BARNETT WADDINGHAM
beyond the expected

Students' Union Superannuation Scheme

Annual report for the year ended 30 June 2023

Scheme Registration Number 10149211

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The Trustees' Report

Introduction

This Report relates to the operation of the Students' Union Superannuation Scheme ("the Scheme") during the year ended 30 June 2023.

The Scheme was a contracted-out salary related pension arrangement and provides its members with retirement benefits. This type of arrangement is also known as a defined benefits arrangement. Up until 30 September 2003 the Scheme provided a pension of 1/60th of final pensionable earnings for each year of pensionable service. From 1 October 2003 the Scheme changed to a career average structure where members built up a slice of additional pension based on their earnings during the year. On 1 October 2011 the Scheme closed to future accrual. Normal contributions have ceased and only deficit reduction contributions continue to be paid.

Before 1 October 2011 members were able to make additional voluntary contributions (AVCs) to secure additional benefits. The Scheme also covered members for death benefits before this date.

Full details of the Scheme's benefits can be found in the member's explanatory booklet (see "Contact for further information" on page 5).

Management of the Scheme

The names of the Trustees of the Scheme who served during the year and those serving at the date of approval of this report are as follows:

Name	Nominated / appointed by	Year of appointment
Peter David Shilton Godwin	Member	1995 (re-appointed as MNT 2021)
Ross Trustees Services Limited	Corporate	2014
Nick Gash	Member	2018
Mark Frederick Crook	Employer	2020
Ben Ward	Employer	2021

The Scheme Rules contain provisions for the appointment and removal of the Trustees. The Scheme requires between two and seven Trustees together with a corporate Trustee. Three Trustees must be elected from the constituent employers of the Scheme and two must be elected from the individual membership of the Scheme. The Member Nominated Trustees serve for a term of six years. This arrangement has been approved by a ballot of the members in accordance with the Pensions Act 1995 and operates with the agreement of the National Union of Students as the Principal Employer named in the Trust Deed.

The Trustees are responsible for the administration and investment policy of the Scheme. The Trustees held four full meetings during the year under review. Each Trustee is entitled to receive at least ten days' notice of meetings, although in practice dates are normally fixed well in advance.

The Scheme Rules provide that decisions of the Trustees may be made by a majority of the Trustees present at any meeting and the Chairman has a casting vote.

The Trustees have delegated the day-to-day management and operation of the Scheme's affairs to professional organisations.

Changes to Scheme Rules

No changes were made to the Scheme Rules during the year.

The Trustees' Report (Cont)

The Principal Employer

The Principal Employer is the National Union of Students of the United Kingdom.

Scheme advisers

The Trustees retain a number of professional advisers in connection with the operation of the Scheme. The advisers currently appointed are as follows:

Scheme Actuary	Paul Hamilton FIA
Advising Actuaries	Barnett Waddingham LLP
Independent Auditor	RSM UK Audit LLP
Investment Managers	Partners Group (Guernsey) Limited Janus Henderson Investors (until March 2023) Insight Investment Management (Global Limited) (until May 2023) Legal and General Investment Management (via Mobius Investment Platform) (until April 2023) Baillie Gifford Asset Management (via the Mobius Investment Platform) (until April 2023) Schroders Investment Management (via the Mobius Investment Platform) (until April 2023) Schroders Investment Management (from March 2023)
Custodians	Northern Trust (to May 2023) CACEIS (from March 2023)
Annuity Provider	Aviva
AVC Provider	Aviva
Legal Advisers	Gowling WLG
Administrator of the Scheme benefits	Barnett Waddingham LLP
Bankers	Lloyds TSB
Secretary to the Trustees	Ross Trustees Services Limited

Changes in and other matters relating to Scheme advisers

Other than those shown above, there have been no further changes to Scheme advisers during the Scheme year under review.

The Trustees' Report (Cont)

Scheme Audit

The financial statements on pages 20 to 33 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Financial development of the Scheme

During the year the value of the net assets decreased by £16,286,073 to £94,457,941 as at 30 June 2023. The decrease comprised net additions from dealings with members of £1,059,061 together with a decrease from the net return on investments of £17,345,136.

On 23 September 2022, announcements made in the Government's "mini-budget" led to uncertainty in the long-dated UK government bond ("gilt") market. The Bank of England eventually intervened in the market in order to "restore orderly market conditions". The value of the Scheme's investment assets have been impacted as a result of this market activity. The Trustees are confident that there has not been a significant impact to the overall funding position of the Fund as a result of these events.

Tax status of Scheme

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustees' knowledge, there is no reason why the Scheme's registered status should be prejudiced or withdrawn.

Scheme membership

	Number as at start of year	Changes in year	Number as at end of year
Preserved pensioners	1,208		
adjustment	(9)		
retired (trivial commutation)		(5)	
retired (small lump sum)		(1)	
retired		(50)	
died		(3)	
		(59)	1,140
Pensioners and dependants	1,054		
new pensioners		50	
new dependants		8	
died		(21)	
		37	1,091
Grand total members	2,253		2,231

Not included within the pensioner and dependants above are 118 (2022: 118) members whose pensions are settled by annuity policies held in the name of the Trustees.

The member numbers shown above reflect the number of member records held by the Scheme. The adjustments referred to in the table above are in respect of late notifications of movements.

Transfer values

A cash equivalent is the amount which a Scheme member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

The Trustees' Report (Cont)

Pension increases

During the year pensions have been increased in accordance with the Scheme Rules with no discretionary benefits provided.

Codes of Practice

The Trustees are aware of and adhere to the Codes of Practice issued by The Pensions Regulator ("TPR"). The objectives of these codes are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF") and to promote good administration.

GMP equalisation

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

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. However, at this stage the Trustees and Employer have not agreed the equalisation methodology to be used and therefore the Trustees are not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore the cost of backdating pension benefits and related interest have not been recognised in these financial statements. They will be recognised once the Trustees are able to reach reliable estimate. Further details are disclosed in Note 24 of the financial statements.

The Pensions Regulator: Record Keeping

The Pensions Regulator issues guidance on all aspects of pension scheme data record keeping to all those responsible for the data (the trustees) and those who administer pension schemes. The guidance covers both common data and also conditional data (the data that is used to calculate benefits and is therefore scheme specific). The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities.

Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded. More information can be found at:

https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/record-keeping

The Trustees' Report (Cont)

Contact for further information

If, as a Scheme member, you wish to obtain further information about the Scheme, including copies of the Scheme documentation, your own pension position or who to contact in the event of a problem or complaint, please write to, or telephone:

The Students' Union Team, Barnett Waddingham LLP, St James's House, St James's Square, Cheltenham, GL50 3PR

Or telephone: 0333 11 11 222

Alternatively you may contact the Scheme administrators online at:
https://logon.bwebstream.com/shared/contact

The Trustees' Report (Cont)

Statement of Trustees' Responsibilities

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

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and

- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

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

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

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustees' Report (Cont)

Report on Actuarial Liabilities

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

The most recent full actuarial valuation of the Scheme was carried out as at 30 June 2022. This showed that on that date:

The value of the Technical Provisions was:	£243.3 million
The value of the assets was:	£106.7 million

Therefore the Scheme had a funding deficit of £136.6 million corresponding to a funding level of 44%.

In years where there is no actuarial valuation, the Scheme Actuary produces an estimate of the funding position known as an actuarial report. The most recent actuarial report carried out at 30 June 2023 revealed that the estimated funding level had risen to 49%.

The method and significant actuarial assumptions used to determine the Technical Provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles dated 1 August 2023):

Method

The actuarial method used in the calculation of the Technical Provisions as at 30 June 2022 is the Projected Unit Method.

Actuarial assumptions – The key assumptions used as at 30 June 2022 are:

Discount rate	Gilts curve + 1.5% pa, linearly changing over a term of 13 years to gilts + 0.25% pa
Retail Prices Index (RPI) inflation	Merrill Lynch swap-implied inflation curve
Consumer Prices Index (CPI) inflation	RPI inflation less 0.7% pa pre 2030; RPI inflation less 0.1% pa thereafter
Pension increases in payment	A model of each increase, allowing for insurers' relative pricing of different caps and collars
Mortality table	95% of the S3PA tables
Mortality projections	CMI_2019 projections using a long-term improvement rate of 1.75% p.a. The initial addition is 1.0% p.a.

The Trustees' Report (Cont)

Investment managers

Investment wording provided by Schroders Solutions

The Scheme's Deed and Rules permit the Trustees to delegate the task of investment management to outside experts. During the year the Trustees entered into an Investment Management Agreement with Schroders Solutions Investments Limited ('Schroders Solutions') as the investment manager of the portfolio of the Scheme's assets and investments, from 25 January 2023. Schroders Solutions have taken full responsibility for investing the Scheme's assets.

The Trustees have chosen to implement their investment strategy through Schroders Solutions' Fiduciary Management service, an implemented solution which allows trustees to retain ownership of those decisions which have the greatest importance to the Scheme's investment strategy – framing objectives, allocations to on-risk/off-risk assets, risk tolerance – whilst delegating other decisions to Schroders Solutions.

In addition, the Trustees have appointed CACEIS as custodian of the Scheme's assets.

When choosing investments, the Trustees and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4) as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010, Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and Occupational Pension Schemes (Investment and Disclosure) (Amendments) Regulations 2019.

Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005 requires that the Trustees' duties also include:

- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- Voting and corporate governance in relation to the Scheme's assets.

The Trustees' policies in relation to these duties are set out in the Scheme's Statement of Investment Principles (SIP). Although these are the Trustees' duties in the first instance, the Trustees have delegated these duties to the Scheme's investment managers.

Statement of Investment Principles

In accordance with the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles, which sets out its policy on investment issues, including risks, diversification of investments and details of the key elements of the investment arrangements of the Scheme.

The Statement of Investment Principles ("SIP") sets out how the Scheme takes into account financially material considerations, including Environmental, Social and Governance ("ESG") factors, in its investment decision making process.

A copy of the statement is available online (weareigg.com/wp-content/uploads/2023/08/2023-SUSS-Statement-of-Investment-Principles.pdf)

The statement in effect at the date of these accounts was dated August 2020. This Statement incorporates the recent regulations regarding the Trustees' policies on Environmental, Social and Governance (ESG) considerations, including climate change, voting rights and investment manager incentives.

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Departures from investment principles

Over the Scheme year ending 30 June 2023, the Scheme transitioned its portfolio to a new arrangement managed by Schroders. As at the effective date of the accounts the portfolio allocations were broadly aligned with overall strategic allocations and within the agreed ranges at a sub-asset class level within each portfolio. An updated SIP was adopted shortly after Scheme year end that reflects the new investment strategy.

Investment strategy

The Trustees' long-term objective for the Scheme is to target an investment return objective of approximately 2.4% per annum (net of fees) in excess of the returns on the Liability Benchmark Portfolio ("LBP").

In addition to framing the investment objective, the Trustees are responsible for setting the split of assets between return-seeking assets (the Growth Assets) and liability-matching assets (known as the Liability Hedging assets).

Based on consideration of the Scheme's liabilities and the desired investment objective, the Trustees have adopted a 60% Growth Assets/40% Liability Hedging Assets split. The Investment Manager has discretion to implement the Trustees' investment strategy to meet the objective, as described below.

Liability Hedging Assets ("LHA")

The LHA is invested in a portfolio of directly held gilts, which is expected to move closely in line with the rise and fall in liability values, thus providing a degree of protection to the Scheme's funding position. The objective for the LHA is to achieve a return in line with the LBP, after the deduction of fees.

The LHA also contains OTC derivatives, which extend the liability matching provided by the gilts to changes in interest rate and inflation expectations.

Growth Assets ("GA")

The GA holds a diverse portfolio of assets that are expected, in the longer term, to exceed the growth in the value of the Scheme's liabilities. The objective for the GA is to achieve a return of at least 4.0% per annum in excess of the return of cash, after the deduction of fees, over rolling three year periods.

During the year, the GA has been invested in a diversified portfolio of equities, global government, high yield, and emerging market bonds, and alternative assets such as hedge funds and leveraged loans. The current strategy is to hold:

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The following table shows the asset class restrictions of the GA as well as the asset allocation as a proportion of the GA at the current year end:

Asset Class	Min (%)	Max (%)	30 June 2023 (%)
Equities	20	65	38.5
Property	0	20	0.0
Return Seeking Credit	0	45	22.2
Commodities	0	15	0.0
Alternatives	0	40	13.0
Cash & Sovereign Bonds	0	40	26.4
Equities & Commodities	20	70	38.5
Sub-Investment Grade Debt	0	30	11.0
Equities & Sub-Investment Grade Debt	20	80	49.5

All restrictions are expressed as a proportion of the Growth Assets. Currency hedging is not included in the figures above.

Investment performance

Performance of the Scheme's assets against the objectives is shown below:

Portfolio Section	Since Inception
Growth Assets	1.4%
Objective	0.7%
Relative	0.7%
Total Portfolio	3.2%
Objective	3.0%
Relative	0.2%

Performance is shown net of fees to the extent that fees are paid from assets. 12 months, 3-Year and 5-Year performance is not available due to the strategy inception date being 31/05/2023.

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Financially material investment considerations

These considerations which include the below "Risks" can affect the long-term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as "ESG") where relevant. All references to ESG also include climate change.

The Trustees recognise climate change as a systemic, long-term material financial risk to the value of the Scheme's investments. The Trustees are supportive of the Paris Agreement and will aim to achieve a carbon neutral portfolio by 2050 or sooner.

The Trustees policy is to delegate consideration of financially material factors, including ESG to the Investment Manager who considers these when constructing the portfolio, including looking at Underlying Managers. All references to ESG relate to financial factors only. As part of their ongoing monitoring, the Trustees review some key metrics on a regular basis that are provided by the Investment Manager covering ESG which enable them to engage with the Investment Manager and understand the impact of ESG on the portfolio. ESG factors and stewardship are considered, in the context of long term performance, by the Investment Manager as part of the manager selection criteria. This review occurs before they are approved for investment in the portfolio.

Once an Underlying Manager is appointed, the Investment Manager monitors the ESG implementation and ongoing compliance with other factors, such as stewardship, as a part of overall engagement.

Risks

The Trustees recognise a number of risks involved in the investment of the assets of the Scheme. These risks, and how they are measured and managed, include:

· Funding and asset/liability mismatch risk – the risk that the funding level is adversely affected due to a mismatch between the assets and liabilities. This risk is managed in the following ways:

- A liability benchmark 'LB' is used as a proxy for the liabilities in order to measure the approximate changes in the liabilities (due to changes to the relevant gilt yields only). The Trustees monitor this change relative to the change in asset values on a quarterly basis. The LB is reviewed following each actuarial review, or when significant market or Scheme events (e.g. a significant change in inflation expectations) imply that an amendment may be appropriate.

- The Trustees also recognise the risk of a negative impact on the funding level due to changes in the actuarial assumptions used to calculate the liabilities and variation in experience. This is managed by aiming for a higher overall investment return than implied by the liability discount rate.

- When setting and reviewing investment strategy, the Trustees examine how the investment strategy impacts on downside risk. Downside risk of the investment strategy is also measured by reference to the LB and can therefore also be assessed as part of the quarterly review process.

- This risk is also monitored through regular actuarial and investment reviews.

· Underperformance risk – the risk of underperforming the benchmarks and objectives set by the Trustees. This risk is minimised using the following techniques:

- Appropriate diversification across asset classes, within sectors and between individual stocks to minimise the effect of a particular stock or sector performing badly.

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• The use of instruments and strategies designed to control the extent of downside exposure.

• The selective use of active management when appropriate given market conditions, the asset class considered and where the benefits (risk and/or return) are expected to outweigh the additional costs/fees.

• Regular monitoring of the managers' performance, processes and capabilities with respect to their mandate and by the diversification across multiple Underlying Managers by the Investment Manager.

▪ Cash flow risk – addressed through the monitoring of the cash flow requirement of the Scheme to control the timing of any investment/disinvestment of assets.

▪ Concentration risk – the risk of an adverse influence on investment values from the concentration of holdings is reduced by the diversification of the assets.

▪ Counterparty risk – the risk of a counterparty to an agreement not carrying out his side of the deal. Where derivatives are used, the risk of counterparty default is reduced through the requirement in the relevant documentation that regular collateral or margin payments be made. It is also considered in the selection of counterparties and the incorporation of protection mechanisms in the documentation in the event of a downgrade in credit quality of an existing counterparty.

▪ Country risk – the risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.

▪ Currency risk – the risk that fluctuations in the value of overseas currencies affect the total return of the Scheme's investments when compared to a Sterling benchmark. The Trustees mitigate this risk by electing to allow the Investment Manager to use currency hedging.

▪ Default risk – the risk of income from assets not being paid when promised. This is addressed through restrictions for the Investment Manager and Underlying Managers, e.g. a minimum credit rating of the bonds they are allowed to buy and also a high proportion of the bonds held are government bonds which have little default risk.

▪ ESG risk – the risk of adverse performance due to ESG related factors including climate change. This is addressed by the Investment Manager's ESG assessment at the point of investment with Underlying Managers. A summary of the overall ESG characteristics in the portfolio in the quarterly governance report.

▪ Mismanagement risk – the risk of unsuitable investment activity by the Investment Manager. This is addressed in the agreement with the Investment Manager, and in turn by the Investment Manager with the Underlying Managers, which contain restrictions on the proportion and type of asset classes that the Investment Manager or Underlying Managers may invest in.

▪ Organisational risk – the risk of inadequate internal processes leading to problems for the Scheme. This is addressed through regular monitoring of the Investment Manager and Advisers by the Trustees, and of the Underlying Managers by the Investment Manager. ▪ Sponsor risk – the risk of one or more of the Employers ceasing to exist which, for reasons of prudence, has been taken into account when setting the asset allocation strategy. The Trustees regularly review the covenant of the Employers and the feasibility of the Employers continuing to pay contributions to the Scheme. The Trustees will keep these risks and how they are measured and managed under regular review.

The Trustees' Report (Cont)

During the Scheme Year, the Trustee appointed Schroders as Fiduciary Manager for the Scheme's investment portfolio. From an Environmental, Social and Governance ("ESG") perspective, Schroders is a global asset manager with a long history of company engagement and is well regarded in this area. As a firm, it has a commitment to be Net Zero by 2050 over all the assets it manages and has a detailed Climate Transition Action Plan which sets out its plan for achieving this. Schroders approach is designed to enhance risk adjusted returns in a way that aims to improve the security of members' benefits and drives real world change in the longer term. Schroders has a structured framework for evaluating ESG factors of underlying managers, assigning each an ESG rating which determines their eligibility for inclusion in portfolios and identifies areas for ongoing and targeted engagement.

The Trustees have also received training on the latest regulation and guidance on ESG requirements for UK pension schemes and remain fully compliant. Trustees are now required to set ESG engagement priorities for the year ahead, and with assistance and training from Schroders have agreed Climate Change, Natural Capital & Biodiversity, and Human Rights as being areas of focus for the year ahead. The Trustees believe these themes are issues material to the long-term value of the investments, and hence should benefit the Scheme's members and beneficiaries. These priorities will be reviewed on an ongoing basis, and engagement examples are provided in the Implementation Statement appended to the annual accounts.

Economic and market conditions over the year to 30 June 2023

Economic environment

During the 12-month period investor focus remained primarily on rising inflation and the policy response from major central banks. There were fears that rising interest rates could lead to recession.

In Europe, the war in Ukraine was a further negative factor and there were concerns throughout 2022 that the region could experience gas shortages. Ongoing Covid-19 related lockdowns in China also weighed on economic activity and stock market returns in 2022.

UK assets experienced particular volatility in September 2022 after Liz Truss became prime minister and the new government announced a fiscal package which was poorly received by markets. UK bond yields soared and sterling fell to an all-time low versus the US dollar. However, markets stabilised after Truss stepped down and a new government was formed under Rishi Sunak as prime minister.

The picture for markets turned more positive as 2023 began. Global economic growth generally remained resilient, despite further interest rate rises from major central banks. In Europe, warmer weather helped limit the impact of high gas prices.

In December 2022, China announced it was abandoning its strict lockdown measures, enabling mobility and economic activity to pick up. However, as 2023 progressed, Chinese data showed that the economic recovery was weaker than many had hoped.

Markets experienced volatility in March 2023 as several regional US banks – including Silicon Valley Bank – collapsed due to lack of liquidity. In Europe, this was followed by the takeover of Credit Suisse by UBS.

Towards the end of the period under review there were concerns that the US would breach its debt ceiling. However, a deal to extend the debt ceiling was reached in early June 2023.

Developed market equities notched up a strong gain over the 12-months. The MSCI World index returned 18.5% in US dollar terms. Emerging markets (EM) underperformed with the MSCI EM index returning 1.7%. Towards the end of the period, stocks with exposure to Artificial Intelligence (AI) – especially semiconductor shares – soared amid investor enthusiasm for the potential offered by generative AI technology.

The Trustees' Report (Cont)

Economic environment (Cont)

In fixed income, the US 10-year yield rose from 2.97% to 3.81%, with the two-year increasing from 2.93% to 4.87%. Germany's 10-year yield increased from 1.37% to 2.39%. The UK's 10-year yield rose from 2.24% to 4.39%.

Approval of Trustees' Report

This Report was approved by the Trustees on

Date: 29/01/24

Signed on behalf of the Trustees:

Trustee	Trustee

Independent Auditor's Report to the Trustees of the Students' Union Superannuation Scheme

Opinion

We have audited the financial statements of The Students' Union Superannuation Scheme for the year ended 30 June 2023 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2023, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Scheme's Trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

Independent Auditor's Report to the Trustees of the Students' Union Superannuation Scheme (Cont)

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

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 6, the Trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Independent Auditor's Report to the Trustees of the Students' Union Superannuation Scheme (Cont)

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are Pensions Act 1992 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

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

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

Use of our report

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

RSM UK Audit LLP

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

Date: 30/01/24

Summary of contributions payable in the year

During the year, the contributions payable to the Scheme by the Employer under the Schedule of Contributions were as follows:

	£
Employer deficit funding contributions	8,105,719
PPF Levy	625,937
Contributions payable under the Schedule of Contributions	8,731,656
Contributions not payable under the Schedule of Contributions	
Additional contributions	11,835
Total contributions paid in the year in accordance with the Schedule of Contributions as reported on by the Scheme auditor and as reported in the accounts	8,743,491

Signed on behalf of the Trustees:

Trustee

Trustee

Date: 29/01/24

Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustees of the Students' Union Superannuation Scheme

Statement about contributions payable under Schedule of Contributions

We have examined the Summary of Contributions payable to the Students' Union Superannuation Scheme on page 18, in respect of the Scheme year ended 30 June 2023.

In our opinion, the contributions for the Scheme year ended 30 June 2023 as reported in the attached Summary of Contributions on page 18 and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the actuary on 21 September 2020.

Scope of work on statement about contributions

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

Respective responsibilities of Trustees and auditor

As explained more fully on page 6 in the Statement of Trustees' Responsibilities, 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 Schedule of Contributions.

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

Use of our statement

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

RSM UK Audit LLP

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

Date: 30/01/24

The Financial Statements

Fund Account

for the year ended 30 June 2023

	Note	30 June 2023	30 June 2022
		£	£
Contributions and benefits			
Employer contributions		8,743,491	8,547,841
Total contributions	4	8,743,491	8,547,841
Benefits paid or payable	5	(6,430,906)	(6,673,026)
Payments to and on account of leavers	6	-	(5,588,487)
Administrative expenses	7	(1,253,524)	(1,689,138)
		(7,684,430)	(13,950,651)
Net additions \ (withdrawals) from dealings with members		1,059,061	(5,402,810)
Returns on investments			
Investment income	8	6,045,540	4,705,530
Change in market value of investments	9	(23,272,270)	(30,801,378)
Investment management expenses	10	(118,404)	(142,044)
Net returns on investments		(17,345,134)	(26,237,892)
Net decrease in the fund during the year		(16,286,073)	(31,640,702)
Net assets of the Scheme			
At 1 July		110,744,014	142,384,716
At 30 June		94,457,941	110,744,014

The notes on pages 22 to 33 form part of these financial statements.

The Financial Statements (Cont)

Statement of Net Assets

available for benefits as at 30 June 2023

	Note	30 June 2023	30 June 2022
		£	£
Investment assets:	9		
Pooled investment vehicles	13	38,969,031	105,239,367
Bonds	9	45,514,623	-
Insurance policies	16	3,165,987	3,882,179
AVC investments	15	163,278	191,941
Cash	9	7,523,240	32,623
Derivatives	14	1,021,738	-
Other investment balances	11	255,816	-
		96,613,713	109,346,110
Investment liabilities			
Derivatives	14	(3,264,927)	-
		(3,264,927)	-
Total net investments		93,348,786	109,346,110
Current assets	20	1,391,600	1,528,462
Current liabilities	21	(282,445)	(130,558)
Net assets of the Scheme at 30 June available for benefits		94,457,941	110,744,014

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme is dealt with in the Report on Actuarial Liabilities on page 7 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 22 to 33 form part of these financial statements.

These financial statements were approved by the Trustees on

Date: 29/01/24

Signed on behalf of the Trustees:

Trustee

Trustee

Notes to the Financial Statements

1. Basis of preparation

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

Conclusion of Going Concern

The Trustees have prepared the financial statements on a going concern basis.

In doing so, the Trustee notes that no material uncertainties have been identified by the directors of the Principal Employer, National Union of Students (NUS) of the UK, in their most recent accounts for the period ending 30 June 2022. The NUS Group has not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's and Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue. The Trustee is not aware of any material uncertainties in regards to the Participating Employers.

The Scheme funding remains at around 44% on a technical provision basis (2019 valuation basis) at 30 June 2022, corresponding to a deficit of £136,645,000, as of 30 June 2022 a new Recovery Plan and Schedule of Contributions was agreed between the Trustees and the NUS, with no participating employer taking advantage of a deficit reduction contribution suspension. As of October 2023, there was an 5% increase in DRC payments; to the Trustees knowledge all DRC payments have been made as expected, and there have been no late payments received to date that the Trustee have been made aware of.

On this basis the financial statements for the Scheme are prepared on a going concern basis.

2. Identification of the financial statements

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

3. Accounting policies

The principal accounting policies of the Scheme which are applied consistently are as follows:

Contributions

- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer and Trustees.
- Employer additional contributions are accounted for in accordance with the agreement under which they are payable. This include contributions in respect of the PPF levy.

Payments to members

- Pensions in payment are accounted for in the period to which they relate.
- Benefits are accounted for in the period in which the member notifies the Trustees of his decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- Individual transfers out of the Scheme are accounted for when member liability is discharged which is normally when the transfer amount is paid.

Notes to the Financial Statements (Cont)

3. Accounting policies (Cont)

Expenses

- Expenses are accounted for on an accruals basis.
- Investment management expenses are accounted for on an accruals basis. Transaction costs are included in the cost of purchases and sale proceeds.

Investment income

- Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.
- Dividends from quoted securities are accounted for when the security is declared ex-dividend.
- Income from pooled investment vehicles is accounted for when declared by the fund manager.
- Income from cash and short term deposits is accounted for on an accruals basis.
- Investment income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price. Thus, it is reported within "Change in market value".
- Receipts from annuity policies are accounted for as investment income on an accruals basis.

Investments

- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.
- Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.
- Accrued interest is excluded from the market value of bonds and is included in investment income receivable.
- Bonds are valued by valuation techniques that use observable market data.
- With profit insurance & AVC policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.
- Receipts or payments under swap contracts, representing the difference between the swapped cash flows, are included in investment income.
- Swaps are valued at the net present value of future cash flows arising therefrom.
- Forward exchange contracts are valued at the gain or loss that would arise from the closing date of the contract at the reporting date be entering into an equal and opposite contract date.
- Exchange traded futures are valued as the sum of the daily mark-to-market, which is a calculated difference between the settlement prices at the reporting date and the inception date.
- Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date. No allowance for movements in annuitant membership is provided for in valuation updates other than in a triennial valuation year.
- Accrued interest is excluded from the market value of bonds but is included in other investment balances.

Currency

- The Scheme's functional presentational currency is pounds sterling.

Critical accounting judgements and estimation uncertainty

- Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.
- There are no critical judgements in applying the accounting policies.
- Key accounting estimates and assumptions - the Trustees make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustees believe that only those investments falling within Level 3 of the fair value hierarchy (see note 17) have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Notes to the Financial Statements (Cont)

4. Contributions

	2023	2022
	£	£
Employer contributions		
Deficit funding	8,105,719	7,848,321
PPF Levy	625,937	680,512
Additional contributions	11,835	19,008
	8,743,491	8,547,841

As per the Schedule of Contributions certified by the Scheme Actuary on 1 October 2020, deficit funding contributions are being paid by the employers for a period of 15 years from 28 June 2017 in accordance with recommendations from the Scheme Actuary in order to improve the Scheme's funding position.

5. Benefits paid or payable

	2023	2022
	£	£
Pensions	5,189,401	5,127,966
Commutation of pensions and lump sum retirement benefits	1,219,891	1,517,389
Lump sum death benefits	21,614	27,671
	6,430,906	6,673,026

6. Payments to and on account of leavers

	2023	2022
	£	£
Group transfers to other schemes	-	5,588,487

The amount in the prior year was in respect of the bulk transfer of those members in the University of Manchester section.

7. Administrative expenses

	2023	2022
	£	£
Administration and processing	173,652	259,922
Actuarial fees	150,769	219,648
Audit fee	16,727	15,327
Legal and other professional fees	(10,522)	192,854
Trustee indemnity insurance	38,456	44,240
Corporate Trustee fees	227,114	325,109
Trustees expenses	514	220
Other fees	11,254	4,865
PPF Levy	645,560	626,953
	1,253,524	1,689,138

The Scheme bears all the costs of administration. During the year, fees incurred as a result of the bulk transfer of members to the University of Manchester were refunded to the Scheme. This has resulted in a negative legal fee showing above.

Notes to the Financial Statements (Cont)

8. Investment income

	2023	2022
	£	£
Income from derivatives	91,304	-
Income from bonds	255,816	-
Income from pooled investment vehicles	5,275,149	4,374,529
Interest on cash deposits	92,271	1
Annuity income	331,000	331,000
	6,045,540	4,705,530

The income from pooled investment vehicles includes an amount of £5,198,489 (2022: £4,334,077) in respect of income from the Insight LDI Funds.

9. Reconciliation of investments

	Value at 30 June 2022	Purchases at cost and derivative receipts	Sales Proceeds and derivative payments	Change in market value	Value at 30 June 2023
	£	£	£	£	£
Pooled investment vehicles	105,239,367	226,664,452	(275,440,409)	(17,494,379)	38,969,031
Bonds	-	52,982,394	(5,135,972)	(2,331,799)	45,514,623
Derivatives	-	535,611	(48,900)	(2,729,900)	(2,243,189)
Insurance policies	3,882,179	-	-	(716,192)	3,165,987
AVC investments	191,941	-	(28,663)	-	163,278
	109,313,487	280,182,457	(280,653,944)	(23,272,270)	85,569,730
Cash deposits	32,623				7,523,240
Other investment balances	-				255,816
	109,346,110			(23,272,270)	93,348,786

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty.

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Scheme.

10. Investment management expenses

	2023	2022
	£	£
Administration, management and custody	34,708	25,332
Investment consultancy fee	83,696	116,712
	118,404	142,044

Notes to the Financial Statements (Cont)

11. Other investment balances

	2023	2022
	£	£
Accrued income	255,816	-

12. Taxation

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

13. Pooled investment vehicles

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

	2023	2022
	£	£
Equities	19,916,983	20,739,805
Bonds	12,028,411	13,838,972
Diversified Growth	-	11,795,888
LDI	-	23,722,466
Multi-asset	-	11,207,967
Hedge	7,023,637	23,934,269
	38,969,031	105,239,367

14. Derivatives

OBJECTIVES AND POLICIES

The Trustees authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme as follows:

Swaps – the Trustees aim is to match as far as possible the Liability Driven Investment (LDI) portfolio and the Scheme's long term liabilities, in particular in relation to their sensitivities to interest rate movements. The Trustees entered into OTC interest rate swaps during the year that extend the duration of the fixed income portfolio to match more closely the long term liabilities of the Scheme.

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

At the year end the Scheme had the following derivatives:

	2023		2022	
	Asset	Liability	Asset	Liability
	£	£	£	£
Options	468,026	(289,236)		
OTC Swaps	404,752	(2,936,775)	-	-
Forward FX contracts	148,960	(38,916)	-	-
	1,021,738	(3,264,927)	-	-

Notes to the Financial Statements (Cont)

14. Derivatives (Cont)

A summary of the Scheme's outstanding derivative contracts at the year-end aggregated by key characteristics is set out below:

i. OTC Swaps

Nature	Notional amounts £'000	Expires	Asset value £'000	Liability value £'000
Interest rate swaps	26,850,000	0-10 years	-	(1,443,065)
Inflation rate swaps	16,871,000	0-10 years	404,752	-
Total return swaps	31,280,708	0-10 years	-	(1,493,710)
Total 2023	75,001,708		404,752	(2,936,775)
Total 2022	-		-	-

The Fund held collateral of £0.4m (2022: £nil) consisting of cash and bonds and pledged collateral of £2.5m (2022: £nil) constituted of bonds in respect to the Swaps as at 30 June 2023.

ii Forward FX

Contract	Settlement date	Currency bought	Currency sold	Asset value £	Liability value £
Forward FX	27/07/2023	USD	GBP	123,575	-
Forward FX	27/07/2023	EUR	GBP	25,385	-
Forward FX	27/07/2023	USD	GBP	-	(38,915)
Total 2023				148,960	(38,915)
Total 2022				-	-

iii Options

Equity Derivative Overlay -The objective of the overlay is to provide some liability hedge when the gilt performance may diverge from the benchmark cash index. The Fund had outstanding option contracts within the Equity Derivative Overlay at the year-end as follows:

Nature	Notional amounts £000	Expires	Asset value £	Liability value £
European Put NKY index	190,000	1 Year	-	(16,381)
European Call NKY index	190,000	1 Year	292,518	-
European Call NKY index	190,000	1 Year	-	(178,501)
European Put UKX index	532	1 Year	-	(7,426)
European Call UKX index	532	1 Year	56,459	-
European Call UKX Index	532	1 Year	-	(20,001)
European Put SX5E index	925	1 Year	-	(12,111)
European Call SX5E index	925	1 Year	119,049	-
European Call SX5E index	925	1 Year	-	(54,816)
		Total 2023	468,026	(289,236)
		Total 2022	-	-

Notes to the Financial Statements (Cont)

15. AVC investments

The Trustees hold assets invested separately from the main investments to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to the Scheme year-end confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2023	2022
	£	£
Aviva (with-profits)	94,263	122,925
Aviva (unit-linked)	69,015	69,016
	163,278	191,941

16. Insurance policies

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

	2023	2022
	£	£
Annuities with Friends Life	3,165,987	3,882,179

17. Fair value determination

The fair value of financial instruments has been estimated using the following fair value determination:

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

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

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

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

	As at 30 June 2023			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	38,969,031	-	38,969,031
Bonds	45,514,623	-	-	45,514,623
Derivatives	-	(2,243,189)	-	(2,243,189)
Insurance policies	-	-	3,165,987	3,165,987
AVC investments	-	69,015	94,263	163,278
Cash	7,523,240	-	-	7,523,240
Other investment balances	255,816	-	-	255,816
	53,293,679	36,794,857	3,260,250	93,348,786

Notes to the Financial Statements (Cont)

17. Fair value determination (Cont)

	As at 30 June 2022			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	105,239,367	-	105,239,367
Insurance policies	-	-	3,882,179	3,882,179
AVC investments	-	69,016	122,925	191,941
Cash	32,623	-	-	32,623
	32,623	105,308,383	4,005,104	109,346,110

18. Investment risk disclosures

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

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

Market risk – comprises the following three types of risk:

1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates
2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates
3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

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

Credit risk

The Scheme is subject to credit risk because the Scheme directly invests in bonds, OTC derivatives and has cash balances. The Scheme also invests in pooled investment vehicles and is therefore indirectly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Trustees' policy for managing credit risk is detailed in the Statement of Investment Principles.

The Scheme holds £45.5m in directly held bonds, -£2.2m in OTC derivatives and £7.5m in directly held cash balances. The Scheme also holds £12.0m bonds and cash through underlying pooled fund investments.

Credit risk arising on derivatives held directly depends on whether the derivative is exchange traded or over the counter (OTC). The Scheme holds OTC derivative contracts which are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. Credit risk for OTC derivative contracts is mitigated by placing restrictions on Schroders Solutions which ensure that new contracts are only entered into with counterparties that are investment grade. The credit risk in respect of OTC swaps is further reduced by collateral arrangements.

Credit risk arising on bonds held directly is mitigated by Schroders Solutions choosing to only invest in government bonds, where the credit risk is minimal, or corporate bonds which are rated at least investment grade.

Directly held cash balances are at financial institutions which are at least investment grade credit rated. This is the position at the year-end.

Notes to the Financial Statements (Cont)

18. Investment risk disclosures (Cont)

Credit risk (Cont)

In all above instances, "investment grade" is defined as being rated at least BBB- by Standard & Poor's or Baa3 by Moody's.

Indirect credit risk arises in relation to underlying investments held in bond and cash pooled investment vehicles. This risk is mitigated by the Trustees mandating Schroders Solutions that the underlying investment in sub-investment grade debt may not exceed 30% of the GA.

Both direct and indirect credit risk is mitigated by holding a diversified portfolio to minimise the impact of default by any one issuer. The Trustees monitor the investment strategy adopted by Schroders Solutions to ensure that the arrangement remains diversified.

Direct credit risk arises in respect of pooled investment vehicles. The Scheme's GA is invested across a large number of different pooled funds which have various legal structures in various domiciles (e.g. open-ended investment companies, unit trusts, limited partnerships etc.).

The direct credit risk associated with these managers is also mitigated by:

- the regulatory environments in which those managers operate;
- diversification amongst a large number of pooled arrangements; and
- due diligence checks by Schroders Solutions on the appointment of new pooled managers, and monitoring on an ongoing basis for any changes to the operating environment of each manager.

Market risk: Currency

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles. The Trustees' policy for managing this risk is detailed in the Statement of Investment Principles.

Currency risk is mitigated by delegating management of currency exposures at total portfolio level to Schroders Solutions. Schroders Solutions implement currency hedging through the use of hedged shared classes of pooled funds (where available) and the use of FX forward contracts. Net of currency hedging, 14.2% of the Scheme's holdings were exposed to overseas currencies as at year-end.

Market risk: Interest rate risk

The Scheme's assets are subject to interest rate risk because some of the Scheme's investments are held in bonds, interest/inflation rate swaps for the purpose of liability hedging. Under this strategy if interest rates fall the value of these investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise these investments will fall in value as will actuarial liabilities because of an increase in the discount rate. At the year-end, the assets subject to interest rate risk comprised of:

£'000	30/06/2023 £
Direct	
Bonds	45,515
Swaps	(2,532)
Indirect	
Bond PIVs	12,028
Cash PIVs	-

Notes to the Financial Statements (Cont)

18. Investment risk disclosures (Cont)

Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which may include various asset classes (i.e. alternatives, bonds, equities, cash and investment properties) held in pooled vehicles. The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets. At the year end, the Scheme's exposure to investments subject to other price risk was:

£'000	30/06/2023 £
Direct	
S&P/Call Options	179
Bonds (Backing EO)	7,487
Indirect	
Equity PIVs	19,917
Alternatives PIVs	7,024

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

Fund arrangement	2023 (£'000)	2022(£'000)
Unit linked insurance contracts	-	43,744
Authorised unit trusts	7,024	35,434
Open ended investment companies	8,059	33
Irish Qualifying Alternative Investment Fund	-	26,061
Exchange Traded Fund	8,689	-
Mutual Fund	13,975	-
Société d'Investissement à Capital Variable	1,222	-
Total	38,969	105,272

The Trustees monitor the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.

Notes to the Financial Statements (Cont)

19. Concentration of investments

The following investments each account for more than 5% of the Scheme's net assets at the year-end:

	2023		2022	
	£	%	£	%
Insight Longer Real Fund	-	-	11,805,671	10.7
Henderson Multi Asset Credit Fund	-	-	11,500,132	10.4
Partners Group Fund	7,023,637	7.4	8,881,678	8.0
Partners Group Fund Class EN	-	-	15,052,591	13.6
Mobius BG IF Multi Asset Growth Fund	-	-	11,207,967	10.1
Mobius Schroders Diversified Growth Fund	-	-	11,795,888	10.7
Mobius LGIM FW UK Equity Fund	-	-	5,681,517	5.1
Schroders Solutions 1.25% Treasury Gilt 22/10/2041	6,370,237	6.7		
Schroders Solutions 1.5% Treasury Gilt 2047	6,632,865	7.0	-	-
BNY Mellon (Schroders Solutions) Global Equity Fund	13,975,098	14.9	-	-

20. Current assets

	2023	2022
	£	£
Contributions due from Employer in respect of:		
Employers	673,835	641,751
Prepayments	425,109	1,170
Cash balances	292,655	885,541
	1,391,599	1,528,462

21. Current liabilities

	2023	2022
	£	£
Unpaid benefits	(83,284)	(46,429)
Accrued expenses	(199,161)	(84,129)
	(282,445)	(130,558)

22. Related party transactions

The key management personnel of the Scheme are considered to be the Trustees. Fees and expenses paid directly to the Corporate Trustee by the Scheme for their services during the year were £227,114 (2022: £325,110) and are disclosed in Note 7 to the accounts. Included within the accrued expenses (note 21) is £10,744 (2022: £23,560) owed to the Corporate Trustees.

All of the transactions were made in accordance with the Scheme Rules.

The following Trustees of the Scheme are pensioner members.

PD Shilton Godwin
N Gash

Notes to the Financial Statements (Cont)

23. Employer-related investments

There were no direct employer-related investments at the year-end. Contributions are normally received by the Trustees in the subsequent month to that in which they are due. Under the accruals basis of accounting, these contributions are therefore shown as outstanding. However, as the contributions were received in line with the Schedule of Contributions after the year end, they do not become employer-related investments.

24. Contingent liabilities

As explained on page 4 in Trustees Report, on 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

Under the rulings schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. However, at this stage the Trustees and Employer have not agreed the equalisation methodology to be used and therefore the Trustees are not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore the cost of backdating pension benefits and related interest have not been recognised in these financial statements. They will be recognised once the Trustees are able to reach reliable estimate.

Certificate of Adequacy of Contributions

Students' Union Superannuation Scheme

Certification of the Schedule of Contributions

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected, on 30 June 2019, to be met by the end of the period specified in the Recovery Plan dated 21 September 2020.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 21 September 2020.

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

Signature:		Date:	21 September 2020
Name:	Paul Hamilton	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	St James's House St James's Square Cheltenham Gloucestershire GL50 3PR	Employer:	Barnett Waddingham LLP

Schedule of Contributions

Students' Union Superannuation Scheme
Schedule of Contributions

Status

This Schedule of Contributions has been prepared by the Trustees of the Students' Union Superannuation Scheme (the Scheme), after obtaining the advice of the Scheme Actuary appointed by the Trustees.

Contributions to be paid by the Employer from 1 October 2020 to 1 August 2035

In respect of the shortfall in funding as set out in the Recovery Plan dated 21 September 2020:	Each participating employer will contribute an amount as set out in the attached Appendix 1. The amounts commencing on 1 October 2020 will be increased by 8% as at 1 October 2021, and then by a further 5% at each subsequent 1 October or such greater amount as is agreed between the Trustees and the Principal Employer. An additional increase will be applied as at 1 October 2021 to allow for the 7% pension increase issue for affected unions. The total increase will vary between unions depending on the additional liabilities arising from the issue, but on average will be around 18%. These contributions are payable monthly in arrears, within 19 days of the end of each month. A participating employer may, at their discretion, pay all or part of the contributions in advance. The Trustees have given the participating employers the option of paying a single lump sum contribution instead of their monthly contributions from October 2020 to September 2023. These lump sum contributions are set out in Appendix 2. If a participating employer chooses to pay this lump sum (which they are under no obligation to do) then they will not pay any contributions set out in Appendix 1 for the period from 1 October 2020 to 30 September 2023. Contributions payable under Appendix 1 for periods outside these dates remain payable by participating employers taking up this offer. Participating employers taking up the offer must pay the lump sum contribution by 19 November 2020, and may at their discretion pay all or part of the lump sum contribution in advance.
In respect of expenses:	The amounts set out in the appendices include an allowance of £400,000 pa, increasing since October 2017 at 5% pa, in respect of the ongoing administrative and operational expenses of running the Scheme.

In respect of the Pension Protection Fund levy:	The amount of the PPF levy as shown in the levy invoice, plus associated expenses, will be payable in addition to the contributions set out in the appendices. Once the PPF levy has been paid by the Trustees, the amount due from each participating employer will be determined by the Trustees and notified to each participating employer for payment within 30 days.

This schedule has been agreed by the Trustees and the Principal Employer

....

Signed on behalf of the Trustees of the Students' Union Superannuation Scheme

21 September 2020

Date

Signed on behalf of NUS

21 September 2020

Date

Implementation Statement

Students' Union Superannuation Scheme

Scheme year end 30 June 2023

1. Introduction

The Trustees are required to make publicly available online a statement ("the Implementation Statement") covering the Students' Union Superannuation Scheme (the 'Scheme') in relation to the Scheme's Statement of Investment Principles (the "SIP").

The SIP was not amended during the year ending 30 June 2023, and the changes made were predominantly for the change of Investment Managers and Investment Adviser. In addition, the SIP was updated to reflect the change in overall investment target return.

This SIP came into force from 2 August 2023.

A copy of the current SIP signed and dated 2 August 2023 can be found here weareigg.com/wp-content/uploads/2023/08/2023-SUSS-Statement-of-Investment-Principles.pdf

This Implementation Statement covers the Scheme year from 1 July 2022 to 30 June 2023 (the "Scheme Year"). It sets out:

- How the Trustees' policies on exercising voting rights and engagement have been followed over the Scheme Year; and
- The voting by or on behalf of the Trustees during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

A new set of guidance ("the Guidance") from the Department for Work and Pensions ("DWP") has been issued with a series of statutory & non-statutory guidance. They aim to encourage the Trustees of the Scheme to properly exercise their stewardship policy including both voting and engagement which is documented in the Scheme's SIP. This Implementation Statement has been prepared to provide the details on how the Trustees of the Scheme, with the help of the Scheme's Fiduciary Manager, have complied with the new statutory guidance set by DWP.

During the Scheme Year, the Trustees appointed a Fiduciary Manager, Schroders, and the Scheme's assets were transitioned from their Legacy Investment Managers. The Fiduciary Manager has been managing the Scheme's assets since 31 May 2023; for the purposes of the Implementation Statement, the Scheme's legacy holdings that were held for eleven months of the Scheme Year have been included. The majority of the Implementation Statement reflects the policies now in force under the Fiduciary Management approach, but as the assets had not fully transitioned until the end of the Scheme Year, the voting and engagement statistics are based on the legacy assets.

A copy of this Implementation Statement is available on the following website: Implementation Statement (schemedocs.com)

2. How the Trustees' policies on exercising voting rights and engagements have been followed over the Scheme Year

The Trustees use the Fiduciary Management service of **Schroders IS Limited** as their Investment Manager and Adviser (it is referred to as the **"Fiduciary Manager"** in the Implementation Statement). The Fiduciary Manager has been managing the Scheme's assets since 31 May 2023; for the purposes of the Implementation Statement, the Scheme's legacy holdings that were held for eleven months of the Scheme Year have been included. Schroders Group, a global asset manager, has a long history of engagement and active ownership, dating back to 1998 when it appointed its first governance resource, and has recorded and monitored ESG engagements since then. Further credentials include:

- Signatory to the UK Stewardship code
- A+ rating for UN Principles for Responsible Investment
- A- rating for Carbon Disclosure Project
- Advanced ESG recognition from Morningstar
- Engagement Blueprint awarded ESG Engagement Initiative of the Year at Environmental Finance's Sustainable Investment Awards 2022
- Best Investor Engagement recognition from IR Society Best Practice Award for 2021

The Fiduciary Manager can appoint other investment managers to manage part of the Scheme's assets (these are referred to as **"Underlying Investment Managers"**). The Scheme invests in some assets with voting rights attached (e.g. equities) and with engagement possible in relation to most asset classes. Whilst the Trustees have delegated responsibility to the Fiduciary Manager and Underlying Managers for voting and engaging on its behalf, the Trustees regularly review the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustees' beliefs and objectives.

A copy of the Scheme's SIP has been provided to the Fiduciary Manager, and the Fiduciary Manager is expected to follow the Trustees' investment policies when providing Fiduciary Management services. However, given that the investments with the Underlying Investment Managers are generally made via pooled funds (where the Scheme's investments are pooled with those of other investors), the Fiduciary Manager does not have direct control over voting or engaging with the companies that issue the underlying securities. This process lies with the Underlying Investment Manager, who may have different engagement priorities than the Trustees. Therefore, the Trustees require the Fiduciary Manager to integrate stewardship activities such as voting and engagement, and Environmental, Social and Governance (ESG) factors including climate change, into the selection or monitoring of Underlying Investment Managers. The Trustees believe it is appropriate to delegate the decision of appointing and monitoring Underlying Investment Managers to the Fiduciary Manager, who will be able to influence the Underlying Investment Manager's voting and engagement policies. Consequently, the Trustees can largely exercise their stewardship policy as set out in the Scheme's SIP.

During the Scheme Year, the Trustees have received training on the latest DWP Guidance. To support the Trustees in meeting the new requirements, the Trustees also received training on Schroders' Engagement Blueprint, which sets out the six engagement themes the Scheme's Fiduciary Manager believes to be most financially material. These are the themes the Fiduciary Manager will align the majority of its own engagement of underlying managers with. To agree on which of these themes the Trustees prioritise in its own stewardship activities, the Trustees completed a survey selecting three engagement themes it will use for engagement and monitoring of the Fiduciary Manager's activities. The Trustees of the Scheme have determined their stewardship priorities over 2023 as Climate Change, Natural Capital & Biodiversity, and Human Rights.

The Trustees believe these themes are issues material to the long-term value of the investments. These issues also reflect expectations and trends across a range of stakeholders, and by strengthening relationships with these stakeholders, business models become more sustainable, which ultimately should enhance the value added to the Scheme's investment and hence benefit the Scheme's members and beneficiaries. Therefore the Trustees believe that companies that address those issues, when they are material and relevant, will drive improved financial performance for the Scheme.

On behalf of the Trustees, the Fiduciary Manager carries out regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments. Additionally, with the help of the Fiduciary Manager, the Trustees monitor the performance of the Underlying Investment Managers against the agreed performance objectives at Trustee meetings held during the Scheme Year.

In addition, the Trustees also received other training on topics such as Climate Risk, ESG Regulation and how their Fiduciary Manager integrates ESG into its investment processes.

Given the activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustees believe that they have acted in accordance with the DWP Guidance over the Scheme Year.

3. Voting and Engagement Summary

This section of the Implementation Statement focuses on the Scheme's holdings with the Legacy Investment Managers, that were held for the majority of the Scheme Year, 1 July 2022 to 31 May 2023. The Scheme's investment managers during this period were as follows:

- Legal and General Investment Management ("LGIM");
- Baillie Gifford Asset Management ("Baillie Gifford");
- Schroder Investment Management ("Schroders");
- Janus Henderson Global Investors ("Janus Henderson");
- Partners Group (Guernsey) Limited ("Partners"); and
- Insight Investment Management ("Insight").

During the period, the Scheme invested entirely in pooled funds, and, as such, delegated responsibility for carrying out voting and engagement activities to the Scheme's Legacy Investment Managers. The voting rights and engagement regarding the Scheme's investments relate to underlying securities within pooled funds. At a general meeting of a company, the Legacy Investment Managers exercise voting rights and engage with the company issuing the security in line with their policies. The Trustees receive and review voting information and engagement policies from the Scheme's Legacy Investment Managers (summarised in this document), which were reviewed to ensure they aligned with the Trustees' policies stated in the Statement of Investment Principles.

Voting by the Underlying Investment Managers on securities held on behalf of the Trustees

The majority of the voting data collated for the Scheme is given over the year to 31 March 2023 as the most reflective period that the Legacy Investment Managers were held. The voting data provided by all managers is specific to the pooled version of the funds in which the Scheme invests.

Most Significant Votes

The Trustees have delegated to the Legacy Investment Managers to define what a "significant vote" is. Data on significant votes was requested from the Legacy Investment Managers of all the funds in which the Scheme invests that have invested in equities over the nine months to 31 March 2023. A selection of key voting action the managers have provided is below.

	Baillie Gifford Multi Asset Growth Fund	Schroders Life Intermediated Diversified Growth Fund	Partners Fund[1]
Company name	Duke Realty Corporation	Apple Inc.	Techem
Date of vote	28 September 2022	10 March 2023	Not provided by the manager
Approximate size of the fund's holding as at the date of the vote (% of the portfolio)	0.88%	0.16%	Not provided by the manager

[1] The data provided by Partners covers the period 1 January 2023 to 30 June 2023.

Summary of the resolution	Remuneration of Named Executive Officers.	Shareholder proposal tom report on median gender/race pay gap.	Partners control the Board, the ESG efforts of the portfolio company are described below.
How the manager voted	Against	For	The manager controls the board of Techem
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	Schroders may tell the company of their intention to vote against the recommendations of the board before voting, in particular if they are large shareholders or if they have an active engagement on the issue. They always inform companies after voting against any of the board's recommendations.	N/A
Rationale for the voting decision	While the manager was supportive of the proposed merger with Prologis, they were uncomfortable with the compensation arrangements planned for Duke Realty NEOs in connection with the merger and therefore opposed this resolution, which ultimately received 92% dissent from shareholders.	Shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives.	Techem's published its second Corporate Sustainability Report in July 2022, covering the entire Techem Group. The report highlights key ESG achievements, with a clear focus on achieving climate neutrality by 2045 and the Diversity & Inclusion roadmap.
Outcome of the vote	Fail (aligned with Baillie Gifford vote)	Fail (not aligned with Schroders vote)	N/A
Implications of the outcome	The resolution failed to be passed. Further to this, Baillie Gifford also attempted to engage the company on its approach to compensation at this year's AGM but was unsuccessful on that occasion. They state they will continue efforts to do so going forward.	Schroders monitor voting outcomes particularly if they are large shareholders or if they have an active engagement on the issue. If they think that the company is not sufficiently responsive to a vote or their other engagement work, they may escalate their concerns by starting, continuing or intensifying an engagement. As part of this activity they may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.	Elsewhere, Techem contributes to a climate-neutral building stock through its business activities. The focus is on efficient and smart building technology, which effectively reduces energy consumption and CO2 emissions for heat and hot water by involving both owners and tenants. For instance, across Europe, the team has set a goal of having more than 10,000 charging stations in service and operating with green electricity by 2025. Techem's decarbonization plan aims to reduce CO2 emissions by 42% by 2030

			and achieve a long-term reduction of 90% by 2045. The decarbonization plan is based on Techem's carbon footprint according to the GHG protocol.
On what criteria was the vote considered "most significant"	This resolution is significant because it received greater than 20% opposition and was a vote against management.	Voted against management and focuses on identifying and mitigating potential human capital risks at the company which could impact the long-term value of the company.	Significant size of holding in fund

	LGIM Equity Portfolio		
Company name	Emerson Electric Co.	Twitter, Inc.	Accenture PLC
Date of vote	7 February 2023	13 September 2022	1 February 2023
Approximate size of the fund's holding as at the date of the vote (% of the portfolio)	0.11%	0.05%	0.78%
Summary of the resolution	Elect Director Martin S. Craighead	Advisory Vote on Golden Parachutes	Elect Director Julie Sweet
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Classified Board: A vote against is applied as LGIM supports a declassified board as directors should stand for re-election on an annual basis.	Remuneration: A vote against is applied as LGIM does not support the use of golden parachutes. As a long-term and engaged investor, we entrust the board to ensure executive directors' pay is fair, balanced and aligned with the strategy and long-term growth and performance of the business, where this is not the case we will use our vote.	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.
Outcome of the vote	Pass (not aligned with LGIM's vote)	Pass (not aligned with LGIM's vote)	Pass (not aligned with LGIM's vote)
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly	It is worth noting that in Twitters 2022 AGM, LGIM voted against their say on	LGIM will continue to engage with their investee companies, publicly

	advocate their position on this issue and monitor company and market-level progress.	pay proposal, as did 42% of shareholders. LGIM will continue to engage with our investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	advocate their position on this issue and monitor company and market-level progress.
On what criteria was the vote considered "most significant"	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	High Profile Meeting: LGIM considers Twitter to be significant given the high-profile nature of the meeting. Golden parachute payments are lucrative settlement payments to top executives in the event that their employment is terminated. This is an issue we assess across all companies and is particularly pertinent for Twitter at the moment as the proposed takeover by Elon Musk continues to evolve.	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

	LGIM Equity Portfolio		
Company name	Canon, Inc.	Novartis AG	Ninety One plc
Date of vote	30 March 2023	7 March 2023	26 July 2022
Approximate size of the fund's holding as at the date of the vote (% of the portfolio)	0.49%	3.01%	0.03%
Summary of the resolution	Elect Director Mitarai, Fujio	Re-elect Joerg Reinhardt as Director and Board Chair	Approve Climate Strategy
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Independence: A vote against is applied due to the lack of independent directors on the board. Independent directors	Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members	Climate: A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris

	bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. LGIM would like to see all companies have a third of the board comprising truly independent outside directors. Diversity: A vote against is applied due to the lack of meaningful diversity on the board.	being women. LGIM expects companies to increase female participation both on the board and in leadership positions over time.	goals of limiting the global average temperature increase to 1.5°C. 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 the 1.5°C goal.
Outcome of the vote	Pass (not aligned with LGIM's vote)	Pass (not aligned with LGIM's vote)	Pass (not aligned with LGIM's vote)
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.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
On what criteria was the vote considered "most significant"	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Engagement - Climate: LGIM consider this climate transition plan did not meet their minimum expectations. LGIM consider it is important that Climate Transition plans are credible and ambitious.

	LGIM Equity Portfolio		
Company name	Royal Mail plc	Capricorn Energy Plc	Royal Dutch Shell
Date of vote	20 July 2022	1 February 2023	24 May 2022
Approximate size of the fund's holding as at the date of the vote (% of the portfolio)	0.02%	0.67%	4.55%
Summary of the resolution	Re-elect Director Keith Williams	Approve NewMed Acquisition	Approve the Shell Energy Transition Plan
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate	LGIM publicly communicates its vote instructions on its website	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part	LGIM voted in line with management

their intent to the company ahead of the vote?	with the rationale for all votes against management. It is their general policy not to engage with our investee companies in the three weeks prior to an AGM so to not limit their engagement to shareholder meeting topics and vote decisions.	of this process, a communication was set to the company ahead of the meeting.	
Rationale for the voting decision	Diversity: A vote against was applied as the company has an all-male Executive Committee. From 2022, we have applied voting sanctions to the FTSE 100 companies that do not have at least one woman on their executive committee, with the expectation that there should be a minimum of 33% over time	LGIM has undertaken numerous engagements with the Capricorn board over the past nine months to express their widespread concerns with the transactions the board has proposed, including the NewMed transaction. Further detail can be found in their Q4 2022 Quarterly Impact Report. LGIM's view had consistently been that the proposed combination with NewMed had weak strategic rationale and would not lead to meaningful synergies; rather, it would create significant new risks for Capricorn shareholders. In particular, they noted the timing of the proposed meetings as a matter of grave concern. The decision to hold the company's meeting before the shareholder requisitioned meeting appeared to be a direct attempt to undermine due process.	Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.
Outcome of the vote	Pass (not aligned with LGIM's vote)	Fail (aligned with LGIM's vote)	Pass (not aligned with LGIM's vote)
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.	The newly constituted board intended to conduct a comprehensive strategic review of Capricorn's business and potential directions for the future, with a priority given to the NewMed transaction. Following the strategic review, and given shareholders' views, the	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

		board and NewMed have agreed to terminate the business combination.	
On what criteria was the vote considered "most significant"	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients. This vote is deemed significant due to the escalation and expansion of their diversity vote to all-male Executive Committees.	Pre-Declaration and Engagement: LGIM considers this vote to be significant as it is in application of an escalation of their engagement activity. The overall engagement demonstrates how LGIM's Investment Stewardship, Investment and Climate Solutions teams work together in pushing for a better financial and environmental outcome for stakeholders, and through the vote outcomes it demonstrates the power of combined shareholder action.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Summary Voting Statistics

Below are the voting statistics for the most material funds held on behalf of the Trustees that had voting rights during the period, the voting statistics cover the nine-month period to 31 March 2023 as the most reflective period that the Legacy Investment Managers were held.

	Baillie Gifford Multi Asset Growth Fund	Schroders Life Intermediated Diversified Growth Fund	Partners Fund[2]
Total meetings eligible to vote	84	1,270	61
Total resolutions eligible to vote	885	15,662	877
% of resolutions did you vote on for which you were eligible?	97%	95%	100%
% did vote with management?	95%	89%	92%
% vote against management?	4%	10%	5%
% abstained	1%	0%	3%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	N/A	2%	1%

	LGIM Equity Portfolio[3]					
	Future World Emerging Market Equity Index	Future World Asia Pacific (ex Japan) Developed Equity Index	Future World Japan Equity Index	Future World Europe (ex UK) Equity Index	Future World North America Equity Index	Future World UK Equity Index
Total meetings eligible to vote	3,037	177	332	431	617	473
Total resolutions eligible to vote	26,163	1,382	4,236	7,617	7,812	7,158
% of resolutions did you vote on for which you were eligible?	100%	100%	100%	100%	99%	100%
% did vote with management?	80%	70%	89%	82%	65%	94%
% vote against management?	18%	30%	11%	17%	35%	6%
% abstained	2%	0%	0%	0%	0%	0%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	7%	18%	9%	10%	26%	5%

The Trustees are satisfied that the voting and engagement activities undertaken by the Legacy Investment Managers and agree they align with the stewardship priorities the Trustees have

[2] The data provided by Partners covers the period 1 January 2023 to 30 June 2023.

[3] The voting data in the LGIM table is only covers the unhedged versions of the LGIM Future World Funds. The voting data for the hedged versions, that the Scheme also holds, would be the same.

determined during the Scheme Year. The Trustees are looking to update the SIP next year to include the engagement priorities it has agreed to following the transition to its Fiduciary Manager.

Appendix 1 – ESG, Voting and Engagement Policies

Links to the voting and engagement polices for both Investment Manager and Underlying Investment Managers of the Scheme's largest holdings can be found here:

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders	schroders-esg-policy.pdf
Legal and General Investment Management	UK Stewardship Code 2022 (lgim.com)
Baillie Gifford Asset Management	Our Stewardship Approach: ESG Principles and Guidelines 2023 (bailliegifford.com)
Janus Henderson Global Investors	JH+Proxy+Voting+Policy+and+Procedures+-+March+2023+Revisions.pdf (janushenderson.com)
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