

**3881468**      *EEF Staff Pension Fund*

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**Pension Scheme Registration Number: 10092555**

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**Trustee, Participating Employers, and advisers**

<b>Trustee</b>	Ross Trustees Services Limited (trading as Independent Governance Group) represented by K Hardingham (until May 2023), A Osborne, D Brickman (from May 2023)
	<b>Directors</b>
	S Ahmad (resigned 30 September 2022)
	S J Andrews
	D Best (appointed 1 September 2022)
	P Bhardwaj
	A Bradshaw
	R Cousins
	K Hardingham
	G Jung (resigned 6 June 2022)
	C M Kember (appointed 1 September 2022)
	A Livingstone
	R Mattingly
	N Moore
	J Myerson
	A Osborne
	M Sohal
	G Suckling
<b>Participating Employers</b>	EEF Limited (trading as Make UK) EEF Northern Ireland Scottish Engineering Midland Group Training Services (MGTS)
<b>Scheme Actuary</b>	Jill Ampleford FIA, Lane Clark & Peacock LLP
<b>Pension administrators</b>	Lane Clark & Peacock LLP
<b>Independent auditor</b>	Cooper Parry Group Limited
<b>Investment managers</b>	Alcentra Limited Apollo Management International LLP (until 1 February 2023) J.P. Morgan Asset Management (until 31 March 2023) Legal & General Assurance (Pensions Management) Limited M&G plc (until 1 November 2022) Partners Group Management

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**Trustee's annual report and financial statements for the year ended 31 March 2023**

### **Trustee, Participating Employers, and advisers continued**

<b>Investment consultants</b>	Lane Clark & Peacock LLP (appointed July 2023) ISIO Group Limited (until July 2023)
<b>Legal adviser</b>	ARC Pensions Law
<b>Bankers</b>	HSBC UK Bank Plc
<b>Enquiries</b>	EEF Staff Pension Fund Lane Clark & Peacock LLP 95 Wigmore Street London W1U 1DQ <a href="mailto:EEFAdmin@lcp.uk.com">EEFAdmin@lcp.uk.com</a>

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### **Trustee's annual report and financial statements for the year ended 31 March 2023**

#### **Trustee's report**

The Trustee of the EEF Staff Pension Fund (the "Fund") presents its report together with the financial statements for the year ended 31 March 2023.

#### **Constitution of the Fund**

The Fund is comprised of a defined benefit (DB) section and until 1 April 2019 a defined contribution (DC) section. The DB section closed to new members in 2006 and ceased to have any active members accruing benefits with effect from 31 August 2010.

The Fund has four participating employers, details of which are included on page 3.

#### **Management of the Fund**

The Fund is managed by a sole corporate Trustee, Ross Trustees Services Limited represented by K Hardingham (until May 2023), A Osborne and D Brickman (from May 2023).

On 1 February 2023 Independent Trustee Services Limited merged with Ross Trustees Services Limited to create Independent Governance Group. Independent Governance Group is the trading name of Ross Trustees Services Limited, Independent Trustee Services Limited, Independent Trustee Limited, Clarity Trustees Limited, Clark Benefit Consulting Limited, Leadenhall Independent Trustees Limited all registered in England and Wales.

There were two Trustee meetings during the year.

#### **Financial statements and financial development of the Fund**

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

The fund account and statement of net assets (available for benefits) on pages 23 and 24 show that the value of the Fund's assets decreased by £61,483,000 to £142,647,000 during the year. The decrease was composed of net withdrawals from dealings with members of £6,689,000 together with net losses on investments of £54,794,000.

Further details of the financial developments of the Fund may be found in the audited financial statements on pages 23 to 40.

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## Trustee's annual report and financial statements for the year ended 31 March 2023

## Trustee's report continued

## Pension increases

Pension increases awarded during the year with effect from 1 April 2022 are detailed in the table below:

Description	Increase %
Guaranteed minimum pension (GMP) accrued before 6 April 1988 in payment after GMP Age.	Nil
Excess - 3.5% fixed increase (Ex-BISPA members only)	3.50
Excess – Limited Price Index (LPI) 5% - the increase in the Retail Prices Index (RPI) subject to a maximum of 5% and a minimum of 3.5% (Ex-BISPA members only)	5.00
Excess - 3% fixed increase	3.00
Excess - LPI 5% - the increase in the RPI subject to a maximum of 5% and a minimum of 3%	5.00
Excess - LPI 5% - the increase in the RPI subject to a maximum of 5%	5.00
Excess - LPI 2.5% - the increase in the RPI subject to a maximum of 2.5%	2.50
GMP accrued after 5 April 1988 in payment after SPA (the increase in the September 2021 to September 2022 CPI subject to a maximum of 3%)	3.00
GMP in payment before GMP Age for members who left before 6 April 1988	8.50
GMP in payment before GMP Age for members who left between 5 April 1988 and 6 April 1993	7.50
GMP in payment before GMP Age for members who left between 5 April 1993 and 6 April 1997	7.00
GMP in payment before GMP Age for members who left between 5 April 1997 and 6 April 2002	6.25
GMP in payment before GMP Age for members who left between 5 April 2002 and 6 April 2007	4.50
GMP in payment before GMP Age for members who left after 5 April 2007	4.00
Excess - CPI 2.5% - the increase in the CPI subject to a maximum of 2.5% (applies to post 6 April 2005 benefits for post 1 April 2004 joiners)	2.50
Excess - CPI 5% - the increase in the CPI subject to a maximum of 5% (applies to pre 6 April 2005 benefits for post 1 April 2004 joiners)	5.00

There were no discretionary increases awarded during the year.

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### Trustee's annual report and financial statements for the year ended 31 March 2023

#### Trustee's report continued

#### Report on actuarial liabilities

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

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

The actuarial valuation undertaken as at 31 March 2020 (signed 29 June 2021) showed the Fund to have insufficient assets to meet all of its liabilities. The past service position on the technical provisions basis showed a total funding target of £244m with assets valued at £184m leaving a shortfall of £60m. This represents a funding level of 75%. Following consideration of the valuation results, the Trustee and Employers agreed the level of contributions to be paid by the Employers into the Fund. The next actuarial valuation due as at 31 March 2023 is currently in progress and is to be completed no later than 30 June 2024.

#### Assumptions

The valuation adopted the "projected unit method", under which the technical provisions are calculated as the amount of assets required as at the valuation date to meet the projected benefit cashflows, based on benefits accrued to the valuation date and the various assumptions made. The technical provisions were calculated on the following key assumptions:

- The return from gilts over each future year is taken from the latest available yield curve as at the valuation date for fixed interest gilts as published by the Bank of England (adjusted for changes in market conditions between the effective date of the curve and the valuation date) and extrapolated for later durations.
- Price inflation as measured by the Retail Prices Index ("RPI") over each future year is as implied by the latest available yield curves as at the valuation date for fixed interest and index-linked gilts as published by the Bank of England (adjusted for changes in market conditions between the effective date of the curves to the valuation date) and extrapolated for later durations.
- Price inflation as measured by the Consumer Prices Index ("CPI") over each future year is calculated as the corresponding assumption for RPI less 1.0% pa until 2030, and then reducing to a gap of 0.1% pa from 2030 onwards.

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Trustee's annual report and financial statements for the year ended 31 March 2023

Trustee's report continued

Report on actuarial liabilities continued

Assumptions continued

**Principal actuarial assumptions for the valuation as at 31 March 2020  
(single equivalent rates)**

Gilt yield	0.7% pa
Discount rate	The discount rate is set as the return on gilts + 1.5% pa until 31 March 2023 where it then reduces linearly to a return of gilts + 0.5% pa by 31 March 2035 and thereafter.
Rate of RPI price inflation	2.8% pa
Rate of CPI inflation	2.4% pa
Rate of pension increases:	
RPI, maximum 5% pa, minimum 3% pa	3.4% pa
RPI, maximum 5% pa, minimum 0% pa	2.7% pa
CPI, maximum 5% pa, minimum 0% pa	2.4% pa
CPI, maximum 2.5% pa, minimum 0% pa	1.9% pa
Post-retirement mortality	90% of the S3NA tables projected from 2013 in line with the CMI 2019 extended model with a long-term rate of improvement of 1.5% pa; a smoothing (S) parameter of 7, and an "initial adjustment to the mortality improvements parameter (A)" of 0.25% for both males and females, ie CMI_2019_M [1.5%;S=7;A0.25%] and CMI_2019_F [1.5%;S=7;A0.25%]

**Transfers**

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and in accordance with the regulations under the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008, Pensions Act 2004.

No discretionary benefits were included in the calculation of the transfer values.

**Late contributions**

Employer deficit contributions due from EEF Northern Ireland for the months of April 2022, November 2022 and December 2022 were received on 24 May 2022, 6 January 2023 and 25 January 2023, respectively. Per the Schedule of Contributions, these contributions should have been received by the Fund on or before 19 May 2022, 19 December 2022 and 19 January 2023, respectively. As such these contributions were received between 5 and 18 days later than the due stipulated in the Schedule of Contributions.



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### Trustee's annual report and financial statements for the year ended 31 March 2023

#### Trustee's report continued

#### Late contributions continued

These late contributions were all as a result of administration errors on the part of EEF Northern Ireland, and not due to any concern over the ability to pay the contributions.

Employer deficit contributions due from Midland Group Training Services were underpaid by £11,826 in respect of the year ended 31 March 2023. Per the Schedule of Contributions, this amount should have been received by the Scheme on or before 30 April 2022. A contribution to rectify this underpayment was received on 12 September 2022. As such, these contributions were received 135 days later than the due date stipulated in the Schedule of Contributions.

#### Guaranteed Minimum Pensions

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. Subsequently, on 20 November 2020 the High Court ruled that historical individual transfers from the Fund would also be due a top-up payment where the original transfer payment fell short of what it would have been had the inequalities in Fund benefits from GMP been removed.

The Trustee is working with the Employer and their respective advisers to assess the adjustments to benefits (if any) required. At this stage the Trustee and Employer have not agreed the equalisation methodology to be used and therefore the Trustee is not in a position to obtain a reliable estimate of any backdated benefits and related interest that might be payable. Therefore, the cost of any such payments has not been recognised in these financial statements. They will be recognised once the Trustee is able to reach reliable estimate, if material.

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The membership of the Fund at the beginning and end of the year and changes during the year are set out below.

<b>Deferred members</b>	<b>2023</b>
<b>Deferred members at the start of the year</b>	<b>375</b>
Late notifications	(2)
Retirements	(15)
Commutation	(1)
Transfers out	(2)
<b>Deferred members at the end of the year</b>	<b>355</b>
<hr/>	
<b>Pensioners</b>	<b>2023</b>
<b>Pensioners at the start of the year</b>	<b>602</b>
Late notifications	2
New dependants	6
New pensioners	15
Deaths	(25)
<b>Pensioners at the end of the year</b>	<b>600</b>

Included within pensioners are 99 dependants (2022: 103) in receipt of a pension following the death of a member.

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### Trustee's annual report and financial statements for the year ended 31 March 2023

#### Trustee's report continued

#### Regulatory bodies

The Pensions Ombudsman is appointed by the Secretary of State for the Department for Work and Pensions to investigate and determine any complaint or dispute of fact of law in relation to occupational pension schemes.

The Pensions Ombudsman can be contacted at:

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

Tel: 0800 917 4487

[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

The Pensions Regulator is responsible for occupational pension schemes and enforcing the law that relates to them. It has wide ranging powers which include the ability to:

- suspend, disqualify and remove trustees for consistently not carrying out their duties;
- wind up schemes where necessary;
- apply for information to prevent the misuse and misappropriation of scheme assets and apply for restitution where necessary; and
- take action to prevent schemes being left in deficit with nobody to meet the liability.

The Trustee, its advisers, the Employers and anyone connected with the administration of the Fund have a statutory duty to report in writing to The Pensions Regulator if there are any breaches of legislation which are deemed to be materially significant to The Pensions Regulator.

The Trustee also has certain responsibilities in respect of contributions which are set out in the Statement of Trustee's responsibilities.

The Pensions Regulator can be contacted at:

The Pensions Regulator  
Telecom House  
125-135 Preston Road  
Brighton  
BN1 6AF

Tel: 0345 600 0707

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

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### Trustee's annual report and financial statements for the year ended 31 March 2023

#### Trustee's report continued

#### Regulatory bodies continued

The Pension Tracing Service is designed to help former members of pension schemes trace their benefits if they have lost contact with the pension scheme in question. The Pension Tracing Service can be contacted at:

Tel: 0800 731 0193

[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

The Money & Pensions Service (MaPS) is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the Trustee of the Fund. MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the government and free to use.

The Money and Pensions Service  
Holborn Centre  
120 Holborn  
London  
EC1N 2TD  
T: 0800 011 3797

[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

#### Further information

Any enquiries about the Fund or a member's own pension position should be addressed to:

EEF Staff Pension Fund  
Lane Clark & Peacock LLP  
95 Wigmore Street  
London  
W1U 1DQ

Email: [EEFAdmin@lcp.uk.com](mailto:EEFAdmin@lcp.uk.com)

#### Internal Dispute Resolution Procedure

The Pensions Act 1995 requires all schemes to have a written Internal Dispute Resolution Procedure (IDRP). This has been produced, and copies made available to all participating employers. This procedure has been updated in line with the requirements of the Pensions Act 2004. Any member who wishes to receive a copy may do so by writing to the Trustee at the address above. The Trustee has not had to consider any disputes under this procedure during the Fund year covered by these financial statements.

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### Trustee's annual report and financial statements for the year ended 31 March 2023

#### Trustee's report continued

#### Investment management

The investments of the Fund are managed on behalf of the Trustee by the Fund's investment managers:

- Alcentra Limited ("Alcentra")
- Apollo Management International LLP ("Apollo") (Until 1 February 2023)
- J.P. Morgan Asset Management ("J P Morgan") (Until 31 March 2023)
- Legal & General Assurance (Pensions Management) Limited ("Legal & General")
- M&G plc ("M&G") (Until 1 November 2022)
- Partners Group Management ("Partners Group")

The Trustee has appointed Lane Clark & Peacock LLP to advise on the Fund's investments with effect from July 2023.

#### Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been prepared by the Trustee. The main purpose of the SIP is to set out details of the investment strategy which is to be followed, the Trustee's investment objectives and its attitude to risk. A copy of the SIP is available on request and online at <https://www.makeuk.org/about/constitution-and-governance>.

Throughout the gilt market volatility in September and October 2022, the Trustee made a number of investment decisions to improve liquidity and provide collateral to support to the LDI mandate through the disinvestment from the JP Morgan, M&G and Apollo mandates. This has resulted in the Fund deviating from the target allocation outlined in the Investment Implementation Document (IID). The Trustee is considering the longer-term strategy of the Fund and will update the IID accordingly when the new strategy has been set.

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**Trustee's annual report and financial statements for the year ended 31 March 2023****Trustee's report continued****Custodial arrangements**

The Fund's current investment managers and their respective custodians are outlined below:

Manager	Custodian
Alcentra	n/a
Apollo (Until 1 February 2023)	J.P. Morgan
J.P. Morgan (Until 31 March 2023)	Citco Fund Administration (Cayman Islands) Limited
Legal & General	HSBC Bank PLC & Citibank N.A
M&G (Until 1 November 2022)	State Street Custodial Services
Partners Group	Alter Domus Depository Services S.à.r.l.

The custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodians' nominee companies, in line with common practice for pension scheme investments.

**Implementation statement**

The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 requires the Trustee to include an annual statement confirming the extent to which the Trustee has followed its SIP, including details of any reviews or subsequent changes to the SIP during the Fund year.

The Implementation Statement relating to the Fund has been appended to the end of these Financial Statements as Appendix B. The Statement forms part of this Trustee's report.

**Investment strategy**

The Trustee invests the assets of the Fund with the aim of ensuring that all members' current and future benefits can be paid. The Fund's funding position will be reviewed on an ongoing basis to assess the position relative to the funding target and whether the investment arrangements remain appropriate to the Fund's circumstances. The objective of the return seeking assets is to achieve growth within the constraints of the risk profile set by the Trustee, while the objective of the liability-driven assets is to protect the Fund against adverse changes in long-term interest rates and inflation expectations.

The Trustee sets the investment strategy for the Fund taking into account considerations such as the nature and duration of the Fund's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Fund, and also the strength of the Employer's covenant.

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Due to the pace at which gilt yields rose over September, particularly as a result of the volatility post the mini-budget announcement, the Fund's LDI manager, Legal & General, reduced exposure in two of the Fund's LDI funds. As such, this reduced the Fund's hedge from c.90% to c.70% on the technical provisions basis. To help manage the impact of further gilt market volatility on the Fund's liquidity position, the Trustee agreed to temporarily reduce the hedge target to 60% until the liquidity position had been improved. In order to improve the Fund's liquidity position, the Trustee instructed the full redemption of the M&G, Apollo and JP Morgan funds. In Q2 2023, the Trustee used the additional liquidity to increase the Fund's interest rate and inflation hedge targets to 80% and then 100% over two separate trade dates.

In addition, the Alcentra mandate has called capital over the period and finished its investment period post year end in April 2023.

**Investment performance**

The performance of the Fund's investments can be analysed as follows:

	1 Year %	3 Years % pa	5 Years % pa
Fund	-27.3	-5.0	n/a
Benchmark*	-31.6	-7.4	n/a
Objective	-27.8	-13.9	n/a

The benchmark is a composite benchmark (i.e., is based on the agreed target asset allocation outlined in the Statement of Investment Principles). The benchmark uses the manager benchmark for Apollo and objectives for the remaining managers apart from the Legal and General LDI mandate which has no relevant benchmark and hence uses the mandate's performance as a proxy benchmark performance. The objective is calculated as the FTSE BRIT GOVT FIXED OVER 15 YEARS - TOT RETURN INDEX + 2.5% p.a. and reflects the expected rate of return of the Fund's assets over the long term.

As at 31 March 2023, the Fund has assets invested across three investment managers and total assets were c.£141m.

Over the last 12 months, markets have experienced challenging conditions due to events such as the Russia Ukraine conflict, gilts crisis in late September 2022 and more recently the US banking insolvencies. Despite this, a number of the Fund's growth assets performed well over the year given their relatively low correlation to public markets. The JP Morgan Infrastructure Investment Fund returned 9.1% over the year, benefitting from the contractual income based nature of the underlying assets. The Partners Group and Alcentra funds returned 2.0% and 3.0%. The Apollo Semi-Liquid Credit returned -2.6% in the 9 months to 31 December 2022 due to this fund being more liquid and rising base rates putting downwards pressure on credit valuations.

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### Trustee's annual report and financial statements for the year ended 31 March 2023

#### Trustee's report continued

#### Investment performance continued

Due to the liquidity squeeze caused by volatility in government bond markets, the Fund has redeemed from the JP Morgan Infrastructure Investment Fund, M&G Alpha Opportunities Fund, and the Apollo Total Return Fund. These redemptions were made to ensure there was sufficient capital available to meet the capital calls from the LGIM LDI portfolio to maintain the Fund's hedge level.

#### Trustee's policies on environmental, social and governance (ESG) factors

The Trustee considers environmental, social and corporate governance factors when selecting, monitoring and engaging in the investments the Fund makes.

The Trustee's policy with regards to ESG is to appoint managers who satisfy the following criteria, unless there is good reason why the manager does not satisfy each criteria:

- Responsible Investment policy / framework
- Implemented via investment process
- A track record of using engagement and any voting rights to manage ESG factors
- ESG specific reporting
- UN PRI signatory

#### Method for monitoring

The Trustee's investment managers provide reports on how they have engaged with issuers regarding social, environmental and corporate governance issues.

The Trustee receives information from its investment advisers on the investment managers' approaches to engagement.

The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters at least annually.

The Trustee has outlined the following circumstances, for which additional monitoring and engagement are required:

- The manager has not acted in accordance with their policies and frameworks.
- The manager's policies are not in line with the Trustee's policies in this area.



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**Trustee's annual report and financial statements for the year ended 31 March 2023****Trustee's report continued****Trustee's policies on environmental, social and governance (ESG) factors continued****Voting:**

- The Trustee has acknowledged responsibility for the voting policies that are implemented by the Fund's investment managers on their behalf.

**Engagement Policy:**

- The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Fund's investment managers on their behalf.
- The Trustee via their investment advisers, will engage with managers about 'relevant matters' at least annually.

Examples of stewardship activities that the Trustee has considered:

- Selecting and appointing asset managers – the Trustee will consider potential managers' stewardship policies and activities
- Asset manager engagement and monitoring – on an annual basis, the Trustee tracks the voting and engagement activity of their asset managers. The results of this analysis may feed into the Trustee's investment decision making.
- Collaborative investor initiatives – the Trustee will consider joining/supporting collaborative investor initiatives

**Employer-related investment**

There were no direct employer-related investments during the year (2022: £Nil). The Trustee recognises that indirect investment in Engineering Employers' Federation, the Employer's parent company, is possible through holdings in pooled investment vehicles. The Trustee believes that any indirect exposure to shares in Engineering Employers' Federation has been negligible during the year.

**Statement of Trustee's 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 Trustee. Pension Scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

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

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**Trustee's annual report and financial statements for the year ended 31 March 2023**

### **Trustee's report continued**

#### **Statement of Trustee's responsibilities continued**

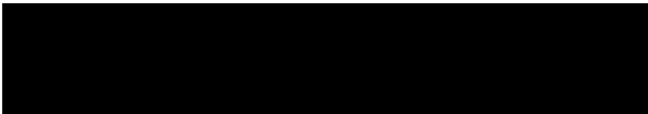
In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is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

The Trustee is also responsible for making available certain other information about the Fund in the form of an annual report.

The Trustee also has 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 Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

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

Signed for and on behalf of the Trustee:

A large black rectangular redaction box covering the signature of the Trustee.

Ross Trustees Services Limited Amanda Osborne

11 October 2023  
Date: \_\_\_\_\_

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### Trustee's annual report and financial statements for the year ended 31 March 2023

#### Independent Auditor's report to the Trustee of the EEF Staff Pension Fund

We have audited the financial statements of the EEF Staff Pension Fund for the year ended 31 March 2023 which comprise the Fund Account, the Statement of Net Assets and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 March 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 Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund'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.

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## *EEF Staff Pension Fund*

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### **Trustee's annual report and financial statements for the year ended 31 March 2023**

#### **Independent Auditor's report to the Trustee of the EEF Staff Pension Fund continued**

#### **Conclusions relating to going concern continued**

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon and our auditor's statement about contributions. The Trustee is responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

#### **Responsibilities of the Trustee**

As explained more fully in the Statement of Trustee's responsibilities set out on pages 17 and 18, the Fund's Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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## *EEF Staff Pension Fund*

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### Trustee's annual report and financial statements for the year ended 31 March 2023

#### Independent Auditor's report to the Trustee of the EEF Staff Pension Fund continued

##### 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.

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

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

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

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

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

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## *EEF Staff Pension Fund*

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Trustee's annual report and financial statements for the year ended 31 March 2023

### Independent Auditor's report to the Trustee of the EEF Staff Pension Fund continued

#### Auditor's responsibilities for the audit of the financial statements continued

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

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

#### Use of our report

This report is made solely to the Fund's Trustee, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to it 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 Fund and the Fund's Trustee, for our audit work, for this report, or for the opinions we have formed.



**Cooper Parry Group Limited**  
Statutory Auditor  
Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

Date: 11 October 2023

3881468 *EEF Staff Pension Fund*Page 23 of 57 **Trustee's annual report and financial statements for the year ended 31 March 2023****Fund account**

	Note	Total 2023 £'000	Total 2022 £'000
Employer contributions		<u>2,735</u>	<u>3,252</u>
<b>Total contributions</b>	4	2,735	3,252
Other income	5	<u>1</u>	<u>-</u>
		<u>2,736</u>	<u>3,252</u>
Benefits paid or payable	6	(7,815)	(7,757)
Payments to and on account of leavers	7	(774)	-
Administrative expenses	8	<u>(836)</u>	<u>(554)</u>
		<u>(9,425)</u>	<u>(8,311)</u>
<b>Net withdrawals from dealings with members</b>		<u>(6,689)</u>	<u>(5,059)</u>
<b>Returns on investments</b>			
Investment income	9	4,005	5,361
Change in market value of investments	10	(57,753)	3,889
Investment management expenses	11	<u>(1,046)</u>	<u>(759)</u>
<b>Net return on investments</b>		<u>(54,794)</u>	<u>8,491</u>
<b>Net (decrease)/increase in the fund during the year</b>		(61,483)	3,432
<b>Net assets of the Fund</b>			
<b>At 1 April</b>		<u>204,130</u>	<u>200,698</u>
<b>At 31 March</b>		<u>142,647</u>	<u>204,130</u>

The notes on pages 25 to 40 form part of these financial statements.

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Trustee's annual report and financial statements for the year ended 31 March 2023

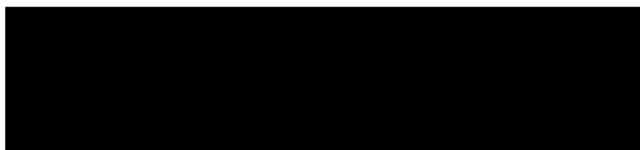
## Statement of net assets (available for benefits)

	Note	Total 2023 £'000	Total 2022 £'000
<b>Investment assets</b>			
Pooled investment vehicles	10/14	109,888	200,092
Other investment balances	10/15	<u>30,622</u>	<u>398</u>
		<u>140,510</u>	<u>200,490</u>
<b>Current assets</b>	19	2,540	4,194
<b>Current liabilities</b>	20	<u>(403)</u>	<u>(554)</u>
<b>Net assets of the Fund at 31 March</b>		<u>142,647</u>	<u>204,130</u>

The notes on pages 25 to 40 form part of these financial statements.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which takes into account such obligations, is dealt with in the report on actuarial liabilities on pages 7 and 8 of the Trustee's report and these financial statements should be read in conjunction with this report.

These financial statements were approved for and on behalf of the Trustee by:



Ross Trustees Services Limited Amanda Osborne

Date: 11 October 2023

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## *EEF Staff Pension Fund*

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### Trustee's annual report and financial statements for the year ended 31 March 2023

#### 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).

The financial statements have been prepared on the going concern basis which the Trustee believes to be appropriate based on their expectations for a 12 month period from the date of approval of these financial statements which indicate that sufficient funds should be available to enable the Fund to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due.

##### 2. Identification of the financial statements

The Fund is established as a trust under English law. The address for enquiries to the Fund is included in the Trustee's Report on page 12.

##### 3. Accounting policies

The principal accounting policies of the Fund have been consistently applied and are as follows:

###### 3.1. Currency

- The Fund's functional currency and presentational currency is pounds sterling (GBP). Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

###### 3.2. Contributions

Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and Recovery Plan under which they are being paid.

###### 3.3. Other income

- Other income is accounted for on an accruals basis.

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## *EEF Staff Pension Fund*

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**Trustee's annual report and financial statements for the year ended 31 March 2023**

### Notes to the financial statements continued

#### 3. Accounting policies continued

##### 3.4. Transfer values

- Individual transfers out of the Fund are accounted for on a cash basis which is when the member's liability is discharged.

##### 3.5. Benefits paid or payable

- Pensions in payment are accounted for in the period to which they relate.
- Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is communicated.
- Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate.

##### 3.6. Administrative expenses

- Administrative expenses are accounted for on an accruals basis.

##### 3.7. Investment income and change in market value

- Income from pooled investment vehicles which distribute income, is accounted for on an accruals basis on the date stocks are quoted ex-dividend, or in the case of unquoted instruments, when the dividend is declared.
- Investment income arising from the underlying investments of the pooled investment vehicles which do not distribute income is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Change in market value'.
- Other interest on cash and short-term deposits and income from other investments are accounted for on an accruals basis.
- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

##### 3.8. Investment management expenses and transaction costs

- Investment management expenses and rebates are accounted for on an accruals basis and shown net within investment returns.
- Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees.

3881468 *EEF Staff Pension Fund*Page 27 of 57 **Trustee's annual report and financial statements for the year ended 31 March 2023****Notes to the financial statements continued****3. Accounting policies continued****3.9. Investment assets/liabilities**

- Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing price, single dealing price or most recent transaction price is used.
- Pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.
- Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

**4. Contributions**

	2023 £'000	2022 £'000
Employer contributions:		
Deficit funding	<u>2,735</u>	<u>3,252</u>

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Trustee's annual report and financial statements for the year ended 31 March 2023

## Notes to the financial statements continued

## 4. Contributions continued

The Employers will pay the contributions detailed below in respect of deficit funding contributions in accordance with the Schedule of Contributions.

Employer	EEF Limited	MGTS	Scottish Engineering	EEF Northern Ireland
Share of liability at 31 March 2021	86.3%	8.3%	2.8%	2.6%
1 April 2020 to 31 March 2021	£2,367,348 (£197,279 per month)	£114,936 (£9,578 per month)	£86,328 (£7,194 per month)	£55,368 (£4,614 per month)
1 April 2021 to 30 June 2021	£270,660 per month	£13,142 per month	£9,867 per month	£6,333 per month
July 2021	-	£718,274	£9,867	£6,333
1 August 2021 to 31 March 2022	£1,488,024 (£186,003 per month)	-	£78,933 (£9,867 per month)	£50,667 (£6,333 per month)
1 April 2022 to date shown below	£2,346,000 pa (£195,500 per month – increased each 1 April)	£157,680 each April – increased each 1 April	£133,903 pa (£11,159 per month – increased each 1 April)	£85,877 pa (£7,156 per month – increased each 1 April)
April 2026	-	£500,000	-	-
End date for contributions	28 February 2038	30 April 2034	31 August 2030	31 January 2034

3881468 *EEF Staff Pension Fund*Page 29 of 57 **Trustee's annual report and financial statements for the year ended 31 March 2023****Notes to the financial statements continued****4. Contributions continued**

For EEF Limited, Scottish Engineering and EEF Northern Ireland contributions will be payable monthly. The amounts from 1 April 2022 are increased each 1 April by 2% pa for EEF Limited and in line with the increase in the RPI (on the preceding December to December basis, as published each January) for Scottish Engineering and EEF Northern Ireland. The first increase applicable to the payments above will be effective on 1 April 2023.

For MGTS contributions were payable monthly prior to 1 July 2021 and will be payable annually each April thereafter. The amounts labelled as "1 April 2022 to date shown below" in the table on the previous page will be increased in line with the increase in the RPI (on the preceding December to December basis, as published each January). The first increase applied to the April 2022 annual payment.

**5. Other income**

	2023 £'000	2022 £'000
Other income	<u>1</u>	<u>-</u>

**6. Benefits paid or payable**

	2023 £'000	2022 £'000
Pensions	7,337	7,339
Commutation of pensions and lump sum retirement benefits	<u>478</u>	<u>418</u>
	<u>7,815</u>	<u>7,757</u>

**7. Payments to and on account of leavers**

	2023 £'000	2022 £'000
Individual transfers out to other schemes	<u>774</u>	<u>-</u>

3881468 *EEF Staff Pension Fund*Page 30 of 57 **Trustee's annual report and financial statements for the year ended 31 March 2023****Notes to the financial statements continued****8. Administrative expenses**

	2023 £'000	2022 £'000
Administration, processing and consultancy	563	343
Audit fee	11	12
Legal and other professional fees	67	65
PPF Levy	14	12
Trustee fees and expenses	180	121
Bank and sundry charges	1	1
	<u>836</u>	<u>554</u>

**9. Investment income**

	2023 £'000	2022 £'000
Gain / (loss) on foreign exchange	(841)	(458)
Income from pooled investment vehicles	4,780	5,819
Interest on cash deposits	66	-
	<u>4,005</u>	<u>5,361</u>

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Trustee's annual report and financial statements for the year ended 31 March 2023

## Notes to the financial statements continued

## 10. Reconciliation of investments

Reconciliation investments held at the beginning and the end of the year:

	Value at 31 March 2022 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 March 2023 £'000
<b>Pooled investment vehicles</b>					
Alcentra	15,093	3,467	(1,882)	(712)	15,966
Apollo	28,763	-	(27,997)	(766)	-
J P Morgan	28,873	1,979	(32,796)	1,944	-
Legal & General	90,893	415,845	(371,855)	(56,527)	78,356
M&G	19,381	360	(18,765)	(976)	-
Partners LLP	17,089	-	(807)	(716)	15,566
	<u>200,092</u>	<u>421,651</u>	<u>(454,102)</u>	<u>(57,753)</u>	<u>109,888</u>
Other investment balances	<u>398</u>				<u>30,622</u>
	<u>200,490</u>				<u>140,510</u>

## 11. Investment management expenses

	2023 £'000	2022 £'000
Administration, management and custody	856	641
Advisory fees	207	134
Rebates	<u>(17)</u>	<u>(16)</u>
	<u>1,046</u>	<u>759</u>

3881468 *EEF Staff Pension Fund*Page 32 of 57 **Trustee's annual report and financial statements for the year ended 31 March 2023****Notes to the financial statements continued****12. Transaction costs**

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Fund such as fees, commissions and stamp duty. There were no direct transaction costs during the year.

Indirect costs are also incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect cost is not separately provided to the Fund.

**13. Taxation**

The Fund 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.

**14. Pooled investment vehicles**

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

	2023 £'000	2022 £'000
Bond funds	10,012	91,330
Private Equity funds	31,533	32,183
Multi-Credit funds	-	28,873
Cash funds	26,565	-
LDI funds	41,778	47,706
	<u>109,888</u>	<u>200,092</u>

**15. Other investments**

	2023 £'000	2022 £'000
Cash in transit	29,895	-
Investment income receivable	727	398
	<u>30,622</u>	<u>398</u>

The cash in transit is in respect of the funds from J P Morgan which was fully redeemed on 31 March 2023.



3881468 *EEF Staff Pension Fund*Page 33 of 57 **Trustee's annual report and financial statements for the year ended 31 March 2023****Notes to the financial statements continued****16. Concentration of investments**

The following investments represent more than 5% of the net assets of the Fund:

	2023		2022	
	£'000	%	£'000	%
<b>J P Morgan</b>				
Cash in transit #####	29,895	21	-	-
IIF UK 1 Hedged ###	-	-	28,873	14
<b>Legal &amp; General</b>				
Sterling Liquidity fund ####	26,565	19	-	-
Absolute Return Bonds	10,012	7	43,185	21
Matching Core Real Long ###	-	-	17,347	8
Matching Core Real Short ###	-	-	13,941	7
Matching Core Fixed Long ###	-	-	9,497	5
<b>Alcentra</b>				
EDL III AIV (Treaty Feeder) SCSp	15,966	11	15,094	7
<b>Partners</b>				
Private Markets Credit Strategies 2018 (GBP) S.C.A., SICAV-RAIF	15,566	11	17,089	8
<b>Apollo</b>				
Total Return Fund (LUX) LP ###	-	-	28,764	14
<b>M&amp;G</b>				
Alpha Opportunities Fund ###	-	-	19,381	9

### funds not held in current year

#### funds not held in prior year

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*EEF Staff Pension Fund*

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Trustee's annual report and financial statements for the year ended 31 March 2023

## Notes to the financial statements continued

## 17. Fair value hierarchy

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

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

The investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	78,355	31,533	109,888
Cash and other investment balances	30,622	-	-	30,622
	<u>30,622</u>	<u>78,355</u>	<u>31,533</u>	<u>140,510</u>

31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	139,036	61,056	200,092
Cash and other investment balances	398	-	-	398
	<u>398</u>	<u>139,036</u>	<u>61,056</u>	<u>200,490</u>

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## *EEF Staff Pension Fund*

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**Trustee's annual report and financial statements for the year ended 31 March 2023**

### Notes to the financial statements continued

#### 18. Investment risk disclosures

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

- Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk: is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.
- Currency risk: is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
- Interest rate risk: this is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

The Fund is indirectly exposed to investment risks via the underlying assets of the pooled investment vehicles. This indirect risk is mitigated by the diversification of these underlying assets within the individual vehicles as part of a diversified investment strategy.

#### Investment Strategy

The Trustee invests the assets of the Fund with the aim of ensuring that all members' current and future benefits can be paid. The Fund's funding position will be reviewed on an ongoing basis to assess the position relative to the funding target and whether the investment arrangements remain appropriate to the Fund's circumstances. The objective of the return seeking assets is to achieve growth within the constraints of the risk profile set by the Trustee, while the objective of the liability-driven assets is to protect the Fund against adverse changes in long-term interest rates and inflation expectations.

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*EEF Staff Pension Fund*

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Trustee's annual report and financial statements for the year ended 31 March 2023

**Notes to the financial statements continued****18. Investment risk disclosures continued****Investment Strategy continued**

The Trustee sets the investment strategy for the Fund taking into account considerations such as the nature and duration of the Fund's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Fund, and also the strength of the Employer's covenant.

Due to the pace at which gilt yields rose over September, particularly as a result of the volatility post the mini-budget announcement, the Fund's LDI manager, Legal & General, reduced exposure in two of the Fund's LDI funds. As such, this reduced the Fund's hedge from c.90% to c.70% on the technical provisions basis. To help manage the impact of further gilt market volatility on the Fund's liquidity position, the Trustee agreed to temporarily reduce the hedge target to 60% until the liquidity position had been improved. In order to improve the Fund's liquidity position, the Trustee instructed the full redemption of the M&G, Apollo and JP Morgan funds. In Q2 2023, the Trustee used the additional liquidity to increase the Fund's interest rate and inflation hedge targets to 80% and then 100% over two separate trade dates.

In addition, the Alcentra mandate has called capital over the period and finished its investment period in April 2023.

**Credit risk**

The Fund is directly subject to credit risk from its cash balances and pooled investment vehicles. Cash is held within financial institutions which are at least investment grade credit rated. Direct credit risk is mitigated by the ring-fenced nature of the pooled investment vehicles, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager.

3881468 *EEF Staff Pension Fund*Page 37 of 57 **Trustee's annual report and financial statements for the year ended 31 March 2023****Notes to the financial statements continued****18. Investment risk disclosures continued****Credit risk continued****Pooled investment vehicles**

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

	2023 £'000	Reclassified 2022 £'000
Unit linked insurance contracts	78,356	90,891
Open ended investment companies	-	48,254
Public limited company	15,966	15,094
Shares of limited liability partnerships	15,566	17,089
Limited Partnership	-	28,764
	<u>109,888</u>	<u>200,092</u>

**Direct risks - Credit**

	2023 £'000	2022 £'000
Pooled investment vehicles	<u>109,888</u>	<u>200,092</u>

**Cash**

Cash is held within financial institutions which are at least investment grade credit rated.

**Direct risks – Other price risk**

The Fund invests solely in pooled investment vehicles and therefore is not directly subject to other price risk.

**Indirect risks**

The Fund is indirectly exposed to investment risks via the underlying assets of the pooled investment vehicles. This indirect risk is mitigated by the diversification of these underlying assets within the individual vehicles as part of a diversified investment strategy.

3881468 *EEF Staff Pension Fund*Page 38 of 57 **Trustee's annual report and financial statements for the year ended 31 March 2023****Notes to the financial statements continued****18. Investment risk disclosures continued****Credit and market risks**

The table below summarises the allocations that have significant exposure to these risks:

	Credit risk	Currency risk	Interest rate risk	Other price risk	2023 £'000	2022 £'000
Legal and General – Liability-Driven Investment	○	○	●	●	41,779	47,706
Legal and General – Absolute Return Bond	●	○	○	○	10,012	43,185
Legal and General – Sterling Liquidity Fund	○	○	○	○	26,565	-
M&G Alpha Opportunities Fund	●	○	○	○	-	19,381
Alcentra – Direct Lending	●	○	○	○	15,966	15,094
Partners Group – Direct Lending	●	○	○	○	15,566	17,089
Apollo – Semi-Liquid Credit	●	○	○	●	-	28,764
J P Morgan – Infrastructure Equity	○	●	○	●	-	28,873

Key: The risk noted affects the fund significantly (●) & negligible exposure (○).

3881468 *EEF Staff Pension Fund*Page 39 of 57 **Trustee's annual report and financial statements for the year ended 31 March 2023****Notes to the financial statements continued****19. Current assets**

	2023 £'000	2022 £'000
Cash balances	2,205	3,924
Contributions due from Employer in respect of:		
Employer	214	202
VAT recoverable	121	68
	<u>2,540</u>	<u>4,194</u>

The 2023 and 2022 contributions due to the Fund relate to March 2023 and March 2022 respectively and were paid in full to the Fund in accordance with, and within the timescales of, the Schedule of Contributions in force for the year, and therefore do not constitute employer-related investments.

**20. Current liabilities**

	2023 £'000	2022 £'000
Unpaid benefits	57	-
Amounts due to HMRC	118	115
Accrued expenses	228	439
	<u>403</u>	<u>554</u>

**21. Employer-related investments**

There were £Nil direct employer-related investments during the year (2022: £Nil). The Trustee recognises that indirect investment in Engineering Employers' Federation, the Employer's parent company, is possible through holdings in pooled investment vehicles. The Trustee believes that any indirect exposure to shares in Engineering Employers' Federation has been negligible during the year.

**22. Related-party transactions**

To support the Participating Employers' obligations under the statutory funding requirement of the Pensions Act 2004, the Employer debt requirements of the Pensions Act 1995 and the Rules of the Fund. The Fund has the following:

- fixed charges over EEF Limited's properties Broadway House, Woodland Grange and Engineers' House;
- a fixed charge over Midland Group Training Services Limited's property;

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**Trustee's annual report and financial statements for the year ended 31 March 2023**

### Notes to the financial statements continued

#### 22. Related-party transactions continued

- a floating charge over EEF Limited's investment holding of units in Schroder's Income Fund A Inc. up to a maximum amount of £15,000,000;
- a negative pledge in relation to EEF Limited's investment holding of units in Schroder's Income Fund C Inc; and
- a contingent profit sharing mechanism under which EEF Limited will pay contributions to the Fund (in addition to those payable under the Schedule of Contributions) conditional upon achieving trading profits (calculated on a prescribed basis).

Included within note 8 is £180,000 (2022: £121,000) in respect of Trustee fees of which £13,119 (2022: £9,435) was outstanding at year end.

#### 23. Guaranteed Minimum Pensions (GMP)

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. Subsequently, on 20 November 2020 the High Court ruled that historical individual transfers from the Fund would also be due a top-up payment where the original transfer payment fell short of what it would have been had the inequalities in Fund benefits from GMP been removed.

The Trustee is working with the Employer and their respective advisers to assess the adjustments to benefits (if any) required. At this stage the Trustee is not in a position to obtain a reliable estimate of any backdated benefits and related interest that might be payable. Therefore, the cost of any such payments has not been recognised in these financial statements. They will be recognised once the Trustee is able to reach reliable estimate, if material.

#### 24. Contingent liabilities

The Trustee is investigating a possible alternative interpretation benefit entitlement due to certain groups of members. Once there is clarity on the issue and the financial impact (if any) this will be reflected in future accounts.

#### 25. Capital commitments

The Fund had capital commitments at the year end of £3,056,000 (2022: £4,469,000) in respect of investments managed by Alcentra.



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**Independent Auditor's Statement about Contributions to the Trustee of the EEF Staff Pension Fund**

We have examined the Summary of Contributions to the EEF Staff Pension Fund in respect of the year ended 31 March 2023, which is set out on page 43.

**Qualified Statement about Contributions payable under the Schedule of Contributions**

In our opinion, except for the effects of the departures from the Schedule of Contributions referred to below, contributions for the Scheme year ended 31 March 2023 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 29 June 2021.

**Basis for qualified Statement about Contributions**

Employer deficit contributions due from EEF Northern Ireland for the months of April 2022, November 2022 and December 2022 were received on 24 May 2022, 6 January 2023 and 25 January 2023, respectively. Per the Schedule of Contributions, these contributions should have been received by the Scheme on or before 19 May 2022, 19 December 2022 and 19 January 2023, respectively. As such these contributions were received between 5 and 18 days later than the due stipulated in the Schedule of Contributions.

Employer deficit contributions due from Midland Group Training Services were underpaid by £11,826 in respect of the year ended 31 March 2023. Per the Schedule of Contributions, this amount should have been received by the Scheme on or before 30 April 2022. A contribution to rectify this underpayment was received on 12 September 2022. As such, these contributions were received 135 days later than the due date stipulated in the Schedule of Contributions.

**Scope of work on Statement about Contributions**

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

**Respective responsibilities of Trustee and Auditor**

As explained more fully in the statement of Trustee's responsibilities, the Fund's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Fund by the Employers 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.

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## *EEF Staff Pension Fund*

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Trustee's annual report and financial statements for the year ended 31 March 2023

### Independent Auditor's Statement about Contributions to the Trustee of the EEF Staff Pension Fund continued

#### Use of our report

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



**Cooper Parry Group Limited**  
Statutory Auditor  
Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

Date: 11 October 2023

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Trustee's annual report and financial statements for the year ended 31 March 2023

Summary of Contributions payable during the year ended 31 March 2023

	£'000
<b>Total contributions as required by the Schedule of Contributions and as reported on by the Fund Auditor</b>	
Deficit funding contributions	<u>2,735</u>
<b>Contributions required by the Schedule of Contributions as reported in the Fund account and reported on by the Fund Auditor</b>	<u>2,735</u>

Signed for and on behalf of the Trustee:



Ross Trustees Services Limited Amanda Osborne

11 October 2023  
Date: \_\_\_\_\_

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## *EEF Staff Pension Fund*

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Trustee's annual report and financial statements for the year ended 31 March 2023

### Appendix A - Certification of the Schedule of Contributions

## *Actuary's certification of schedule of contributions*

### Engineering Employers' Federation Staff Pension Fund

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: **Engineering Employers' Federation Staff Pension Fund**

#### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the Recovery Plan dated 29 June 2021.

#### Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 29 June 2021.

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: 29 June 2021

Name: Jill Ampleford

Qualification: FIA

Address: Lane Clark & Peacock LLP

95 Wigmore Street, London

W1U 1DQ

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**Appendix B - Implementation statement (forming part of the Trustee's report)**



# Engineering Employers' Federation Staff Pension Fund ( "the Fund" )

July 2023

# Background and Implementation Statement

## Background

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

## Implementation Report

This implementation report is to provide evidence that the Fund continues to follow and act on the principles outlined in the Statement of Investment Principles ("SIP").

The Fund's SIP can be found online at the following web address:  
<https://eefstaffpensionfund.lcp.uk.com/information>

The Implementation Report details:

- Actions the Fund has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Fund has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate.

## Summary of key actions undertaken over reporting year

- The Trustee agreed to review the Fund's LDI mandate using updated cashflows from the 2020 Actuarial Valuation. As part of this review, the Trustee entered into an Enhanced Service Agreement ("ESA") with their LDI manager, Legal & General ("L&G"). This introduced a more efficient management of the Fund's collateral which should lead to more capital efficiency and lower governance going forward, particularly when managing cashflows.
- Due to the pace at which gilt yields rose over September, particularly as a result of the volatility post the mini-budget announcement, the Fund's interest rate and inflation hedge was reduced from c.90% to c.70% on the Technical Provisions basis. To help manage the impact of further gilt market volatility given the potential stress on the Fund's liquidity, the Trustee agreed to temporarily reduce the hedge target to 60% until the liquidity position had improved.
- Given the Fund's strong funding position and the need to improve the liquidity position, the Trustee fully redeemed from the M&G Alpha Opportunities Fund during Q4 2022 as well as the Apollo Total Return Fund in Q1 2023. The proceeds from both redemptions were invested into the L&G LDI and Absolute Return Bond ("ARB") mandates in order provide additional liquidity to support the LDI hedge.
- The Trustee also instructed the full redemption of the JP Morgan Infrastructure Investment Fund with a 31 March 2023 trade date. The proceeds landed post year-end and were invested into the L&G ARB Fund, which forms part of the collateral waterfall. This redemption was used to further increase the Fund's

interest rate and inflation hedge and add greater stability to the Fund's strong funding position.

- The Fund's Alcentra Direct Lending mandate made two drawdowns over December 2022 and March 2023, totalling c.£2.2m. The mandate ended its investment period post year-end and entered into its realisation period.
- Due to the increased frequency of LDI collateral calls, the Trustee was comfortable maintaining an overweight allocation to the L&G ARB fund. The Trustee added the following wording to the SIP to highlight their stance:
  - Throughout the gilt market volatility in September and October 2022, the Trustee made a number of investment decisions to improve liquidity and provide collateral to support the LDI mandate. This has resulted in the Fund deviating from the target allocation outlined in the IID. The Trustee is considering the longer-term strategy of the Fund and will update the IID accordingly when the strategy has been set.

#### Implementation Statement

This report demonstrates that the Fund has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed

Position **Trustee Director**

Date **11 October 2023**



# Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Fund assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge a large amount of these risks in the Technical Provisions basis through the LDI mandate.	<p>The Trustee responded to volatile gilt market conditions to ensure the highest level of hedging was maintained throughout the year that could be supported by the Fund's liquid assets.</p> <p>This separately involved both a reduction and increase in the target hedge level over the year, as well as making redemptions from the Fund's less liquid assets to support the hedge.</p>
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members' benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	<p>Following the period of gilt market volatility, the Trustee instructed the full redemption from the following three funds: M&amp;G Alpha Opportunities Fund, Apollo Total Return Fund and the JP Morgan Infrastructure Investment Fund. These redemptions were instructed to improve the liquidity position of the Fund and provide collateral support to the LDI mandate.</p> <p>In addition, the Trustee entered into an ESA with its LDI manager, L&amp;G. In this arrangement, L&amp;G automatically top up the LDI portfolio from the ARB fund should the collateral headroom fall below the minimum acceptable level.</p>
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	No action over the period.

Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.	The Trustee made the decision to redeem the Fund's M&G Alpha Opportunities Fund and Apollo Semi-Liquid Credit Funds over the period, in favour of providing additional liquidity to the LDI mandate.  This decision was thought to be lower risk than maintaining the Fund's credit mandates.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Fund's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criterion:  1. Responsible Investment ('RI') Policy / Framework  2. Implemented via Investment Process  3. A track record of using engagement and any voting rights to manage ESG factors  4. ESG specific reporting  5. UN PRI Signatory	Further detail provided later in this report.
Currency	The potential for adverse currency movements to have an impact on the Fund's investments.	To invest in funds that hedge the majority of currency risk as far as practically possible	No action over the period.
Non-financial	Any factor that is not expected to have a financial impact on the Fund's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	No action over the period.

# Changes to the SIP

Over the reporting period, the Trustee added reference to the Trustee's new ESG policy (which can be found on page 8 of this statement) to the Fund's SIP, along with the following change to the policy on interest rate and inflation risk:

Policy updated to say: to hedge a large amount of these risks in the Technical Provisions basis through the LDI mandate.

The Trustee also updated the Fund's Investment Implementation Document to reflect changes in the investment managers, manager fees and asset class assumptions.

In addition, at the end of the reporting period the Trustee was considering the following changes to the SIP to reflect updated guidance from the DWP and following the gilt market volatility of September 2022:

Throughout the gilt market volatility in September and October 2022, the Trustee made a number of investment decisions to improve liquidity and provide collateral to support the LDI mandate. This has resulted in the Fund deviating from the target allocation outlined in the IID. The Trustee is considering the longer-term strategy of the Fund and will update the IID accordingly when the strategy has been set.

## Policies added to the SIP

Date updated: to be updated

Voting Policy - How the Trustee expects investment managers to vote on their behalf

- The Trustee has acknowledged responsibility for the voting policies that are implemented by the Fund's investment managers on their behalf.

Engagement Policy - How the Trustee will engage with investment managers, direct assets and others about 'relevant matters'

- The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Fund's investment managers on their behalf.
- The Trustee, via their investment advisers, will engage with managers about 'relevant matters' at least annually.
- Example stewardship activities that the Trustee have considered are listed below.
  - Selecting and appointing asset managers – the Trustee will consider potential managers' stewardship policies and activities.
  - Asset manager engagement and monitoring – on an annual basis, the Trustee tracks the voting and engagement activity of their asset managers. The results of this analysis may feed into the Trustee's investment decision making.
  - Collaborative investor initiatives – the Trustee will consider joining/supporting collaborative investor initiatives.

# Current ESG policy and approach

## ESG as a financially material risk

The SIP describes the Fund's policy with regards to ESG as a financially material risk. The Trustee has agreed a more detailed ESG policy which describes how it monitors and engages with the investment managers regarding the ESG policies. This page details the Fund's ESG policy.

### 1. Introduction

The Fund's Environmental, Social and Governance ("ESG") Policy formalises the Trustee's ESG beliefs and its policy on how ESG factors should be integrated in investment decision-making.

The Trustee defines Responsible Investment ("RI") in line with the UN-backed Principle for Responsible Investing ("PRI"), which states that RI is an approach to investing that aims to incorporate ESG factors into investment decisions, to better manage risk and generate sustainable, long-term returns.

### 2. The Trustee's ESG beliefs

The Trustee has formulated a set of ESG beliefs to help underpin overall investment decision making. The Trustee's ESG beliefs have been summarised below.

#### Risk Management

1. ESG factors such as climate change are important for risk management and can be financially material. Managing these risks forms part of the fiduciary duty of the Trustee.

2. The Trustee believes that ESG integration leads to better risk adjusted outcomes and want a positive ESG tilt to the investment strategy.

#### Approach/Framework

3. The Trustee wants to understand how asset managers integrate ESG within their investment process and in their stewardship activities.

4. The Trustee believes that sectors aiming for positive social and environmental impacts may outperform as countries transition to more sustainable economies. Where possible the investment strategy will seek to allocate to these sectors.

5. The Trustee will consider the ESG values and priority areas of the stakeholders and sponsor and use these to set ESG targets.

#### Voting & Engagement

6. ESG factors are relevant to all asset classes and, whether equity or debt investments, managers have a responsibility to engage with companies on ESG factors.

7. The Trustee believes that engaging with managers is more effective to initiate change than divesting and so will seek to communicate key ESG actions to the managers in the first instance.

8. The Trustee wants to understand the impact of voting & engagement activity within their investment mandates.

#### Reporting & Monitoring

9. ESG factors are dynamic and continually evolving, therefore the Trustee will receive training as required to develop their knowledge.

10. The Trustee will seek to monitor key ESG metrics within their investment portfolio to understand the impact of their investments.

#### Collaboration

11. Asset managers should be actively engaging and collaborating with other market participants to raise ESG investment standards and facilitate best practices as well as sign up and comply with common codes such as UNPRI and TCFD.

# ESG summary and actions with the investment managers

Isio, as the Fund's investment consultant, engage with all of the Fund's investment managers on an ongoing basis. ESG and Engagement are specifically covered in both the initial due diligence and ongoing monitoring of funds that Isio actively monitor.

# Engagement

As the Fund invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31<sup>st</sup> March 2023.

Fund name	Engagement summary	Commentary
Alcentra European Direct Lending III	<p>Total Engagements: 147</p> <p>Environmental: 19</p> <p>Social: 29</p> <p>Governance: 10</p> <p>Other: 89</p>	<p>Alcentra believe that as fixed income investors, they have limited influence over engagement.</p> <p>Despite this, Alcentra do communicate on ESG issues within the positions they hold. In addition, through Alcentra having representation on the Board of Directors within some of the companies they invest in, the fund has been able to influence strategy.</p> <p>For example, Alcentra engaged with a clothing retailer to evolve their ESG strategy through supporting a number of sustainability initiatives and amending the company's Articles of Association to include commitment from the company to: "Stakeholder interests" and "Having a material positive impact on society and the environment".</p>
Partners Group Private Market Credit Strategies 2018	<p>Total Engagements: 3</p> <p>Corporate: 3</p> <p>*Note that Partners Group provide data semi-annually, and as such the engagement data shown reflects their activity over the 2022 calendar year.</p>	<p>Partners Group maintain ongoing contact with the management teams of their portfolio companies, however, given their position as lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks.</p>

		Whilst Partners Group provided 3 examples of corporate engagements, they did not provide any examples of ESG related engagements.
Legal and General – LDI & Sterling Liquidity Fund	<p>Total Engagements: 33</p> <p>Environmental: 23</p> <p>Social: 1</p> <p>Governance: 8</p> <p>Other: 1</p>	<p>LGIM view ESG as an essential component to LDI and integrate ESG into their LDI approach on a top-down and bottom-up basis.</p> <p>LGIM engage with regulators, governments, and other industry participants to address long-term structural issues, alongside, analysing ESG-related criteria in the assessment of counterparties through LGIM's proprietary ESG tools.</p>
Legal and General – Absolute Return Bond Fund	<p>Total Engagements: 170</p> <p>Environmental: 88</p> <p>Social: 30</p> <p>Governance: 44</p> <p>Other: 8</p>	<p>LGIM provide an annual update setting out the firm's approach to stewardship and activities during the year.</p> <p>LGIM's Investment Stewardship team manage the voting and engagement across all funds, leveraging all possible capital to maximise effectiveness.</p> <p>Engagement activity is recorded in a dedicated data management system. This system is also used to oversee progress and quantify engagement effectiveness.</p> <p>On a quarterly basis, LGIM provide a standalone Active Ownership ESG Impact Report detailing case studies of voting and engagement activities undertaken and/or concluded.</p>



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.