asia Pacific ex Japan FTSE Japan	-3.6 %	14.1 %	2.3 %	50.6 %	-17.6 %	4.8 %
FTSE Over 15 year fixed interest	2.0 %	7.9 %	-2.3 %	26.3 %	-2.1 %	-0.9 %
FTA All Stock Fixed Interest Gilt Index FTA Over	-29.7 %	-16.4 %	-7.2 %	-10.4 %	17.6 %	4.7 %
5 Year Index-Linked Gilt Index	-16.3 %	-9.1 %	-5.1 %	-5.5 %	9.9 %	3.7 %
	-30.4 %	-9.2 %	4.8 %	2.6 %	2.4 %	5.7 %

Past performance should not be seen as a guide to future performance and may not be repeated.

Notes:

- Returns shown are gross of charges based on Mobius Life unit prices
- Returns for periods in excess of a year are annualised.
- Past performance should not be seen as a guide to future performance and may not be repeated. The value of investments may go down as well as up and investors may not get back the amount originally invested, are not certain to make a profit and may lose money.
- Exchange rate changes may cause the value of overseas investments to rise or fall.
- Investors should be aware that investment in emerging markets involves a high degree of risk and should be seen as long term in nature.
- Investment in property may not be readily realisable. The value of property is generally a matter of valuer's opinion rather than fact.
- Where a fund is invested with another life company by means of a reinsurance arrangement, we monitor the way the reinsurer manages the business, but we do not guarantee the solvency of the reinsurer, so the risk of default by the reinsurer is borne by policyholders who invest in the relevant fund.
- Mobius Life Limited provides information on our products and services to enable you to make your own investment decisions, and this document should not be regarded as a personalised recommendation.

The BIC UK Pension Scheme

INVESTMENT REPORT

Fund Profiles

L&G Life AF Over 15 Year Gilts Index Fund

This Fund aims to match returns of its benchmark on a consistent three-year rolling basis. The Fund will invest, as far as possible, in each index constituent to match its weight in the benchmark. The Fund aims to be invested wholly in instruments issued in the UK.

L&G Life AP Over 5 Year Index-Linked Gilts Index Fund

This Fund aims to match returns of its benchmark on a consistent three-year rolling basis. The Fund will invest, as far as possible, in each index constituent to match its weight in the benchmark. The Fund aims to be invested wholly in instruments issued in the UK.

L&G Life TA Sterling Liquidity Fund

The fund seeks to provide capital stability, liquidity and income through investment in a diversified portfolio of high credit quality short term fixed income and variable rate securities including but not limited to certificates of deposit, fixed and floating rate notes, fixed rate commercial paper and bonds listed or traded on one or more Recognised Exchanges.

L&G Life TD Core Plus Weekly

The Fund aims to exceed the return of the benchmark by 1.15% p.a. over a rolling three-year period. The Fund invests in sterling, euro and US dollar denominated fixed and floating rate securities and related derivatives. Derivatives are used for efficient portfolio management in accordance with FSA rules. Currency and interest rate exposures which are derived from non-GBP securities are predominantly hedged back to sterling.

Economic Commentary for the year ended 5 April 2023

The 12-month period to 5 April 2023 began with inflation in the developed world at its highest rate in several decades. Inflation had risen over 2021 as the global economy reopened following the COVID pandemic. However, just as inflation appeared to be peaking, the Russian invasion of Ukraine in February 2022 provided a secondary inflationary impulse to the economy. The rest of the period to 5 April 2023 was therefore dominated by rising inflation, central banks raising interest rates in an attempt to bring inflation under control, and elevated volatility as markets struggled to adjust to higher interest rates. These factors resulted in most asset classes producing deeply negative returns over the year.

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

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

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

The BIC UK Pension Scheme

INVESTMENT REPORT

replacement of Liz Truss as Prime Minister by Rishi Sunak, calmed markets and by 23 November 15-year yields had fallen back to 3.28%. The Bank of England was therefore also able to sell the gilts purchased during this intervention back into the market, selling the final gilts in the first week of 2023.

In March 2023 two US banks, Silicon Valley Bank and Signature Bank, failed with the US government having to step in to guarantee deposits. These were the first failures of a large US bank since 2008. The failure of Silicon Valley Bank in particular was closely tied to its inability to adjust to the swift rise in central bank interest rates. The failures caused wider disruption in banking markets that spread to Credit Suisse, which had been suffering from falling deposits for some time. This required the Swiss government to step in and arrange for UBS to purchase Credit Suisse. By the end of March 2023 the disruption had subsided, and the overall market impact was limited outside the banking sector.

The BIC UK Pension Scheme

IMPLEMENTATION STATEMENT

Purpose of Implementation Statement

This implementation statement has been produced by the Trustees of the BIC UK Pension Scheme (“**the Scheme**”) to set out the following information over the year to **31 March 2023**:

- how the Trustees’ policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Scheme’s investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

The Implementation Statement covers details of all voting activity (and significant votes) as well as engagement activity for all funds held by the Scheme during the year to 31 March 2023. However, the Scheme disinvested from the Invesco Global Target Returns Fund in July 2022 and disinvested from the BNY Mellon Real Return Fund and the LGIM Diversified Fund in December 2022.

Stewardship policy

The Trustees’ Statement of Investment Principles (SIP) in force at 31 March 2023 describes the Trustees’ stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in January 2023 and has been made available online here:

[Statement of Investment Principles \(pensionpal.co.uk\)](https://pensionpal.co.uk)

The Trustees will keep this policy under review in line with the nature of the funds they are now investing in. At this time, the Trustees have not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this and the extent to which it is appropriate for the Scheme’s investment strategy in due course, in line with other Scheme risks. Therefore, for the subsequent sections relating to significant votes, they have relied on the Scheme’s managers to provide information on votes which they deem are significant.

How voting and engagement/stewardship policies have been followed

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

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme’s fund managers.
- The Scheme is currently only invested in liability matching assets (gilts and corporate bonds) and cash and therefore there is limited engagement and stewardship that the Trustees can do.

Prepared by the Trustees of the BIC UK Pension Scheme
August 2023

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme’s Growth Portfolio on behalf of the Trustees over the year to **31 March 2023**. The Over 5y Index-Linked Gilt Fund, Over 15y Gilts Index, Sterling Liquidity and Core Plus Funds with LGIM have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Voting Data for Q1 2023 was not provided for the Invesco Global Targeted Returns Fund and so all data relating to this fund is for the year to 31 December 2022.

The BIC UK Pension Scheme

IMPLEMENTATION STATEMENT

Manager	LGIM	BNY Mellon	Invesco
Fund name	Diversified Fund	Real Return Fund	Global Targeted Returns
Structure	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
No. of eligible meetings	9,541	78	265
No. of eligible votes	99,252	1,287	3,926
% of resolutions voted	99.8%	100%	98.9%
% of resolutions abstained	0.7%	0.0%	0.1%
% of resolutions voted with management	77.4%	89.2%	93.7%
% of resolutions voted against management	21.9%	10.8%	6.2%
Proxy voting advisor employed	Custom voting policy with specific voting instructions in place with ISS	ISS is used for administering proxy voting. No strict voting policy is maintained but all decision making is overseen by the Head of Responsible Investment at Newton	Invesco use a proxy provider details of which can be found Here
% of resolutions voted against proxy voter recommendation	12.5%	7.0%	3.97%

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities. At this time, the Trustees have not set stewardship priorities for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. So, for this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a “significant vote”. The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees have yet to develop a specific voting policy, and at the year-end held no funds with voting rights attached.

The BIC UK Pension Scheme

IMPLEMENTATION STATEMENT

Invesco Asset Management, Global Targeted Returns Fund (Life)

	Vote 1	Vote 2	Vote 3
Company name	Suofeiya Home Collection Co., Ltd.	QBE Insurance Group Limited	Barclays Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	>1% (of company)	>1% (of company)	>1% (of company)
Summary of the resolution	Approve Cash Management	Approve the Amendments to the Company's Constitution	Authorise Issue of Equity in Relation to the Issuance of Contingent Equity Conversion Notes.
How the manager voted	Against (Against Management)	Against (In Line with Management)	For (In Line with Management)
Rationale for the voting decision	A vote AGAINST is warranted because the proposed investment could expose the company to unnecessary risks.	A vote AGAINST this resolution is warranted, as the request to amend the company's constitution is potentially broad with no regulatory framework to oversee shareholder proposals.	A vote FOR these resolutions is warranted, although could lead to the dilution of the shares. The main reasons for support are authorities are common proposals at UK banks and are intended to apply in extreme circumstances.
Outcome of the vote	Pass	Fail	Pass
Implications of the outcome	The outcome of the vote did not meet Invesco's desired voting intention. Invesco will continue to monitor the company on this issue and engage as necessary.	The outcome of the vote meets Invesco's voting intention. Therefore, they didn't take further action beyond their continuous engagement and dialogue with the company, as appropriate.	The outcome of the vote meets Invesco's voting intention. Therefore, they didn't take further action beyond continuing engagement and dialogue with the company, as appropriate.
Criteria on which the vote is considered "significant"	Invesco ownership is greater than 1% of the company	Invesco ownership is greater than 1% of the company	Invesco ownership is greater than 1% of the company

LGIM, Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Plc	Sempra Energy	Amazon.com, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3%	0.1%	0.2%
Summary of the resolution	Approve the Shell Energy Transition Process Update	Require Independent Board Chair	Elect Director Daniel P. Huttenlocher
How the manager voted	Against	For	Against
Rationale for the voting decision	LGIM acknowledges the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030. However, LGIM remains concerned of the disclosed plans for oil and gas production and would benefit from further	LGIM expects companies to establish the role of independent Board Chair.	The director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.

The BIC UK Pension Scheme

IMPLEMENTATION STATEMENT

	Vote 1	Vote 2	Vote 3
	disclosure of targets associated with related business streams.		
Outcome of the vote	80% of shareholders supported the resolution	38% of shareholders voted supported the resolution	93% of shareholders supported the resolution
Implications of the outcome	LGIM will continue to engage with the company and publicly advocate their climate related position.	LGIM will continue to vote against combined Chairs and CEOs.	LGIM will continue to engage with and advocate for market level progress in this area.
Criteria on which the vote is considered "significant"	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans.	LGIM considers this vote to be significant as it is an example of an escalation of their vote policy on the topic of the combination of board of chair and CEO.	LGIM pre-declared its vote intention for this resolution demonstrating its significance.

BNY Mellon, Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Universal Music Group NV	ConocoPhillips	Abbott Laboratories
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.6%	1.2%	0.7%
Summary of the resolution	Approve Remuneration Report	Report on GHG Emissions Reduction Targets	Report on Lobbying Payments and Policy
How the manager voted	Against	For	For the shareholder proposal
Rationale for the voting decision	BNY Mellon voted against the proposal as they felt that the short-term pay awards ensure the CEO receives a bonus more aligned with royalties rather than the metric being an actual driver of growth and incentivising the executive to perform. BNY Mellon also viewed the quantum of pay as excessive.	BNY Mellon supported the shareholder proposal which requested reporting on GHG targets, and notably Scope 3 emissions across the value chain as they believe the company has not made sufficient progress on their climate plan.	BNY Mellon supported a shareholder proposal requesting additional disclosure around lobbying payments made by the company as this will be beneficial for shareholders to better assess the related political risks.
Outcome of the vote	71% of shareholders supported the resolution	39% of shareholders supported the resolution	35% of shareholders supported the resolution
Implications of the outcome	Owing to the company having controlling shareholders, the vote outcome shows that most of the minority shareholders failed to support the CEO's compensation. The company should recognise this significant level of dissent, and determine mitigating steps required to avoid a similar or worse vote outcome occurring in the future.	Majority support for shareholder proposals highlight the growing areas of concern in the US market.	While the vote outcome will barely register with the company, the near majority support for the shareholder proposal (in tandem with a shareholder proposal on remuneration) provides an increased likelihood of shareholders' rights being improved. The improvements will

The BIC UK Pension Scheme

IMPLEMENTATION STATEMENT

	Vote 1	Vote 2	Vote 3
			require further shareholder votes at a future AGM for the company to make the necessary changes to its bylaws.
Criteria on which the vote is considered “significant”	This vote provides an example of where most of the company’s minority shareholders disagreed with a company’s pay practices.	Newton determined this vote as significant owing to the rarity of a shareholder proposal achieving majority support.	The significance of this vote extends to the level of support received for the shareholder proposal(s) that sought fundamental governance reforms of the company.

Fund level engagement

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

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

Engagement data for Q1 2023 was not provided for the Invesco Global Targeted Returns Fund and so all data relating to this fund is for the year to 31 December 2022.

Manager	Invesco	LGIM	LGIM	BNY Mellon
Fund name	Global Targeted Returns Fund (Life)	Diversified Fund	LGIM Core Plus Fund	Real Return Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	20	979	125	48
Number of entities engaged on behalf of the holdings in this fund in the year	12	690	63	25
Number of engagements undertaken at a firm level in the year	220	1,262	1,262	224

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

LGIM

During Q1 2023 LGIM arranged an engagement call with Macquarie Asset Management, Southern Water’s main shareholder. This call was to share LGIM views on the environmental impact of water companies after the UK Environment Agency described the environmental performance as the “worst seen for years”.

LGIM also signed up to the Ceres investor-led “Valuing Water Finance Initiative” aimed at engaging water users and polluters to address water risks.

LGIM continues to limit its exposure to the bonds of weaker companies in the sector pending evidence on progress on operational and financial issues within water companies.

The BIC UK Pension Scheme

IMPLEMENTATION STATEMENT

BNY Mellon Real Return Fund

BNY Mellon did not provide details of engagements carried out on behalf of clients invested in this fund. The Trustees and Investment Adviser will work with the manager to ensure that this detail can be provided in the future. BNY Mellon did however provide examples of engagement themes at a firm level, and we have summarised an example of this.

BNY Mellon continued an ongoing engagement with Barclays, encouraging the bank to strengthen its climate transition plan to ensure the bank is on track to reach its emission reduction target. The bank has considerable exposure to the fossil fuel industry and the bank is working with Oliver Wyman to review and compare its client climate transition framework with best practice. This covers 150 clients from sectors in which the bank has explicit climate related targets. The framework is due to be published in the coming year.

The bank also outlined their participation in the Bank of England Climate Biennial Exploratory Scenario and the incorporation of climate into its own stress tests to evaluate risk within its own portfolios. BNY Mellon have been asking the bank to provide evidence of the climate transition framework for some time and will continue to monitor the bank's reporting and progress against sector targets.

Invesco

Invesco did not provide details of engagements conducted on behalf of clients invested in this fund. Invesco did however provide examples of engagement themes at a firm level, and we have summarised an example of this.

Invesco engaged with Glencore plc over the period providing an example of tackling climate change. They pushed Glencore to publish renewable goals and targets as they are one of the few diversified mining organisations that they liaise with not to have public ones. They also pushed Glencore to explain why they keep receiving environmental fines and what they are planning to do to rectify this.

The BIC UK Pension Scheme

SUMMARY OF CONTRIBUTIONS PAYABLE IN THE YEAR TO 5 APRIL 2023

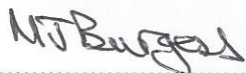
Trustees' Summary of Contributions payable under the schedule in respect of the Scheme year ended 5 April 2023

This summary of contributions has been prepared 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 Contributions certified by the actuary on 5 April 2022 in respect of the Scheme year ended 5 April 2023. The Scheme auditor reports on the contributions payable under the schedule in the Auditor's Statement about Contributions.

As per the Schedule of Contributions, the Employer gave 3 months' notice prior to January 2023 that they wished to stop the contributions. Hence nine contributions of £100,000 were paid over the period.

Contributions payable under the Schedule of Contributions	£	£
Employer		
- Normal	-	
- Deficit funding	900,000	
Total employer contributions payable to the Scheme		900,000
Member		
- Normal	-	
Total member contributions payable to the Scheme		-
Total contributions payable to the Scheme		900,000

Signed on behalf of the Trustees:



For and on behalf of the Trustees

Date 14.10.2023

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 Trustees of The BIC UK Pension Scheme

Statement about contributions payable under Schedule of Contributions

We have examined the summary of contributions payable to The BIC UK Pension Scheme on page 14 in respect of the Scheme year ended 5 April 2023 to which this statement is attached.

In our opinion the contributions for the Scheme year ended 5 April 2023 as reported in the attached summary of contributions on page 14 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 5 April 2022.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 14 in the attached Summary of Contributions 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 auditors

As explained more fully on page 5 the Scheme's Trustees are 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 Scheme by or on behalf of the employer and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active members of the Scheme 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 statement

This statement is made solely to the Scheme's Trustees as a body, in accordance with 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 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 Scheme and the Scheme's Trustees as a body, for our audit work, for this statement, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 17/10/23
.....

INDEPENDENT AUDITOR'S REPORT to the Trustees of The BIC UK Pension Scheme

Opinion

We have audited the financial statements of the BIC UK Pension Scheme for the year ended 5 April 2023 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 Scheme during the year ended 5 April 2023, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial documents, we have concluded that the Scheme's 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 Scheme's 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. The Scheme's 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 statement themselves. If, based on the works we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 5, the Trustees are 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 Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT to the Trustees of The BIC UK Pension Scheme

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.

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.

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 Scheme operates in and how the Scheme 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 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, 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.

INDEPENDENT AUDITOR'S REPORT
to the Trustees of The BIC UK Pension Scheme

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 (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 Scheme's Trustees 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 Scheme and the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date 17/10/23

The BIC UK Pension Scheme
FUND ACCOUNT
For the year ended 5 April 2023

	<i>Note</i>	2023 £	2022 £
Contributions and Benefits			
Employer contributions	3	900,000	1,200,000
		<hr/> 900,000	<hr/> 1,200,000
Benefits paid or payable	4	1,420,366	1,604,007
Administrative expenses	5	2,159	1,441
		<hr/> 1,422,525	<hr/> 1,605,448
Net withdrawals from dealings with members		(522,525)	(405,448)
Returns on investments			
Investment income	6	35,442	51,327
Investment Managers Expenses		(1,916)	-
		<hr/> (4,795,809)	<hr/> (97,175)
Change in market value of investments	7	(4,795,809)	(97,175)
Net returns on investments		<hr/> (4,762,283)	<hr/> (45,848)
Net (decrease) / increase in the fund during the year		(5,284,808)	(451,296)
Net assets of the Scheme at 6 April		37,056,506	37,507,801
Net assets of the Scheme at 5 April		<hr/> 31,771,698	<hr/> 37,056,506

The notes on pages 22 to 30 form an integral part of these financial statements.

The BIC UK Pension Scheme
STATEMENT OF NET ASSETS (available for benefits)
As at 5 April 2023

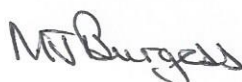
	<i>Note</i>	2023 £	2022 £
Investment assets:	7		
Pooled investment vehicles		31,297,618	36,464,415
Insurance policies		249,853	280,788
AVC investments		175	167
Total net investments		31,547,646	36,745,370
Current assets	10	369,888	380,144
Current liabilities	11	(145,836)	(69,008)
Net assets of the Scheme at 5 April		31,771,698	37,056,506

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

The notes on pages 22 to 30 form an integral part of these financial statements.

These financial statements were approved by the Trustees and authorised for issue on 14 OCTOBER 2023

Signed on behalf of the Trustees:



For and on behalf of the Trustees

The BIC UK Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 5 April 2023

1 BASIS OF PREPARATION

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

The financial statements have been prepared on a going concern basis. The Trustees do not consider the uncertainties relating to the ongoing impact of the Coronavirus pandemic and the geopolitical climate to have a significant effect on the Scheme's ability to continue as a going concern for at least a year from the date of approval of the financial statements.

2 ACCOUNTING POLICIES

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

2.1 Accruals Concept

These financial statements have been prepared on an accrual basis under the historical cost convention except where indicated below.

The Scheme's functional and presentation currency is pounds sterling, rounded to the nearest £.

2.2 Contribution Income

Deficit contributions are recognised in line with the Schedule of Contributions in place.

2.3 Benefits

Benefits payable represent all valid benefit claims in respect of the Scheme year. Benefits to members are accounted for in the period in which they fall due for payment.

2.4 Transfers

Transfers out of the Scheme are accounted for when the related member liability transfers between schemes.

2.5 Investment income

Income arising from the underlying investments of the pooled investment vehicles that is reinvested within the pooled investment vehicles is reflected in the unit price. Such income is reported within the change in market value, otherwise it is accounted for when declared by the fund manager.

Receipts from annuity policies are accounted for as investment income.

2.6 Investment management expenses

Investment management expenses are accounted for on an accruals basis.

The BIC UK Pension Scheme
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 5 April 2023

2 ACCOUNTING POLICIES (cont.)

2.7 Valuation of Investments

Investments are stated at market value:

- a) AVC funds are included at the market value advised by the fund managers as at the year end date.
- b) The market value of units in Pooled Investment Vehicles is based on bid price as quoted by the fund's manager at the year end.
- c) Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions.

2.8 Critical Accounting Judgements and Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustees do not consider there to be any other critical judgement or estimation uncertainty that could materially impact the assets or liabilities included within these financial statements.

3 CONTRIBUTIONS

	2023	2022
	£	£
Employers		
Deficit funding	-	900,000
Additional Deficit funding	900,000	300,000
	<u>900,000</u>	<u>1,200,000</u>

Following the agreement of the previous Schedule of Contributions with the Trustees and the Employer, the Employer has agreed to pay £1,200,000 per annum into the Scheme from 1 April 2018 to 31 December 2021.

The previous Schedule of Contributions did not cover the deficit contributions due within the period 1 January 2022 to 5 April 2022, therefore these deficit contributions were classed as additional.

Under the current Schedule of Contributions, the Employer will pay £100,000 per month until 31 December 2022. Beyond this date the Employer will continue payments of £100,000 per month on a discretionary basis subject to providing 3 months' notice should they wish to stop contributions.

The Employer will also pay the PPF levy and all other expenses (excluding implicit investment expenses and bank charges).

The Employer may also make additional contributions from time to time as agreed with the Trustees.

4 BENEFITS PAID OR PAYABLE

	2023	2022
	£	£
Pensions	1,214,149	1,249,277
Commutation of pensions and lump sum retirement benefits	206,217	282,860
Trivial commutations	-	71,870
	<u>1,420,366</u>	<u>1,604,007</u>

The BIC UK Pension Scheme
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 5 April 2023

5 ADMINISTRATIVE EXPENSES

	2023	2022
	£	£
Bank charges	2,159	1,407
Miscellaneous expenditure	-	34
	2,159	1,441

All other costs of administration are borne by the principal employer.

6 INVESTMENT INCOME

	2023	2022
	£	£
Annuity income	35,442	51,327

7 INVESTMENTS

	Value at 06/04/2022	Purchases at cost	Sales proceeds	Change in market value	Value at 05/04/2023
	£	£	£	£	
Pooled investment vehicles	36,464,415	20,630,645	(21,032,560)	(4,764,882)	31,297,618
Insurance policies – annuities	280,788	-	-	(30,935)	249,853
AVC investments	167	-	-	8	175
	36,745,370	20,630,645	(21,032,560)	(4,795,809)	31,547,646

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme.

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.

The company managing the managed fund investments is registered in the United Kingdom.

The BIC UK Pension Scheme
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 5 April 2023

7 INVESTMENTS (continued)

Pooled investment vehicles

	2023 £	2022 £
Diversified growth	11,185,280	21,590,787
Corporate bonds	9,019,835	7,223,691
Over 5 year index linked gilts	11,092,503	7,649,937
	31,297,618	36,464,415

Insurance Policies

The Scheme held insurance policies at the year-end as follows:

	2023 £	2022 £
The Prudential Assurance Company Limited	249,853	280,788

AVC Investments

The Trustees hold assets invested separately from the main fund in the form of insurance policies securing additional benefits on a money purchase basis for those members who elected to pay additional voluntary contributions. Designated money purchase assets do not form a common pool of assets available for members generally. Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year. AVC investments are currently included on a cash basis.

The total amount of AVC Investments at the year-end is shown below.

	2023 £	2022 £
The Prudential Assurance Company Limited	175	167

Concentration of Investments

The following investments had a market value in excess of 5% of the total net assets of the Scheme:

	2023 Market Value	%	2022 Market Value	%
P1915 BNYM Real Return	-	-	7,495,357	20
P1918 L&G AP-Over 5y Index-Linked Gilts	11,092,503	35	7,649,937	21
P1917 L&G TD (W) – Core Plus	9,019,835	29	7,223,691	20
P04127 Invesco Perpetual Global	-	-	6,213,003	17
P07966 L&G Life MAAA Diversified Fund	-	-	7,882,428	21
P11114 L&G Life AP over 5 Yr index linked	7,760,221	25	-	-
P11862 L&G Life TA Sterling Liquidity	3,425,059	11	-	-

The BIC UK Pension Scheme
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 5 April 2023

8 FAIR VALUE DETERMINATION

The fair value of financial instruments has been analysed using the following fair value hierarchy.

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

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

	At 5 April 2023			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	31,297,618	-	31,297,618
Insurance policies	-	-	249,853	249,853
AVC investments	-	-	175	175
	-	31,297,618	250,028	31,547,646

	At 5 April 2022			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	36,464,415	-	36,464,415
Insurance policies	-	-	280,788	280,788
AVC investments	-	-	167	167
	-	36,464,415	280,955	36,745,370

The BIC UK Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 5 April 2023

9 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.

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

The Trustees determine their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

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

Credit and market risk is set out below. This does not include the legacy insurance policies.

Credit risk

All Mobius Life funds are Unit linked insurance contracts and are categorised as unrated pooled investment vehicles. A summary of the Schemes holdings is as follows:

	2023	2022
	£	£
Unit linked insurance contracts	31,297,618	36,464,415
Total	31,297,618	36,464,415

Market risk

FRS 102 defines market risk as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The BIC UK Pension Scheme
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 5 April 2023

9 INVESTMENT RISK DISCLOSURES (Continued)

i) Currency risk

The Scheme is exposed to currency risk as some of the Scheme's assets are held in overseas markets through pooled investment vehicles. All Mobius Life funds are priced in GBP however the underlying portfolio is exposed to foreign exchange risk:

	2023	2022
	£	£
P1915 BNYM Real Return	-	7,495,357
P04127 Invesco Perpetual Global Targeted Returns Funds	-	6,213,003
P07966 L&G Life MAAA Diversified Fund	-	7,882,428
Total	-	21,590,788

ii) Interest rate risk

The Scheme is exposed to interest rate risk as some assets, held through pooled investment vehicles, are subject to interest rate risk, for the purposes of this report we have included Index Linked Bonds in this categorisation. The following holdings are subject to changes in interest rates:

	2023	2022
	£	£
P1917 L&G TD (W) – Core Plus	9,019,835	7,223,691
P1918 L&G AP-Over 5y Index-Linked Gilts	11,092,503	7,649,937
P1915 BNYM Real Return	-	7,495,357
P04127 Invesco Perpetual Global Targeted Returns Funds	-	6,213,003
P07966 L&G Life MAAA Diversified Fund	-	7,882,428
P11114 L&G Life AP over 5 year index linked	7,760,221	-
P11862 L&TA Sterling Liquidity	3,425,059	-
Total	31,297,618	36,464,416

iii) Other price risk

The Scheme is exposed to other price risk in relation to its holdings in assets, through pooled investment vehicles, typically including equities, private equity, hedge funds and property:

	2023	2022
	£	£
P1915 BNYM Real Return	-	7,495,357
P04127 Invesco Perpetual Global Targeted Returns Funds	-	6,213,003
P07966 L&G Life MAAA Diversified Fund	-	7,882,428
Total	-	21,590,788

The BIC UK Pension Scheme
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 5 April 2023

10 CURRENT ASSETS

	2023	2022
	£	£
Other debtors	-	-
Pensions paid in Advance	82,582	-
Contributions due in respect of employer	-	100,000
Benefits paid in advance	-	-
Cash balances	287,306	280,144
	<u>369,888</u>	<u>380,144</u>

The contributions in the prior year due from the employer were paid in full on 19 April 2022, in line with the terms set out in the Schedule of Contributions.

11 CURRENT LIABILITIES

	2023	2022
	£	£
Benefits payable	15,412	1,512
Tax due on pensions	17,039	14,542
Trivial Commutation	10,645	50,239
Annuity payments received in advance	2,740	2,715
Contributions repayable to the employer	100,000	-
	<u>145,836</u>	<u>69,008</u>

12 RELATED PARTY TRANSACTIONS

All transactions between the Scheme and the participating employer are disclosed in the financial statements. The employer pays all administration fees, including Trustees' fees. The Trustees are considered key management personnel. Trustees' fees paid in the year were £38,394 (2022: £29,661).

The Member Nominated Trustee D Everitt is a member of the Pension Scheme.

13 EMPLOYER RELATED INVESTMENT

There were no employer related investments at any time during the year within the meaning of section 40(2) of the Pensions Act 1995.

14 GUARANTEED MINIMUM PENSIONS

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 earned between May 1990 and April 1997. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

On 20 November 2020, the High Court handed down a second judgment involving Lloyds Banking Group's defined benefit schemes. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The BIC UK Pension Scheme
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 5 April 2023

14 GUARANTEED MINIMUM PENSIONS (cont.)

Under the first ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. The Trustees and Bic UK Limited agreed a methodology to allow for GMP equalisation. As such, an exercise was completed to assess whether adjustments were required to benefits currently in payment and whether any arrears payments should be made. Any members affected have been notified and adjustments to pensions in payment were made in July 2021. Arrears payments including an allowance for interest were made at the same time.

The Trustees of the Scheme have agreed a method to deal with closed cases and have identified all those members who fall into this scope. An exercise is underway to pay additional top ups for these cases.

The BIC UK Pension Scheme
ACTUARIAL STATEMENTS
5 April 2023

SCHEDULE OF CONTRIBUTIONS

STATUS

This Schedule of Contributions has been prepared by the Trustees, after obtaining the advice of Rob Dales, the Scheme Actuary to the Scheme.

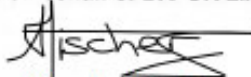
EMPLOYER CONTRIBUTIONS

BIC UK Limited will pay £100,000 per month until 31 December 2022. Beyond this date BIC UK Limited will continue payments of £100,000 per month on a discretionary basis subject to providing 3 months' notice should they wish to stop contributions.

BIC UK Limited will also pay the PPF levy and all other expenses (excluding implicit investment expenses and bank charges).

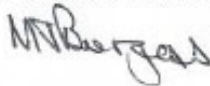
BIC UK Limited may also make additional contributions from time to time as agreed with the Trustees.

Signed on behalf of BIC UK Limited



Name: **Albertus Fischer**
Position: *[Director/Company Secretary]*
Date: **05/04/2022**

Signed on behalf of the Trustees of the BIC UK Pension Scheme



Name: **MICHAEL BURGESS**
Position: **Trustee**
Date: **5 APRIL 2022**

This schedule of contributions has been agreed by the Trustees of the BIC UK Pension Scheme after obtaining actuarial advice from me.

Signed:



Name: **Rob Dales**
Position: **Scheme Actuary**
Date: **5 April 2022**

The BIC UK Pension Scheme
ACTUARIAL STATEMENTS
5 April 2023

ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

ADEQUACY OF RATES OF CONTRIBUTIONS

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions, which are based on a valuation as at 5 April 2015, are such that the statutory funding objective could continue to be met for the period for which the schedule is to be in force.

ADHERENCE TO STATEMENT OF FUNDING PRINCIPLES

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 5 April 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 Scheme's liabilities by the purchase of annuities if the Scheme were to be wound up.

Signed:



Name: Rob Dales
Position: Scheme Actuary
Qualification: Fellow of the Institute & Faculty of Actuaries
Company: Atkin Pensions
Date: 5 April 2022

The BIC UK Pension Scheme

ACTUARIAL STATEMENTS

5 April 2023

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

The most recent full actuarial valuation of the Scheme was carried out as at 5 April 2021.

	5 April 2021	5 April 2018
The value of the Technical Provisions was:	35,495,000	39,608,000
The value of the assets at that date was:	37,508,000	34,445,000
Surplus / (Deficit)	2,013,000	(5,163,000)
Funding level	106%	87%

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

	5 April 2021	5 April 2020	5 April 2019	5 April 2018	Derivation
Pre Retirement Discount Rate	3.55% p.a.	3.00% p.a.	3.85% p.a.	4.05% p.a.	The nominal rate has fallen by 0.50% reflecting the fall in the expected returns available on equity and other return seeking assets.
Post Retirement Discount rate	1.55% p.a.	1.00% p.a.	1.85% p.a.	2.05% p.a.	The nominal rate has fallen by 0.50% reflecting the fall in yields available on gilts and corporate bonds,
RPI Inflation Pre 2030 Post 2030	Inflation Curve - 0.2% Inflation Curve – 0.3%	2.90% p.a.	3.40% p.a.	3.20% p.a.	Expected future inflation, based on the difference between the yield on fixed interest and index linked gilt-edged stocks, has risen since the last valuation. As in the previous valuation, an inflation risk premium of 0.2% pre 2030 is used, however an additional 0.1% risk premium is added post 2030 for uncertainties in underlying inflation
Pension increases Pre 6 April 1997 (in excess of GMP)	Nil (for the majority of members)	Nil (for the majority of members)	Nil (for the majority of members)	Nil (for the majority of members)	Increases to pensions in payment for benefits accrued before 6 April 1997 are assumed to no longer be payable.
Pension increases RPImax 5%/3%	Based on relevant inflation curve allowing for caps and collars using Black Scholes	2.90% p.a./ 2.90% p.a.	3.40% p.a./ 3.00% p.a.	3.20% p.a./ 3.00% p.a.	Black Scholes has been used at the 2021 valuation to more accurately allow for the caps and collars applying to pension increases in payment.
Mortality	95% S3PA CMI 2020 (1.25% (m) 1% (f) long term trend	95% S2PA CMI_2019 (1.5% males, 1.25% females)	95% S2PA CMI_2018 (1.5% males, 1.25% females)	95% S2PA CMI_2017 (1.5% males, 1.25% females)	The base table and mortality improvements have been updated to reflect more up to date studies of mortality.

The BIC UK Pension Scheme

ACTUARIAL STATEMENTS

5 April 2023

Results

The funding level has improved since the date of the last valuation. The Trustees and the Principal Employer had agreed that the Principal Employer will pay deficit funding contributions of £1,200,000 per annum from 1 April 2018 until 31 December 2021, in equal monthly instalments. The Employer will continue to pay £100,000 per month until 31 December 2022. Beyond this date the Employer will continue payments of £100,000 per month on a discretionary basis subject to providing 3 months' notice should they wish to stop contributions.

The BIC UK Pension Scheme

COMPLIANCE STATEMENT

For the year ended 5 April 2023

Tax status of The Scheme

The Scheme is a Registered Pension Scheme under Chapter 2 of Part IV of the Finance Act 2004.

The employments of members were contracted-out of the State Second Pension (S2P) formerly the State Earnings Related Pension Scheme (SERPS) whilst there were active members of the Scheme.

Increases in pensions in payment

Increases to pension in excess of GMP earned up to 6 April 1997 no longer apply.

GMPs in respect of service between 6 April 1988 and 5 April 1997 continue to increase each year in line with RPI to a maximum of 3%, and pensions earned after 5 April 1997 continue to increase each year in line with RPI to a maximum of 5%. Pension increase dates were aligned for all members in April 2014 so that increases are now paid in April each year instead of on the anniversary of a member's retirement.

In April 2021, pensions earned after 6 April 1997 were increased by 1.1% and GMPs in respect of service between 6 April 1988 and 5 April 1997 were also increased by 1.1%.

Cash equivalents

Cash Equivalent Transfer Values paid during the year in respect of transfers to other pension schemes have been calculated and verified by the Scheme Actuary in accordance with legislation.

Advisers

There were no changes to the advisers in the year.

Other information

- i. The Pension Tracing Service provides a tracing service for members (and their dependants) of previous employers' Schemes, who have lost touch with earlier employers and Trustees. To trace a benefit entitlement under a former employer's Scheme, enquiries should be addressed to:

The Pension Service
Post Handling Site A
Wolverhampton
WV98 1AF
United Kingdom
Telephone: 0800 731 0193
Website: www.gov.uk/find-pension-contact-details

- ii. Members and beneficiaries of pension schemes, who have problems concerning their scheme and are not satisfied by the information or explanation given by the trustees, can consult The Pensions Ombudsman. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

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

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU
Telephone: 0800 917 4487
Website: www.pensions-ombudsman.org.uk
E-mail: enquiries@pensions-ombudsman.org.uk

The BIC UK Pension Scheme

COMPLIANCE STATEMENT

For the year ended 5 April 2023

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

- iii Moneyhelper is a new service which was introduced in 2019 combining pension guidance, money guidance and debt advice (previously known as the Money & Pensions Service). These services were previously provided by three separate government entities; The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. Moneyhelper can be contacted at:

MPS Tel: 0800 011 3797

Email: contact.pensionwise@moneyhelper.org.uk

Website: www.moneyhelper.org.uk

- iv The Trustee is required to provide certain information about the Scheme to the Registrar of Pension Schemes. This has been forwarded to:

The Registrar of Pension Schemes

PO Box 1NN

Newcastle Upon Tyne

(Tel: 0191 225 6316)

NE99 1NN

E-mail: communications@thepensionsregulator.gov.uk

- v. The Pension Protection Fund was established to provide compensation to members of eligible defined benefit pension Scheme, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension Scheme to cover Pension Protection Fund levels of compensation.

The Pension Protection fund is a statutory fund run by the Board of the Pension Protection Fund, a statutory corporation established under the provisions of the Pensions Act 2004. The Pension Protection Fund became operational on 6 April 2005.

- vi The Trust Deed and rules, the Scheme details, and a copy of the Schedule of Contributions and Statement of Investment Principles are available for inspection free of charge by contacting Atkin Pensions at the address shown for enquiries in this report.

Atkin Pensions

Cornwall House

Blythe Valley Park

Solihull

B90 8AF