

RS Group Pension Scheme
REPORT AND FINANCIAL STATEMENTS
For the year ended
31 March 2024

FINANCIAL STATEMENTS

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RS Group Pension Scheme

TRUSTEE AND ADVISERS

For the year ended 31 March 2024

PRINCIPAL EMPLOYER

RS Group plc

CORPORATE TRUSTEE (“Trustee”)

RS Group Pension Trustees Limited

DIRECTORS OF THE CORPORATE TRUSTEE (“Trustee Directors”)

Capital Cranfield Pension Trustees Limited – represented by F Stark (Chair)

EJ Dowler

P Jackson

P Harris-Bridge

P Dowsett

C Curtis

SECRETARY TO THE TRUSTEE

RG Tanner

Head of Group Pensions

RS Group plc

Fifth Floor

Two Pancras Square

London

N1C 4AG

ADMINISTRATION PROVIDER

Capita Employee Benefits Limited

Hartshead House

2 Cutlers Gate

Sheffield

S4 7TL

ACTUARY

I Peggs

Mercer Limited

Tower Place

London

EC3R 5BU

RS Group Pension Scheme

TRUSTEE AND ADVISERS

For the year ended 31 March 2024

DEFINED BENEFIT SECTION INVESTMENT MANAGERS

Legal & General Investment Management Limited
One Coleman Street
London
EC2R 5AA

Janus Henderson Global Investors Limited
201 Bishopsgate
London
EC2M 3AE

Insight Investment Management Limited
160 Queen Victoria Street
London
EC4V 4LA

M&G Investment Management Limited
Floor 3
78 Sir Rogerson's Quay
Dublin 2
Ireland

Newton Investment Management (until 16 April 2024)
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

DEFINED BENEFIT ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC) MANAGER

Utmost Life and Pensions Services Limited
PO Box 177
Walton Street
Aylesbury
Bucks
HP21 7YH

INVESTMENT CONSULTANTS AND PERFORMANCE MEASUREMENT SERVICES

Mercer Investment Consulting Limited
4 Brindley Place
Birmingham
B1 2JQ

BANKERS

NatWest Plc
42 High Street
Sheffield
S1 2GE

INDEPENDENT AUDITORS

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

RS Group Pension Scheme

TRUSTEE AND ADVISERS

For the year ended 31 March 2024

SOLICITORS

Burges Salmon LLP
1 Glass Wharf
Bristol
BS2 0ZX

Gowling WLG (With effect from 27 July 2023)
2 Snow Hill
Birmingham
B4 6WR

COVENANT ADVISER

Cardano Advisory
9th Floor
6 Bevis Marks
London
EC3A 7BA

RS Group Pension Scheme

THE CHAIR'S STATEMENT

For the year ended 31 March 2024

Introduction

On behalf of the Trustee of the RS Group Pension Scheme (the "Scheme"), I am pleased to present our Report and Accounts for the year ended 31 March 2024.

Defined Benefit Investments and Funding

The most recent actuarial valuation was carried out as at 31 March 2022. At that date the Scheme showed a deficit of £37 million on a statutory funding basis and I am pleased to report that the Scheme's funding position has improved and at 31 March 2024 the deficit on a statutory basis was estimated to be £5 million, equivalent to a funding level of 99%. The improvement in the Scheme's funding position is better than expected due to the impact of increasing gilt yields and a fall in future inflation expectations which have led to the liabilities decreasing by more than the fall in the value of the Scheme's assets. Under the current funding agreement, the Company have committed to pay £11.1m a year until 30 September 2025 to help remove the deficit.

The Trustee and Company have also agreed a long-term objective for the Scheme of achieving a fully funded position on a low-risk basis. This secondary funding target uses the same assumptions as those used to determine the Scheme's liabilities on a statutory basis with the exception of a lower discount rate assumption. Under this long-term plan, the Company has agreed to pay £11.1m p.a. until 2030 (or earlier if full funding on this secondary funding objective is achieved before 2030). At 31 March 2024 the Scheme was 95% funded on the long-term funding target ("LTFT") basis with a shortfall on this basis of £24m.

The Trustee continues to keep the performance of the sponsoring employer under review and representatives from the Company have regularly attended Trustee meetings during the year to update the Trustee on performance and strategy. The Trustee also receives regular reports from its Covenant adviser, Cardano, to help them assess the Company's ability to continue to support the Scheme.

The Scheme's investment strategy continues to be based around a low risk Cashflow Driven Investment ("CDI") approach in the sense that the assets are invested such that the expected cashflows they generate broadly match the expected liability cashflows on an ongoing basis, whilst still targeting a return in excess of gilts.

The Scheme's assets returned 0.4% (net of fees) during the year, outperforming the Scheme's benchmark return by 1.5%. The annualised return over the 3 years to 31 March 2024 was -9.8% p.a. (net of fees), which was above the Scheme's benchmark return of -11.0% p.a. The allocation to the LGIM LDI portfolio (and the resultant liability hedging it provides) has helped to protect the Scheme's funding level from fluctuations in gilt yields and the associated changes in the value placed on the liabilities. The Janus Henderson Multi-Asset Credit, Insight Secured Finance Fund and M&G ICOF V outperformed their respective benchmark returns over the 3-year period to 31 March 2024 but did not meet their outperformance targets. In April 2024 the Trustee took the decision to move funds out of the Newton Sustainable Global Dynamic Bond mandate and move these into a new Net Zero Short Dated Global Corporate Bond Fund held with LGIM. Both the LGIM Buy & Maintain Credit and the Net Zero Short Dated Credit mandates are now managed to the objectives underlying LGIM's Net Zero Framework to ensure a greater alignment to the Trustees ESG beliefs, in particular around climate change.

A more detailed analysis of investment performance and strategy is given on pages 15 to 19.

RS Group Pension Scheme

THE CHAIR'S STATEMENT

For the year ended 31 March 2024

In October 2018, the High Court ruled that DB pension schemes with Guaranteed Minimum Pensions (GMPs) are under a legal obligation to increase benefits where necessary to remove the inequality in the way that GMPs treat men and women. GMPs are intended to replicate certain state pensions to try to ensure that a member would not be worse off as a result of being a member of an occupational pension scheme which was contracted out of the state second pension, then known as SERPS.

A GMP Joint Working Committee (JWC) was set up with representatives from the Trustee and Company to oversee the project which is being managed by our administrator Capita. Work on equalising GMPs for pensioners was largely completed in February 2024, and communications have been issued to impacted members. Further work is ongoing to get all calculations automated and a separate project workstream has been initiated regarding members who have transferred out of the Scheme.

Administration and Communication

In March 2023 Capita, the Scheme's administrator, informed us of a cyber-attack on their IT systems. We take the protection of Scheme member data very seriously and as such we notified the Information Commissioner's Office ("ICO"), the UK's independent body set up to uphold information rights, in relation to the Capita Security Breach and also The Pensions Regulator. We know that Capita was also in contact with these authorities. Capita has confirmed that they found no evidence that personal data resulting from this incident is further circulating openly on the internet and they are continuing to monitor this. We have worked closely with Capita to: (i) review the security of that data; and (ii) to obtain assurances from Capita that their systems and practices have been updated to take into account their learnings from this incident and to minimise any ongoing risk to members. We wrote to all impacted members in June 2023 and encouraged all members to remain vigilant if they receive any unexpected emails, telephone calls, texts or letters. Following a third-party review by a consultant Kroll, Capita identified further data that was affected by the cyber-attack which were notified to the Trustees on 20 March 2024. Further letters were issued to all members affected to outline the data impacted.

Capita's service levels have been inconsistent during the Scheme year and have dropped below the contractual service level of 95% at times throughout the year. However, we have been working closely with Capita to improve their service levels and they are now back on track.

The Trustee has continued to communicate regularly with members and going forward will concentrate on more frequent shorter communications, to improve engagement with members. An exercise to update retirement forms has taken place to help improve the member experience at retirement, along with a new Retirement Hub on our website which is now live for members to use. The Trustee and Capita will also be issuing an annual member survey going forward to drive improvements to the member experience and communications.

The government is introducing pensions dashboards which aim to provide clear and simple information about an individual's pension savings across multiple pension pots, including their State Pension. Dashboards will enable individuals to access their pensions information online, securely and all in one place, thereby supporting better planning for retirement. Capita have been working on building their solution and we have been working closely with them, and will continue to do so going forward, to ensure that members' data is as up to date and accurate as possible allowing members to benefit from the dashboards.

Governance

Under disclosure rules relating to UK pension funds, trustees must outline their approach to engagement with investee companies, and how they take account of financially material factors, including Environmental, Social, Governance (ESG) and climate change considerations, in investment decision making. The Trustee continues to receive training on ESG and to review its ESG Policy which sets out how the Scheme manages ESG risks and opportunities. The Trustee has also updated its processes which had been documented in the Scheme's Statement of Investment Principles (SIP) and which can be found online <https://www.rspensions.co.uk/library/useful-documents>. In line with legislation this Annual Report also includes an implementation statement. This statement sets out how, and the extent to which, the SIP has been followed during the year to 31 March 2024. The Trustee also continues to take into account ESG considerations in their assessment and appointment of investment managers and their investment strategy. The Trustee has also continued to engage with the Company on its approach to ESG to ensure that Trustee and Company objectives align.

RS Group Pension Scheme

THE CHAIR'S STATEMENT

For the year ended 31 March 2024

The Pensions Regulator released its general (single) code of practice which came into force on 28 March 2024. In particular the Regulations set out that: "The trustees or managers of an occupational pension scheme must establish and operate an effective system of governance including internal controls". The Trustee has started to assess its existing governance against the Regulator's code of practice and to highlight areas where improvement may be required. The assessment and actions to comply with the General Code will continue during 2024/25.

Trustees

I would also like to congratulate Peter Dowsett and Phil Harris-Bridge on their reappointment as Member Nominated Trustee Directors for the four-year period starting in July 2024. Peter and Phil have made a valuable contribution to the running of the Scheme and I am delighted that they have been reappointed.

Finally, once again I would like to thank all my fellow Trustee Directors for their exceptional commitment and continued efforts on behalf of the Scheme membership, including their valuable input to the Investment & Risk and Communications & Member Experience sub committees. I'd also like to thank Rod Tanner (the Scheme Secretary) and his team for providing excellent support to the Trustee during the year.

Capital Cranfield Pensions Trustees Limited - represented by F Stark
Chair
RS Group Pension Scheme

RS Group Pension Scheme

TRUSTEE'S REPORT

For the year ended 31 March 2024

The Trustee has pleasure in presenting this report and the audited financial statements of the Scheme for the year ended 31 March 2024.

This report has been prepared in accordance with Sections 41(1) and 41(6) of the Pensions Act 1995, 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).

NATURE OF THE SCHEME

With effect from 1 December 2021 the Scheme operates solely as a Defined Benefit Scheme and is administered in accordance with the establishing documents and rules, solely for the benefit of its members and other beneficiaries. The Scheme is closed to new members.

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

Members of the Defined Benefit Section were contracted out of the State Second Pension, under a certificate issued by the HM Revenue & Customs National Insurance Contributions Office. With effect from 6 April 2012, the Scheme changed the basis for contracting out from a "Protected Rights" (or defined contribution) basis to a salary related basis. The Scheme fully complied with the government's decision to abolish contracting-out for the Defined Benefit Section members from April 2016 and those members became subject to the full national insurance rate deductions under the PAYE process from that date. Members of the Defined Contribution Section have always been contracted in.

The Principal Employer of the Scheme is RS Group plc. The Scheme provides benefits for all eligible employees of the Principal and Participating Employers. The Participating and Statutory Employers are:

RS Group plc
RS Components Limited

MANAGEMENT OF THE SCHEME

The Directors of the Corporate Trustee, RS Group Pension Trustees Limited, named on page 1, have served throughout the period.

The power to appoint and remove from office Employer nominated Trustee Directors is held by RS Group plc. Member nominated Trustee Directors are normally appointed for a four year term.

RS Group Pension Scheme

TRUSTEE'S REPORT

For the year ended 31 March 2024

The current Trustee Directors are split between Member nominated and Employer nominated, as summarised below:

Capital Cranfield Pensions Trustees Limited - represented by F Stark (Chair)

E J Dowler¹

P Jackson²

P Harris- Bridge*²

P Dowsett*¹

C Curtis

*Indicates Member nominated Trustee Director

¹ Member of Investment & Risk Sub Committee

² Member of Communications & Member Experience Sub Committee

Peter Dowsett and Phil Harris-Bridge have been recently reappointed as Member Nominated Trustee Directors for the four-year period starting in July 2024.

The Trustee Director Board met 8 times in the year (2023: 8 times). Regular training is provided for all Trustee Directors and includes an induction process for newly appointed Trustee Directors.

FINANCIAL DEVELOPMENT OF SCHEME

The financial statements on pages 25 to 40 show that the value of the Scheme's total assets decreased by £5,976k to £419,921k as at 31 March 2024. The decrease comprised of a decrease in dealing with members of £5,647k, a decrease of the value of investments of £2,749k, £684k in net investment expenses and £3,104k of net investment income.

ACTUARIAL STATUS OF SCHEME

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 3 years using assumptions agreed between the Trustee and the Company and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

The most recent actuarial valuation was carried out as at 31 March 2022. At that date the Scheme showed a deficit of £37 million relative to its technical provisions, equivalent to a funding level of 94%. The actuarial report as at 31 March 2023 showed a deficit of £24 million relative to its technical provision, equivalent to a funding level of 95%. As at 31 March 2024 the deficit was estimated to be £5 million, equivalent to a funding level of 99%. The improvement in the Scheme's funding position is better than expected due to the impact of increasing gilt yields and a fall in future inflation expectations which have led to the technical provisions decreasing by more than the fall in the value of the Scheme's assets. As a part of the funding agreement between the Company and Trustee, the Company has agreed to pay a contribution of £11.1 million a year until the technical provisions deficit has been removed, which is expected to be in September 2025.

Further details on the actuarial status of the scheme are provided on page 41.

RS Group Pension Scheme

TRUSTEE'S REPORT

For the year ended 31 March 2024

MEMBERSHIP SUMMARY

	2024 Total
Active members as at 1 April 2023	281
Prior year adjustment	(4)
Retirements	(10)
Leavers with preserved benefits	(15)
Deaths	(1)
Active members as at 31 March 2024	<u>251</u>
Pensioner members as at 1 April 2023	1,774
Prior year adjustment	16
Deaths	(61)
Retirements	68
New dependants	16
Pensions suspended	(14)
Pensions reinstated from suspense	4
Pension commuted for cash	(2)
Pensioners as at 31 March 2024	<u>1,801</u>
Deferred members as at 1 April 2023	1,617
Prior year adjustment	(12)
Deferred members who retired	(58)
New preserved members	15
Pensions commuted for cash	(9)
Transferred out	(1)
Deaths	(4)
Deferred members as at 31 March 2024	<u>1,548</u>
Total Membership	<u>3,600</u>

Pensioner members above include dependants receiving a pension upon the death of a member.

The above membership numbers do not include movements notified to the administrator after the completion of the annual renewal.

RS Group Pension Scheme

TRUSTEE'S REPORT

For the year ended 31 March 2024

GOVERNANCE

The Trustee Directors have committed to communicate regularly with the Principal Employer to ensure the Trustee can continually monitor and review the strength of the Employer covenant. This includes the review of the Principal Employer's results and regular presentations to the Trustee Directors by senior management. In addition, the Trustee Directors review the Company's financial arrangements and obtain reports from their advisers of performance metrics. A full covenant assessment was performed in July 2022, and the Trustee's adviser Cardano rated the overall Covenant as Fairly Strong on their nine-point rating scale to support the 2022 valuation process. Further interim assessments were done in July 2023 and 2024.

In April 2024, the Trustee provided a 'letter of comfort' to the Principal Employer, which advised that the Rules of the RS Group Pension Scheme give the Trustee powers to wind up the Scheme in certain circumstances, however the Trustee had no current intention of exercising that power as of the signing date of the letter of comfort.

Each Code of Practice issued by the Pensions Regulator has been considered by the Trustee Directors to ensure the Scheme fully complies with the guidance within a reasonable time after each Code of Practice is issued.

The Pensions Regulator released its general (single) code of practice which came into force on 28 March 2024. In particular the Regulations set out that: "The trustees or managers of an occupational pension scheme must establish and operate an effective system of governance including internal controls". The Trustee has started to assess its existing governance against the Regulator's code of practice and to highlight areas where improvement may be required. The assessment and actions to comply with the General Code will continue during 2024/25.

FURTHER INFORMATION

Further information about the Scheme is available, on request, to members and prospective members, their spouses and other beneficiaries together with all recognised trade unions. In particular, the Trust Deed and Rules, a copy of the latest actuarial report and the Statement of Investment Principles can be inspected.

Individual benefit statements are provided to active members annually, through the third-party administrator system. In addition to the information shown on these benefit statements, members can request a written statement showing details of the amount of their current transfer value and, if applicable, the current amount of any refund of contributions to which they would be entitled upon leaving service. Such requests cannot, however, be made more frequently than once a year.

If you have any queries concerning the Scheme in general or your own pension position, or wish to obtain further information, you should contact the administration team who will also be able to provide you with a further copy of the Scheme booklet, should you require one, and answer any queries you may have about your entitlement to benefits.

If you have any complaints in relation to the Scheme you should in the first instance contact:

Mr RG Tanner
Secretary to the Trustee
RS Group plc
Fifth Floor, Two Pancras Square
London
N1C 4AG
Email rod.tanner@rsgroup.com

RS Group Pension Scheme

TRUSTEE'S REPORT

For the year ended 31 March 2024

GENERAL DATA PROTECTION REGULATION (GDPR)

The privacy and security of members personal information is very important to us and we take our obligations under GDPR very seriously. In May 2018 the Trustee issued a 'Fair Processing Notice' to all members which explains how we collect and use your personal information. The Trustees have also developed a data protection policy which details our internal policies and procedures in relation to GDPR. A copy of the fair processing notice and data protection policy is available on our website, www.rspension.co.uk.

ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

The Scheme's external DB AVC facility was closed to new contributors with effect from 1 April 2006. Prior to 1 December 2021, there was provision for members of the Defined Benefit Section to pay additional contributions into any of the funds held under the Defined Contribution Section of the Scheme in order to increase their eventual benefits available from the Scheme. With effect from 1 December 2021 active members are able to pay AVCs to a separate Legal & General Master Trust. The Scheme now only has historic AVC policies with Utmost Life.

INVESTMENT MANAGERS AND ADVISERS

The current investment managers are shown on page 2.

The investment managers are given discretion in making investment decisions, subject to the broad guidelines laid down by the Trustee.

The investment managers are paid fees for their services. The fees are calculated as a percentage of the market value of the part of the fund that they manage. The Trustee Directors have increased their monitoring of investment expenses and are demanding greater transparency from their investment managers of their charges.

The Trustee has appointed Mercer Investment Consulting Limited as investment consultant for the Scheme and they assist the Trustee Directors with development and maintenance of their investment policy, drawing up benchmarks, selection of managers and monitoring of their performance. They are also appointed to provide Performance Measurement Services.

GMP EQUALISATION

On 26 October 2018, the High Court of Justice of England and Wales issued a judgement regarding the rights of female members of certain pension schemes to equality of treatment in relation to pension benefits. The judgement concluded that the claimant is under a duty to amend the schemes in order to equalise benefits for men and women in relation to guaranteed minimum pension benefits. A supplemental ruling in November 2021 clarified the position in relation to historic transfers out. This ruling requires the rectification of any shortfall in these transfer values, calculated on the basis of unequalised GMPs.

In 2024 GMP rectification and equalisation of pension benefits has been completed resulting in a correction payment of £823k. An assessment of the backdated amounts and related interest in respect of transfers out, does not indicate that these will be material to the financial statements and therefore the Trustee has not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

VIRGIN MEDIA v NTL CASE

The judgment in the appeal case of Virgin Media Ltd v NTL Pension Trustees II Ltd and others was issued on 25 July 2024. The Trustee and the Company will work with their professional advisers to consider the implications of the case and what further actions (if any) need to be taken in relation to assessing whether there may be any potential impacts on the Scheme. Initial analysis suggests that the scheme was contracted-out on a protected rights basis until 2012, with salary-related contracting out from 2012-16 only, thus reducing the relevant period for this assessment of potential impacts on the Scheme.

RS Group Pension Scheme

TRUSTEE'S REPORT

For the year ended 31 March 2024

PENSION INCREASES

During the year the Trustee increased pensions in payment in excess of the Guaranteed Minimum Pension (GMP) by 5% for pension accrued up to 5 April 2006 and by 2.5% for pension accrued after 5 April 2006. GMPs in payment were increased in accordance with legislative requirements.

Pensions in payment (in excess of GMPs in payment) accrued up to 5 April 2006 are increased in line with the annual increase in the Retail Prices Index to the December prior to the pension increase exercise, subject to a maximum of 5%. Pensions in payment (in excess of GMPs in payment) accrued after 6 April 2006 are increased in line with the annual increase in the Retail Prices Index to the December prior to the pension increase exercise, subject to a maximum of 2.5%.

During the year, deferred benefits were increased in accordance with legislative requirements

CALCULATION OF TRANSFER VALUES

Members leaving service can normally transfer the value of their benefits under the Scheme to another scheme that they join or to an insurance contract or personal pension.

The transfer value of a Scheme member's benefits includes no allowance for any discretionary benefits which might be awarded in the future.

The transfer values paid during the year were calculated and verified in accordance with regulations under Section 97 of the Pensions Act 1999 and Section 173 of the Pensions Act 1995.

During the year the transfer values paid were equal to the cash equivalent of the members' leaving service rights.

OTHER INFORMATION

Pensions Regulator

The Pensions Regulator is the regulator of work-based pensions in the UK, with powers under the Pensions Act 2004. The Pensions Regulator can be contacted at:

Telecom House
125-135 Preston Road
Brighton BN1 6AF

www.thepensionsregulator.gov.uk
Tel: 0345 600 0707

Pension Protection Fund (PPF)

A fund set up under the Pensions Act 2004 to provide benefits to members of defined benefit Schemes that wind up due to the Employer's insolvency with insufficient assets to pay benefits. The PPF can be contacted at:

Renaissance
12 Dingwall Road
Croydon CR0 2NA

www.ppf.co.uk
Tel: 0345 600 2541

Pension Tracing Service

The Department for Work and Pensions carries out a pension tracing function that enables members who lose contact with the employing company to trace their benefits. The Pension Tracing Service can be contacted at:

The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

www.gov.uk/find-pension-contact-details
Tel: 0800 731 0193

RS Group Pension Scheme

TRUSTEE'S REPORT

For the year ended 31 March 2024

OTHER INFORMATION (CONTINUED)

The Pensions Advisory Service (TPAS)

Members and beneficiaries of occupational pension schemes who have general requests for information or guidance concerning their pension arrangements can consult with TPAS. A local TPAS adviser can usually be contacted through a Citizens' Advice Bureau. Alternatively, TPAS can be contacted at:

Money Helper
Holborn Centre
120 Holborn
London
EC1N 2TD

www.moneyhelper.org.uk
Tel: 0800 011 3797

Pensions Ombudsman

The Pensions Ombudsman (TPO) deals with complaints about personal and occupational pension schemes, as well as any difficulty with a scheme that cannot be resolved or that might later become a complaint. This Factsheet provides some suggested wording you can use to signpost members to TPO.

You have the right to refer your complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman can be contacted at:

10 South Colonnade, Canary Wharf
London, E14 4PU Tel: 0800 917 4487
Email: Enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

Disputes Resolution Procedure

Under the Pensions Act 1995 there is a requirement for the Scheme to set up its own formal procedures for resolving any dispute with the Trustee or administrators. It is to be used when a member or potential beneficiary has a dispute that has not been satisfactorily resolved informally. At any stage of the dispute the individual can refer to the Pensions Ombudsman for informal help. Once the disputes resolution procedure is complete, the matter can be pursued through the office of the Pensions Ombudsman or ultimately through the Courts.

RS Group Pension Scheme

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 Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the 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 the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the scheme will not be wound up.

The Trustee is also responsible making available certain other information about the Scheme 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 Scheme 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 Scheme by or on behalf of the employer and the active members of the scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the scheme and for adopting risk-based processes to monitor whether contributions are made to the scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee is responsible for the maintenance and integrity of the pension and financial information included on the RS Group Pension Scheme website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's Report, the Investment Report and the Statement of Trustee's Responsibilities were approved by the Trustee Board on _____ and signed on its behalf by:

Capital Cranfield Pensions Trustees Limited - represented by F Stark
Trustee Director (Chair)

EJ Dowler
Trustee Director

RS Group Pension Scheme

INVESTMENT REPORT

The Trustee is pleased to present its report on investment strategy and performance for the year ended 31 March 2024.

INVESTMENT MANAGERS

As part of this report, the Trustee has presented information in relation to the performance of the investment arrangements with Legal and General Investment Management (“LGIM”). Janus Henderson Global Investors (“Janus Henderson”), Insight Investment Management (Global) Limited (“Insight”), M&G Investments (“M&G”) and Newton Investment Management Limited (“Newton”).

INVESTMENT STRATEGY

The Trustee is responsible for determining the Scheme’s investment strategy. The Trustee has set the investment strategy for the Scheme after taking appropriate advice and has delegated the day-to-day management of investments to professional external investment managers. These managers, who are regulated by the Financial Conduct Authority in the United Kingdom, manage the investments within the restrictions set out in the Statement of Investment Principles (“SIP”) and the mandates’ governing documentation. Subject to complying with the agreed strategy, which specifies the target proportions of the fund that should be invested in the asset classes, the day-to-day management of the asset portfolio of the Scheme, including the full discretion for stock selection, is the responsibility of the investment managers.

The Trustee's objective is to invest the Scheme's assets to maximise the probability of being able to deliver all members’ benefits in full and on time.

The Trustee invests solely in pooled and bespoke pooled (single investor) investment vehicles. Within the pooled investments held, the Trustee has authorised the use of derivatives by the investment managers for efficient portfolio management purposes and to reduce certain investment risks, such as interest rate risk and inflation risk. The principal investments in derivatives are interest rate and inflation swaps and gilt repurchase agreements within the liability driven investment (“LDI”) portfolio.

The Scheme’s long term funding target (“LTFT”) is to deliver full funding on a gilts +0.4% p.a. basis by 2030. The Scheme’s investment strategy is broadly consistent with a Cashflow Driven Investment (“CDI”) approach. In particular, the assets are invested largely in income generative assets, whose cashflows may be used to help meet the cashflow requirements of the Scheme on an ongoing basis, whilst still targeting a return in excess of gilts. The Trustee has set target interest rate and inflation hedge ratios of 85% (measured on a gilts +0.4% p.a. basis) to be delivered by the Scheme’s LDI Portfolio (allowing for the hedging provided by the LGIM buy and maintain credit mandate).

If the income generated from the Scheme’s assets is not sufficient to meet the Scheme’s cashflow requirements, then the additional amount will be sourced from excess collateral held within the LDI Portfolio.

The table below shows the deployment of assets at the year-end versus the target allocation:

Manager	Asset Class	Asset allocation at 31 March 2024 (%)	Target allocation at 31 March 2024 (%)
Defensive Growth		36.9	29.5
Janus Henderson	Alternative Credit	10.3	8.0
Insight	Alternative Credit	11.0	8.5
M&G	Alternative Credit	10.6	8.0
Newton	Alternative Credit	5.0	5.0
Matching		63.1	70.5
LGIM	Buy & Maintain Credit	39.2	44.5
LGIM	LDI	23.9	26.0
Total		100.0	100.0

Source: Investment managers. Figures subject to rounding.

Total value (excluding AVCs): £420.2m

RS Group Pension Scheme

INVESTMENT REPORT

The target allocations are set by the Trustee as a guide, and have been agreed to in the context of the Scheme's overall objectives, including the expected return requirement and corresponding levels of investment risk. We would expect the actual allocation fluctuate over time, in line with broader market conditions, such that it may move away from target. The Investment and Risk Sub-Committee (IRSC) review the actual allocation relative to target on a quarterly basis and may choose to rebalance, however there are a number of factors which will influence this decision. The IRSC is comfortable that the actual allocation and investment strategy remains appropriate in the context of achieving the Scheme's overall objective over time.

The Trustee regards all of the investments held by the Scheme as marketable, as detailed below:

- The LDI (including buy and maintain credit) investment vehicles with LGIM are weekly priced and traded;
- The Janus Henderson alternative credit pooled investment vehicle is monthly priced and traded;
- The Insight alternative credit pooled investment vehicle is monthly priced and monthly traded for investments, but quarterly traded for redemptions;
- The M&G alternative credit pooled investment vehicle is quarterly priced. 180 calendar days' notice is required for redemptions.
- The Newton alternative credit pooled investment vehicle is daily priced and traded.

In addition to the above assets, the Scheme holds AVC investments with Utmost Life valued at £90,930.

STATEMENT OF INVESTMENT PRINCIPLES

The Trustee has prepared a SIP in accordance with section 35 of the Pensions Act 1995, the Occupational Pension Scheme's (Investment) Regulations 2005 and subsequent legislation. A copy of the latest statement is available to members online at <https://www.rspensions.co.uk/library/useful-documents> or on request from the Secretary to the Trustee Board at the address shown on page 10.

The SIP was reviewed and updated in July 2023. The changes made to the SIP were to update for the employer contribution schedule and to note the Trustee's consideration of its expected return and liquidity requirements when setting the investment strategy. A further update to the SIP was made in July 2024.

In addition to the SIP, which sets out the guiding principles upon which the Scheme's investments are based, the Trustee has an Investment Implementation Policy Document to provide details of the specific investments in place, alongside other information relevant to the management of the investments. This document was also updated in July 2023 and July 2024 alongside the SIP.

Environmental, Social and Corporate Governance ("ESG"), Stewardship, and Climate Change Beliefs and Policies

The Trustee believes the following with regard to ESG issues, stewardship and climate change for the investment managers:

- ESG factors can have a material impact on long-term risk and return outcomes and should be integrated into the investment process.
- Good stewardship and engagement can create and preserve value for companies and markets as a whole, hence having the potential to benefit Scheme members in the long-term. The Trustee's key stewardship themes are climate change, energy efficiency, health & safety, human rights, diversity, equity & inclusion and corporate governance. The Trustee has determined these priorities based on the Trustee Directors' ESG beliefs, taking into account the Employer's strategic priorities on ESG and sustainability matters.
- Climate change poses a systemic risk, and accordingly the Trustee will consider the potential financial impacts of both the associated transition to a low-carbon economy and the physical impacts of different climate outcomes.
- The Scheme's investments should support the Paris Agreement's objective to limit global warming to "well below 2 degrees C", relative to pre-industrial levels, and pursue efforts to limit warming to 1.5 degrees C if possible. The Trustee believes this is aligned with better economic outcomes for investors.
- ESG factors will affect more than just the asset portfolio. As such, the Trustee views ESG factors through an integrated risk management lens, including investment, funding, and covenant considerations.

RS Group Pension Scheme

INVESTMENT REPORT

In order to put its beliefs into practice, the Trustee has followed the policies set out below over the course of the year under review:

- The Trustee has granted discretion to their advisers and the Scheme's investment managers in respect of the processes used to evaluate ESG issues, including climate change, and to exercise stewardship over the investments.
- The Trustee encourages the Scheme's investment managers to exercise their rights in accordance with the UK Corporate Governance Code and UK Stewardship Code. The Trustee reviews the investment manager's policies and engagement activities on a regular basis.
- The Trustee considers how ESG, stewardship and climate change are integrated within investment processes and how they align with the Trustee's policies in appointing new investment managers and monitoring existing investment managers.
- The Trustee has set out clear expectations for their advisers and the Scheme's investment managers to consider ESG issues, including climate change, where relevant to investment outcomes.
- The Trustee, together with their adviser, annually monitors the extent to which ESG factors, including explicit consideration of climate change, are integrated into the investment managers' approaches (e.g. their methods for bringing ESG insight into their evaluations of investee companies). To supplement this, the Trustee makes regular use of the investment consultant's ESG ratings and will proactively engage with investment managers whose ESG ratings are judged to be lagging their peers within the asset class.
- The Trustee annually monitors investment managers' stewardship activities, with reference to the UK Stewardship Code (where applicable).
- The Investment & Risk Sub-committee meets all investment managers regularly to discuss ESG, stewardship and climate change issues specifically. These meetings provide a forum for the Sub-committee to communicate their expectations in respect of ESG matters and assess the investment managers' ability to meet them.

Post scheme year-end, the Trustee discussed the results of an updated ESG beliefs survey which was carried out in order to reaffirm the Trustee's ESG beliefs. Building from this, The Trustee updated their standalone ESG policy for the Scheme. This document establishes additional processes that ensure investment decisions refer back to the Trustee's beliefs.

ESG best practice is rapidly evolving and the Trustee will continue to build on its approach in this area. The evolution of the approach will be recorded within annual reports.

OVERVIEW OF AND CHANGES TO INVESTMENT PORTFOLIO

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investments and considers them to be appropriate relative to the reasons for holding each class of investment. More details about the Scheme's investments are given in the notes to the accounts.

As at 31 March 2024, the Scheme's assets were invested in a diversified range of asset classes managed by a range of investment managers. Corporate bonds, gilts and other LDI instruments were managed by LGIM. Janus Henderson, Insight, M&G and Newton managed the alternative credit mandates.

The mandates with Janus Henderson, Insight, M&G and Newton are managed on an active basis. These holdings aim to deliver higher risk-adjusted returns compared to traditional credit portfolios, whilst also providing diversification relative to the Scheme's other investments. Such investments are also in line with the Scheme's objective of adopting a cashflow-driven investment ("CDI") approach.

RS Group Pension Scheme

INVESTMENT REPORT

LGIM manages corporate bond and LDI mandates within a Qualifying Investor Alternative Investment Fund (“QIAIF”). The QIAIF is a bespoke pooled fund product regulated by the Irish Central Bank that was introduced in July 2013. This structure offers the Scheme the ability to construct its own mandates in order to meet set goals. The Scheme’s QIAIF has been designed to manage the interest rate and inflation risk of the Scheme’s expected liability cashflows, while also capturing the additional expected return associated with investing in corporate bonds. It further generates income to meet the Scheme’s cashflow needs, with the proceeds being transferred by LGIM to the LDI portfolio. Under the existing policy, cash can then be disinvested from the LDI portfolio to the Trustee bank account, as and when required, to meet the Scheme’s cashflow needs. 100% of the income generated within the LGIM Buy & Maintain Credit Portfolio is currently paid to the LGIM LDI Portfolio on a monthly basis.

During the year under review, the Trustee also agreed to update the Scheme’s strategic asset allocation to reflect the changes in the liability hedging landscape. Therefore, the target allocation to LDI decreased from 30% to 26% of total Scheme assets, having increased the prior year to allow for the changing regulatory environment. This was consistent with the actions taken by the Trustee during the second half of 2022 when Scheme assets were required to be sold and transferred to the LDI Portfolio to meet collateral calls issued by LGIM in order to continue to support the hedge of the Scheme’s liabilities.

SCHEME PERFORMANCE

The Scheme performance (net of fees) and benchmark performance over the 12 months and 3 years to 31 March 2024 is detailed in the table below:

Manager / Fund	Twelve Months		Three Years		Outperformance target %
	Fund %	B'mark %	Fund % p.a.	B'mark % p.a.	
Janus Henderson Multi-Asset Credit	10.4	5.1	3.7	2.5	+4.6
Insight Secured Finance Fund	10.6	5.1	5.1	2.5	+3.7
M&G ICOF V	8.9	5.1	5.6	2.5	+5.0
Newton Sustainable Global Dynamic Bond Fund ¹	3.9	5.1	-	-	+2.0
Total Defensive Growth Portfolio	9.1	5.1	4.0	2.7	--
LGIM LDI	-16.1	-16.1	-67.9	-67.9	--
LGIM Buy & Maintain Credit	6.2	6.2	-5.7	-5.7	--
Total Matching Portfolio	-4.1	-4.1	-17.8	-17.8	--
Total Assets	0.4	-1.1	-9.8	-11.0	--

Figures shown are net of fees and based on performance provided by the Investment Managers, Mercer estimates and Refinitiv.

Figures subject to rounding. For periods over one year, the figures in the table above have been annualised.

Target returns for the alternative credit managers taken as +5% p.a. for Janus Henderson (gross of fees), +4% p.a. for Insight (gross of fees), +5% p.a. for M&G (net of fees) and +2% p.a. for Newton (gross of fees). The target returns for Janus Henderson, Insight and Newton have been adjusted for fees in the above table for comparison purposes.

Total benchmark return is based on the benchmark returns of each of the sub-groups total defensive growth and total matching portfolios. We have also shown the change in liabilities (measured on the LTFT basis) over the quarter, one-year, three-year and five-year periods, based on information provided by the Scheme Actuary.

¹ The Scheme invested in the Newton Sustainable Global Dynamic Bond Fund on 1st September 2021, therefore returns for the 3-year period are not yet available.

The Scheme’s assets returned 0.4% (net of fees) during the year, outperforming the Scheme’s benchmark return by 1.5%. The annualised return over the 3 years to 31 March 2024 was -9.8% p.a. (net of fees), which was above the Scheme’s benchmark return of -11.0% p.a. The allocation to the LGIM LDI portfolio (and the resultant liability hedging it provides) has helped to protect the Scheme’s funding level from fluctuations in gilt yields and the associated changes in the value placed on the liabilities. The Janus Henderson Multi-Asset Credit, Insight Secured Finance Fund and M&G ICOF V outperformed their respective benchmark returns over the 3-year period to 31 March 2024 but did not meet their outperformance targets.

RS Group Pension Scheme

INVESTMENT REPORT

CUSTODIAL ARRANGEMENTS

The Trustee is responsible for ensuring the Scheme's assets continue to be securely held.

For the Scheme's pooled fund investments, the Trustee has no direct ownership of the underlying pooled funds or the underlying assets of the pooled funds. The policies, proposal forms, prospectuses and related principles of operation, set out the terms on which the assets are managed. The safekeeping of the assets within the pooled funds is performed on behalf of the representative investment managers by custodian banks specifically appointed to undertake this function and whose appointment is reviewed at regular intervals by the manager. The current custodians are shown in the table below.

Manager	Custodian
LGIM	Northern Trust Fiduciary Service (Ireland) Limited
Janus Henderson	BNP Paribas Securities Services
Insight	Northern Trust Fiduciary Service (Ireland) Limited
M&G	State Street Custodial Services (Ireland) Limited
Newton	BNY Mellon SA/NV

EMPLOYER RELATED INVESTMENTS

Under the Pensions Act 1995 particular types of investment are classed as "employer-related investments". Under laws governing employer related investments ("ERI") not more than 5% of the current value of Scheme assets may be invested in ERI (subject to certain specific exceptions). In addition, some ERI is absolutely prohibited, including an employer related loan or guarantee. In September 2010 the prohibition of ERI was extended to cover pooled funds. It should be noted that this prohibition does not cover pooled funds held in life wrappers, i.e. funds which are packaged in an insurance policy.

The Trustee reviews its allocation to ERI on an on-going basis and is satisfied that the proportion of the Scheme's assets in ERI complies with the legislative requirements. This will continue to be monitored going forward.

The Scheme had no direct holdings of RS Group plc ordinary shares through any of its investment vehicles.

RS Group Pension Scheme

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS, UNDER REGULATION 4 OF THE OCCUPATIONAL PENSION SCHEMES (REQUIREMENT TO OBTAIN AUDITED ACCOUNTS AND A STATEMENT FROM THE AUDITOR) REGULATIONS 1996, TO THE TRUSTEE OF THE RS GROUP PENSION SCHEME

Statement about contributions payable under schedule of contributions

We have examined the Summary of Contributions payable to the RS Group Pension Scheme, on page 21, in respect of the Scheme year ended 31 March 2024.

In our opinion the contributions for the Scheme year ended 31 March 2024 as reported in the Summary of Contributions on page 21 and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the actuary on 29 September 2022.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 21 have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the schedule of contributions.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities on page 14, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions.

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

Use of our statement

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

RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date:

RS Group Pension Scheme

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

TRUSTEE'S SUMMARY OF CONTRIBUTIONS PAYABLE UNDER THE SCHEDULE IN RESPECT OF THE SCHEME YEAR ENDED 31 MARCH 2024

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 Scheme under the Schedule of Contributions certified by the actuary on 29 September 2022 in respect of the Scheme year ended 31 March 2024. The Scheme auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

Contributions payable under the Schedule in respect of the Scheme year	DB £'000
Employer:	
normal contributions – including salary sacrifice*	2,032
deficit funding contributions	11,118
Ill health contributions	170
Total Employer contributions payable under the Schedule	13,320
Member*:	
normal contributions	1
Total Member contributions payable under the Schedule	1
Contributions payable under the Schedule (as reported on by the Scheme auditor) and as reported in the financial statements	13,321

* For the majority of members, contributions are paid by Salary Sacrifice and hence are classed as Employer contributions.

Signed for, and on behalf of, the Trustee by:

Capital Cranfield Pensions Trustees Limited - represented by F Stark
Trustee Director (Chair)

EJ Dowler
Trustee Director

RS Group Pension Scheme

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE RS GROUP PENSION SCHEME

Opinion

We have audited the financial statements of the RS Group pension scheme for the year ended 31 March 2024 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2024, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Scheme's 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. The Scheme's 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.

RS Group Pension Scheme

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE RS GROUP PENSION SCHEME

Responsibilities of the trustee

As explained more fully in the trustees' responsibilities statement set out on page 14, 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

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

RS Group Pension Scheme

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE RS GROUP PENSION SCHEME

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

Use of our report

This report is made solely to the Scheme's 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 Scheme'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 Scheme and the Scheme's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
Date:

RS Group Pension Scheme

FUND ACCOUNT

For the year ended 31 March 2024

	Notes	2024 Defined Benefits Section £'000	2024 Defined Contribution Section £'000	2024 Total £'000	2023 Total £'000
CONTRIBUTIONS AND BENEFITS					
Employer contributions	1	13,320	-	13,320	13,577
Employee contributions	1	1	-	1	2
Total contributions		13,321	-	13,321	13,579
Transfers in	2	235	-	235	220
Other income	3	96	-	96	178
		13,652	-	13,652	13,977
Benefits paid or payable	4	(18,225)	-	(18,225)	(15,996)
Payments to and on account of leavers	5	(123)	-	(123)	(2,168)
Other payments	6	(3)	-	(3)	(91)
Administrative expenses	7	(948)	-	(948)	(1,016)
		(19,299)	-	(19,299)	(19,271)
NET WITHDRAWAL FROM DEALINGS WITH MEMBERS					
		(5,647)	-	(5,647)	(5,294)
RETURNS ON INVESTMENTS					
Investment income	8	3,103	1	3,104	1,878
Change in market value of investments	9	(2,749)	-	(2,749)	(154,731)
Investment management expenses	11	(684)	-	(684)	(753)
NET RETURN ON INVESTMENTS		(330)	1	(329)	(153,606)
NET (DECREASE) / INCREASE IN THE SCHEME DURING THE YEAR					
		(5,977)	1	(5,976)	(158,900)
NET ASSETS OF THE SCHEME AS AT 1 APRIL					
		425,897	-	425,897	584,797
Transfers between sections		1	(1)	-	
NET ASSETS OF THE SCHEME AS AT 31 MARCH					
		419,921	-	419,921	425,897

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

RS Group Pension Scheme

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

As at 31 March 2024

		2024 Defined Benefits Section £'000	2024 Defined Contribution Section £'000	2024 £'000	2023 £'000
	<i>Notes</i>				
INVESTMENT ASSETS:					
Pooled investment vehicles	9	420,062	-	420,062	424,402
AVC investments	9	91	-	91	84
TOTAL NET INVESTMENTS		<u>420,153</u>	<u>-</u>	<u>420,153</u>	<u>424,486</u>
Current assets	15	548	153	701	2,236
Current liabilities	16	(780)	(153)	(933)	(825)
NET ASSETS AVAILABLE FOR BENEFITS		<u>419,921</u>	<u>-</u>	<u>419,921</u>	<u>425,897</u>

The financial statements summarise the transactions of the Scheme 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 Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Trustee's Report on page 8, the actuarial status report on page 41 and the statements by the Actuary on pages 42 and 43, and these financial statements should be read in conjunction with this information.

These financial statements were approved by the Trustee and authorised for issue on 2024
and are signed on its behalf by:

Capital Cranfield Pensions Trustees Limited - represented by F Stark
Trustee Director (Chair)

EJ Dowler
Trustee Director

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

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

GENERAL INFORMATION

RS Group Pension Scheme (the “Scheme”) is an occupational pension scheme established under English trust law. The Scheme offers final salary benefits to members and is governed under a Trust Deed and Rules.

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and the registered number is 10030850. Until April 2016, members of the Defined Benefit Section were contracted out of the Second State Pension (S2P) under a certificate issued by the HM Revenue & Customs National Insurance Contributions Office.

The address for enquiries to the scheme is included in the Trustee’s Report.

BASIS OF PREPARATION

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

GOING CONCERN

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as they believe that the Scheme has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least the next twelve months. The Trustee’s assessment has considered the overall funding position of the Scheme and the Employer’s ability to continue to meet its ongoing contributions for the foreseeable future. This assessment gives the Trustee confidence to prepare the financial statements on a going concern basis.

COMPARATIVE STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 31 MARCH 2023

	Defined Benefits Section £’000	Defined Contribution Section £’000	Total £’000
INVESTMENT ASSETS:			
Pooled investment vehicles	424,402	-	424,402
AVC investments	84	-	84
TOTAL NET INVESTMENTS	424,486	-	424,486
Current assets	2,085	151	2,236
Current liabilities	(674)	(151)	(825)
NET ASSETS AVAILABLE FOR BENEFITS	425,897	-	425,897

The comparative fund account for the Defined Contribution section has not been included as all transactions relate to the Defined Benefits section.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

ACCOUNTING POLICIES

The financial statements have been prepared on an accruals basis. The principal accounting policies of the Scheme are as follows:

CONTRIBUTIONS

Employer normal and deficit funding contributions are included in the period in which they relate to, according to the Schedule of Contributions agreed with the Employer company. Ill health contributions are accounted for in line with the relating benefit. Member normal contributions are included as deducted from the member's salaries.

TRANSFERS IN

Transfers in are recorded from the date the Scheme accepts the liability for the respective members benefits.

OTHER INCOME

Other income consists of claims on term assurance policies, put in place to minimise the risks to the Scheme for members' deaths in service. Income associated with these claims is recorded when the Scheme is certain to receive moneys relating to their claim.

PAYMENTS TO MEMBERS

Pensions in payment are accounted for in the period to which they relate. Benefit payments are included in the financial statements on an accruals basis, when the member notifies the Scheme as to the type of benefit to be taken or on retirement if later, or when there is no choice, on the date of retirement or leaving.

TRANSFERS OUT

Transfers out are recorded from the date the recipient scheme accepts the liability for the respective member's benefits, which is usually when the relevant funds are paid out.

INVESTMENT INCOME

Income distributed either as cash or immediately reinvested to purchase more units is recognised in investment income. Other income from Pooled Investment Vehicle and AVC Investments is reinvested within those funds and reflected within 'change in market value' rather than 'investment income'.

ADMINISTRATIVE AND INVESTMENT MANAGEMENT EXPENSES

Administrative, other payments and investment management fees are accounted for on an accruals basis.

CHANGE IN MARKET VALUE

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

FUNCTIONAL CURRENCY

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

INVESTMENTS

Investments are stated at fair value as described below:

- (i) Pooled Investment Vehicles are valued at the latest available bid price or single price provided by the respective fund manager at the year end.
- (ii) AVC funds are included at the latest single price advised by the fund manager at the year end.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

1 CONTRIBUTIONS RECEIVABLE

	2024	2023
	£'000	£'000
EMPLOYER CONTRIBUTIONS		
DEFINED BENEFITS SECTION		
Employer's normal contributions*	2,032	2,346
Employer's deficit funding contributions	11,118	11,118
Ill health contributions	170	113
	<u>13,320</u>	<u>13,577</u>
EMPLOYEE CONTRIBUTIONS		
	2024	2023
	£'000	£'000
DEFINED BENEFITS SECTION		
Employees' normal contributions	<u>1</u>	<u>2</u>
TOTAL	<u>13,321</u>	<u>13,579</u>

All normal and deficit funding contributions received from members and participating employees were in accordance with the Schedule of Contributions. During the current and previous year a deficit funding contribution of £926,527 per month was received.

Under the Schedule of Contributions dated 29 September 2022, the monthly contribution of £926,527 per month, will continue until 30 September 2025. These contributions will normally be paid monthly and shall normally fall due on the last day of each calendar month in respect of that month, and shall be paid by the 19th of the subsequent month. However, the Trustee and Employers can agree for payments to be made earlier than their due dates if appropriate and, if so, the date of payment will become the due date.

* Employer's normal contributions include any contributions received from members by way of Salary Sacrifice.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

2	TRANSFERS IN	2024 £'000	2023 £'000
	DEFINED BENEFITS SECTION		
	Individual transfers in from other schemes	235	220
		<u> </u>	<u> </u>
	Transfers in represents members with former DC benefits in the Scheme, which were transferred to the Legal & General Master Trust in March 2022 who, on retirement, have selected to transfer their Master Trust benefit back into this Scheme in order to get paid a combined benefit.		
3	OTHER INCOME	2024 £'000	2023 £'000
	DEFINED BENEFITS SECTION		
	Claims on term assurance policies	96	178
		<u> </u>	<u> </u>
4	BENEFITS PAID OR PAYABLE	2024 £'000	2023 £'000
	DEFINED BENEFITS SECTION		
	Pension payments	14,786	13,268
	Lump sum death benefits	151	194
	Commutation of pensions and lump sum retirement benefits	3,288	2,435
	Purchase of annuities	-	99
		<u>18,225</u>	<u>15,996</u>

On 26 October 2018, the High Court of Justice of England and Wales issued a judgement regarding the rights of female members of certain pension schemes to equality of treatment in relation to pension benefits. The judgement concluded that the claimant is under a duty to amend the schemes in order to equalise benefits for men and women in relation to guaranteed minimum pension benefits.

Defined Benefit pension payments of £14,786k include £840k in relation to the above GMP rectification and equalisation (2023: £nil).

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

5	PAYMENTS TO AND ON ACCOUNT OF LEAVERS		
		2024	2023
		£'000	£'000
	DEFINED BENEFITS SECTION		
	Individual transfers out to other schemes	123	2,168
		<u>123</u>	<u>2,168</u>
6	OTHER PAYMENTS		
		2024	2023
		£'000	£'000
	DEFINED BENEFITS SECTION		
	Premiums on term assurance policies	3	91
		<u>3</u>	<u>91</u>
	Term assurance policies were secured by a policy underwritten by Zurich Insurance plc.		
7	ADMINISTRATIVE EXPENSES		
		2024	2023
		£'000	£'000
	DEFINED BENEFITS SECTION		
	Administration and processing	583	400
	Legal and professional fees	163	121
	Actuarial fees	126	161
	Audit fee	35	28
	Other non-audit services	11	10
	Pension Protection Fund levy	30	296
		<u>948</u>	<u>1,016</u>
	The Employer bears all other costs of administration, not included above.		
8	INVESTMENT INCOME		
		2024	2023
		£'000	£'000
	DEFINED BENEFITS SECTION		
	Income from pooled investment vehicles	3,090	1,876
	Bank interest	13	2
		<u>3,103</u>	<u>1,878</u>
	DEFINED CONTRIBUTION SECTION		
	Bank interest	1	-
		<u>1</u>	<u>-</u>
	TOTAL	<u>3,104</u>	<u>1,878</u>

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

9 (a) RECONCILIATION OF INVESTMENTS

DEFINED BENEFITS SECTION

	Value brought forward £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value carried forward £'000
Pooled Investment Vehicles (see note 9(b))	424,402	4,020	(5,604)	(2,756)	420,062
AVC Investments (see note 9(c))	84	-	-	7	91
	<u>424,486</u>	<u>4,020</u>	<u>(5,604)</u>	<u>(2,749)</u>	<u>420,153</u>

The AVC investment funds above are designated to individual members; all other investments above are undesignated, forming a common pool of assets.

All fund managers operating within Pooled Investment Vehicles are registered in the United Kingdom. The Pooled Investment Vehicles all relate to managed (non-property) funds held in the name of the Scheme. With the exception of the M&G investment, income generated by these unitised funds is not distributed, but retained within the managed fund and reflected in the market value of units. Income generated by the M&G investment is disclosed as investment income as per note 8.

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 and unrealised changes in market value. Indirect transaction costs are incurred through the bid-offer spread on investments within Pooled Investment Vehicles. The amount of indirect transaction costs is not separately provided to the Scheme.

The Legal and General fund is free from charge or lien except for the provision of the floating charge and any liens put in place by counterparties or custodians (please note that this is normal practice within the industry). The floating charge was put in place for the benefit of all policy holders. All clients were notified of the charge, which was also discussed with the FCA, and it confirmed that it had no objection to it. The Trustee believes that this method is similar to that adopted by most providers of insured pooled funds.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

9 (b) POOLED INVESTMENT VEHICLES

The Scheme's investments in Pooled Investment Vehicles at the year-end comprised:

DEFINED BENEFITS SECTION

	2024 £'000	2023 £'000
Alternative credit funds	155,122	143,027
Buy & Maintain credit funds	164,619	141,161
Liability Driven investment funds	100,321	140,214
	<u>420,062</u>	<u>424,402</u>

The Scheme is the sole investor in the L&G TLBF – Bespoke fund. This is included within the pooled investment vehicles included above. A breakdown of the underlying assets is detailed below.

	2024 £'000	2023 £'000
Bonds	333,968	296,459
Repurchase agreement	(86,568)	(30,790)
Derivatives	(11,250)	(2,309)
Pooled investment vehicles	13,779	12,518
Cash and other investment balances	15,011	5,497
	<u>264,940</u>	<u>281,375</u>

9 (c) AVC INVESTMENTS

The Trustee holds assets invested separately from the main Defined Benefit Section of the Scheme securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions ("AVC"). Members participating in this arrangement each receive an annual statement made up to 31 March confirming the amounts held to their account and the movements in the year. These assets do not form a common pool of assets.

The aggregate amount of AVC investments is as follows:

	2024 £'000	2023 £'000
Utmost Life and Pensions	91	84
	<u>91</u>	<u>84</u>

10 EMPLOYER-RELATED INVESTMENTS

The Trustee may hold investments in employer-related companies directly or through collective investment schemes but, based on information provided by investment managers, the Scheme had no direct holdings of RS Group plc ordinary shares through any of its investment vehicles during the year.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

11 INVESTMENT MANAGEMENT EXPENSES

	2024	2023
	£'000	£'000
DEFINED BENEFITS SECTION		
Administration, management and custody	397	515
Other consultancy fees	287	238
	<u>684</u>	<u>753</u>

12 FAIR VALUE HIERARCHY

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

- Level 1 The unadjusted quoted price for an identical asset in an active market at the reporting date.
- Level 2 When unadjusted quoted prices are unavailable, observable market data such as the price of a recent transaction for an identical asset will be used and adjusted if necessary.
- Level 3 Where a quoted price is not available and observable market data is not a good estimate of fair value, the fair value is determined by using a valuation technique that uses non-observable data for the asset.

The Scheme's investment assets fall within the above hierarchy as follows:

31 March 2024	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Pooled investment vehicles	-	375,347	44,715	420,062
AVC Investments	-	-	91	91
	<u>-</u>	<u>375,347</u>	<u>44,806</u>	<u>420,153</u>

31 March 2023	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Pooled investment vehicles	-	382,420	41,982	424,402
AVC Investments	-	-	84	84
	<u>-</u>	<u>382,420</u>	<u>42,066</u>	<u>424,486</u>

In the prior year, £41,982k of pooled investment vehicles were incorrectly classified as 'Level 2' instead of 'Level 3'. This has been reclassified in the 31 March 2023 breakdown of Note 12 Fair value hierarchy. There is no impact on the overall investments balance as at 31 March 2023.

13 INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Scheme is exposed to at the end of the reporting period. 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.

Liquidity risk: this is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market 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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, each of which is further detailed as follows.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

13 INVESTMENT RISKS (CONTINUED)

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

The Trustee is responsible for determining the investment strategy having taken advice from a professional investment adviser. Subject to complying with the agreed strategy, which specifies the target proportions of the Scheme's assets that should be invested in the principal market sectors, the day-to-day management of the asset portfolios of the Scheme, including the full discretion for stock selection, is the responsibility of the investment managers.

The Scheme has exposure to the investment risks identified above because of the investments it makes to implement the investment strategy.

The Trustee manages investment risks, including those identified above, within agreed risk limits that are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by regular reviews of the investment portfolios.

The investment objectives and risk limits of the Scheme are further detailed in the Statement of Investment Principles ("SIP") and the Investment Implementation Policy Document ("IIPD").

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

(i) Investment strategy

The main priority of the Trustee when considering the investment policy for the Scheme is to aim to ensure that the benefits payable to members are met as they fall due.

The strategy as at 31 March 2024 was:

- 70.5% in investments that share characteristics with the long-term liabilities of the Scheme in a Qualifying Investor Alternative Investment Fund ("QIAIF"). As at 31 March 2024, the Scheme had a 26% target allocation to Liability Driven Investment ("LDI") assets within the QIAIF mandate, which uses government bonds, as well as derivative instruments, to hedge a proportion of the impact of interest rate and inflation rate movements on the long-term liabilities. The remaining 44.5% target was invested in corporate bonds managed on a buy and maintain basis.
- 29.5% in defensive growth assets comprising alternative credit mandates.

(ii) Market Risk

a. Currency Risk

Indirect currency risk arises from the Scheme's investment in Sterling priced pooled investment vehicles which hold underlying investments denominated in a foreign currency.

The Scheme's investments in alternative credit mandates consist of underlying investments across a range of credit classes and geographical regions, which expose the Scheme to currency risk. The Scheme's investment in the Henderson Multi-Asset Credit ("MAC") fund has a base currency denominated in Euros.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

13 INVESTMENT RISKS (CONTINUED)

To limit this currency risk, the Trustee invests in a Sterling-hedged share class of the fund. Furthermore, foreign currency exposures are hedged back to Sterling for the Insight Secured Finance Fund, M&G Illiquid Credit Opportunities Fund (“ICOF”) V and LGIM buy and maintain credit mandate.

The currency risk obtained via the sustainable absolute return fixed income mandate managed by Newton is taken by the investment manager as part its investment strategy to add value.

b. Interest Rate Risk

The Scheme is subject to indirect interest rate risk because some of the Scheme’s investments are held in bonds, interest rate swaps, inflation swaps, repurchase agreements and cash, through underlying investments in pooled investment vehicles. Indirect market risk arises if the underlying investments of the pooled vehicle are exposed to interest rate or other price risks. The Trustee has considered indirect risks in the context of the investment strategy.

The Trustee has set a benchmark for total investment in bonds (government and corporate), interest rate swaps, inflation swaps, gilt repurchase agreements and cash of 70.5% (2023: 70.5%) of the total investment portfolio, as at 31 March 2024, as part of its matching asset portfolio (comprising the QIAIF, a bespoke pooled structure in which the Scheme is the sole investor). Under this strategy, if gilt yields fall, the value of the investments within the matching asset portfolio are expected to rise in value to help match the increase in value placed on the liabilities arising from a fall in the discount rate, which is derived from gilt yields. Similarly, if gilt yields rise, the value of the matching asset portfolio is expected to fall in value, as will the value placed on the liabilities because of an increase in the discount rate.

At the year end, the matching asset portfolio represented 63.1% of the total investment portfolio (2023: 66.3%). The Trustee expects these assets to capture broadly 85% (2023: 85%) of the change in actuarial liability value due to changes in long-term interest rates and inflation expectations.

The Trustee has an exposure to fixed income assets via the underlying assets in the alternative credit pooled funds. The interest rate exposure that these strategies introduce is taken by the investment managers as part of their investment strategy to add value.

c. Other Price Risk

Other price risk arises principally in relation to the Scheme’s defensive growth portfolios, which comprise of the alternative credit and sustainable absolute return fixed income mandates held through underlying investments in pooled investment vehicles.

The Scheme has set a target allocation of 29.5% to defensive growth investments as at 31 March 2024 (2023: 29.5%). The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

At the year end, the defensive growth portfolio represented 36.9% of the total investment portfolio (2023: 33.7%).

d. Inflation Risk

The Scheme holds index-linked gilts, index-linked gilt repurchase agreements and inflation swaps to hedge against a degree of inflation risk associated with pension liability increases. The total value of index-linked gilts at year end was £179.2m (2023: £102.0m). The total value of gilt repurchase agreements (both fixed and inflation-linked) at year end was -£86.6m (2023: -28.1m). The total value of inflation swaps at year end was £6.0m, (2023: £5.4m)

(iii) Credit risk

The Scheme invests in pooled investment vehicles which invest in government bonds, corporate bonds, other credit assets and over-the counter (“OTC”) derivatives, as well as having cash balances and entering into repurchase agreements. The value at year-end, including the alternative credit mandates, was £420.2m (2023: £424.4m). The pooled investment arrangements used by the Scheme comprise Open Ended Investment

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

13 INVESTMENT RISKS (CONTINUED)

(iii) Credit risk (continued)

Companies (OEICs), Authorized Unit Trusts (AUTs) and QIAIFs. The Scheme is therefore directly exposed to credit risk arising from these pooled investment vehicles and is indirectly exposed to credit risks arising on the underlying investments held by these pooled investment vehicles.

Approximately 0.25% of the bonds within the LGIM QIAIF were sub-investment grade rated at year-end (with a rating of BB or below) (2023: 0.45%). The LGIM QIAIF also held cash, swaps and repurchase agreements ('repos') which were not rated (also true as at 31 March 2023).

13 INVESTMENT RISKS (CONTINUED)

In addition, the notes below provide more detail on how this risk is managed and mitigated for the different classes.

Government bonds:

Credit risk arising on bonds held indirectly is mitigated by investing in government bonds where the credit risk is minimal.

Corporate bonds:

The alternative credit and buy and maintain credit mandates may invest in corporate bonds (including sub-investment grade bonds) where credit risk is taken as part of the strategy to add value. Credit risk is mitigated by the investment managers through diversification of the underlying securities to minimise the impact of default by any one issuer.

Non-Investment Grade Bonds (e.g. High Yield Debt):

Credit risk arising on non-investment grade bonds exposure via the alternative credit and buy and maintain credit mandates is taken as part of the strategy to add value. Credit risk is mitigated by the investment managers through diversification of the underlying securities to minimise the impact of default by any one issuer.

Cash balances:

Credit risk arising on cash held within financial institutions is mitigated by ensuring cash is held with a diversified range of institutions which are at least investment grade credit rated.

Derivatives:

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter ("OTC").

- OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The risk is managed by the payment of collateral on a regular basis and through counterparty diversification.
- Credit risk also arises on forward foreign currency contracts. There are no collateral arrangements for these contracts but all counterparties are required to be at least investment grade.

Repurchase agreements:

Credit risk on repurchase agreements is mitigated through collateral arrangements (the posting of physical assets by one party for whom the repurchase agreement represents a liability to the other party for whom the repurchase agreement is an asset) and counterparty diversification.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

13 INVESTMENT RISKS (CONTINUED)

Pooled Investment Arrangements

Pooled investment arrangements used by the Scheme comprise Open-ended Investment Companies (“OEIC”), Authorised Unit Trusts (“AUT”) and Qualifying Investor Alternative Investment Funds (“QIAIF”), as detailed in the table below:

Fund	Vehicle	2024 £'000	2023 £'000
Henderson MAC	AUT	43,123	39,053
Insight SFF	QIAIF	46,216	41,792
M&G ICOF V	QIAIF	44,715	41,982
Newton SGDBF	OEIC	21,067	20,201
LGIM Buy & Maintain	QIAIF	164,660	141,161
LGIM LDI	QIAIF	100,281	140,214
Total	-	420,062	424,403

Source: Investment managers. Figures subject to rounding.

The Scheme’s holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustee manages and monitors the credit risk arising from its pooled investment arrangements by considering the nature of the arrangement, the legal structure and regulatory environment.

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. Cash held by the pooled manager’s custodian is ring-fenced where possible. If not, the credit risk arising on this is mitigated by the use of professional indemnity insurance, regular cash sweeps (typically daily) and investing cash in liquidity funds.

14 CONCENTRATION OF INVESTMENTS

Investments exceeding 5% of the value of the net assets of the Scheme at 31 March 2024 or 31 March 2023 are detailed below:

	2024		2023	
	£'000	%	£'000	%
DEFINED BENEFITS SECTION				
Henderson Multi-Asset Credit Fund	43,123	10.3	39,053	9.2
Insight Secured Finance Fund	46,216	11.0	41,792	9.9
Newton Sustainable Global Dynamic Bond Fund	21,067	5.0	20,201	4.8
M&G Illiquid Credit Opportunities Fund V	44,715	10.6	41,982	9.9
L&G TLBF – Bespoke fund	264,941	63.1	281,375	66.3

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

15 CURRENT ASSETS	2024	2023
	£'000	£'000
DEFINED BENEFITS SECTION		
Cash balances	174	796
Contributions due from employer in respect of Employer	331	26
Due between Sections	43	42
Accrued investment income	-	1,221
	<u>548</u>	<u>2,085</u>
DEFINED CONTRIBUTION SECTION		
Cash balances	<u>153</u>	<u>151</u>
	153	151
TOTAL	<u><u>701</u></u>	<u><u>2,236</u></u>

At the year-end £331k (2023: £26k) of Employer and member contributions were owed to the Scheme. The current year balance was paid in accordance with the timescales set out in the Schedule of Contributions, however, the prior year balance was not.

Of the cash at bank and in hand amount held by the DC Section above, £43k (2023: £42k) is not allocated to individual members.

The prior year accrued investment income balance comprises income from M&G relating to the prior year which was not received by the Scheme until during the current year.

16 CURRENT LIABILITIES	2024	2023
	£'000	£'000
DEFINED BENEFITS SECTION		
HM Revenue & Customs	244	202
Accruals	134	169
Amounts owed to Employer	254	213
Unpaid benefits	148	90
	<u>780</u>	<u>674</u>
DEFINED CONTRIBUTION SECTION		
Unpaid benefits	110	109
Due between Sections	43	42
	<u>153</u>	<u>151</u>
TOTAL	<u><u>933</u></u>	<u><u>825</u></u>

Of the amounts owed by the DC Section above, £43k (2023: £42k) is not allocated to individual members.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

17 RELATED PARTY TRANSACTIONS

During the year the Principal Employer paid £1,158k (2023: £828k) in respect of administration costs of the Scheme. £1,146k (2023: £1,228k) was reimbursed to the Principal Employer through the DB Section and £nil (2023: £36k) was reimbursed through the DC Section. At the year-end £254k (2023: £213k) was owed to the Principal Employer in relation to re-charged administration costs and overpaid contributions.

The Scheme received contributions in respect of Trustee Directors who are also contributing members of the Scheme. All contributions were received on the same terms as other members. Trustee Directors who become pensioner members receive pensions on the same terms as other members.

Fees and reasonable expenses are paid to some Trustee Directors in relation to the attendance at meetings and carrying out their duties. During the year the amount paid by the Scheme for Trustee Director fees was £93k (2023: £61k) which is included within Administration and processing and Legal and professional fees in note 7.

In addition to the above the Principal Employer paid a salary to one Trustee Director of £9k (2023: £9k), which was recharged to the Scheme.

18 CONTINGENCIES AND COMMITMENTS

On 26 October 2018, the High Court of Justice of England and Wales issued a judgement regarding the rights of female members of certain pension schemes to equality of treatment in relation to pension benefits. The judgement concluded that the claimant is under a duty to amend the schemes in order to equalise benefits for men and women in relation to guaranteed minimum pension benefits. A supplemental ruling in November 2021 clarified the position in relation to historic transfers out. This ruling requires the rectification of any shortfall in these transfer values, calculated on the basis of unequalised GMPs.

In 2024 GMP rectification and equalisation of pension benefits has been completed and a correction payment of £823k has been made through note 4.

A further assessment is required in respect of transfers out. An initial assessment of the likely backdated amounts related to transfers out do not indicate that these will be material to the financial statements and therefore the Trustee has not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

19 SUBSEQUENT EVENTS

In April 2024, the Scheme disinvested £20.967m from BNY Mellon Sustainable Global Dynamic Bond Fund and reinvested this into LGIM Net Zero Short Dated Global Corp fund.

RS Group Pension Scheme

ACTUARIAL STATUS OF THE SCHEME

For the year ended 31 March 2024

Under section 224 of the Pensions Act 2004, the Trustee is required to obtain an annual actuarial report covering factors affecting the funding position. The table below shows the funding position at the date of the most recent triennial valuation, 31 March 2022. More recent funding positions from the subsequent annual updates as at 31 March 2023 and 31 March 2024 are also included for comparison.

Valuation date: 31 March	2024	2023	2022
Value of technical provisions	£426m	£450m	£621.7m
Value of assets available to meet technical provisions	£421m	£425m	£584.7m
as a percentage of technical provisions	99%	94%	94%

Although there are no current plans to discontinue the Scheme and buy-out the liabilities with an insurance company, the Trustee Directors are required to consider the level of funding relative to the estimated costs of such a buy-out (known as “solvency liabilities”). At the most recent triennial valuation, 31 March 2022, the provisional solvency liabilities were valued at £739.1m, giving a funding level of 79% based on net assets of £584.7m.

The valuation of technical provisions is based on pensionable service to the valuation date and assumptions about various factors that will influence the Scheme in the future. This includes the level of investment returns, pay increases, when members will retire and how long members will live. The method of calculation and the significant actuarial assumptions used in calculating the technical provisions are as follows:

Method

The valuation was carried out under the Pensions Act 2004 and used the Projected Unit Method.

Significant actuarial assumptions

The main assumptions underlying the valuation calculations were:

Financial assumptions	31 March 2022	31 March 2019
Discount rate:		
Pre-retirement	Gilt yield less 0.3% p.a. (SER = 1.45% p.a.)	1.30% p.a.
Post-retirement	Gilt yield (SER = 1.75% p.a.)	1.70% p.a.
RPI inflation	Gilts implied inflation curve with no IRP (SER = 3.95%)	
CPI inflation	RPI inflation curve less 0.5% for the period to 2030 only	
Revaluation In deferment		
RPI inflation capped at 5% p.a.	3.95% p.a.	3.50% p.a.
CPI inflation capped at 2.5% p.a.	In line with CPI inflation, capped at 2.5% p.a. over whole period of deferment	2.50% p.a.

Mortality Assumptions:

Current rates of mortality for members in receipt of a pension are assumed to follow the Club Vita 2021 mortality tables, used by the Trustee as it aims to provide a better estimate of the mortality rates of the Scheme’s membership than the standard tables.

Other Assumptions:

Other assumptions are made about the members of the Scheme, and take various factors into account, including past experience of similar schemes within the financial services industry. The level of those reaching retirement over a set period is estimated, as are figures of those taking ill-health and early retirement. These are balanced against in-service figures to give an overall perspective of the income and outgoings of the Scheme.

As noted above the result of the full actuarial valuation as at 31 March 2022, shows a deficit of £37m.

The next full actuarial valuation will take place as at 31 March 2025.

Appendix J

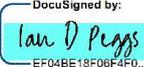
Certificate of Technical Provisions

Name of the Scheme

RS Group Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 March 2022 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the statement of funding principles dated 29 September 2022.

Signature	<small>DocuSigned by:</small>  <small>EF04BE18F06F4F0...</small>
Name	Ian D Peggs
Date of signing	29 September 2022
Name of employer	Mercer Limited
Address	Tower Place, London EC3R 5BU
Qualification	Fellow of the Institute and Faculty of Actuaries



Certificate Of Schedule Of Contributions

Name of the Scheme

RS Group Pension Scheme

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 31 March 2022 to be met by the end of the period specified in the Recovery Plan dated 29 September 2022.

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 29 September 2022.

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

Signature

DocuSigned by:
Ian D Peggs
EF04BE18F06F4F0...

Name

Ian D Peggs

Date of signing

29 September 2022

Qualification

Fellow of the Institute and Faculty of Actuaries

Name of employer

Mercer Limited

Address

Tower Place, London EC3R 5BU

RS Group Pension Scheme

IMPLEMENTATION STATEMENT

For the year ended 31 March 2024

RS Group Pension Scheme ('the Scheme')

Engagement Policy Implementation Statement for the Year Ended 31 March 2024

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the year running from 1 April 2023 to 31 March 2024 (the "Scheme Year"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (as amended) and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The statement is based on, and should be read in conjunction with, the SIP dated July 2023 (covering the period from July 2023 to March 2024) and the SIP dated May 2022 (covering the period from April 2023 to June 2023).

A copy of the latest SIP is available at: <https://www.rspensions.co.uk/library/useful-documents>

In summary, the Trustee can confirm that all engagement policies in the SIP in relation to the Scheme's assets have been followed during the Scheme year.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the objectives they have set. The Trustee's objectives specified in the SIP are to invest the Scheme's assets to maximise the probability of being able to deliver all members' benefits in full and on time. To support with this the Trustee has agreed a long-term funding target ("LTFT") with the sponsoring employer.

At the latest actuarial valuation, the Actuary assumed that the Scheme would achieve an investment rate of return on assets that exceeds that available from government bonds. The Trustee's objective is to construct an investment strategy that delivers a level of expected return that meets the prudent expectations of the Actuary (over the long-term) in a risk-controlled manner. In order to achieve this objective, the Trustee has constructed an investment strategy based around a cashflow-driven investment approach. This means that the assets are invested such that the expected cashflows they generate broadly match a proportion of the Scheme's expected liabilities. The Trustee's aim is to match as high a proportion as possible, subject to delivering the required level of expected return.

Further detail can be found in the SIP.

Policy on ESG, Stewardship and Climate Change

Section 6 of the SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This sets out the Trustee's high-level beliefs and the processes followed by the Trustee in exercising rights and stewardship obligations attached to the Scheme's investments.

Post scheme year-end, in April 2024, the Trustee revisited its ESG beliefs, undertaking an ESG beliefs setting session facilitated by the Trustee's Investment Consultant. This exercise was last undertaken in April 2022 and was refreshed to capture changes in beliefs and to reflect ongoing improvements in market practice in this area. Following the session in April 2024, the Trustee reviewed and updated its ESG Policy Document, which sets out further details regarding the Trustee's beliefs and their approach to put these beliefs into practice. A copy of the ESG Policy Document is available upon request.

RS Group Pension Scheme

IMPLEMENTATION STATEMENT

For the year ended 31 March 2024

The Trustee recognises that ESG and climate change matters carry reputational risk. The Trustee is therefore keen to ensure it has a strong understanding of the Sponsoring Company's position on ESG and climate change. The Trustee also intends to align with the Sponsoring Company in this respect where appropriate.

The following sections set out the additional work that was undertaken during the year to 31 March 2024 relating to the implementation of the Trustee's policy on ESG factors, stewardship and climate change, and set out how the Trustee's engagement policies were followed and implemented during the year.

Implementation of the Policy on ESG, Stewardship and Climate Change

During the Scheme year, the Trustee has continued to review the ESG ratings that the Investment Consultant assigns to the strategies in which the Scheme invests, as part of regular quarterly performance reporting. In addition, the Investment Consultant provided an in-depth review (produced annually) of the managers' ESG ratings compared to their peers, alongside further ESG-related research. This assists the Investment and Risk Sub-Committee ("IRSC") in assessing the level of ESG integration across the Scheme's portfolio, as well as to identify potential areas for further engagement.

During the Scheme year, the Trustee implemented a switch to a climate-aligned approach for the management of the Scheme's Buy & Maintain Credit portfolio. The characteristics of the mandate were designed in a manner that is consistent with the terms of the Trustee's ESG Policy, as far as practicable.

The Trustee also carried out climate scenario analysis to better understand the Scheme's exposure to climate risk. Further, in line with the recommendations of the Task Force for Climate Related Financial Disclosures ("TCFD"), whilst not in scope of these regulations, the IRSC has collated climate-related metrics from its investment managers to better understand this exposure. Post Scheme year-end the IRSC interviewed one of its investment managers who were unable to provide climate related metrics to determine the reasoning for this.

During the Scheme year the IRSC also agreed to introduce a new allocation to a climate-aligned short-dated credit portfolio, in place of a previous allocation to a sustainable absolute return bond fund. There were a number of reasons for this decision, one contributing factor was a downgrade in the ESG rating for the incumbent manager by the Scheme's Investment Consultant.

The Trustee agreed to conduct an ESG Beliefs Survey in April 2024, which was last carried out in April 2022, to reflect any change in views of key stakeholders. This exercise was subsequently carried out post Scheme year-end.

The Trustee has continued to request that the Scheme's managers devote sufficient time to covering their ESG related activities when they have presented at IRSC meetings.

Stewardship Priorities

The statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022 requires that, where pension schemes invest in assets with associated voting rights, trustees confirm their stewardship priorities and disclose votes undertaken by their investment managers which are aligned with these priorities (referred to as 'significant votes').

During the Scheme year the Trustee did not invest in any assets with associated voting rights. The Trustee is not therefore in scope of these regulations and has not reported on significant votes. However, with the intention of continuing to develop its ESG beliefs and policies, the Trustee has updated its ESG Policy Document to include a definition of its broader stewardship priorities, including engagement.

The Trustee's key stewardship themes are climate change, energy efficiency, health & safety, human rights, diversity, equity & inclusion and corporate governance. These priorities have been determined based on the Trustee Directors' ESG beliefs, taking into account the Employer's strategic priorities on ESG and sustainability matters, which were surveyed during the Scheme year.

The investment managers have been asked to provide examples of engagements which are aligned with the Trustee's stewardship priorities. A selection of these examples are included below.

Engagement Activity

RS Group Pension Scheme

IMPLEMENTATION STATEMENT

For the year ended 31 March 2024

The Trustee expects its investment managers to engage with the underlying issuers of the debt in which they invest as necessary, as part of their management of the Scheme's assets, and has asked the investment managers to comment on these areas when they have presented at meetings. Outside of those engagements exercised by the investment managers on behalf of the Trustee, no other engagement activities were undertaken over the Scheme Year.

The Trustee supports the aims of the UK Stewardship Code and its investment managers are encouraged to report their adherence to the Code.

The following disclosures provide examples of engagement activities undertaken by the investment managers during the Scheme Year.

LGIM – Buy & Maintain Credit

LGIM has developed a proprietary ESG rating approach for buy and maintain credit mandates. This is made publicly available to companies along with the methodology, with a clear method of linking these ratings to the engagement agenda and voting policies. An example of an engagement undertaken by LGIM during the Scheme Year is below.

Example: Rolls Royce has faced major financial challenges over recent years, and particularly following the Covid-19 pandemic, and has since hired a new CEO to enter the role with the mandate of imposing major structural changes to the business. LGIM wanted to understand how Rolls Royce would manage its relations with key labour stakeholders, while undertaking any strategic decisions. LGIM communicated to the company, the importance of positioning for long-term climate trends, while addressing its short-term challenges.

Engagement / analysis undertaken: LGIM had a meeting with the Rolls Royce CEO to communicate their views on the importance of positioning the company for the climate transition, while also focusing on nearer-term challenges and objectives, such as returning the company to an investment-grade credit rating. Rolls Royce was receptive to LGIM's communications and their input to the firms' strategic review. LGIM were satisfied that the strategic review announced by Rolls Royce to address these issues was well-balanced in making the appropriate structural and cultural changes, without sacrificing the option for the company to remain an active participant in carbon transition.

Outcome: LGIM confirmed that the company's strategic review was well received by the market. LGIM will continue to engage with Rolls Royce regarding implementation of the review's findings and its role in the carbon transition which is expected to occur over the coming decades.

Janus Henderson – Multi Asset Credit

Janus Henderson have established a proprietary ESG rating system that is used to assess debt issuers in the portfolio. Issuers are assessed on the materiality of the ESG risks associated with the business and the trajectory that the business is on in terms of ESG improvement. Janus Henderson uses this rating system to avoid issuers with material ESG risk that are on a negative trajectory, engaging with other issuers to encourage progression.

Example: Janus Henderson engaged with Banijay, a television production and distribution company, to determine whether the business had appropriate oversight mechanisms and controls in place to manage material ESG risks. Janus Henderson's three specific concerns were the overall significance of ESG considerations in decision making, management and oversight of the individual production companies and, more generally, corporate governance. Janus Henderson was wanting to explore the split of responsibilities, given that Banijay is a fully owned subsidiary of FL Entertainment NV (FLE).

Engagement / analysis undertaken: Janus Henderson reviewed Banijay's ESG and Corporate Governance policies and were satisfied that the Banijay and FL Entertainment was appropriate to facilitate effective decision making. Banijay also provided further information on its board structure, with five independent directors and committees, dealing with matters related to audit and remuneration. Janus Henderson were pleased to see Banijay's commitment to investing in ESG resources and improving disclosures. In addition, the investment manager confirmed that the company appeared to have adequate procedures in place to ensure that the production companies, both internally and externally, closely follow the company's code of conduct requirements.

Outcome: Janus Henderson stated that Banijay maintains its 'green' ESG rating and this will continue to be monitored over time, paying special attention to the company's plans to improve their disclosures in 2024 and 2025.

RS Group Pension Scheme

IMPLEMENTATION STATEMENT

For the year ended 31 March 2024

Insight – Secured Finance

Secured finance investments typically involve assets being held in a special purpose vehicle, legally distinct from the finance originator. ESG risks are linked to the structure and the underlying collateral behind each investment, and in many cases the finance originator may be unable to access ESG information as the collateral assets could be very remote and dispersed across multiple parties (e.g. secured on credit cards, or car finance). With these challenges in mind, Insight focus their engagement activities on a range of parties – not only the finance originators, but also other industry participants and regulators.

Example: Insight has engaged with Medtronic plc in respect of health and safety surrounding the company's medical devices. Medtronic plc is one of the global leaders in the medical device industry, participating in several high technology segments of the market. The engagement was an ESG deep dive into the product safety and quality concerns that has contributed to their ESG rating (per Insight's framework) having fallen. Insight's engagement is aligned with the sustainable development goals of the company maintaining good health and wellbeing, through the safety of the consumption and production of their medical devices.

Engagement / analysis undertaken: Insight confirmed that they had previous engagements with Medtronic, but they were approached by the company's investor relations team and an ESG analyst for a private meeting to discuss issues relating to the quality and safety of the supply chain management of the company. Insight's ESG score for Medtronic was downgraded due to their product safety and quality, owing to product recalls that MSCI flagged as severe controversies. Medtronic highlighted that they prioritise quality and patient safety, with the goal of zero product recalls, but given the nature of their products and devices, Insight's view is that this is not sufficiently aspirational. However, the company have been investing in this area by bringing in new leadership over recent years that have strengthened their manufacturer quality, supply chain transformation and product development cycle, to ensure their enhanced system remains standardised. Insight stated that Medtronic product recall profiles have started to improve since 2021, but it is expected that the continued improvements will take time to materialise through reduction in warning letters, recalls and eventually third-party rating agencies, with whom they are maintaining engagement with but do not necessarily agree with on methodology.

Outcome: Insight will continue to monitor the structural changes Medtronic are implementing around their product research and development programme, as well as their supply chain. Insight highlighted that the changes Medtronic are implementing will take time to take hold and translate into improvements to their ESG profile. The downgrade in ESG rating translated to a 'sell' recommendation for certain Insight funds during the quarter, however this subsequently (partly) recovered, which made it eligible to be included in the investable universe of most funds again. Fundamentally, the company continues to perform well and Insight does not have concerns about their credit quality for now.

M&G – Illiquid Credit Opportunities

Illiquid credit opportunities typically invests in privately traded debt, assets held in special purpose vehicles and other real assets. M&G's engagement approach has been developed to provide a systematic process around engagements in which they have a specific objective and seek particular outcomes. Prior to commencing an engagement, that objective is clearly set out, with actions and outcomes recorded through the life of the engagement. One such example over the Scheme Year is outlined below.

Example: Survitec is a Global Survival Technology Leader to the maritime, defence & government, aerospace and energy sectors. The company highlights that it has over 3,000 employees worldwide, covering 11 manufacturing facilities and over 400 service centres. M&G wanted to engage with Survitec to discuss with the company's management and request that they improve the disclosure of the company's diversity metrics, and to put diversity and inclusion targets in place. M&G had issues related to the diversity and inclusion policies, surrounding the company's transparency of their diversity metrics.

Engagement / analysis undertaken: M&G arranged a call with Survitec to ask the management to improve disclosure of the firms diversity metrics and put diversity and inclusion targets in place. This engagement allowed M&G to see that Survitec were willing to improve their ESG disclosures and the company subsequently asked M&G to help guide them on what they should be including in their new annual ESG report. M&G's team went through what a best practice sustainability report would include to help Survitec improve their disclosures around ESG metrics.

M&G also requested that the Company's management provide some basic diversity measures, such as board gender diversity, to be included in their sustainability report. M&G stated that the company's management agreed to a follow-up meeting once the 2023 sustainability report was released to discuss what was included. M&G have confirmed that they intend to continue to engage with Survitec on these issues with a view to further improvements.

RS Group Pension Scheme

IMPLEMENTATION STATEMENT

For the year ended 31 March 2024

Outcome: M&G confirmed that the engagement is still ongoing and Survitec's management has started to improve their diversity and ESG measures and disclosures. The company has requested M&G to help guide them on what they need to include in their new annual ESG report. M&G confirmed the company's improvements across their diversity and ESG measures and disclosures is an ongoing process.

Newton – Absolute Return Fixed Income

Absolute return fixed income strategies invest across sovereign and non-sovereign bonds, as well as heavily in derivative instruments, and are generally limited in the extent to which they can engage with debt issuers. Newton is committed to responsible allocation, management and oversight of capital to create long-term value for beneficiaries and other stakeholders. Newton emphasise engagement with debt issuers centred on purposeful dialogue that seeks to add value or reduce risk to an investment.

Example: Engagement to discuss Barclays Plc's climate transition risk and net-zero strategy as Newton believes that the bank should strengthen their disclosures in this area, in particular with regard to the key climate metrics that they have used within their client transition framework.

Engagement / analysis undertaken: Newton confirmed that the robust disclosure on the bank's client engagement process is useful for current and future investors to understand how the bank's client transition framework is working in practice. Newton explained how the transition of high-emitting clients is important for the bank because it helps in a phased approach to wind down financing fossil fuels.

Newton suggested that transitioning Barclays' clients towards more sustainable practices can enhance their financial stability and in turn safeguard the bank's loan book and help the operating model remain resilient. Barclays confirmed that it has identified its lagging clients in terms of climate transition and is in the process of engaging with them, including to discuss their positioning compared to peers and potential improvements are suggested to clients based on the bank's framework. Barclays conveyed that its client transition framework focuses on its worst performing clients. The bank stated that it had conducted around 1,250 counterparty assessments which covers all high-emitting clients and have done an in-depth review of 300 of these, with whom the bank will engage further to suggest improvements to reduce the emissions of those clients.

Newton emphasised that the bank failed to offer more details around its scoring methodology, such as factor weights, sector-based material topics and sector-wise score distribution. Newton have communicated their expectations of more disclosures around these topics to Barclays as part of this engagement.

Outcome: Newton indicated that they will continue to monitor the bank's reporting on its client transition framework and aim to engage with the bank later in the year or early next year to put reinforce their expectations to be implemented.

Voting Activity

The Trustee has delegated any voting rights attached to the Scheme's investments to the investment managers and does not use the direct services of a proxy voter.

In practice, as noted above, as the Scheme's investment strategy includes investment in only fixed income and liability driven investment assets, with no equity exposure, it is extremely rare for voting rights to be held. As such, there has been no material voting activity during the period.

The Department of Work and Pensions released a set of Implementation Statement requirements on 17 June 2022, which are to be adopted in all statements for schemes with years ending on or after 1 October 2022. The requirements are set out in the "Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance" report.

The most material change is that the Statutory Guidance provides an update on what constitutes a "significant vote". The Trustee has not reported, and therefore not defined, any significant votes or stewardship themes in this statement given the investment strategy includes investments only fixed income and liability driven investment assets.