

B&CE Staff Pension Scheme

Annual Report and Financial Statements
for the year ended 31 December 2024

Pension scheme registry number: 10000821

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Trustees and advisors

Chair	Alan Pickering, CBE
Trustees	Employer nominated R J Blackman, MBE K Farmer Member nominated A Kinch M Phillips
Secretary to the Trustees	L Ireland (resigned 28 March 2025)
Scheme administrator	Hymans Robertson LLP
Actuary	Shani McKenzie FIA, Hymans Robertson LLP (resigned 7 March 2025) Jonathan Seed FIA, Hymans Robertson LLP (appointed 8 March 2025)
Independent auditor	KPMG LLP
Legal adviser	Mayer Brown LLP
Investment adviser	Barnett Waddingham LLP
Investment managers	Legal & General Investment Management Limited State Street Global Advisers Limited (up to August 2024) BNY Mellon Fund Managers Limited (up to August 2024)
Additional voluntary contribution managers	Aviva Plc Utmost Life and Pensions Limited
Banker	HSBC Bank Plc
Principal Employer	People's Partnership Holding Limited (up to 30 September 2024) People's Partnership Limited (effective 1 October 2024)
Name and address for enquiries	Trustee Governance Services B&CE Staff Pension Scheme Manor Royal Crawley West Sussex RH10 9QP TrusteeServices@peoplespartnership.co.uk

Trustees’ Report for the year ended 31 December 2024

The Trustees of the B&CE Staff Pension Scheme (‘the Scheme’) present their Annual Report and Financial Statements for the year ended 31 December 2024.

Scheme constitution

The Scheme is an occupational defined benefit scheme providing pension, ill-health and death benefits for its members and their dependants. Defined benefit means the benefits are based on the final pensionable salary and number of years employed by the Principal Employer (‘the Employer’) when the benefit becomes payable.

The Scheme is governed by a Trust Deed and Rules. In addition to the Scheme pension, the state pension will be payable from each member’s state pension age. From 4 January 2014, the Scheme closed to new members, but existing members were able to continue accruing benefits.

Developments in the year

On 30 September 2024 People’s Partnership Holdings Limited (‘PPHL’) the Employer entered into an agreement to transfer their assets and liabilities to People’s Partnership Limited (‘PPL’), a fully owned subsidiary of PPHL. As part of this transaction PPHL passed on their obligation as the Scheme Employer to PPL commencing 1 October 2024.

From the 30 September 2024 (the ‘Closure date’) the Scheme closed to future benefit accrual. The previously active members became ‘employed-deferred’ members and retain a salary link whilst employed by the Employer.

Scheme management

Responsibility for setting the strategy and for managing the Scheme rests with the Trustees. The people who acted as Trustees during the year and up to the date of approval of these Financial Statements are listed on page 1. The Trustees held 7 meetings during the year, three were Special Meetings relating to changes to the Scheme and it’s Employer. All decisions were passed with a majority of the Trustees being in attendance.

Two of the Trustees are nominated by the members, serving a period of up to 6 years. The member nominated Trustees may be removed before the end of their 6-year term in accordance with the provisions of the Pensions Act 2004. In accordance with the Trust Deed the Employer has the power to appoint and remove the other Trustees of the Scheme.

The Trustees’ attendance at the quarterly meetings are summarised below:

Trustee	Trustee Meetings 4 meetings	Special Meetings 3 meetings
A Pickering	4	3
R J Blackman	4	3
K Farmer	4	2
A Kinch	4	3
M Phillips	4	3

PPL pay the Trustees a fee and reimburse the Trustees for expenses incurred in performing their duties as a Trustee of the Scheme. Pensioner Trustees are reimbursed by PPL for expenses incurred in performing their duties, in accordance with the Trustees’ agreed policy.

The Trustees regularly review registers of risks and conflicts to ensure that the appropriate internal controls are put in place and remain effective to support their governance arrangements.

The Trustees have appointed professional advisers and other organisations to support them in delivering the Scheme’s objectives. These individuals and organisations are listed on page 1. The Trustees have written agreements in place with each of them.

Financial statements

The Financial Statements included in this Annual Report are those required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

Trustees' Report for the year ended 31 December 2024 (continued)

Membership and benefits

The change in membership during the year is as follows:

	Active members	Deferred members	Pensioners	Dependants	Total
At the start of the year	43	115	198	30	386
Members retiring	-	(8)	8	-	-
New dependants	-	-	-	1	1
Closure of Scheme to future benefit accrual	(43)	43	-	-	-
Full commutation	-	-	-	-	-
Deaths	-	-	(9)	(5)	(14)
At the end of the year	0	150	197	26	373

From the Closure date, the Scheme closed to future benefit accrual. The previously active members became 'employed-deferred' members and retain a salary link whilst employed by the Employer. At 30 September 2024, 43 active members became employed-deferred members. The year-end employed-deferred members totalled 41.

Pension increases

Pensions from the Scheme are increased each year in line with legal requirements. While the Trustees can also apply discretionary increases, no discretionary increases were applied in the current year. The increases applied depend on when the benefits were accrued. The table below summarises the increases applied during the current Scheme year. All increases were in accordance with the Trust Deed and Rules of the Scheme or legislative requirements.

Effective date	Minimum	Average	Maximum
Pensions in payment			
1 January 2023	1.78%	3.48%	4.77%
1 January 2024	2.48%	3.65%	5.01%

Pensioners who retired during the 12 months preceding 31 December received proportionate increases which are calculated based on complete months in payment.

Deferred pensions

There are no discretionary increases to deferred pensions. They are revalued in line with statutory revaluation requirements until the benefit is taken.

Transfer values

Transfers from the Scheme are based on actuarial assumptions and factors agreed by the Trustees on the advice of the Scheme actuary, including an element for discretionary benefits where they are not detrimental to the transfer value. The transfer assumptions and factors are reviewed at the earliest date after each triennial valuation of the Scheme, or if the Scheme funding level materially falls. Cash equivalent transfers paid from the Scheme during the year were calculated and verified according to the Pension Schemes Act 1993. There have been no transfers out of the Scheme during the year.

Actuary

Shani McKenzie, the Scheme Actuary, resigned on 7 March 2025. The Trustees filled the vacancy in the office of the Scheme Actuary by appointing Jonathan Seed on 8 March 2025.

As required by Regulations made under the Pensions Act 1995, Shani McKenzie confirmed in her notice of resignation that she knew of no circumstances connected with the resignation that significantly affected the interests of the members, prospective members or beneficiaries of the Scheme.

Trustees' Report for the year ended 31 December 2024 (continued)

Membership and benefits (continued)

Guaranteed Minimum Pensions (GMP)

In October 2018, the High Court confirmed that Trustees of final pensionable salary schemes have an obligation to equalise pension benefits for the effect of unequal GMPs earned between men and women for the period 17 May 1990 to 5 April 1997 and provided guidance on the methodology for achieving this.

There was a further court ruling in November 2020 in relation to the case, which concluded that past transfers out of schemes in respect of GMPs earned during this period also need to be taken into account.

The Trustees are now reviewing, with their advisers, the implication of these rulings on the Scheme and the equalisation of guaranteed minimum pensions between men and women, in the context of the rules of the Scheme and the value of any liability. Any adjustments necessary, in line with Scheme accounting policies for GMP benefits in payment, will be recognised in the Financial Statements when a reliable estimate can be calculated. It's not possible to estimate the value of any such adjustments at this time.

Virgin Media Case

In June 2023, the High Court handed down a decision in the Virgin Media Ltd versus NTL Pension Trustees II Ltd, which considered the implications of section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out pension scheme cannot be altered, in relation to post April 1997 service, unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court.

The case has the potential to cause significant issues in the pensions industry. The Trustees will consider the possible implications for the Scheme of the above with its advisers and what steps, in any, it wishes to take. Therefore, it is not possible, at present, to estimate the potential impact, if any, on the Scheme.

Death in service insurance

Prior to 1 October 2024, the Trustees entered into a group life assurance policy (renewable 1 January each year) to cover any lump sum liabilities that may occur because of a member dying in service. It was considered that the premium payable each year reduced the financial risk on the Scheme should a member (or more than one member) die in service. The insurance premium was paid by the Employer.

Where a claim was made, the income from the insurance claim is included on the Fund Account as 'Other income' while the payment to beneficiaries is disclosed as 'Other payments'.

Following the closure of the Scheme to future benefit accrual, there is no longer an active life assurance policy provided by the Scheme. A separate arrangement has now been provided by the Employer for the employed-deferred members, under a policy maintained by the Employer.

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102), the Financial Statements don't 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. The objective is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled to 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 is set out in the Statement of Funding Principles – a copy of which is available to Scheme members upon request.

Trustees' Report for the year ended 31 December 2024 (continued)

Report on Actuarial Liabilities (continued)

The most recent triennial actuarial valuation of the Scheme (carried out as at 31 December 2022) dated 6 February 2024 showed that Scheme liabilities were 104% funded. No deficit recovery contributions are payable because there was no deficit in the Scheme relative to the statutory funding objective as at 31 December 2022. However, contingent contributions are payable by the Employer if the funding level progression to the long-term objective (as defined in the Statement of Funding Principles) falls behind plan.

An annual actuarial valuation update was performed as at 31 December 2024 which indicated the surplus within the Scheme had increased since the last formal actuarial valuation, performed as at 31 December 2022. The annual actuarial valuation update indicated that the Scheme's liabilities were 111% funded, which is an increase of 5% and 7% over the actuarial valuations performed as at 31 December 2023 and 2022 respectively as shown below.

Valuation date: 31 December	2024	2023	2022
Value of technical provisions	£43.4m	£49.1m	£49.8m
Value of assets available to meet technical provisions	£48.0m	£52.3m	£51.7m
as a percentage of technical provisions	111%	106%	104%

The value of the 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 factors include the levels of investment returns; pay increases; the timing of members' retirement; and member longevity. The method and significant actuarial assumptions used in the calculations are as follows:

Method

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

Significant actuarial assumptions

Assumption	Derivation
Pre and post-retirement discount rate	Market implied gilt yield curve plus 0.8% per annum ('p.a.')
Retail price inflation (RPI)	Market implied gilt yield curve.
Consumer price inflation (CPI)	RPI curve less 1.0% p.a. pre-2030, RPI less 0% p.a. post-2030.
Pension increases	Fixed increases will be in line with the relevant fixed rate. Limited price indexation pension increases curves to be derived from RPI, adjusted for the impact of the caps and floors.
Pensionable salary increases	Assumed to be in line with CPI p.a.
Expenses	No allowance as all expenses will be funded by the Employer directly.
GMP equalisation	An allowance of 0.4% loading + £0.03m is applied to the liabilities.
Mortality	Pre-retirement mortality base tables will be 100% of PNXA00 standard tables. Post-retirement mortality base tables will be Scheme specific 2022 Club Vita tables. Future improvements in longevity (pre and post-retirement) will be assumed to be in line with the CMI 2021 model with a long-term rate of improvement of 1.5% and an A parameter of 0.25% for males and 0.25% for females.

Next actuarial valuation

The next triennial valuation of the Scheme will be as at 31 December 2025.

Trustees' Report for the year ended 31 December 2024 (continued)

Report on Actuarial Liabilities (continued)

Contributions receivable

Following the actuarial valuation as at 31 December 2022, the Scheme actuary certified an updated Schedule of Contributions on 6 February 2024. Contributions for the year ended 31 December 2024, until the Scheme ceased future accrual of benefits on 30 September 2024, were paid at the following rates for the year in accordance with the previous Schedule certified by the actuary on 6 February 2024:

Employer:	31.0%	of members' pensionable salaries – salary sacrifice members
	22.0%	of members' pensionable salaries – salary sacrifice opt-outs
Employees:	0.0%	of members' pensionable salaries – salary sacrifice members
	9.0%	of members' pensionable salaries – salary sacrifice opt-outs

Normal contributions paid into the Scheme during the year amounted to £358,527 (2023: £508,092). Of this, employees who opted out of the salary sacrifice arrangement contributed £10,987 (2023: £14,823) and the balance was provided by the Employer, including Employee contributions under the salary sacrifice arrangement.

The Trustees' Summary of Contributions, which forms part of this Trustees' Report, which sets out contributions paid to the Scheme under the Schedules of Contributions, is set out on page 42.

Investment management

Investment strategy and principles

The Trustees are responsible for setting and monitoring the investment policies and strategy of the Scheme. The Trustees monitor the investment performance and oversee the management and suitability of investments in line with the agreed strategies.

The Trustees receive investment performance and monitoring reports on a quarterly basis from their investment adviser to allow them to monitor the performance of the investment managers, the progress versus the Scheme's long-term objective, the level of hedging provided by the protection portfolio, cashflow management and asset allocation.

In accordance with Section 35 of the Pensions Act 1995, the Trustees have agreed a Statement of Investment Principles ('SIP'). The SIP was last updated June 2024 and a copy can be obtained from the contact for enquiries on page 1.

Investment objective

The SIP includes the following description of the Scheme's investment objectives:

- To make sure that sufficient funds are available to meet benefit obligations of the Scheme under the Trust Deed and Rules as they fall due.
- To manage the expected volatility of the returns achieved to control the level of volatility in the Scheme's required contribution levels.
- To invest in assets of appropriate liquidity which will generate income and capital growth to meet the cost of current and future benefits which the Scheme provides.
- To reduce the risk of the assets failing to meet the liabilities over the long term.
- To minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives.

The Trustees' investment strategy considers the Scheme's investments in the following groups:

- **Growth portfolio for return-seeking assets:** predominantly diversified funds where the objective is to achieve growth within the constraints of the risk profile set by the Trustees.
- **Protection portfolio for liability-driven assets:** predominantly bonds and liability driven investment ('LDI') funds, where the objective is to secure fixed or inflation-adjusted cash flows in future, and where the investments are generally expected to be held to maturity.

Trustees' Report for the year ended 31 December 2024 (continued)

Investment management (continued)

Investment managers

The investment strategy is designed to meet the Scheme's funding objective, reduce risk and meet cash flows.

As can be seen from the table on page 11, as at 31 December 2024, 15% of the Scheme's assets are held in the passively managed LGIM Future World Equity Index Fund and 15% of the Scheme's assets are held in the passively managed LGIM Future World GBP Hedged Equity Index Fund.

The Legal & General Investment Management Limited ('LGIM') managed LDI funds, representing 70% of the Scheme's assets as at 31 December 2024, maintain the Scheme's level of interest rate and inflation hedging. Included within the LDI portfolio is the LGIM managed Buy and Maintain Credit Fund (Distribution), representing 26% of the Scheme's assets as at 31 December 2024, which is designed to manage longer term cash flows.

All investment managers are remunerated by fees based on an agreed percentage of funds under management.

The Trustees have delegated the day-to-day management of investments made to the professional investment managers listed on page 1. These investment managers, who are registered in the United Kingdom and regulated by the Financial Conduct Authority, manage the investments within the restrictions set out in investment management agreements which are designed to ensure the objectives and policies set out in the SIP are followed.

The Trustees have limited influence over the active voting decisions which relate to the Scheme's investments as they are held in pooled investment vehicles. However, they review the investment managers' policies and statements of compliance in respect of these matters. More details on how the Trustees approach these issues can be found in the Scheme's Responsible Investment Policy and the SIP which are available upon request.

The Trustees believe that environmental, social and governance ('ESG') considerations, including climate change (referred to together as ESG issues), have the potential to have a financially material impact over the long-term period in which benefits are expected to be paid. The Trustees appreciate that the method of incorporating ESG within an investment strategy and process will differ between asset classes. A high-level summary on the Trustees' views on ESG integration within each asset class the Scheme invests in is outlined below:

Equity Funds - the Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's equity fund investment managers. The investment process for each equity fund investment manager should take ESG issues into account when selecting holdings. Further to this, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Fixed income – the Trustees believe ESG issues should be considered in an investment manager's investment process as they can materially impact risk-adjusted returns. The Trustees recognise that fixed income assets do not include voting rights, however they support engagement from the investment managers to identify ESG risks and opportunities as they arise. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

LDI and money market – the Trustees believe there is often less scope for ESG issues to improve risk-adjusted returns in these asset classes because of the:

- high level of exposure to government bonds within the Scheme's LDI holdings; and
- short-term nature of the assets within money market funds.

Trustees' Report for the year ended 31 December 2024 (continued)

Investment management (continued)

Investment managers (continued)

It's worth noting that when transacting in LDI and money market funds, the Trustees require that due diligence is undertaken to assess the credit worthiness of the counterparty both initially and ongoing, whilst at the same time looking to achieve best execution. The Trustees expect this to be more relevant for longer-term trades compared to shorter-term trades and should incorporate ESG factors where these assist with the credit worthiness assessment.

The Trustees are comfortable that all the investment managers are managing their respective funds with ESG taken into account in a reasonable way for that particular asset class and in accordance with their views on financially material factors, as set out in this statement, and in particular with regards to the selection, retention, and realisation of the underlying investments held. Each of the Scheme's investment fund managers will ultimately act in the best interests of the Scheme's assets to maximise returns for a given level of risk.

The Trustees will consider ESG issues when appointing and reviewing investment managers to ensure they are appropriately considered given the asset class involved.

The Trustees have not taken into account any 'non-financial considerations' in deriving their investment strategy.

The Trustees acknowledge the importance of ESG and climate risk within their investment decision making framework. The Scheme invests exclusively in pooled funds at present and this policy is therefore framed around how the Trustees interact with, monitor, and may seek to influence, the pooled investment fund managers. When delegating investment decision making to their investment managers, the Trustees provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The benchmarks to be used reflect the positioning the investment manager is expected to take within an investee company's corporate structure.

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

The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the investment manager invests. The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the investment managers invest on behalf of the Scheme. The Trustees expect the investment managers to employ the same degree of scrutiny for pooled funds as if the investment had been made on a direct basis. Should an investment manager be failing in these respects, this should be captured in the regular monitoring of the investment managers' activity.

The Scheme's investment adviser is independent, and no arm of their business provides asset management services. This, and their FCA regulated status, makes the Trustees confident that the investment managers' recommendations are free from conflict of interest.

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

Trustees' Report for the year ended 31 December 2024 (continued)

Investment management (continued)

Asset manager arrangements

Incentivising alignment with the Trustees' investment policies

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

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

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

If the investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, the Trustees will expect to work with the investment manager to improve the alignment of their objectives. Should the collaboration with the investment manager be deemed unsuccessful by the Trustees, their appointment may be reviewed or terminated. The investment managers have been informed of this by the Trustees.

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

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

The Trustees are mindful that the impact on performance of ESG and climate change may be long-term in nature. However, they're aware that the risk associated with them may be much shorter-term in nature. The Trustees have acknowledged this in their investment management arrangements.

When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over mutually agreed rolling timeframes. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. In the case of assets that are actively managed, the Trustees expect this to be sufficient to ensure an appropriate alignment of interests.

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

Trustees' Report for the year ended 31 December 2024 (continued)

Investment management (continued)

Asset manager arrangements (continued)

Method and time horizon for assessing performance

The Trustees monitor the performance of their investment managers over the medium to long-time periods that are agreed with the investment managers, and are consistent with the Trustees' investment aims, beliefs and constraints. The investment adviser assists the Trustees in this monitoring process.

The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall, they receive less.

The Trustees believe that this fee structure enables the investment managers to focus on long-term performance without worrying about short-term dips in performance significantly affecting their revenue.

The Trustees ask the Scheme's investment adviser to assess if the asset management fee is in line with the market when the investment manager is selected, and the appropriateness of the annual management charges are considered as part of the review of the investment strategy, at least every 3 years.

Portfolio turnover costs

During the investment manager appointment process, the Trustees consider both past and anticipated portfolio turnover levels. Overall performance is assessed as part of the regular investment monitoring process, which can be impacted by turnover costs.

The Trustees recognise that there are circumstances when turnover costs are unavoidable e.g. changing the investment manager.

The Trustees recognise that turnover costs are necessary where they are incurred to ensure the Scheme remains in investments that will provide potential growth, rather than detract from performance over the long-term. They're mindful that high turnover costs have the potential to adversely affect overall performance. When monitoring turnover costs both the level and reason behind them are considered and, if necessary, investigated further.

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

Duration of arrangement with asset manager

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

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment aims, beliefs and constraints are assessed every 3 years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

Custodial arrangements

The investments with LGIM are held under an insurance policy and they appoint their own custodian, HSBC Bank Plc.

Employer related investments

There were no Employer related investments during the year or at the Scheme year end date (2023: nil).

Trustees' Report for the year ended 31 December 2024 (continued)

Investment management (continued)

Asset allocation

The structure of the Scheme's investment assets excluding Additional Voluntary Contributions ('AVCs') as at 31 December 2024 was as follows:

Pooled investment vehicles	Fund		Benchmark
	£'000	%	%
FW Global Equity Index Fund	7,369	15	30
FW Global Eq Index Fd GBP Hdg	7,318	15	
Growth portfolio	14,687	30	30
LGIM Matching Core Fixed Long Fund (Series 1)	5,846	12	} 45
LGIM Matching Core Fixed Short Fund (Series 1)	1,389	3	
LGIM Matching Core Real Long Fund (Series 1)	7,098	15	
LGIM Matching Core Real Short Fund (Series 1)	108	1	
LGIM Sterling Liquidity Fund	6,179	13	
LGIM Buy & Maintain Credit Fund (Distribution)	12,335	26	25
Protection portfolio	32,955	70	70
Total Scheme investment assets (excluding AVCs)	47,642	100	100

The Growth and Protection elements of the portfolio are broadly in line with the benchmark allocations. However, individual components of the portfolio vary slightly to the benchmarks as they're affected by cash flows and market values at the year-end. The unit prices for the Protection portfolio valuations were based on closing market prices on 31 December 2024. The Growth portfolio prices are as at 31 December 2024. The values shown include any activity that took place on the valuation days. All of the investments are readily available for sale.

Investment performance

The Trustees assess the performance of the Scheme's investments in the following groups consistent with the overall strategy:

- **Growth portfolio for return-seeking assets** are assessed by reference to benchmarks and performance targets set and agreed with each investment manager.
- **Protection portfolio for liability-driven assets** are compared with benchmarks but the Trustees' main concern is security of cash flows and therefore, growth in these assets (which is normally linked to growth in Scheme liabilities, or vice versa) is less relevant.

The Scheme performance was (4.6%) over the 12 months to 31 December 2024 against a benchmark of (6.7%). Although 2024 was a positive year for equities, long duration bonds did not perform as well and yields remain raised and values suppressed. Due to the Scheme's LDI investment strategy, market movements in asset values are closely matched to the movements in future liabilities which are also sensitive to interest rates and inflation. It is reasoned that the Scheme's long-term funding position remains secure. Throughout the longer term, the performance of the Scheme's assets over 3 years was (14.5%) p.a. against a composite benchmark return of (13.5%) p.a.

Trustees' Report for the year ended 31 December 2024 (continued)

Investment management (continued)

Investment performance (continued)

The LGIM Equity funds were added to the Scheme this year and do not have 12 month's performance.

Fund Name	Performance %	Benchmark %
LGIM Future World Index	N/A	N/A
LGIM Future World GB Hedged Index	N/A	N/A

The protection portfolio which mainly consists of fixed income instruments, continued to experience suppressed asset values due to high gilt yields over the period, which would have resulted in a corresponding fall in the value of the Scheme's liabilities. However, the portfolio performance for the year was generally in line with its benchmarks as shown in the table below.

Fund Name	Performance %	Benchmark %
LGIM Matching Core Fix Long Fund (Series 1)	(28.7)	(28.7)
LGIM Matching Core Fix Short Fund (Series 1)	(24.4)	(24.7)
LGIM Matching Core Real Long Fund (Series 1)	(24.6)	(24.7)
LGIM Matching Core Real Short Fund (Series 1)	(22.8)	(23.0)
LGIM Sterling Liquidity Fund	5.3	5.2
LGIM Buy & Maintain Credit Fund (Distribution)	2.1	2.2

The Trustees monitor investment performance against the relevant benchmarks when reviewing the performance of each investment manager.

The Trustees have considered the nature, disposition, marketability, security and valuation of the Scheme's investments and consider them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the Financial Statements.

Implementation Statement

This Implementation Statement has been produced by the Trustees of B&CE Staff Pension Scheme ('the Scheme') and sets out the following information over the year to 31 December 2024:

- how the Trustees' policies on exercising rights (including voting rights) and engagement have been followed over the year; and
- 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.

This statement does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.

During the year, there were two Statement of Investment Principles (SIP), with the latest SIP, dated June 2024. The previous SIP was dated September 2020.

Stewardship policy

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. Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held.

Trustees' Report for the year ended 31 December 2024 (continued)

Implementation Statement (continued)

Stewardship policy (continued)

The Trustees' policy on voting and engagement is set out in the Scheme's Responsible Investment ("RI") Policy, which forms part of the Statement of Investment Principles dated June 2024 and available here: <https://bandce.co.uk/wp-content/uploads/2024/08/BCE-Staff-Pension-Scheme-SIP-2024.pdf>. To enable the Trustees to make high quality decisions, the fact-finding and analysis is delegated to the in-house investment team of People's Partnership and the Trustees' independent investment advisers. The Trustees' RI Policy notes a key priority of engaging with companies in an investment portfolio regarding issues believed to have a material impact (both positive and negative) on future returns. The Trustees integrate stewardship considerations into how the Scheme selects, appoints and monitors its asset managers and other service providers. The Trustees expect their fund managers:

- To hold investee companies to account for the actions they are taking to address business-material ESG risks and opportunities. To have robust governance systems that drive effective stewardship.
- To hold key industry players and policy makers to account to ensure they are able to help the Scheme achieve its RI objectives. To conduct industry, collaborative and policy engagement on the Scheme's stewardship priorities. To collaborate with other like-minded investors and stakeholders to increase influence.
- To exercise voting rights on the Trustees' behalf in companies in which the Scheme has holdings (baseline expectation). To carry out stewardship activity that is reasonably aligned with the Scheme's stewardship priorities.
- To provide appropriate stewardship reporting, including annually reporting on their progress against the Principles laid out in the RI policy to aid in the Scheme's reporting obligations.

In addition, the Trustees will take into account whether their managers are signatories to the Principles for Responsible Investment (PRI) and UK Stewardship Code. All of the managers are signatories to the PRI, as well as the Scheme's investment adviser, and fund managers are signatories to the 2020 UK Stewardship Code.

The Scheme has used the following criteria in deciding where to allocate its stewardship resources:

- Prioritise ESG issues which are considered to be systemic risks
- Focus on stewardship requirements:
 - where a connection can be made to generating shareholder value in a way that aligns with value to the Scheme, its members, as well as wider society that are part of established industry-wide frameworks with existing momentum and track-record behind them.

Using the above prioritisation framework, the Trustees have identified Climate Change, Nature, and Human Rights as the Scheme's Stewardship Priorities. During the year under review, the Trustees updated the RI Policy. However, the Trustees are comfortable that it complied with the principles of the previous policy whilst it was in force.

How voting and engagement policies have been followed

Based on the information received, the Trustees believe that the investment managers have acted in accordance with the Scheme's policies on exercising rights (including voting rights) and engagement activities. The Trustees are supportive of the key voting action taken by the applicable investment managers over the period to encourage positive governance changes in the companies in which the investment managers hold shares. The Trustees believe that their policies on voting and engagement have been met in the following ways:

1. The Trustees' investment advisers produce an annual sustainability report summarising the voting and engagement activity of the fund managers based on a review of reports and other information provided by the fund managers. This includes information on voting and engagement, together with ratings on voting and engagement in action, as well as scores provided by the PRI on different asset classes where available. This is to ensure that managers used by the Scheme continue to meet the Trustees' standards in relation to stewardship. Where any material areas of disagreement are identified, these are highlighted to the Trustees.

Trustees' Report for the year ended 31 December 2024 (continued)

Implementation Statement (continued)

How voting and engagement policies have been followed (continued)

The Trustees undertook a review of the stewardship and engagement activities of their fund managers via receipt and review of their investment advisers' report (issued in February 2025). The contents of the report were reviewed and discussed by the Trustees in their meeting during the first quarter of 2025. The result of the review was that the Trustees were satisfied that no immediate action was required at that time. This is an annual review.

2. Where relevant, the Trustees' investment advisers consider a fund manager's stewardship credentials when advising on investment issues.

The Scheme adjusted its investment strategy over the year under review. This involved a change in the Scheme's equity manager. The stewardship credentials of the new manager were considered as part of this process and the Trustees were comfortable that the manager met the standards required under the RI policy. Managers' stewardship credentials form part of the annual sustainability review as outlined in item 1, above, and any noteworthy developments are also noted in quarterly investment monitoring reports.

3. As the Trustees invest in funds alongside other investors, they recognise that their chosen managers' prioritisation of issues for engagement and voting may not be the same as their own. The Trustees undertake a formal engagement process with each manager every year to ensure that there is a good alignment of views and issues to prioritise over the coming year.

The investment manager presented at a Trustees training session as part of this, the Trustees discussed their stewardship priorities and the investment manager's approach to human and workers' rights and occupational safety/health. Managers' stewardship credentials form part of the annual sustainability review as outlined in item 1, above. This included comment from the Scheme's investment advisers regarding their opinion regarding alignment of priorities. As a result of these activities, the Trustees were comforted that there was reasonable alignment between the stewardship priorities of the Scheme and those of the manager.

4. The Trustees expect investment managers to be voting and engaging on behalf of the fund's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts.

The Trustees reviewed the contents of this Statement prior to signing.

Voting and engagement data is set out in the remainder of this Statement for the relevant funds/managers.

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 December 2024. Over the year, the Scheme transferred all of their assets to LGIM. We have shown data for the previous funds held during the year, as well as the updated holdings with LGIM. The assets held within the Protection Portfolio with LGIM, the LGIM Buy and Maintain Credit Fund and SSGA Global Aggregate Bond Fund have no voting rights attached. For managers where the Scheme disinvested over the year (SSGA and BNY Mellon) and managers that the Scheme invested during the year (LGIM), voting information shown are for the entire years' period.

Trustees' Report for the year ended 31 December 2024 (continued)

Implementation Statement (continued)

Voting data (continued)

Manager	State Street (SSGA)	BNY Mellon	LGIM
Fund name	International (Developed 100% Hedged) ESG Screened Index Equity Fund	BNY Mellon Real Return Fund	Future World Global Equity Index Fund/ Future World Global Equity Index Fund GBP Hedged
Structure	Pooled		
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
No. of eligible meetings	2,671	72	5,516
No. of eligible votes	35,179	1,035	55,469
% of resolutions voted	97.4%	99.2%	99.8%
% of resolutions abstained¹	1.1%	0.0%	0.9%
% of resolutions voted with management¹	84.1%	94.4%	81.0%
% of resolutions voted against management¹	15.7%	5.6%	18.2%
Proxy voting adviser employed	SSGA contract Institutional Shareholder Services' (ISS) to administer proxy voting, assist in applying SSGA's voting guidelines, provide research and analysis relating to general corporate governance issues and specific proxy items, and provide proxy voting guidelines in limited circumstances. SSGA also has access to Glass Lewis and region-specific meeting analysis provided by the Institutional Voting Information Service. All final voting decisions are based on their proxy voting policies and in-house operational guidelines.	BNY Mellon utilises an independent voting service provider for the purposes of managing upcoming meetings and instructing voting decisions via its electronic platform, and for providing research. Its voting recommendations are not routinely followed; it is only in the event that BNY Mellon recognise a potential material conflict of interest that the recommendation of their external voting service provider will be applied. BNY Mellon do not maintain a voting policy with ISS. They apply their own BNY Mellon voting guidelines, as mentioned above.	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.
% of resolutions voted against proxy voter recommendation	11.6%	4.9%	10.0%

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

Trustees' Report for the year ended 31 December 2024 (continued)

Implementation Statement (continued)

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, guidance from the DWP in June 2022 states that a significant vote is likely to be one that is linked to one or more of the Scheme's stewardship priorities, which are listed in the "Stewardship policy" section above.

The Scheme has established ownership/voting principles. As noted above, as the Scheme invests in funds alongside other investors, the Trustees recognise that their chosen managers prioritisation of issues for engagement and voting may not be the same as their own. However, they look for good alignment and consider this as part of their annual review of sustainability matters. Through the information detailed in this Statement they are comfortable that the voting undertaken on their behalf was broadly reflective of their own policies and not inconsistent with the stewardship priorities as set out in their Responsible Investment policy. Whilst the Trustees did not notify their asset managers what they consider to be the most significant votes in advance of all votes being taken, their RI policy (which includes information on stewardship priorities) was re-confirmed with the investment managers in the second half of 2024.

The Trustees have selected 8 significant votes for the SSGA fund from a longer list provided by the manager of votes that they deem significant. The 8 votes chosen by the Trustees are based on voting themes most aligned to the Trustees' stewardship priorities and the largest holdings within these themes, ensuring that at least one vote for each stewardship priority is included where possible.

BNY Mellon have provided a selection of 8 votes for the BNY Mellon Real Return Fund. The Trustees selected the votes based on voting themes most aligned to the Trustees' stewardship priorities as the most significant votes given broad alignment with their stewardship priorities.

The Trustees have selected 8 significant votes for the LGIM fund from a longer list provided by the manager of votes that they deem significant. The 8 votes chosen by the Trustees are based on voting themes most aligned to the Trustees' stewardship priorities and the largest holdings within these themes, ensuring that at least one vote for each stewardship priority is included where possible.

A summary of the significant votes is set out below.

State Street, International (Developed 100% Hedged) ESG Screened Index Equity Sub-Fund – Table 1 of 2

	Vote 1	Vote 2	Vote 3	Vote 4
Company name	ANZ Group Holdings Limited	Palo Alto Networks, Inc.	Coles Group Limited	Woolworths Group Limited
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.1%	3.1%	0.9%	0.4%
Summary of the resolution	Approve Transition Plan Assessments	Report on Climate Risk in Retirement Plan Options	Approve Contingent Resolution - Nature-Related Disclosure	Approve Farmed Salmon Sourcing
How SSGA voted	Against	Against	Against	Against
Rationale for the voting decision	SSGA voted against the proposal as they believe the company's climate-related disclosures are reasonable.	SSGA voted against the proposal as they believe the company's climate-related disclosures are reasonable.	SSGA voted against the proposal as they believe the company's disclosures on this item are reasonable.	SSGA voted against the proposal as they believe the company's disclosures on this item are reasonable.
Outcome of the vote	Fail	The proposal was withdrawn prior to the meeting date.	Fail	Fail

Trustees' Report for the year ended 31 December 2024 (continued)

Implementation Statement (continued)

State Street, International (Developed 100% Hedged) ESG Screened Index Equity Sub-Fund – Table 1 of 2 (continued)

	Vote 1	Vote 2	Vote 3	Vote 4
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.			
Criteria on which the vote is considered "significant"	SSGA have selected this as a significant vote as it is an environmental shareholder proposal. It also relates to the Trustees' stewardship priority of climate change.	SSGA have selected this as a significant vote as it is an environmental shareholder proposal. It also relates to the Trustees' stewardship priority of climate change.	SSGA have selected this as a significant vote as it is an environmental shareholder proposal. It also relates to the Trustees' stewardship priority of nature.	SSGA have selected this as a significant vote as it is an environmental shareholder proposal. It also relates to the Trustees' stewardship priority of nature.

State Street, International (Developed 100% Hedged) ESG Screened Index Equity Sub-Fund – Table 2 of 2

	Vote 5	Vote 6	Vote 7	Vote 8
Company name	Cintas Corporation	APA Group	NIKE, Inc.	PepsiCo, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.4%	0.4%	0.3%	0.01%
Summary of the resolution	Report on Efforts to Reduce GHG Emissions in Alignment with Paris Agreement Goal	Approve Climate Risk Safeguarding	Report on Environmental Targets	Report on Risks Related to Biodiversity and Nature Loss
How SSGA voted	For	Against	Against	Against
Rationale for the voting decision	SSGA voted against the proposal as they believe the company's disclosures and/or oversight of the topic can be enhanced in line with SSGA's policy and/or market practice	SSGA voted against the proposal as they believe the company's climate-related disclosures are reasonable.	SSGA voted against the proposal as they believe the company's current disclosures on this item are reasonable.	SSGA voted against the proposal as they believe the company's current disclosures on this item are reasonable.
Outcome of the vote	Fail	The proposal was withdrawn prior to the meeting date.	Fail	Fail
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.			
Criteria on which the vote is considered "significant"	SSGA have selected this as a significant vote as it is an environmental shareholder proposal. It also relates to the Trustees' stewardship priority of climate change.	SSGA have selected this as a significant vote as it is an environmental shareholder proposal. It also relates to the Trustees' stewardship priority of climate change.	SSGA have selected this as a significant vote as it is an environmental shareholder proposal. It also relates to the Trustees' stewardship priority of climate change.	SSGA have selected this as a significant vote as it is an environmental shareholder proposal. It also relates to the Trustees' stewardship priority of climate change.

Trustees' Report for the year ended 31 December 2024 (continued)

Implementation Statement (continued)

BNY Mellon Real Return Fund – Table 1 of 1

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Amazon.com, Inc.	The Goldman Sachs Group, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.8%	1.4%	0.9%
Summary of the resolution	Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement	Commission a Third Party Audit on Working Conditions	Report on Clean Energy Supply Financing Ratio
How BNY Mellon voted	Against	For	For
Rationale for the voting decision	BNY Mellon did not support a shareholder proposal for a report on GHG emission-reduction targets aligned with the Paris Agreement as they believed the company has disclosed enough information for shareholders to assess the related risks.	BNY Mellon voted for the shareholder proposal requesting a third-party audit on working conditions as they do consider it to add value for shareholders at this stage.	BNY Mellon supported a shareholder proposal asking for a report on clean energy supply financing ratio as they believe the ratio will help shareholders assess how the bank is capitalising on clean energy opportunities and aligning itself with the net zero by 2050 pathway.
Outcome of the vote	81.4% voted against	31.0% voted for	28.5% voted for
Implications of the outcome	While BNY Mellon do find some merits to the proponent's asks and legitimate concerns, aligning Scope 3 targets at Shell to a 1.5 degree scenario would mean a significant loss of customers to competitors.	BNY Mellon consider the issue of working conditions material to the company, and the conclusion of an audit would help the board understand potential shortcomings and respond adequately to shareholder concerns.	BNY Mellon deemed this vote to be material as climate transition is a risk (and opportunity as well) for the bank. A clean energy financing ratio by banks would provide investors with a more complete and accurate figure to evaluate a bank's alignment with their net-zero goal. The clean energy ratio should align easily with existing sustainable and green financing goals of a bank.
Criteria on which the vote is considered "significant"	BNY Mellon have selected this as a significant vote as they believe, as a significant GHG emitter, it is critical for Shell to have a credible transition plan. It also relates to the Trustees' stewardship priority of climate change.	BNY Mellon have selected this as a significant vote as they believe the issue of working conditions is a material risk to understand and reign in for the company. It also relates to the Trustees' stewardship priority of human rights.	BNY Mellon have selected this as a significant vote owing to the rarity of a shareholder proposal receiving significant support. It also relates to the Trustees' stewardship priority of climate change.

Trustees' Report for the year ended 31 December 2024 (continued)

Implementation Statement (continued)

LGIM Future World Global Equity Index Fund – Table 1 of 2

	Vote 1	Vote 2	Vote 3	Vote 4
Company name	Amazon.com, Inc.	Unilever Plc.	BHP Group Limited	Canadian National Railway Company
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.8%	0.2%	0.2%	0.1%
Summary of the resolution	Report on Customer Due Diligence	Approve Climate Transition Action Plan (CTAP)	Approve Climate Transition Action Plan	Management Advisory Vote on Climate Change
How BNY Mellon voted	For	For	For	For
Rationale for the voting decision	LGIM voted in favour as they believe that enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation.	LGIM voted for the CTAP as they understand it to meet LGIM's minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal.	LGIM believe it is clear that BHP has made significant strides in carrying out its core role in the transition in a sustainable manner, and has demonstrated this through the substantial alignment of its Climate Transition Action Plan (CTAP) with LGIM's framework for assessing mining company transition plans.	LGIM voted in favour as they expect companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C.
Outcome of the vote	LGIM were unable to provide the outcome of this vote (this was requested but not provided at the point of issue)	Pass	LGIM were unable to provide the outcome of this vote (this was requested but not provided at the point of issue)	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Criteria on which the vote is considered "significant"	LGIM consider this vote significant as one of the largest companies and employers not only within its sector but in the world, they believe that Amazon's approach to human capital management issues has the potential to drive improvements across both its industry and supply chain. It also relates to the Trustees' stewardship priority of human rights.	LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. It also relates to the Trustees' stewardship priority of climate change.	LGIM consider this shareholder resolution significant due to the relatively high level of support received. It also relates to the Trustees' stewardship priority of climate change.	LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. It also relates to the Trustees' stewardship priority of climate change.

Trustees' Report for the year ended 31 December 2024 (continued)

Implementation Statement (continued)

LGIM Future World Global Equity Index Fund – Table 2 of 2

	Vote 5	Vote 6	Vote 7	Vote 8
Company name	Canadian Pacific Kansas City Limited	EDP-Energias de Portugal SA	Broadcom Inc.	KOSÅ Corp.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.1%	0.01%	1.0%	0.003%
Summary of the resolution	Management Advisory Vote on Climate Change	Approve Progress Report on 2030 Climate Change Plan	Elect Director Henry Samueli	Elect Director Kobayashi, Kazutoshi
How BNY Mellon voted	For	For	Against	Against
Rationale for the voting decision	LGIM supported the proposal as they expect companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C.	LGIM supported the proposal as they expect companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C.	LGIM voted against as the company is deemed to not meet minimum standards with regard to climate risk management.	LGIM voted against this proposal as the company is deemed to not meet minimum standards with regard to nature risk management.
Outcome of the vote	Pass	Pass	Pass	LGIM were unable to provide the outcome of this vote (this was requested but not provided at the point of issue)
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Criteria on which the vote is considered "significant"	LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. It also relates to the Trustees' stewardship priority of climate change.	LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. It also relates to the Trustees' stewardship priority of climate change.	LGIM considers this vote to be significant as it is applied under their Climate Impact Pledge. It also relates to the Trustees' stewardship priority of climate change.	LGIM considers this vote to be significant as it is applied under our engagement program on deforestation, targeting companies in high-risk sectors. It also relates to the Trustees' stewardship priority of nature.

Trustees' Report for the year ended 31 December 2024 (continued)

Implementation Statement (continued)

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.

LGIM and SSGA carry out engagement activities at a firm-wide level, however, they are able to provide some information on their engagements at a fund level as well. Engagement activities are more limited for the Scheme's LDI funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	BNY Mellon		LGIM		SSGA
Fund name	BNY Mellon Real Return Fund	Buy and Maintain Credit Fund	Future World Global Equity Index Fund	Sterling Liquidity Fund	International (Developed 100% Hedged) Screened Index Equity Sub-Fund
No. of entities engaged on behalf of the holdings in this fund in the year	10	183	1,282	20	542
No. of entities engaged at a firm level in the year	34		3,808		1,019

SSGA and LGIM carry out engagement activities at a firm-wide level and the information provided reflects this. The data below is a summary of State Street and LGIM's global engagement at a firm level for the year to 31 December 2024.

Manager	SSGA	LGIM
Number of companies engaged	1,019	3,808
Number of engagements on environmental topics	621	3,554
Number of engagements on governance topics	1,311	392
Number of engagements on social topics	966	700

Examples of engagements undertaken with holdings in the funds

SSGA's main engagement topics include:

- Effective board oversight
- Disclosure
- Shareholder protection

LGIM's top engagement topics as at the year-end include:

- Climate change
- Remuneration
- Climate mitigation
- Diversity
- Strategy

Trustees' Report for the year ended 31 December 2024 (continued)

Implementation Statement (continued)

Examples of engagement activity undertaken over the year to 31 December 2024

State Street

Nestlé SA, Climate change and nature related engagement

SSGA engaged with Nestlé SA ("Nestlé") in Q4 2024 as part of their engagement campaigns on Climate and Nature-related Risks in the Food Value Chain and Climate Transition Plan Disclosure. They discussed the company's nature-related disclosures and the company's strategy related to regenerative agriculture, deforestation and water management. They also discussed the company's climate-related disclosures and transition strategy including its approach to capital allocation and addressing livestock methane emissions in the dairy supply chain.

SSGA discussed Nestlé's strategy toward sourcing 50% of key ingredients by 2030 from farmers adopting regenerative agricultural practices which include protecting soil health and water quality, improving biodiversity, and increasing livestock integration and diverse cropping systems. The company is collaborating with farmer associations, industry peers, and other stakeholders to pilot regenerative agriculture projects and scale up sustainable farming practices. The company shared some of the challenges facing the industry with monitoring and measuring performance of regenerative agriculture practices, including harmonizing commodity-specific methodologies for verifying soil carbon sequestration.

Dairy represents Nestlé's largest source of Scope 3 emissions. During the engagement, Nestlé discussed its approach to addressing livestock methane emissions with emissions reduction opportunities achieved through livestock efficiencies such as increasing per-cow milk production. The company is investigating additional approaches for feed and manure management, including working with value chain partners to explore feed additives to reduce methane emissions. The company has disclosed progress on engaging dairy suppliers to collect emissions data and to identify solutions for managing emissions. SSGA's engagement with Nestlé and other companies in the food and agriculture value chain helps SSGA to identify and understand best practices for managing for climate and nature related risks and opportunities in relevant industries.

BNY Mellon

Boston Scientific Corporation ("BSC"), Social related engagement

Zomato, Human rights related engagement

BNY Mellon note that employee social welfare and labour practices are a key management metric to monitor given the company's business model. The manager notes that a disclosure of a cap on hours driven and metrics evaluated can provide investors with the ability to see how these are being managed over time, giving greater comfort on the company's human capital management practices.

With increased pressure to shorten delivery times in the food delivery business, and the quick commerce business being high margin and needing high driver engagement and efficiency, LGIM believe is an increased pressure on Zomato delivery drivers to deliver more in a shorter time. The company is materially exposed to this risk despite showing signs of proactively managing it. While the company discloses some information, the level is not sufficient in the manager's opinion to completely comprehend the risk around human capital management.

The company monitors driver behaviour and is introducing telemetry devices that would allow it to consider driver behaviour, and they are continuing with the efforts to increase safety education.

There is no hard cap on the number of hours a driver does per day, despite the company assuring BNY Mellon that on average a driver only works 4-5 hours per day as a revenue complement. Such a cap would be a good practice and limit the risk of accidents due to driver fatigue.

BNY Mellon would like the company to implement several initiatives to monitor driver road behaviour and safety, and work with the government and the International Labour Organisation to shape the labour rights of Indian gig economy workers in the future. A hard cap and consequent enforcement would send a clear signal that this risk is managed by the company to the best of its ability.

Trustees' Report for the year ended 31 December 2024 (continued)

Implementation Statement (continued)

Examples of engagement activity undertaken over the year to 31 December 2024 (continued)

BNY Mellon (continued)

BNY Mellon engaged with Zomato to understand the company's response to questions around employee social welfare as it was deemed a material issue. BNY Mellon is one of the few investors who engage with the company on the topic.

This first meeting allowed the establishment of dialogue in a difficult Emerging Markets context, the setting of one engagement objective, and questions for their next meeting with the company scheduled in 2025.

Given BNY Mellon's current engagement with the company, there is no escalatory action. As such, BNY Mellon has voted in favour of management at recent AGMs.

LGIM

Colgate-Palmolive, Nature related engagement

As part of LGIM's commitment to using best efforts to tackle commodity-driven deforestation impacts in their investment portfolios by 2025, their deforestation campaign aims to engage with portfolio companies on deforestation as risk management approach and is linked to voting outcomes. LGIM outline to companies their deforestation expectations (to have both a deforestation policy and programme in place), they assess their performance annually against these, and apply vote sanctions to laggard companies.

In addition, LGIM engage with companies identified as having high deforestation exposure, but that stand out as strategically prioritising and managing this topic. LGIM have selected Colgate-Palmolive for engagement, due to its potential to galvanize action in its sector, as well as for its significant exposure to forest-risk commodities such as palm oil, paper, cattle and soy.

LGIM have been engaging with Colgate-Palmolive since November 2022, just after the initial publication of their deforestation policy. In addition to written communications, LGIM have met with company representatives twice (in 2022 and 2024).

Their engagements have been focused on their deforestation approach as well as challenges and opportunities in meeting their deforestation commitments. LGIM have engaged with the Chief Sustainability Officer and explored how the company is ensuring supplier compliance and increased traceability across commodities as well as grievance mechanisms robustness and key escalations for non-compliance. LGIM have also sought to encourage increased board oversight of deforestation and prioritisation of this issue within the company's risk management agenda.

LGIM note that the company meets their minimum expectations on deforestation, as set out above. They have also demonstrated further progress. In addition to appreciating responsible sourcing as a critical issue, they have been building relationships and furthering engagement with their suppliers, including ending relationships with those found to be non-compliant. In terms of monitoring, they have introduced satellite imaging, and are undertaking the complex process of mapping palm oil derivatives. Additionally, the company has a 'grievance log' for palm oil for 2023. In terms of oversight, LGIM note that the frequency of board-level updates on deforestation has increased.

In their next engagement with the company in 2025, LGIM will focus on traceability progress across key commodities, collaborations and work done with their peers to eliminate deforestation. LGIM will also continue to discuss the company's work on mapping and addressing deforestation risks across their supply chain.

Trustees' Report for the year ended 31 December 2024 (continued)

Statement of Trustees' Responsibilities

Statement of Trustees' Responsibilities for the Financial Statements

The audited Financial Statements, which are required 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:

- a) 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
- b) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustees have supervised the preparation of the Financial Statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for:

- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless they either intend to wind up the Scheme, or have no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustees' Annual Report, information about the Scheme prescribed by pensions legislation, which they should ensure is fair and impartial.

The Trustees also have certain responsibilities in respect of contributions which are set out in the Statement of Trustees' responsibilities in respect of contributions as below, which accompany the Trustees' Summary of Contributions on page 42.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Scheme and financial information included on the Scheme's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Statement of Trustees' responsibilities in respect of contributions

The Scheme's Trustees are responsible under pensions legislation for ensuring that there is a prepared, maintained and from time-to-time revised 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 Scheme's Trustees are also responsible for keeping records of contributions received in respect of any active member of the Scheme and for monitoring that contributions are made to the Scheme in accordance with the Schedule of Contributions.

Trustees' Report for the year ended 31 December 2024 (continued)

Further information

Requests for additional information about the Scheme, or queries relating to members' own benefits, should be made to the contact listed on page 1.

Auditor

The incumbent auditor is deemed to be reappointed and KPMG LLP will therefore continue in office.

Approval

Approved by the Trustees at their Board meeting on 23 May 2025 and signed on their behalf on 2 June 2025 by:

A handwritten signature in black ink, appearing to read 'Alan Pickering', is written over a horizontal dotted line.

Alan Pickering, CBE
Chair

Independent Auditor's Report to the Trustees of the B&CE Staff Pension Scheme

Opinion

We have audited the Financial Statements of B&CE Staff Pension Scheme ("the Scheme") for the year ended 31 December 2024 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes to the Financial Statements, including the accounting policies, as set out on pages 30 to 40.

In our opinion the Financial Statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 December 2024 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 Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustees have prepared the Financial Statements on the going concern basis as they do not intend to wind up the Scheme, and as they have concluded that the Scheme's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

In our evaluation of the Trustees' conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustees' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.
- we have not identified and concur with the Trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustees as to the Scheme's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board minutes.

Independent Auditor's Report to the Trustees of the B&CE Staff Pension Scheme (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustees (or their delegates including the Scheme administrator) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as investment valuations. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustees; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the Financial Statements have been prepared.
- Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience and through discussion with the Trustees (as required by auditing standards) and discussed with the Trustees the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Financial Statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the Financial Statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Financial Statement items.

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedules of Contributions in our statement about contributions on page 41 of the Annual Report.

Independent Auditor's Report to the Trustees of the B&CE Staff Pension Scheme (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustees are responsible for the other information, which comprises the Trustees' Report (including the Report on Actuarial Liabilities and the Summary of Contributions), and the actuarial certification of the Schedule of Contributions. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustees' responsibilities

As explained more fully in their statement set out on page 24, the Scheme Trustees are responsible for: supervising the preparation of Financial Statements which show a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to wind up the Scheme, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Trustees of the B&CE Staff Pension Scheme (continued)

The purpose of our audit work and to whom we owe our responsibilities.

This report is made solely to the Scheme Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme 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 Trustees, as a body for our audit work, for this report, or for the opinions we have formed.



Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date: 2 June 2025

Fund Account for the year ended 31 December 2024

	Note	2024 £	2023 £
Contributions and benefits			
Employer contributions		347,540	493,269
Employee contributions		10,987	14,823
Total contributions	4	<u>358,527</u>	<u>508,092</u>
Other Income		<u>59</u>	<u>-</u>
		<u>358,586</u>	<u>508,092</u>
Benefits paid or payable	5	(2,133,628)	(1,946,382)
Transfers out to other plans	6	-	-
		<u>(2,133,628)</u>	<u>(1,946,382)</u>
Net withdrawals from dealings with members		<u>(1,775,042)</u>	<u>(1,438,290)</u>
Returns on investments			
Investment income	8	214,272	189,549
Change in market value of investments	9	(2,162,287)	2,031,656
Investment management expenses	10	(73,623)	(65,555)
Net return on investments		<u>(2,021,638)</u>	<u>2,155,650</u>
Net (decrease) / increase in the fund during the year		<u>(3,796,680)</u>	<u>717,360</u>
Opening net assets of the Scheme		<u>52,411,611</u>	<u>51,694,251</u>
Closing net assets of the Scheme		<u><u>48,614,931</u></u>	<u><u>52,411,611</u></u>

The notes on pages 32 to 40 form part of these Financial Statements.

Statement of Net Assets (available for benefits) as at 31 December 2024

	Note	2024 £	2023 £
Investment assets			
Pooled investment vehicles	12	47,642,251	51,792,300
AVC investments	13	24,504	22,749
Total net investments		47,666,755	51,815,049
Current assets	18	981,117	611,931
Current liabilities	19	(32,941)	(15,369)
Net assets available for benefits at 31 December		48,614,931	52,411,611

The notes on pages 32 to 40 form part of these Financial Statements.

The Financial Statements summarise the transactions of the Scheme and deal with net assets available for benefits 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 considers such obligations, is dealt with in the Report on Actuarial liabilities on pages 4 and 5 of the Trustees' Report and these Financial Statements should be read in conjunction with that report.

These Financial Statements were approved by the Trustees at their Board meeting on 23 May 2025 and signed on their behalf on 2 June 2025 by:



Alan Pickering CBE, Chair



Matthew Phillips, Trustee

Notes to the Financial Statements for the year ended 31 December 2024

1. General information and identification of the Financial Statements

The Scheme is a defined benefit occupational pension scheme established under trust.

The Scheme was established to provide retirement benefits to the employees of People's Partnership Limited (formerly B&CE Holdings Limited). The address of the Scheme's registered office is Manor Royal, Crawley, West Sussex RH10 9QP. The Scheme is no longer open to new members, but existing members continue to accrue benefits. The Scheme is established as a trust under English law. The address for enquiries about the Scheme is included on page 1.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential tax treatment.

2. Basis of preparation

The Financial Statements of the Scheme 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 (FRS 102) and the guidance set out in the Statement of Recommended Practice (Revised 2018) Financial Reports of Pension Schemes (SORP).

The Financial Statements are prepared on a going concern basis, which the Trustees believe 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 (continue to operate) for at least the next 12 months from the date of approval of the Financial statements ("the going concern period"). In reaching this conclusion, the Trustees considered the funding position of the Scheme, the strength of the sponsoring employer and its capital position to gain comfort that it will continue to make contributions as they fall due. This assessment, together with income and capital growth from its assets, gives the Trustees confidence to prepare the Financial Statements on a going concern basis.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

Contributions

Employees' and employers' normal contributions are accounted for on an accruals basis in the month employee contributions are deducted from pay. Additional voluntary contributions ('AVCs') from employees are accounted for when the contributions are received and when the payment is made to the AVC providers. Employee contributions paid under salary sacrifice arrangements are disclosed as employer contributions.

After going through a period of consultation, on 30 September 2024, the Scheme closed to future accrual of benefits, meaning from 1 October 2024, all employed active members became an 'Employed-deferred' member of the Scheme and normal contributions stopped with effect from 30 September 2024.

Transfers to and from other plans

Transfer values represent the capital sums either receivable in respect of members from other pension plans of previous employers, or payable to the pension plans of new employers for members who have left the Scheme. Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is paid or received.

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

3. Summary of significant accounting policies (continued)

Benefits and payments to and on account of leavers

Pensions in payment are accounted for in the period to which they relate. Other payments due to pensioners are accrued for when they can be reasonably estimated.

Retirement benefits where a member has a choice to either a full pension or a lump sum plus reduced pension are accounted for on an accruals basis based on the later of the date the option was exercised or the date of retirement.

Lump sums and dependants' pensions payable in respect of the death of a member are accounted for on an accruals basis.

Administration and investment management expenses

Administrative expenses including the outsourced administration are borne by the Employer and are not recharged to the Scheme. Investment management expenses are accounted for on an accruals basis.

Investment income and expenditure

Income from pooled investment vehicles which distribute income is accounted for on an accruals basis on the date the dividend is declared. Income from cash and short-term deposits are accounted for on an accruals basis.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

Transaction costs are included in the cost of purchases and sale proceeds.

Investment management expenses are accounted for on an accruals basis and shown separately within investment returns, except where the fees are embedded charges within pooled vehicle unit prices.

Valuation and classification of investments

Investment assets and liabilities are included in the Financial Statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.

The methods of determining fair value for the principal classes of investments are:

- Certain pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price as provided by the investment manager.
- Unitised pooled investment vehicles which are not traded on an active market but where the investment manager is able to demonstrate that they are priced daily, weekly or at each month end, and are traded substantially on all pricing days are included at the price provided by the investment manager based on the first pricing day after year end where the immediately preceding pricing day does not coincide with the year-end date.

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

4. Contributions

	2024 £	2023 £
Employer contributions		
Normal	347,540	493,269
Employee contributions		
Normal	10,987	14,823
Total contributions	<u>358,527</u>	<u>508,092</u>

On 1 April 2018, the Employer introduced a salary sacrifice arrangement for Employees. Since then, all contributions to the Scheme are classified as Employer contributions except where an Employee has opted out from salary sacrifice. No deficit contributions are due to the Scheme for the year ended 31 December 2024 (2023: £nil).

From the 'Closure date' the Scheme closed to future benefit accruals. The previously active members became 'employed-deferred' members and retain a salary link whilst employed by the Employer, therefore from 1 October 2024, no further contributions were paid by the Employer.

5. Benefits paid or payable

	2024 £	2023 £
Pensions	1,973,949	1,946,382
Commutation of pensions and lump sum retirement benefits	159,679	-
	<u>2,133,628</u>	<u>1,946,382</u>

6. Transfers out to other plans

	2024 £	2023 £
Individual transfers out to other plans	-	-

7. Administrative expenses

There were no administrative expenses in 2024 (2023: nil). All administrative expenses including the outsourced administration are borne by the Employer and are not recharged to the Scheme. The Employer pays for any fees falling due to professional advisers and other expenses that are reasonably incurred by the Trustees in the course of performing their duties.

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

8. Investment income

	2024 £	2023 £
Income from pooled investment vehicles	206,437	183,443
Interest on cash deposits	7,835	6,106
	<u>214,272</u>	<u>189,549</u>

9. Reconciliation of net investments

	Opening market value at 1 January 2024 £	Purchases at cost £	Sales proceeds from disinvestment £	Change in market value £	Closing market value at 31 December 2024 £
Pooled investment vehicles	51,792,300	31,206,663	(33,192,670)	(2,164,042)	47,642,251
AVC investments	22,749	-	-	1,755	24,504
	<u>51,815,049</u>	<u>31,206,663</u>	<u>(33,192,670)</u>	<u>(2,162,287)</u>	<u>47,666,755</u>

10. Investment management expenses

The investment in pooled investment vehicles has an impact on investment managers' fees. These types of funds suffer periodic charges levied against the value of the fund. Agreements negotiated by the Trustees have ensured that where appropriate these charges are fully recovered by the Scheme. The amounts recovered are offset against investment management fees. Some investment management fees are collected by adjustment of the unit price and are not included below as they are not quantified.

	2024 £	2023 £
Fees charged by investment managers	<u>73,623</u>	<u>65,555</u>

11. Investment transaction costs

Indirect transaction costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustees to quantify such indirect transaction costs. There are no direct transaction costs (2023: nil).

12. Pooled investment vehicles

At the year-end the principle economic exposures of the Scheme's investments in pooled investment vehicles comprised:

By type	2024 £	2023 £
Bond Funds	32,955,813	38,345,595
Equity Funds	14,686,438	6,186,146
Diversified Growth Funds	-	7,260,559
	<u>47,642,251</u>	<u>51,792,300</u>

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

13. AVC investments

The Trustees hold individual investment policies separately from the main Scheme investments for those members electing to pay AVCs. Members participating in this arrangement each receive an annual statement made up to 31 December confirming the amounts held in their account. AVC policyholder members are entitled to purchase additional defined benefits under the provisions of the Scheme as well as additional benefits through an open market option. The value of the AVCs at the year end were £24,504 (2023: £22,749).

14. Fair value of investments

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

- Level 1: Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.
- Level 2: Inputs (other than quoted prices) that are observable (i.e. developed using market data) for the instrument, either directly or indirectly.
- Level 3: Inputs are unobservable, i.e. for which market data is unavailable.

Pooled investment vehicles which are traded regularly are generally included in Level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair value applies, valuation techniques are adopted, and the vehicles are included in Level 3.

The Scheme's investment assets have been included at fair value within these categories as follows:

Category	Level 2 £	2024 Total £
Investment assets		
Pooled investment vehicles	47,642,251	47,642,251
AVC investments	24,504	24,504
Total investments	47,666,755	47,666,755

Analysis for the prior year end is as follows:

Category	Level 2 £	2023 Total £
Investment assets		
Pooled investment vehicles	51,792,300	51,792,300
AVC investments	22,749	22,749
Total investments	51,815,049	51,815,049

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

15. Investment risks

Types of risk relating to investments

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

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

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

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (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 Scheme has exposure to these risks because of the investments it makes to implement the investment strategy described in the Trustees' Report. 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 through regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management, credit and market risk is set out below. This does not include the AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

The table below summarises the extent to which the investments are affected directly and indirectly by financial risks for 2024 and 2023. The notes below explain how these risks are managed and mitigated for the different classes.

	Direct credit risk	Indirect credit risk	Indirect market risk		
			Currency	Interest rate	Other price
Pooled investment vehicles:					
Bonds	Yes	Yes	Yes	Yes	No
Equity	Yes	No	Yes	No	Yes
Diversified Growth*	Yes	Yes	Yes	Yes	Yes

* The diversified growth fund was only held at December 2023, and was disinvested from in August 2024.

Due to the nature of the pooled investment vehicles, there is no direct market risk.

Credit risk

The Scheme is subject to credit risk because it invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the pooled investment vehicles. The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

A summary of exposures to credit risk is given in the table above.

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

15. Investment risks (continued)

Types of risk relating to investments (continued)

Credit risk (continued)

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled investment managers, the regulatory environments in which the pooled investment managers operate and diversification of investments amongst a number of pooled arrangements. The Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled investment manager.

Indirect credit risk arises in relation to underlying investments held in the bond and diversified fund pooled investment vehicles. The indirect credit risk arising on bonds is mitigated by investing in government bonds and corporate bonds which are at least investment grade credit rated. Credit risk arising is mitigated by investment mandates requiring all counterparties to be at least investment grade rated.

The pooled investment vehicles are not rated by credit agencies. The information about exposures to and mitigation of credit risk above applied at both the current and previous year end.

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

	2024	2023
	£	£
Unit linked insurance contracts	47,642,251	44,531,741
Open ended investment companies	-	7,260,559
	<u>47,642,251</u>	<u>51,792,300</u>

Indirect market risks

Currency risk

The Scheme is subject to indirect currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles (indirect exposure). The Scheme's liabilities are denominated in sterling and the Trustees will on a vehicle-by-vehicle basis use currency hedging when they deem appropriate to reduce this risk.

Interest rate risk

The Scheme is subject to indirect interest rate risk because some of the Scheme's investments are held in bonds through pooled investment vehicles (indirect exposure). The matching core funds have built in hedging against interest rate risk.

Other price risk

Other price risk arises principally in relation to the Scheme's Growth portfolio which includes equities held in pooled vehicles. The Scheme manages this exposure to other price risk by constructing a diverse portfolio of pooled investment vehicles that invest in a range of instruments across various markets. As set out in the Scheme's SIP, each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities. The target asset allocation is detailed in the appendix of the SIP.

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

16. Concentration of investments

Investments accounting for more than 5% of the net assets as at the Scheme year end date were:

Investment	2024 £	%	2023 £	%
LGIM Buy & Maintain Credit Fund (Distribution)	12,334,943	25%	12,464,461	24%
LGIM FW Global Equity Index Fund	7,368,701	15%	-	-
LGIM FW Global Eq Index Fd GBP Hdg	7,317,737	15%	-	-
LGIM Matching Core Real Long Fund (Series 1)	7,097,707	15%	9,059,442	17%
LGIM Sterling Liquidity Fund	6,179,136	13%	6,795,422	13%
LGIM Matching Core Fixed Long Fund (Series 1)	5,846,609	12%	4,683,522	9%
BNY Mellon Real Return Fund Newton Inst Shares 1 (Inc)	-	-	7,260,559	14%
SSGA International (Developed 100% Hedged) ESG Screened Index Equity Sub-Fund	-	-	6,186,146	12%

All the above investments are pooled investment vehicles which have multiple underlying assets, none of which exceeds 5% of the net assets of the Scheme at either year end date.

17. Employer related investments

There were no Employer related investments during the year or at the year-end date (2023: nil).

18. Current assets

	2024 £	2023 £
Prepaid pensions	136,628	138,851
Cash in transit from Investment sales	523,359	-
Other debtors	2,555	1,009
Cash balances	318,575	472,071
	<u>981,117</u>	<u>611,931</u>

19. Current liabilities

	2024 £	2023 £
Accrued expenses	<u>32,941</u>	<u>15,369</u>

20. Related party transactions

Related party transactions and balances comprise of:

- Contributions in respect of two Trustee members were paid in accordance with the Trust Deed and Rules until the Scheme closed to active members in September 2024. (2023: two).
- The Employer paid for and provided administrative services including the provision of the Secretary of the Trustees without recharge to the Scheme (years 2024 and 2023) – see note 7.
- All fees and expenses payable to the Trustees were met by the Employer. These cost the Employer £17,200 (2023: £16,190).

Notes to the Financial Statements for the year ended 31 December 2024 (continued)

21. Contingent liabilities

Guaranteed Minimum Pensions (GMPs)

As explained in the Trustees' Report, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that benefits provided to members who had contracted out of their pension scheme must be reviewed to remove inequalities between men and women in relation to Guaranteed Minimum Pensions (GMPs) accrued between 17 May 1990 and 5 April 1997. The outcome determined by the judgment therefore applies to most defined benefit pension schemes.

There was a further court ruling in November 2020 in relation to the case, which concluded that past transfers out of schemes in respect of GMPs earned during this period also need to be taken into account.

The Trustees are now reviewing, with their advisers, the implication of these rulings on the Scheme and the equalisation of guaranteed minimum pensions between men and women, in the context of the rules of the Scheme and the value of any liability. Any adjustments necessary, in line with Scheme accounting policies for GMP benefits in payment, will be recognised in the Financial Statements when a reliable estimate can be calculated. It is not possible to estimate the value of any such adjustments at this time.

Virgin Media Case

In June 2023, the High Court handed down a decision in the Virgin Media Ltd versus NTL Pension Trustees II Ltd, which considered the implications of section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out pension scheme cannot be altered, in relation to post April 1997 service, unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court.

The case has the potential to cause significant issues in the pensions industry. The Trustees will consider the possible implications for the Scheme of the above with its advisers and what steps, in any, it wishes to take. Therefore, it is not possible, at present, to estimate the potential impact, if any, on the Scheme.

Independent Auditor's Statement about Contributions to the Trustees of the B&CE Staff Pension Scheme

Statement about contributions

We have examined the summary of contributions payable under the Schedules of Contributions to the B&CE Staff Pension Scheme in respect of the Scheme year ended 31 December 2024 which is set out on page 42.

In our opinion contributions for the Scheme year ended 31 December 2024 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid from 1 January 2024 until 5 February 2024 at least in accordance with the Schedule of Contributions certified by the actuary on 18 November 2020 and from 6 February 2024 until 31 December 2024 at least in accordance with the Schedule of Contributions certified by the actuary on 6 February 2024.

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 have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 24, 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 active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedules of Contributions.

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

The purpose of our work and to whom we owe our responsibilities

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



Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

Date: 2 June 2025

Summary of Contributions for the year ended 31 December 2024

The Trustees' Summary of Contributions forms part of the Trustees' Report.

The Trustees responsibilities with regards to this Trustees' Summary of Contributions are set out in the Statement of Trustees' responsibilities in respect of contributions on page 24.

During the year ended 31 December 2024, the contributions were payable to the Scheme under the Schedules of Contributions certified by the Scheme actuary that was in force at the time. From 1 January 2024 to 5 February 2024, contributions were payable in accordance with the Schedule of Contributions certified by the Scheme actuary on 18 November 2020. A new Schedule of Contributions was certified by the Actuary on 6 February 2024, which covered contributions payable from 6 February 2024.

A deed of amendment was signed 23 September 2024, closing the Scheme to future accrual of benefits from 1 October 2024.

Contributions payable to the Scheme during the year were as follows:

	Employer £	Employees £	Total £
Contributions required by the Schedules of Contributions as reported on by the Scheme auditor			
Normal contributions	347,540	10,987	358,527
Total contributions as required by the Schedules of Contributions and reported on by the Scheme auditor and reported in the Financial Statements	347,540	10,987	358,527

Approved by the Trustees at their Board meeting on 23 May 2025 and signed on their behalf on 2 June 2025 by:



Alan Pickering CBE, Chair



Matthew Phillips, Trustee

Actuarial Certificate about the Schedule of Contributions

Name of Scheme: B&CE Staff Pension Scheme

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 6 February 2024.

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

Signature	Shani McKenzie
Date	06 February 2024
Name	Shani McKenzie
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	One London Wall, London, EC2Y 5EA

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