



ARQIVA DEFINED BENEFIT PENSION PLAN

ANNUAL REPORT

YEAR ENDED 30 JUNE 2023

PLAN REGISTRATION NUMBER: 10275595

isio.

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ARQIVA DEFINED BENEFITS PENSION PLAN
TRUSTEE AND ITS ADVISERS
FOR THE YEAR ENDED 30 JUNE 2023

Principal Employer

Arqiva Limited
Crawley Court
Winchester
Hampshire
SO21 2QA

Corporate Trustee

Arqiva Defined Benefit Pension Plan Trustees Limited.

Directors of Corporate Trustee:

Dick Buckle	(Member Nominated)
Jack Fitzsimons	(Member Nominated)
Peter Heslop	(resigned 30 May 2023)
Tom O'Connor	
Alan Taylor	(Member Nominated)
Edward Thomas	(resigned 30 May 2023)
Independent Trustee Services Limited	(appointed 30 May 2023)
(represented by Dan Gilmour and Akash Rooprai)	

Scheme Actuary

Robert Bass (resigned 8 March 2023)

Isio Group Limited
c/o SPS
PO Box 721
Salford
M5 0QT

Matthew Hill (appointed 9 March 2023)

Isio Group Limited
c/o SPS
PO Box 721
Salford
M5 0QT

Pension Consultants and Administrators

Isio Group Limited
c/o SPS
PO Box 721
Salford
M5 0QT

Auditor

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Banker

Lloyds Bank plc
36-38 New Street
Birmingham
B2 4LP

Legal Advisers

Baker & McKenzie LLP
280 Bishopsgate
London
EC2M 4RB

ARQIVA DEFINED BENEFITS PENSION PLAN

TRUSTEE AND ITS ADVISERS

FOR THE YEAR ENDED 30 JUNE 2023

Investment Managers

Abrdn

Until 17 October 2022

1 George Street

Edinburgh

EH2 2LL

Barings Europe Limited

20 Old Bailey

London

EC4M 7BF

Insight Investment Funds Management Limited

160 Queen Victoria Street

London

EC4V 4LA

Legal & General Investment Management

One Coleman Street

London

EC2R 5AA

Nordea Investment Funds S.A.

592, rue de Neudorf

L-2017 Luxembourg

Vontobel Asset Management, Inc.

Until 7 November 2022

1540 Broadway

38th Floor

New York NY10036

Investment Advisers

Mercer Limited

1 Tower Place West

Tower Place

London

EC3R 5BU

AVC Providers

Utmost Life and Pensions

PO Box 177

Walton Street

Aylesbury

Buckinghamshire

HP21 7YH

Clerical Medical

PO Box 28121

15 Dalkeith Road

Edinburgh

EH16 9AS

Legal & General Investment Management

One Coleman Street

London

EC2R 5AA

ARQIVA DEFINED BENEFITS PENSION PLAN

TRUSTEE'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

INTRODUCTION

The Trustee is pleased to present the report on the Arqiva Defined Benefit Pension Plan (the "Plan") for the year ended 30 June 2023.

The format of the Trustee's report and financial statements follows guidelines laid down by the Occupational and Personal Pension Scheme (Disclosure of Information) Regulations 2013 and the Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised June 2018).

Any member or beneficiary may request a copy of the Trustee's report and financial statements. Applications are encouraged and should be addressed to Daniel Bell at Isio Group Limited at the address given on page 1 or at Ukfmarqiva@isio.com. In addition, further information about the Plan is available from Daniel Bell.

The Plan

The Plan was established with effect from 27 January 2005, to provide pension and other benefits to members upon their retirement or ill health and/or to their dependants on death before or after retirement. The benefits are outlined in the relevant Plan Booklet.

The Plan is governed in accordance with the terms of a Definitive Trust Deed. In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

The Plan complies with legislative preservation requirements, and was contracted out of the State Second Pension ("S2P") until it closed to benefit accrual on 31 January 2016.

The Plan retains a number of professional Advisers in connection with the operation of the Plan, and a list of these Advisers is given on pages 1 to 2 of this Report.

Trustee

The Trustee of the Plan is listed on page 1 of this Report, together with the names of the Directors of the Corporate Trustee. This year has seen Peter Heslop and Edward Thomas resign from their roles with effect from 30 May 2023, and replaced by Independent Trustee Services Limited (represented by Dan Gilmour and Akash Rooprai). This appointment followed a detailed selection process and has been made primarily to provide expertise in supporting the Trustee explore insurance options for the Plan. The Trustee Directors met formally five times during the year..

Under the terms of the Trust Deed, the Principal Employer has the power to appoint new or additional Trustees and, if necessary, remove an existing Trustee other than with respect to a Member Nominated Director or Trustee. A Member Nominated Director or Trustee can only be removed with the agreement of all other trustee directors.

Change to the Scheme Actuary

Following the resignation of the Scheme Actuary, Robert Bass of Isio Group Limited, on 8 March 2023 he reported that there were no circumstances connected with his removal which in his opinion significantly affected the interests of the current members and beneficiaries under the Plan. The Trustee subsequently appointed Matthew Hill of Isio Group Limited with effect from 9 March 2023.

Plan financial statements and Summary of Contributions

The financial statements of the Plan for the year ended 30 June 2023 are set out on pages 16 to 26, and the Auditor's Statement about Contributions and Trustee's Summary of Contributions are set out on pages 30 and 31. The financial statements have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

World Events

On 24 February 2022, Russia invaded Ukraine. This geopolitical event impacted investment markets, with indices subsequently valuing Russian equities at nil. The Trustee sought professional advice from their investment advisers which confirmed that the Plan had negligible indirect exposure to Russian investments in its portfolio. Therefore, the Plan has not been materially impacted by this event, although the knock-on macro-economic effects of high inflation and increasing interest rates have been more significant.

In addition, market reaction in response to the Government's mini-Budget in September 2022 caused significant volatility and disruption to the investments of UK defined benefit pension schemes. With its advisers, the Trustee actively monitored developments and took action to enhance the resilience of the Plan's hedging levels, to protect its funding position in the volatile conditions.

ARQIVA DEFINED BENEFITS PENSION PLAN

TRUSTEE'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Such steps taken were in line with the Pensions Regulator's guidance. The Trustee continues to monitor progress carefully and is taking appropriate professional advice on the expected impact to the investment portfolio resulting from these events.

GMP equalisation

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee of the Plan is aware that the issue will affect the Plan and has asked the Plan's administrators to calculate the impact for affected members. This work is currently ongoing.

On 20 November 2020, the High Court handed down a further judgement on the Guaranteed Minimum Pension ("GMP") equalisation case in relation to the Lloyds Banking Group Pension Schemes. This follows from the original judgement in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgement confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and, where necessary top up, historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The Trustee is currently assessing the impact on the Plan.

The Trustee has completed the reconciliation of members' GMPs with HMRC. Following this reconciliation, the Trustee has now commenced performing individual member calculations to understand whether any uplifts will be necessary to equalise pension benefits for male and female members. The Trustee is taking advice regarding the options it has in order to rectify any inequalities arising. An initial estimate performed three years ago concluded the impact is not likely to be material to the financial statements for the Plan. However, the full extent of the impact on individual members' benefits is unknown until the calculations have been completed. A liability in respect of these matters has not been included in these financial statements and will be accounted for in the year they are determined.

MEMBERSHIP

Details of the membership of the Plan for the year are given below:

	Total 2023	Total 2022
PENSIONERS		
Pensioners at the start of the year	570	525
Adjustments to prior year figures	2	6
New pensioners	21	38
New dependants	3	8
Deaths	(5)	(7)
Pensioners at the end of the year	591	570
MEMBERS WITH DEFERRED BENEFITS		
Members with deferred benefits at the start of the year	239	293
Adjustments to prior year figures	(4)	(7)
Transfers out	-	(7)
Retirements	(21)	(38)
Deaths	-	(2)
Members with deferred benefits at the end of the year	214	239
TOTAL MEMBERSHIP AT THE END OF THE YEAR	805	809

Pensioners at 30 June 2023 include 43 dependants (2022: 40). Adjustments to the brought forward figures relate to late notification of members joining or leaving the Plan.

Financial Development of the Plan

The financial statements on pages 16 to 26 have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund has decreased from £247,156,196 at 30 June 2022 to £213,931,868 at 30 June 2023.

ARQIVA DEFINED BENEFITS PENSION PLAN

TRUSTEE'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

REPORT ON ACTUARIAL LIABILITIES

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

A summary of the funding position as at 30 June 2020, the date of the latest Triennial Actuarial Valuation of the Plan, shows the following:

	£m
The Statutory Funding Objective (SFO) in relation to the liabilities:	(290.1)
Valuation of assets:	283.0
Deficit relative to the SFO:	(7.1)
Funding level:	98%

If the Employer becomes unable or unwilling to contribute regularly to the Plan, the Plan may be "wound up" and the Employer would be required to pay additional money to buy all members' benefits from an insurance company. The comparison of the Plan's assets to the cost of buying the benefits from an insurance company is known as the "buy-out position". A pension scheme's buy-out position will often show a larger shortfall than the standard actuarial valuation, as insurers take a more cautious view of the future, and also seek to make a profit.

The Triennial Actuarial Valuation at 30 June 2020 showed that the Plan's assets would not have been sufficient to buy all members' benefits from an insurance company, as the "buy-out position" at that date was as shown below:

	£m
Estimated cost of buying benefits with an insurance company:	(380.8)
Value of assets:	283.0
Buy-out position deficit:	(97.8)
Funding level:	74%

A valuation is a snapshot of a scheme's funding position on any one particular day, and it will change when, for example, there are changes in investment values or gilt yields, or if members live longer than expected.

As a result of the valuation, the Company and Trustee agreed a Recovery Plan. The Plan follows the Statutory Funding Objective that it will have sufficient and appropriate assets to cover its Technical Provisions, and aimed to do so by the end of the Recovery Period. The Company agreed to pay additional contributions recognising this would further progress the Trustee's ultimate funding target of securing the Plan's liabilities with an insurer by 2030. In accordance with the Recovery Plan dated 27 January 2022 agreed between the Company and Trustee, the Company paid deficit contributions of £5.35m on 31 July 2020 and £5.0m by 31 March 2022.

In accordance with the Pensions Act 2004, the annual funding update of the actuarial report dated 30 June 2022 has been concluded. This shows that the Plan had Technical Provisions of £219.1m, assets of £245.6m, and a surplus at this date of £26.5m, reflecting an improvement in the funding level to 112%. Copies of this report are available on request.

In light of the recent improvements in the funding position of the Plan, the Plan is currently estimated to have sufficient assets to cover the liabilities calculated on a sufficiently low-risk basis. As such, the Trustee agreed for £7 million to be paid into a special ring-fenced bank account instead of a contribution directly into the Plan (which was due by 30 June 2023). A revised schedule of contributions was agreed by the Trustee and Company on 27 June 2023 to facilitate this. The arrangements for the special bank account were formally agreed on 28 September 2023 with the £7 million paid in on 29 September 2023.

Under the agreed terms of the account, the Trustee has the power to access some/all of this money when needed to purchase suitable insurance to enhance the security of members' benefits. The Trustee will also be able to access the funds if there is a material deterioration in the existing funding position or concern about the Company's ability to support the Plan. The Actuarial Certificate is included on page 29 of this annual report.

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TRUSTEE'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

REPORT ON ACTUARIAL LIABILITIES (CONTINUED)

Method

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

Significant actuarial assumptions

Discount interest rate:	1.35%
Future Retail Price Inflation:	Non-pensioners – 3.10% Pensioners – 3.20%
Future Consumer Price Inflation:	Non-pensioners RPI less 0.9%. (pre-retirement) RPI less 0.65% (post-retirement) Pensioners RPI less 0.75%
Pension increases:	RPI max 10%: 3.10% (non-pensioners), 3.20% (pensioners) RPI max 5%: 3.05% (non-pensioners), 3.15% (pensioners) RPI max 5%, min 3%: 3.55% (non-pensioners), 3.60% (pensioners) CPI: 2.45% CPI max 3%: 2.15%
Mortality:	SAPS 3 tables (all lives), CMI 2016 improvements with a 1.5% p.a. long term trend.

ARQIVA DEFINED BENEFITS PENSION PLAN

TRUSTEE'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

INVESTMENT REPORT

Introduction

The overall management of the Plan is vested in the Trustee. The management of the investment assets of the Plan has been delegated by the Trustee to Insight Investment Management ("Insight"), Legal & General ("LGIM"), Nordea Investment Funds ("Nordea"), Barings Europe Limited ("Barings"). The Plan's investments are regarded as readily marketable.

The Plan invests in pooled investments which are managed by the Plan's investment managers (as detailed above). The Trustee is responsible for ensuring the Plan's assets continue to be securely held and, as such, use the custodians appointed by the investment managers of the pooled investment vehicles. The custodians are responsible for safe keeping of share certificates and other documents relating to ownership of listed investments. Investments are held in the name of the custodians in line with common practice for pension scheme investments.

An investment strategy has been agreed by the Trustee, after taking appropriate advice, under which assets are invested in an active pooled absolute return funds, an active pooled multi-asset credit fund, an active pooled secured finance fund, an LDI portfolio (hedging interest rate and inflation risks), as well as a range of index-tracking pooled equity, bond and cash funds, in line with the Plan's benchmark. During the year, the Plan disinvested from the emerging market equities fund managed by Vontobel Asset Management and the absolute return fund managed by abrdn.

Performance to 30 June 2023

Asset Class	Last Year		Last 3 Years		Last 5 Years	
	Fund (%)	B'mark (% p.a.)	Fund (% p.a.)	B'mark (%)	Fund (% p.a.)	B'mark (% p.a.)
LGIM - World Developed Equity	13.5	13.6	11.3	11.5	10.1	10.2
LGIM - World Developed Equity (GBP Hedged)	17.3	17.3	12.3	12.3	8.9	8.9
Nordea - Diversified Growth	3.8	5.2	4.1	3.2	4.0	3.1
Barings - Multi-Asset Credit	6.8	9.1	3.8	2.9	-	-
Total Growth	9.6	10.5	7.3	7.8	6.3	6.7
LGIM - Sterling Non-Gilts (Over 10 Years)	-12.3	-12.2	-11.1	-11.7	-2.9	-3.5
LGIM - LDI	-46.9	-46.4	-32.1	-32.0	-13.6	-13.5
Insight - Secured Finance II	6.9	4.7	5.2	2.7	-	-
Total Defensive	-26.3	-26.0	-19.3	-19.4	-6.7	-6.6
Total	-10.7	-10.7	-7.9	-7.8	-0.8	-0.5

Figures shown are gross of fees and based on performance provided by the Investment Managers, Mercer estimates and Thomson Reuters Datastream. For periods over one year the figures in the table above have been annualised

ARQIVA DEFINED BENEFITS PENSION PLAN
TRUSTEE'S REPORT
FOR THE YEAR ENDED 30 JUNE 2023

INVESTMENT REPORT (CONTINUED)

Asset Allocation as at 30 June 2023

Asset Class	30 June 2023	
	Actual (%)	B'mark (%)
LGIM – World Developed Equity	6.1	5.0
LGIM – World Developed Equity (GBP Hedged)	6.2	5.0
Nordea – Absolute Return	5.3	5.0
Barings – Multi-Asset Credit	8.0	7.5
Total Growth	25.6	22.5
LGIM – Sterling Non-Gilts (Over 10 Years)	22.8	25.0
LGIM – LDI & Cash	40.7	45.0
Insight – Secured Finance	10.8	7.5
Total Defensive	74.4	77.5
Total	100.0	100.0

Figures may not sum due to rounding.

Statement of Investment Principles

The Trustee has produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. A copy is available on request. The Trustee's investment policy is guided by an overall objective of achieving, over the long term, a rate of return on the investments which is consistent with the long term assumptions made by the Actuary in determining the funding of the Plan. The investments at the year-end date were in accordance with the Statement.

Over the shorter term, the objective is to achieve favourable returns against appropriate benchmarks.

The Trustee believes that environmental, social and governance ("ESG") factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, such as climate change, present risk and opportunities that increasingly may require explicit consideration.

The Trustee has given the appointed investment managers discretion when evaluating ESG issues, including climate change considerations, and in exercising voting rights and stewardship obligations attached to the Plan's investments in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. Further details can be found in the Engagement Policy Implementation Statement.

The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over 3 months, 1 year, 3 years and since inception. The Trustee reviews the absolute performance, relative performance against a suitable benchmark or against the manager's stated target performance over the relevant time period.

The Trustee does not currently monitor portfolio turnover costs and has no set portfolio turnover targets, but will consider this position going forwards.

The Trustee takes investment managers' policies in the above respects into account when selecting and monitoring managers. The investment managers are expected to exercise their powers of investment with a view to giving effect to the principles contained within the statement, so far as reasonably practicable.

There was no self-investment as defined in Section 40 of the Pensions Act 1995.

ARQIVA DEFINED BENEFITS PENSION PLAN

TRUSTEE'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

COMPLIANCE

Pension Increases

Deferred pensions for the Main/BT/MPS sections are increased in accordance with the Trust Deed and Rules in line with inflation, subject to a maximum of either 5% p.a. or 2.5% p.a. depending on the period of service. Some DTELS members receive fixed 5% p.a. increases on their deferred pensions. Main and DTELS members receive a minimum increase of 3% p.a. on their pension in payment. Pensions for members of the Main and DTELS sections of the Plan were increased by 5.0% with effect from 1 July 2022. Pensions for members of the MPS and ex-BT sections of the Plan were increased by 5.0% with effect from 1 July 2022. Pensions for members of the ex-BT (A/B) section were increased by 3.1%. No discretionary increases were granted during the year.

Preserved pensions and pensions in payment for the NGW Section are increased in accordance with the Trust Deed and Rules in line with inflation, to a maximum of 10% p.a.. Pensions were increased by 10% on 1 April 2023. No discretionary increases were granted during the year.

The pensioners in the ESPS Section received an annualised increase of 5.0% on 1 April 2022. Preserved pensions are increased in accordance with the Trust Deed and Rules.

Transfer Values

Transfer values are calculated using assumptions considered to be appropriate by the Trustee on the advice of the Plan Actuary. Transfer values are not currently reduced and are calculated and verified in the manner prescribed by regulations made under the Pension Schemes Act 1993. No discretionary benefits were included in the calculation of transfer values.

Tax Status

In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Plan is a registered pension plan under Chapter 2 of Part 4 of the Finance Act 2004.

Contributions

All contributions received were in accordance with the Schedules of Contributions.

Internal Disputes

The Internal Dispute Resolution Procedures Regulations require the setting up of a formal procedure for the handling of disputes involving the Trustee. Details have been circulated to the membership. In the event of a dispute arising with the Trustee, the contact is Isio Group Limited at the address given on page 1.

Data Protection

The Trustee is registered as a Data Controller within the meaning of GDPR guidelines (formerly under the Data Protection Act 1998 ("the Act")) to hold such information as is necessary for the management of the Plan. Isio Group Ltd (Plan Administrator) is registered as a Data Processor under GDPR guidelines (formerly under the Act).

The Trustee recognises that maintaining high standards of security is essential to protecting personal data which is done through robust policies and processes that address data protection and security measures.

The Trustee reviews the procedures adopted by them and their advisers to ensure that they comply with the revised requirements of GDPR which would ensure that they have appropriate policies and procedures in place. To help keep our records up to date, members are reminded to keep us informed of any changes, including death benefit nominations and beneficiaries. Please send all correspondence to the Plan Administrators whose details are on page 3.

ARQIVA DEFINED BENEFITS PENSION PLAN

TRUSTEE'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

COMPLIANCE (CONTINUED)

Further Information

Most of the information required by members in respect of the Plan is supplied automatically. This includes general information, such as the relevant Plan Booklets and Trustee's Report, and information such as Statements of Options on leaving or retiring. In addition, the documents governing the Plan, the Trust Deed and Rules, can be inspected at the Human Resources Department or are available on the Arqiva Plan website (<https://www.arqiva.com/about-us/arqiva-defined-benefit-pension-plan>). These rights apply to all members and most extend to their spouses and other beneficiaries, and recognised trade unions.

Any member may request a Statement of Benefit entitlement once a year. Also, a deferred member who is not yet in receipt of a pension may request a Statement of Transfer Value annually. The administrators of the Plan, Isio, have recently launched their Pension Web service, which will allow members to login to a secure online portal to view details of their pension benefits within the Plan. It will also enable members to request benefit quotations, Plan information and updates to address and beneficiary details directly with the administration team. This can be accessed at <https://www.isiopensions.com>. Please contact Isio if you have any questions accessing the portal.

It is hoped that all members feel sufficiently well informed, and that specific requests are dealt with fully. Members who are dissatisfied or concerned about any matter relating to the Plan may invoke the Internal Dispute process to resolve the matter, and may also seek advice or help from a number of outside bodies:

Pension Schemes Registry

The Trustee is required to provide certain information about the Plan to the Pension Schemes Registry. This has been forwarded to:

Pension Schemes Registry
PO Box 1NN
Newcastle upon Tyne
NE99 1NN

The Pensions Regulator

The Pensions Regulator ("TPR") is the UK regulator of work-based pension schemes. The Pensions Act 2004 gives the Pensions Regulator a set of specific objectives:

- To protect the benefits of members of work-based pension schemes;
- To promote good administration of work-based pension schemes; and
- To reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund.

TPR can be contacted at:

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

Pension Protection Fund

The Pension Protection Fund was introduced to protect members' interest in certain circumstances, i.e., to provide compensation where an employer has become insolvent, or the Plan assets have been reduced due to fraud, theft, or misappropriation. It does not cover losses resulting from adverse investment returns.

The Pension Protection Fund is funded by a retrospective levy on all occupational pension schemes.

The Trust Deed and Rules, the Plan Booklet, and a copy of the Schedule of Contributions and Statement of Investment Principles are available for inspection by contacting the Trustee at the address shown for enquires in this report.

Any information relating to the member's own pension position, including estimates of transfer values, should be requested from the Administrator of the Plan, Isio Group Ltd, at the address detailed on page 1 of this report.

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TRUSTEE'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

COMPLIANCE (CONTINUED)

The Money and Pensions Service

For any general enquiries on their pensions, members can contact the Money and Pensions Service. A local adviser can usually be contacted through a Citizen's Advice Bureau. Alternatively, the Service can be contacted at:

The Money and Pensions Service

120 Holborn

London

EC1N 2TD

Telephone: 0115 965 9570

Email: contact@maps.org.uk

Website: www.maps.org.uk

Pensions Ombudsman

Any concerns in respect of the Plan should be referred to the Administrator, Isio Group Ltd, who will try to resolve the problem as quickly as possible. Members and beneficiaries of pension schemes, who have problems concerning their scheme and are not satisfied by the information or explanation given by the administrators or the trustees, can consult The Pensions Ombudsman. The address is:

The Pensions Ombudsman

10 South Colonnade

Canary Wharf

London

E14 4PU

Telephone: 0800 917 4487

Email: helpline@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

Trustee Training and Knowledge

There is ongoing training which is designed to ensure that the Directors' knowledge is current. The suitability of the training program is reviewed annually, and a Trustee training log is maintained which is also reviewed annually.

ARQIVA DEFINED BENEFITS PENSION PLAN

TRUSTEE'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan 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 making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

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

The Trustee is also responsible for making available certain other information about the Plan 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 it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

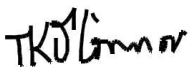
The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions showing the rates of contributions payable to the Plan by or on behalf of employers of the Plan and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Plan 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 to members.

This Report, including the Report on Actuarial Liabilities and Implementation Statement, was approved by and signed on behalf of the Trustee.

Signed on behalf of the Trustee:



Trustee Director

Date: 24/01/2024



Trustee Director

Date: 24/01/2024

ARQIVA DEFINED BENEFITS PENSION PLAN

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE

FOR THE YEAR ENDED 30 JUNE 2023

Opinion

We have audited the financial statements of the Arqiva Defined Benefit Pension Plan for the year ended 30 June 2023 which comprise the Fund Account, the Statement of Net Assets and the related 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 Plan during the year ended 30 June 2023, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Plan 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 Plan's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

The Trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

ARQIVA DEFINED BENEFITS PENSION PLAN

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE

FOR THE YEAR ENDED 30 JUNE 2023

Responsibilities of Trustee

As explained more fully in the Trustee's Responsibilities Statement set out on page 12, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 Plan'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 wind up the Plan or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the Plan. This is addressed by obtaining direct confirmation from the investment fund managers of investments held at the Statement of Net Assets date.
- Non-receipt of contributions due to the Plan from the employer. This is addressed by testing contributions due are paid to the Plan in accordance with the schedules of contributions agreed between the employer and Trustee.
- Payment of large transfers out to invalid schemes or members. This is addressed through testing that there is evidence the receiving scheme is valid, the member identity is verified and of the authorisation of the amount and approval of the payment of the transactions.
- Payment of large retirement lump sum benefits to invalid members. This is addressed through sample testing that there is evidence that the member's identity is verified and of the authorisation of the amount and approval of the payment of the transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

ARQIVA DEFINED BENEFITS PENSION PLAN
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE
FOR THE YEAR ENDED 30 JUNE 2023

Use of our report

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

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor

55 Ludgate Hill
London
EC4M 7JW

Date: 26 January 2024

ARQIVA DEFINED BENEFITS PENSION PLAN
FUND ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £	2022 £
Contributions and benefits			
Contributions receivable			
Employer contributions	5	-	6,824,100
		-	6,824,100
Benefits			
Benefits paid or payable	6	(6,208,963)	(5,755,897)
Payments to and on account of leavers	7	(329,157)	(3,863,426)
Administrative expenses	8	(51,469)	(50,134)
		(6,589,589)	(9,669,457)
Net withdrawals from dealings with members		(6,589,589)	(2,845,357)
Returns on investments			
Investment income	9	2,387,282	1,726,663
Change in market value of investments	10	(28,703,557)	(52,593,648)
Investment management expenses	11	(318,464)	(371,102)
		(26,634,739)	(51,238,087)
Net returns on investments		(26,634,739)	(51,238,087)
Net decrease in the fund during the year		(33,224,328)	(54,083,444)
Net assets at 30 June 2022		247,156,196	301,239,640
Net assets at 30 June 2023		213,931,868	247,156,196

The notes on pages 18 to 26 form part of these financial statements.

ARQIVA DEFINED BENEFITS PENSION PLAN

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £	2022 £
Investment assets	10		
Pooled investment vehicles	13	210,001,196	241,917,655
AVC investments	14	3,203,732	3,404,968
Other investment balances - accrued income		709,297	495,796
Other investment balances - pending trades		-	(2,000,000)
Total net investments		213,914,225	243,818,419
Current assets	18	720,219	3,668,182
Current liabilities	19	(702,576)	(330,405)
Net assets at 30 June		213,931,868	247,156,196

The financial statements summarise the transactions of the Plan 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 Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities on pages 5 and 6 and the Actuarial Certificate on page 29 of the annual report, and these financial statements should be read in conjunction with these sections.

The notes on pages 18 to 26 form part of these financial statements.

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


Trustee Director

Date: 24/01/2024


Trustee Director

Date: 24/01/2024

ARQIVA DEFINED BENEFITS PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

The Plan provides defined benefit pension and certain other benefits to members and their dependants on retirement and on death.

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

2. BASIS OF PREPARATION

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

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 Plan to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due.

The Plan is established as a trust under English law. The Plan's functional and presentational currency is pounds sterling (GBP).

3. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Plan is registered as a trust under English law. The address for enquiries is shown on page 1 of the Annual Report.

4. ACCOUNTING POLICIES

The principal accounting policies of the Plan are as follows:

4.1 Contribution income

Deficit contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Participating Employer and the Trustee.

4.2 Transfers to other schemes

Transfer values are included in the financial statements when the trustees of the receiving scheme accept the liability of the transferring members. They do not take account of members who have notified the Plan of their intention to transfer.

4.3 Benefits paid or payable

Benefits paid or payable are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving. Unsettled amounts have been included based on estimated amounts. Pensions in payment are accounted for in the period to which they relate.

4.4 Expenses

Trustee expenses comprise honoraria and out of pocket costs paid to the Trustee Directors in the performance of their duties. All other expenses are borne by the Principal Employer.

ARQIVA DEFINED BENEFITS PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

4. ACCOUNTING POLICIES (Continued)

4.5 Investment income

- a) Income from cash deposits is included on an accruals basis.
- b) Income received on pooled investment vehicles may automatically be reinvested in the underlying funds and reflected in the unit prices or may be distributed. Where income is reinvested, it is integral with the movement in market value and is not separately disclosed. Where it is distributed, it is included in the financial statements on an accruals basis.
- c) Accrued interest is excluded from the market value of fixed income securities and is included in investment income receivable.

4.6 Valuation of investments

Investments are included in the Statement of Net Assets (available for benefits) at their fair value at 30 June 2023, which is determined as follows:

- a) Pooled investment vehicles are stated at the latest bid prices or single unit price quoted by the investment managers at the year end.
- b) The additional voluntary contribution investments include policies of assurance and the value of these policies have been taken as the surrender values of the policies at the year end, as advised by the underwriters.

5. CONTRIBUTIONS RECEIVABLE

	2023	2022
	£	£
From employer:		
Deficit contributions	-	5,000,000
Augmentations	-	1,824,100
	<u>-</u>	<u>6,824,100</u>

As described in the Schedule of Contributions signed June 2023, the final deficit contribution of £7,000,000 was paid into a separate bank account agreed by the Trustee and Employer in accordance with the agreed Recovery Plan. See page 5 for further details.

6. BENEFITS PAID OR PAYABLE

	2023	2022
	£	£
Pensions	5,695,386	4,795,487
Commutations and lump sum retirement benefits	438,345	960,070
Lump sum on death in retirement	183	340
Taxation where lifetime or annual allowance exceeded	75,049	-
	<u>6,208,963</u>	<u>5,755,897</u>

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2023	2022
	£	£
Transfer values to other pension arrangements	329,157	3,866,462
Amounts due to HMRC	-	(3,036)
	<u>329,157</u>	<u>3,863,426</u>

The negative payments to HMRC relate to overpayments recorded in earlier years.

ARQIVA DEFINED BENEFITS PENSION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8. ADMINISTRATIVE EXPENSES

	2023	2022
	£	£
Trustee expenses	51,287	50,038
Bank and sundry charges	182	96
	<u>51,469</u>	<u>50,134</u>

The Trustee expenses are paid to the Trustee Directors in the performance of their duties. All other expenses not shown above are borne by the Principal Employer.

9. INVESTMENT INCOME

	2023	2022
	£	£
Income from pooled investment vehicles	<u>2,387,282</u>	<u>1,726,663</u>

The income from pooled investment vehicles relates to LDI and Barings income distribution.

10. INVESTMENT RECONCILIATION

	Value at 30 June 2022 £	Cost of investments purchased £	Proceeds of sales of investments £	Change in market value £	Value at 31 March 2023 £'000
Pooled investment vehicles	241,917,655	371,002,579	(374,121,536)	(28,797,502)	210,001,196
AVC investments	3,404,968	250,036	(545,217)	93,945	3,203,732
	<u>245,322,623</u>	<u>371,252,615</u>	<u>(374,666,753)</u>	<u>(28,703,557)</u>	<u>213,204,928</u>
Income receivable	495,796				709,297
Pending trades	<u>(2,000,000)</u>				<u>-</u>
	<u>243,818,419</u>				<u>213,914,225</u>

Costs are borne by the Plan in relation to transactions in pooled investment vehicles. Such costs are generally taken into account in calculating the prices of these investments and are not therefore separately identifiable.

Included within purchases and sales are transfers between funds held with the same manager amounting to £339,343,187 (2022: £121,791,195).

11. INVESTMENT MANAGEMENT EXPENSES

	2023	2022
	£	£
Administration, management and custody	325,736	399,544
Fee rebates	<u>(7,272)</u>	<u>(28,442)</u>
	<u>318,464</u>	<u>371,102</u>

12. TRANSACTION COSTS

There are no direct transaction costs. Indirect costs are also borne by the Plan in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.

ARQIVA DEFINED BENEFITS PENSION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

13. POOLED INVESTMENT VEHICLES

The holdings in Pooled investment vehicles are as detailed in the table below:

	2023	2022
	£	£
Bond funds	131,868,215	93,327,782
Liquidity funds	1,574,685	8,943,550
Equity funds	25,914,619	80,736,241
Absolute return funds	11,181,515	19,707,625
Multi-asset credit	16,798,502	16,894,663
Secured finance	22,663,660	22,307,794
	<u>210,001,196</u>	<u>241,917,655</u>

The absolute return fund includes a variety of investments including equities, bonds and derivatives.

The secured finance fund invests primarily in structured credit asset secured by residential and consumer, commercial real estate and secured corporate debt collateral.

The multi-asset credit fund invests in a portfolio of high yield fixed and floating rate debt instruments with opportunistic allocations to structured credit assets and special situations.

14. AVC INVESTMENTS

The Trustee holds assets invested separately from the main fund in the form of individual policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 30 June confirming the amounts held to their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	2023	2022
	£	£
Clerical Medical – unit linked	215,028	225,605
Utmost – unit linked	566,305	620,698
Legal & General – unit linked	2,422,399	2,558,665
	<u>3,203,732</u>	<u>3,404,968</u>

ARQIVA DEFINED BENEFITS PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

15. INVESTMENT FAIR VALUE HIERARCHY

The fair value of financial instruments has been determined 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 (i.e. developed using market data) for the asset or liability, either directly or indirectly
Level 3	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability

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

	30 JUNE 2023			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	210,001,196	-	210,001,196
AVC investments	-	3,203,732	-	3,203,732
Income receivable	709,297	-	-	709,297
	709,297	213,204,928	-	213,914,225

	30 JUNE 2022			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	241,917,655	-	241,917,655
AVC investments	-	3,404,968	-	3,404,968
Income receivable	495,796	-	-	495,796
Pending trades	(2,000,000)	-	-	(2,000,000)
	(1,504,204)	245,322,623	-	243,818,419

ARQIVA DEFINED BENEFITS PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

16. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. FRS 102 sets out these risks as follows:

Credit Risk 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 comprises currency risk, interest rate risk and other price risk, defined as follows:

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

The Plan has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustee by regular review of the investment portfolios.

Further information on the Trustee's approach to risk management and the Plan's exposures to credit and market risks are set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Plan.

Credit Risk

The Plan is subject to credit risk as the Plan invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles although the extent of the risk is dependent on the portfolio at the time.

Analysis of direct credit risk

2023	Investment grade	Non- investment grade	Unrated	Total
	£	£	£	£
Pooled investment vehicles	-	-	210,001,196	210,001,196

2022	Investment grade	Non- investment grade	Unrated	Total
	£	£	£	£
Pooled investment vehicles	-	-	241,917,655	241,917,655

ARQIVA DEFINED BENEFITS PENSION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

16 INVESTMENT RISKS (CONTINUED)

Credit Risk (Continued)

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, 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 monitors any changes to the operating environment of the pooled manager.

Indirect credit risk arises in relation to underlying investments held in the pooled investment vehicles containing bonds (see note 13). This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities. Pooled investment arrangements used by the Plan comprise unit linked insurance contracts, unit trusts, qualifying investor alternative investment funds and open-ended investment funds with variable capital.

Currency Risk

The Plan is subject to indirect currency risk because some of the Plan's investments are held in overseas markets, via pooled investment vehicles. Indirect currency risk arises from the investments in sterling priced pooled investment vehicles whose investments are denominated in foreign currencies.

The exposure to foreign currencies within the pooled investment vehicles will vary over time in line with the underlying investments but it is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies are at the discretion of the fund managers.

At the year end, the Plan's exposure to investments subject to currency risk was:

	2023	2022
	£	£
Equity pooled investment vehicles	25,914,619	80,736,241

Interest Rate Risk

The Plan is subject to indirect interest rate risk comprising bonds and derivatives held through pooled vehicles. However, the interest rate exposure of the Plan's assets hedges part of the corresponding risks associated with the Plan's liabilities. The net effect will be to reduce the volatility of the funding level, so the Trustee believes that it is appropriate to have exposure to these risks in this manner. The investment manager will consider the risk and expected reward when determining which investments to invest in. At the year end these comprised:

	2023	2022
	£	£
Bond pooled investment vehicles	131,868,215	93,327,782

The absolute return, multi asset credit and secured finance funds totalling £50,643,678 (2022: £58,910,087) are also exposed to interest rate risk although the extent of the risk is dependent upon the portfolio at the time.

Under the investment strategy if interest rates fall / inflation rates rise, the value of the investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly if interest rates rise / inflation rates fall, these investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

ARQIVA DEFINED BENEFITS PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

16 INVESTMENT RISKS (CONTINUED)

Other Price Risk

Other price risk arises principally in relation to the Plan's growth portfolio which includes equities held in pooled vehicles.

The Trustee manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets. At the year end, the Plan's exposure to investments subject to other price risk was:

	2023	2022
	£	£
Equity pooled investment vehicles	25,914,619	80,736,241
Absolute return funds	11,181,515	19,707,625
Multi asset credit funds	16,798,502	16,894,663
Secured finance funds	22,663,660	22,307,794
	<u>76,558,296</u>	<u>139,646,322</u>

17. CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Plan's net assets as at 30 June:

	2023		2022	
	£	%	£	%
L&G Active Corporate Bond Over 10 years Fund	47,939,314	22.8	44,206,343	17.9
L&G 2027 Index-Linked Gilt	32,121,224	15.3	-	-
Insight Secured Finance II Fund	22,663,660	10.8	22,307,794	9.0
Barings Global High Yield Credit Strategies Fund	16,798,502	8.0	16,894,663	6.8
L&G World Developed Equity Index GBP Hedged	13,121,318	6.2	32,029,110	13.0
L&G World Developed Equity Index	12,793,301	6.1	35,153,784	14.2
Nordea Diversified Return Fund	11,181,515	5.3	-	-
L&G 2040 Leveraged Index Linked Gilt Fund	10,880,822	5.2	-	-

18. CURRENT ASSETS

	2023	2022
	£	£
Cash balance	720,219	3,668,182
	<u>720,219</u>	<u>3,668,182</u>

19. CURRENT LIABILITIES

	2023	2022
	£	£
Benefits payable	57,261	117,941
Pensions payable	491,753	-
Fees payable	153,562	199,334
Due to Employer	-	13,130
	<u>702,576</u>	<u>330,405</u>

ARQIVA DEFINED BENEFITS PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20. RELATED PARTY TRANSACTIONS

At the year end, pensions are being paid to four of the Trustee Directors. Such pensions are paid in accordance with the Rules of the Plan as for other members. As disclosed in Note 8, administrative expenses of the Plan are borne by the Principal Employer. Other than these matters, there were no related party transactions during the year as defined by FRS 102 section 33.

21. EMPLOYER RELATED INVESTMENTS

There were no employer related investments within the meaning of section 40(2) of the Pensions Act 1995 (2022: *£nil*).

22. GMP EQUALISATION

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee of the Plan is aware that the issue will affect the Plan and has asked the Plan's administrators to calculate the impact for affected members. This work is currently ongoing.

On 20 November 2020, the High Court handed down a further judgement on the Guaranteed Minimum Pension ("GMP") equalisation case in relation to the Lloyds Banking Group Pension Schemes. This follows from the original judgement in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgement confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and, where necessary top up, historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The Trustee is currently assessing the impact on the Plan.

Based on an initial estimate the Trustee has concluded the impact is not likely to be material to the financial statements for the Plan. However, the full extent of the impact on individual members' benefits is unknown until the calculations have been completed. A liability in respect of these matters has not been included in these financial statements and will be accounted for in the year they are determined.

Schedule of Contributions

Name of Scheme: The Arqiva Defined Benefit Pension Plan ("the Plan")

Date of Schedule: June 2023

Schedule of Contributions and Certificate

This Schedule of Contributions is required by Section 227 of the Pensions Act 2004 and has been prepared by the Trustee after obtaining advice from the Scheme Actuary. It covers the period from the date it is certified by the Scheme Actuary to five years after this date.

This Schedule replaces the version dated January 2022 to allow for a short-term deferment of the final funding contribution while an Escrow arrangement is being set up. Due to the current estimates of the Technical Provisions funding position showing a material surplus, the Trustee and Company have agreed in-principle for the £7m to be paid into Escrow with certain conditions for when the amount would be paid into the Plan. These are principally linked to providing additional funds where needed to secure the Plan's liabilities with an insurer.

Contributions to be paid to the Plan:

Contributions	Amount
Funding contributions in accordance with the Recovery Plan dated June 2023	<ul style="list-style-type: none">- £5.35m paid on 31 July 2020- £5.00m paid on 25 March 2022- £7.00m by 30 September 2023 unless the same amount has been paid into an Escrow arrangement in advance of this date, which has been agreed by the Trustee and Company with payment conditions to the Plan acceptable to the Trustee, having taken legal and actuarial advice.
Plan expenses (including PPF levies, but excluding investment manager expenses met by a deduction from the Plan's assets at source)	Payable directly by the Company
Additional contributions	Any other contributions as are agreed with the Trustee

Augmentations

In addition, the Company will pay into the Plan the cost of providing enhanced benefits to members that are made redundant from the Company. The cost will be calculated by the Scheme Actuary in line with assumptions listed in the Statement of Funding Principles dated January 2022 (updated for market conditions) and will be payable within 30 days of the Trustee's request.

Signed on behalf of the Trustee

Signed on behalf of the Company

Signature 

Signature 

Name
Tom O'Connor

Name
Nathan Hodge

Position
Chair of Trustees

Position
Finance Director

Date
27 June 2023

Date
27 June 2023

Scheme Actuary's Certification

1. Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected on 30 June 2020 to be met by the end of the period specified in the Recovery Plan dated June 2023.

2. Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated January 2022.

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

Signature		Date	27 June 2023
Name	Matthew Hill	Qualification	Fellow of the Institute and Faculty of Actuaries
Address	Isio c/o SPS PO Box 721 Salford M5 0QT	Employer	Isio Group Limited

ARQIVA DEFINED BENEFITS PENSION PLAN
INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS
FOR THE YEAR ENDED 30 JUNE 2023

Statement about Contributions payable under the Schedules of Contributions

We have examined the summary of contributions payable to the Arqiva Defined Benefit Pension Plan, for the Plan year ended 30 June 2023 which is set out on page 31.

In our opinion contributions for the Plan year ended 30 June 2023 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Plan Actuary on 27 January 2022 and 27 June 2023.

Basis of opinion

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

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer. The Trustee is also responsible for monitoring whether contributions are made to the Plan by the employer in accordance with the Schedule of Contributions.

Auditor's responsibilities for the statement about contributions

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

Use of our Statement

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

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

Date: 26 January 2024

ARQIVA DEFINED BENEFITS PENSION PLAN
SUMMARY OF CONTRIBUTIONS PAYABLE
FOR THE YEAR ENDED 30 JUNE 2023

Statement of Trustee's Responsibilities in respect of Contributions for the year ended 30 June 2023

The Plan's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the dates on or before which such contributions are to be paid. The Plan's Trustee is also responsible for keeping records of contributions received and for procuring that contributions are made to the Plan in accordance with the Schedule.

Trustee's Summary of Contributions Payable under the Schedules in respect of the Plan year ended 30 June 2023

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of, the Trustee. It sets out the employer and member contributions payable to the Plan under the Schedules of Contributions certified by the Actuary on 27 January 2022 and 27 June 2023 in respect of the Plan year ended 30 June 2023. The Plan Auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

Contributions payable under the Schedule in respect of the Plan year

	2023
	£
From Employer:	
Deficit contributions	-
Augmentation	-
Contributions payable under the Schedule (as reported on by the Plan Auditor)	-

Signed on behalf of the Trustee:


Trustee Director

Date: 24/01/2024


Trustee Director

Date: 24/01/2024

Appendix Divider referenced in contents

ARQIVA DEFINED BENEFITS PENSION PLAN

APPENDIX: ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

Introduction:

This statement sets out how, and the extent to which, the Trustee's policy on Environmental, Social and Governance ("ESG"), Stewardship and Climate Change and the Investment Manager arrangements in the Statement of Investment Principles ("SIP") has been followed during the year to 30 June 2023. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

Investment Objectives of the Plan:

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan specified in the SIP are as follows:

- The Trustee's primary funding objective is to ensure that the assets of the Plan are sufficient to meet their obligations to beneficiaries. The Trustee's primary aim can, therefore, be translated into a desire to avoid deterioration of the ongoing funding level on the Technical Provisions basis and to achieve full funding on the Technical Provisions basis.
- The Trustee's secondary objective is to fund in full all of the Plan's liabilities, on a "self-sufficiency" basis, such that the Plan is less reliant on the Sponsor to underwrite and/or support pension risk.

Policy on ESG, Stewardship and Climate Change

The Plan's SIP includes the Trustee's policy on ESG factors, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee's in relation to voting rights and stewardship.

In order to establish these beliefs, produce this policy and maintain ongoing knowledge, the Trustees undertake periodic training provided by their investment consultant on responsible investment which covers ESG factors, stewardship, climate change and ethical investing.

The Trustee looks to meet with each of its managers periodically (and at least every three years if possible), at which point the Trustee's may ask the investment managers to highlight key voting (where applicable) and engagement activity, and the impact on the portfolio. The Trustee Directors may also, from time-to-time, attend separate webinars and conferences hosted by the Plan's investment managers.

The following work was undertaken during the year relating to the Trustee's policy on ESG factors, stewardship and climate change, and sets out how the Trustee's engagement and voting policies were followed and implemented during the year.

Engagement Activity

The Plan's investment performance report is reviewed by the Trustee on a quarterly basis and includes ratings (both general and specific ESG) from the investment consultant. The majority of the Plan's managers were highly rated during the year. The Trustee's acknowledge that managers in areas such as fixed income (particularly in relation to LDI) may not have a high ESG rating assigned by the investment consultant due to the nature of the asset class, where it is harder to engage with the issuer of debt. When implementing a new manager the Trustee would consider the ESG rating of the manager.

The Plan's investment managers have confirmed that they are signatories to the latest UK Stewardship Code.

The Trustee's investment consultant has requested, on behalf of the Trustee, details of relevant engagement activity for the period from each of the Plan's investment managers.

Engagement Activity (Continued)

The Plan's investment managers engaged with companies over the period on a wide range of different issues including ESG matters. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider objectives on climate change in the economy (e.g. those linked to the Paris agreement). The Plan's investment managers provided examples of instances where they had engaged with companies they were invested in or about to invest in which resulted in a positive outcome. These engagement initiatives are driven mainly through regular engagement meetings with

the companies that the investment managers invest in or by voting on key climate-related resolutions at companies' Annual General Meetings.

Voting Activity

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022, one of the areas of interest was the significant vote definition. The Trustee is required to include details on why a vote is considered significant and rationale for the voting decision within their implementation statements.

The Plan's implementation statement to be included in the Trustee Report & Accounts as at 30 June 2023 falls in scope of these regulations. In May 2023, The Trustee reviewed the Plan's stewardship priorities and identified the following as key themes:

Climate Change: including, but not limited to, low-carbon transition and physical damages resilience;

Human Rights: including, but not limited to, modern slavery, pay & safety in the workforce and abuses in conflict zones;

Diversity, Equity and Inclusion: including, but not limited to, inclusive & diverse decision-making.

The Trustee considers a significant vote as any vote relating to Plan's key stewardship themes that is material (defined as a company that represented at least 1.5% of the year-end market capitalisation of any fund in which the Plan was invested during the Plan year).

The table below sets out a summary of the significant votes over the year:

Fund	Company	Date	Key Theme	Size of holding	Summary	Rationale	Vote Cast	Outcome
Nordea Absolute Return	Alphabet Inc.	02-Jun-23	Climate	4.8%	Climate Change Lobbying	Improved transparency to be able to assess alignment between the company's lobbying activities and the Paris Climate Agreement goals. The request is not considered overly onerous or prescriptive, and shareholders would benefit from greater transparency of the company's framework for addressing misalignments between its climate goals and direct and indirect lobbying, and how the company would plan to mitigate any risks that might be identified.	Against	Rejected
Nordea Absolute Return	Alphabet Inc.	02-Jun-23	Human Rights	4.8%	Human Rights Risk Assessment	Shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.	Against	Rejected
Nordea Absolute Return	Alphabet Inc.	02-Jun-23	Human Rights	4.8%	Human Rights Risk Assessment	An independent human rights assessment would help shareholders better evaluate the company's management of risks related to the human rights impacts of its targeted advertising policies and practices.	Against	Rejected
Nordea Absolute Return	Microsoft Corporation	13-Dec-22	Diversity, Equity, & Inclusion	3.6%	Labor Issues - Discrimination and Miscellaneous	Improved transparency will enhance possibility to follow their progress with Diversity and inclusion initiatives. Additional information could help shareholders better understand how the company is assessing and managing the progress of its various diversity and inclusion initiatives.	Against	Rejected
Nordea Absolute Return	Microsoft Corporation	13-Dec-22	Climate	3.6%	Report on Climate Change	Improved transparency, the report would complement and enhance Microsoft's existing commitments regarding climate change. While Microsoft may not be responsible for its employees' investment decisions, the information requested in the report would not only complement and enhance Microsoft's existing commitments regarding climate change, but also allow shareholders to better evaluate the company's strategies and management of related risks.	Against	Rejected

Nordea Absolute Return	Mondelez International, Inc.	17-May-23	Human Rights	2.2%	Improve Human Rights Standards or Policies	The company's involvement in reported child labor issues within its West African supply chain has raised concerns. The implementation of this proposal would increase transparency in management and overseeing related risks.	Against	Rejected	
Nordea Absolute Return	The Coca-Cola Company	20-Apr-23	Diversity, Equity, & Inclusion	2.7%	Racial Equity and/or Civil Rights Audit	Improved transparency to assess the effectiveness of the company's efforts to address the issue of civil rights for its stakeholders and its management of related risks. An independent civil rights audit would help shareholders better assess the effectiveness of the company's efforts to address the issue of civil rights for its stakeholders and its management of related risks.	Against	Rejected	
LGIM World Developed Equity Index Funds	Amazon.com Inc	24-April-23	Diversity, Equity, & Inclusion	1.7%	Gender/Racial Pay Gaps	Expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.	For	Rejected	

The Trustee has delegated their voting rights to the investment managers. Where applicable, investment managers are expected to provide voting summary reporting on a regular basis. The Trustee does not use the direct services of a proxy voter.

Over the prior 12 months, the Trustee has not actively challenged any of their investment managers on its voting activity. Going forwards, the Trustee may be more active in reviewing and challenging voting activity, particularly in respect of its beliefs on climate change.

Over the year to 30 June 2023, the key voting activity on behalf of the Trustee was as follows:

<p>Legal & General Investment Management</p> <p>World Developed Equity Index Funds</p>	<p>There were 2,387 vote-able meetings over the year. In these meetings, there were a total of 31,652 vote-able proposals.</p> <p>LGIM participated in 99% of votes out of the vote-able proposals. In around 78% of these votes for proposals, LGIM indicated their support to the companies' management, while voting against around 21% of the proposals, and abstaining from less than 0.2% of the proposals.</p>
<p>Vontobel</p> <p>Global Emerging Markets Equity</p>	<p>Vontobel participated in all 770 voteable items. In around 81% of these votes for proposals, Vontobel indicated their support to the companies' management, while voting against 12.2% of the proposals. Vontobel either abstained or withheld their vote in the remaining cases.</p>
<p>Nordea</p> <p>Diversified Return Fund</p>	<p>There were 193 vote-able meetings over the year. In these meetings, there were a total of 2,400 vote-able proposals.</p> <p>Nordea participated in the vote for 98% of the vote-able proposals. In around 83% of these votes, Nordea indicated their support for the companies' management, while voting against around 12% of the proposals and abstaining in the remaining cases.</p>
<p>abrdn</p> <p>GARS</p>	<p>There were 22 vote-able meetings over the year. In these meetings, there were a total of 283 vote-able proposals of which abrdn voted in 232 of these meetings on behalf of the Trustee. In these meetings</p> <p>abrdn participated in the vote for 82% of the 162 vote-able proposals. In around 82% of these votes, abrdn indicated their support to the companies' management, while voting against around 18%.</p>