

RS Group Pension Scheme
REPORT AND FINANCIAL STATEMENTS
For the year ended
31 March 2025

RS Group Pension Scheme

CONTENTS

For the year ended 31 March 2025

	PAGE
Trustee and Advisers	2
Trustee's Report	5
Statement of Trustee's responsibilities	12
Investment Report	13
Independent Auditor's Statement about Contributions	19
Summary of Contributions payable in the year	20
Independent Auditor's Report to the Trustee	21
Fund Account	24
Statement of Net Assets (available for benefits)	25
Notes to the Financial Statements	26
Appendices	
Actuarial Status of the Scheme	40
Actuarial Certification of Schedule of Contributions	41
Implementation Statement	42

RS Group Pension Scheme

TRUSTEE AND ADVISERS

For the year ended 31 March 2025

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

B Hunter (appointed 23 June 2025)

Mercer Limited

Four Brindley Place

Birmingham

B1 2JQ

I Peggs (resigned 23 June 2025)

Mercer Limited

Tower Place

London

EC3R 5BU

RS Group Pension Scheme

TRUSTEE AND ADVISERS (CONTINUED)

For the year ended 31 March 2025

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 (CONTINUED)
For the year ended 31 March 2025

SOLICITORS

Gowling WLG
2 Snow Hill
Birmingham
B4 6WR

COVENANT ADVISER

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

RS Group Pension Scheme

TRUSTEE'S REPORT

For the year ended 31 March 2025

The Trustee has pleasure in presenting this report and the audited financial statements of the Scheme for the year ended 31 March 2025.

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.

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 2, 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.

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*^{1,2}

C Curtis

*Indicates Member nominated Trustee Director

¹ Member of Investment & Risk Sub Committee

² Member of Communications & Member Experience Sub Committee

The Trustee Director Board met 6 times in the year (2024: 7 times). Regular training is provided for all Trustee Directors and includes an induction process for newly appointed Trustee Directors.

RS Group Pension Scheme

TRUSTEE'S REPORT (CONTINUED)

For the year ended 31 March 2025

FINANCIAL DEVELOPMENT OF SCHEME

The financial statements on pages 24 to 39 show that the value of the Scheme's total assets decreased by £19,439k to £400,482k as at 31 March 2025. The decrease comprised of a decrease in dealing with members of £7,143k, a decrease of the value of investments of £17,541k, £787k in net investment expenses and £6,032k 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 2024 showed a deficit of £5 million relative to its technical provision, equivalent to a funding level of 99% and as at 31 March 2025 the surplus was estimated to be £13 million, equivalent to a funding level of 103%. 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. The next triennial valuation is due as at 31 March 2025 and the preliminary results are expected in September 2025. The Trustees and Company will have until 30 June 2026 to agree a new funding agreement, which will be the first agreement under the new Regulator funding code.

Further details on the actuarial status of the scheme are provided on page 40.

CHANGE OF SCHEME ACTUARY

Ian Peggs formally resigned as Scheme Actuary with effective from 23 June 2025. In accordance with the Regulations arising from the Pensions Act 1995, Ian declared that he knew of no circumstances connected with his resignation which, in his opinion, significantly affected the interest of members, prospective members, or beneficiaries of the Scheme. Ian also confirmed that he did not need to make any reports to the Pensions Regulator under Section 70 of the Pensions Act 2004 or similar reports to other regulatory authorities.

Briony Hunter was appointed as Scheme Actuary effective from 23 June 2025.

MEMBERSHIP SUMMARY

	Total
	No.
Active members as at 1 April 2024	251
Late adjustments	(4)
Members becoming deferred from active	(22)
Deaths	(1)
Retirements	(12)
	<hr/>
Active members as at 31 March 2025	212
	<hr/>
Pensioners members as at 1 April 2024	1,801
Late adjustment	1
Deaths	(59)
Pensions suspended	(6)
Pensions reinstated from suspense	4
New dependants	23
Retirements	76
	<hr/>
Pensioners as at 31 March 2025	1,840

RS Group Pension Scheme

TRUSTEE'S REPORT (CONTINUED)

For the year ended 31 March 2025

MEMBERSHIP SUMMARY (continued)

	Total No.
Deferred members as at 1 April 2024	1,548
Late adjustments	1
Members becoming deferred from active	22
Deferred members who retired	(64)
Transfers out	(2)
Deaths	(3)
Pensioners commuted for cash	(9)
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Deferred members as at 31 March 2025	1,493
	<hr/>
	<hr/>
Total Membership	3,545

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.

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 2025, and the Trustee's adviser Cardano rated the overall Covenant as Fairly Strong on their nine-point rating scale to support the 2025 valuation process and to take into account the requirements of the new Regulator funding code.

In May 2025, 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.

The Pensions Regulator released The General 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 made significant progress in assessing its existing governance against the Regulator's code of practice. The work is now almost completed, with a number of policies reviewed and updated to align with current regulations and best practice. Work to comply with the General Code will continue during 2025/26.

RS Group Pension Scheme

TRUSTEE'S REPORT (CONTINUED)

For the year ended 31 March 2025

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. 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 Capita administration team.

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

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 2025 the Trustee updated their 'Fair Processing Notice' which explains to members which explains how we collect and use their 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.rspensions.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 3.

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.

RS Group Pension Scheme

TRUSTEE'S REPORT (CONTINUED)

For the year ended 31 March 2025

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 indicates that these will not 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.

PENSIONS DASHBOARDS

In June 2024 the Scheme started working closely with its administrator on the Pensions Dashboards requirements. The project will continue into 2025/26 with the majority of the work to be completed ahead of the Scheme's staging date of September 2025, and further data cleansing to be done once the data analysis has been completed.

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 have worked 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. This analysis shows 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. In addition, there were no amending deeds executed during this period. The Trustee therefore reached the conclusion that it does not need to take any steps to investigate any deeds to see whether they were accompanied by a section 37 confirmation.

PENSION INCREASES

During the year the Trustee increased pensions in payment in excess of the Guaranteed Minimum Pension (GMP) by 3.5% 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

RS Group Pension Scheme

TRUSTEE'S REPORT (CONTINUED)

For the year ended 31 March 2025

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

Money & Pensions Service (MaPS)

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

Money Helper
Bedford Borough Hall
138 Cauldwell Street
Bedford
MK42 9AP
Telephone: 0115 965 9570
Email: contact@maps.org.uk
Website: www.maps.org.uk

RS Group Pension Scheme

TRUSTEE'S REPORT (CONTINUED)

For the year ended 31 March 2025

OTHER INFORMATION (continued)

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 for 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 3 September 2025 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

For the year ended 31 March 2025

The Trustee is pleased to present its report on investment strategy and performance for the year ended 31 March 2025.

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”) (until 16 April 2024).

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.

During the year the Trustee has increased the target interest rate and inflation hedge ratios from 85% to 90% (measured on the 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 2025 (%)	Target allocation at 31 March 2025 (%)
Defensive Growth		44.8	29.5
Janus Henderson	Multi Asset Credit	11.6	8.0
Insight	Secured Finance	12.5	8.5
M&G	Illiquid Credit	9.1	8.0
LGIM	Short Dated Credit	11.6	5.0
Matching		53.3	70.5
LGIM	Buy & Maintain Credit	38.8	44.5
LGIM	LDI	14.5	26.0
Cash in transit*		1.9	-
Total		100.0	100.0

Source: Investment managers. Figures subject to rounding.

*Reflects the c.£7.5m M&G distribution paid on 31 March 2025, which settled in the Trustee bank account on 30 April 2025.

RS Group Pension Scheme

INVESTMENT REPORT (CONTINUED)

For the year ended 31 March 2025

INVESTMENT STRATEGY (continued)

Total value (excluding AVCs and cash in transit): £392.9m.

The deviations from the target allocations for LDI and Short Dated Credit reflect actions taken by the Trustee towards the end of the Scheme Year to enhance collateral efficiency, following the introduction of new flexibilities by LGIM in 2024. The Scheme's target allocation was formally updated in an update to the Statement of Investment Principles agreed in April 2025 (i.e. post the Scheme Year End) to reflect that a lower LDI allocation is now required, in line with the Trustee's comprehensive collateral management framework; the target allocation to Short Dated Credit was similarly increased. The underweight position to Buy & Maintain Credit has been acknowledged by the Trustee and the Trustee was comfortable with this position not being addressed as at the Scheme Year End considering prevailing market conditions. The overweight positions to Multi Asset Credit and Secured Finance are largely a by-product of the underweight position to Buy & Maintain Credit. The Illiquid Credit allocation is in its wind-down phase, with capital (and income) distributed back to the Scheme on a semi-annual basis meaning its allocation is expected to fall over time.

Generally, the Scheme's actual asset allocation may deviate from the strategic asset allocation because of market movements and asset flows, as well as due to the Trustee's expression of tactical views (amongst other things).

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 LGIM Short Dated 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 £91,444 (2024: £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 8.

The SIP was reviewed and updated in July 2024. 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. The SIP was further updated post Scheme year, in April 2025, as referenced above.

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 2024 alongside the SIP to reflect changes to the investment strategy. The document was further updated in April 2025 to reflect changes to the target allocation and interest rate and inflation hedge ratios.

RS Group Pension Scheme

INVESTMENT REPORT (CONTINUED)

For the year ended 31 March 2025

STATEMENT OF INVESTMENT PRINCIPLES (continued)

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

The Trustee believes that a sustainable investment approach is more likely to create and preserve long-term investment capital and, more specifically, that:

- Taking a broader and longer-term perspective on risk is consistent with fiduciary duty.
- 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°C”, relative to pre-industrial levels, and pursue efforts to limit warming to 1.5°C if possible. The Trustee expects to maintain this commitment to the possible refresh of the Paris Agreement objectives if and when these are ratified. The Trustee believes this commitment demonstrates strong alignment with better economic outcomes for investors
- Ongoing monitoring of investment managers’ approaches to ESG integration, including climate change considerations, and stewardship is essential.
- 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.

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 considers ESG matters, including climate change, when setting and reviewing the Scheme’s investment strategy. This includes consideration of climate change scenario analysis, where relevant.
- 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 an annual basis, with reference to the UK Stewardship Code (where applicable).
- 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 advisors and the Scheme’s investment managers to consider ESG issues, including climate change, where relevant.
- The Trustee, together with their Investment Consultant, 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 in question.
- The IRSC meets the investment managers on a regular basis to discuss ESG, stewardship and climate change issues specifically. These meetings provide a forum for the IRSC to communicate their expectations in respect of ESG matters and assess the investment managers’ ability to meet them.

RS Group Pension Scheme

INVESTMENT REPORT (CONTINUED)

For the year ended 31 March 2025

STATEMENT OF INVESTMENT PRINCIPLES (continued)

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

- In order to support its beliefs with regard to climate change, in respect of the Scheme’s buy and maintain credit and short dated credit holdings the following targets have been established:
 - A 50% reduction in greenhouse gas emissions by 2030 and a 100% reduction by 2050, measured as the reduction in the carbon emissions intensity (tonnes CO₂/\$m revenues), relative to the position as at 31 December 2019.
 - Alignment with an implied temperature rise of 2.0°C above pre-industrial levels from 31 December 2025 and 1.5°C above pre-industrial levels from 2030 onwards.
- The Trustee has not set any such targets for the Scheme’s illiquid credit, secured finance and multi-asset credit holdings, due to the characteristics of the underlying asset classes and the lack of available data. However, the Trustee continues to engage with the respective managers on how climate change risks and opportunities are integrated into these arrangements.

During the year, 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.

During the year under review, the Scheme terminated the Newton Sustainable Global Dynamic Bond Fund, introducing a new allocation to the LGIM Net Zero Short Dated Credit (SDC) Fund. Furthermore, in Q1 2025 the Trustee increased the interest rate and inflation hedge ratios from 85% to 90% (measured on a gilts +0.4% p.a. basis).

As at 31 March 2025, the Scheme’s assets were invested in a diversified range of asset classes managed by a range of investment managers. Corporate bonds (buy and maintain and SDC), gilts and other LDI instruments were managed by LGIM. Janus Henderson, Insight and M&G managed the various alternative credit mandates.

The mandates with Janus Henderson, Insight, M&G and LGIM (Short Dated Credit) are managed on an active basis. The majority of 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 CDI-type approach.

LGIM also 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 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.

If the income generated by the Scheme’s mandates is not sufficient to meet the Scheme’s cashflow requirements, then the additional amount will naturally be sourced from the collateral held within the LGIM LDI mandate, provided this is compatible with the collateral monitoring framework, as monitored by the LDI manager.

RS Group Pension Scheme

INVESTMENT REPORT (CONTINUED)

For the year ended 31 March 2025

SCHEME PERFORMANCE

The Scheme performance (net of fees) and benchmark performance over the 12 months, 3 years and 5 years to 31 March 2025 is detailed in the table below:

Manager / Fund	Twelve Months		Three Years		Five Years		Outperfor man ce target %
	Fund %	B'mark %	Fund % p.a.	B'mark % p.a.	Fund % p.a.	B'mark % p.a.	
Janus Henderson Multi-Asset Credit	7.3	5.1	5.7	4.1	6.9	2.5	+3.6
Insight Secured Finance Fund	8.7	5.1	7.1	4.1	7.0	2.5	+3.7
M&G ICOF V	8.1	5.1	6.5	4.1	7.7	2.5	+5.0
LGIM Short Dated Credit ¹	-	-	-	-	-	-	--
LGIM LDI	-29.1	-29.1	-72.1	-72.1	-53.0	-53.0	--
LGIM Buy & Maintain Credit	-0.7	-0.7	-3.6	-3.6	-1.9	-1.9	--
Total Assets	-3.4	-5.0	-10.9	-12.5	-5.5	-7.0	--

Figures shown are net of fees (except for LGIM LDI and Buy & Maintain credit) and based on performance provided by the Investment Managers, Mercer estimates and LSEG Datastream.

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 benchmark +4% 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). The targets have been adjusted for fees for Janus Henderson and Insight 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, based on the updated target allocation as at April 2025.

¹ The Scheme invested in the LGIM Short Dated Credit Fund in April 2024, therefore returns are not yet available.

The Scheme's assets returned -3.4% during the year, outperforming the Scheme's benchmark return by 1.6%. The annualised return over the 3 years to 31 March 2025 was -10.9% p.a., which was above the Scheme's benchmark return of -12.5% 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 2025 but did not meet their outperformance targets over this period.

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 (Buy & Maintain and LDI)	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
LGIM (Short Dated Credit)	Citibank

RS Group Pension Scheme

INVESTMENT REPORT (CONTINUED)

For the year ended 31 March 2025

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.

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 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 20, in respect of the Scheme year ended 31 March 2025.

In our opinion the contributions for the Scheme year ended 31 March 2025 as reported in the Summary of Contributions on page 20 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 20 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 12, 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

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

Date: 3 September 2025

RS Group Pension Scheme

SUMMARY OF CONTRIBUTIONS

TRUSTEE'S SUMMARY OF CONTRIBUTIONS PAYABLE UNDER THE SCHEDULE IN RESPECT OF THE SCHEME YEAR ENDED 31 MARCH 2025

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 2025. The Scheme auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

Contributions payable under the Schedule of Contributions	DB £'000
Employer:	
normal contributions – including salary sacrifice*	1,791
deficit funding contributions	11,118
ill health contributions	185
Total Employer contributions payable under the Schedule	<u>13,094</u>
Contributions payable under the Schedule (as reported on by the Scheme auditor) and as reported in the financial statements	<u>13,094</u>

*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 on 3 September 2025 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 RS GROUP PENSION SCHEME

Opinion

We have audited the financial statements of the RS Group Pension Scheme for the year ended 31 March 2025 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 2025, 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's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 RS GROUP PENSION SCHEME (CONTINUED)

Responsibilities of the trustee

As explained more fully in the trustee's responsibilities statement set out on page 12, the trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the 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 RS GROUP PENSION SCHEME (CONTINUED)

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

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
Date: 3 September 2025

RS Group Pension Scheme

FUND ACCOUNT

For the year ended 31 March 2025

		2025	2025	2025	2024
		Defined	Defined	Total	Total
	<i>Note</i>	Benefit	Contribution	£'000	£'000
		Section	Section		
		£'000	£'000		
CONTRIBUTIONS AND BENEFITS					
Employer contributions	1	13,094	-	13,094	13,320
Employee contributions	1	-	-	-	1
Total contributions		13,094	-	13,094	13,321
Transfers in	2	519	-	519	235
Other income	3	-	-	-	96
		13,613	-	13,613	13,652
Benefits paid or payable	4	(19,521)	-	(19,521)	(18,225)
Payments to and on account of leavers	5	(168)	-	(168)	(123)
Other payments	6	(19)	-	(19)	(3)
Administrative expenses	7	(1,048)	-	(1,048)	(948)
		(20,756)	-	(20,756)	(19,299)
NET WITHDRAWAL FROM DEALINGS WITH MEMBERS		(7,143)	-	(7,143)	(5,647)
RETURNS ON INVESTMENTS					
Investment income	8	6,032	-	6,032	3,104
Change in market value of investments	9	(17,541)	-	(17,541)	(2,749)
Investment management expenses	11	(787)	-	(787)	(684)
NET RETURN ON INVESTMENTS		(12,296)	-	(12,296)	(329)
NET DECREASE IN THE SCHEME DURING THE YEAR		(19,439)	-	(19,439)	(5,976)
NET ASSETS OF THE SCHEME AS AT 1 APRIL		419,921	-	419,921	425,897
NET ASSETS OF THE SCHEME AS AT 31 MARCH		400,482	-	400,482	419,921

The notes on pages 26 to 39 form part of these financial statements.

RS Group Pension Scheme

STATEMENT OF NET ASSETS (available for benefits)

As at 31 March 2025

		2025 Defined Benefit Section £'000	2025 Defined Contribution Section £'000	2025 £'000	2024 £'000
INVESTMENT ASSETS:					
Pooled investment vehicles	9	392,859	-	392,859	420,062
AVC investments	9	91	-	91	91
Cash in transit	9	7,546	-	7,546	-
TOTAL NET INVESTMENTS		400,496	-	400,496	420,153
Current assets	15	1,027	-	1,027	701
Current liabilities	16	(1,041)	-	(1,041)	(933)
NET ASSETS OF THE SCHEME AT 31 MARCH		400,482	-	400,482	419,921

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 6, the actuarial status report on page 40 and the actuarial certification of Schedule of Contributions on page 41, 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 3 September 2025 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 26 to 39 form part of the financial statements.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

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”).

The financial statements are prepared in sterling, which is the functional currency of the scheme. Monetary amounts in these financial statements are rounded to the nearest £’000.

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 from the date of signing these financial statements. 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 2024

	Defined Benefits Section £’000	Defined Contribution Section £’000	Total £’000
INVESTMENT ASSETS:			
Pooled investment vehicles	420,062	-	420,062
AVC investments	91	-	91
TOTAL NET INVESTMENTS	420,153	-	420,153
Current assets	548	153	701
Current liabilities	(780)	(153)	(933)
NET ASSETS AVAILABLE FOR BENEFITS	419,921	-	419,921

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

COMPARATIVE FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

	Defined Benefits Section £'000	Defined Contribution Section £'000	Total £'000
CONTRIBUTIONS AND BENEFITS			
Employer contributions	13,320	-	13,320
Employee contributions	1	-	1
Total contributions	13,321	-	13,321
Transfers in	235	-	235
Other income	96	-	96
	<u>13,652</u>	<u>-</u>	<u>13,652</u>
Benefits paid or payable	(18,225)	-	(18,225)
Payments to and on account of leavers	(123)	-	(123)
Other payments	(3)	-	(3)
Administrative expenses	(948)	-	(948)
	<u>(19,299)</u>	<u>-</u>	<u>(19,299)</u>
NET WITHDRAWAL FROM DEALINGS WITH MEMBERS	(5,647)	-	(5,647)
RETURNS ON INVESTMENTS			
Investment income	3,103	1	3,104
Change in market value of investments	(2,749)	-	(2,749)
Investment management expenses	(684)	-	(684)
NET RETURN ON INVESTMENTS	(330)	1	(329)
NET (DECREASE) / INCREASE IN THE SCHEME DURING THE YEAR	(5,977)	1	(5,976)
NET ASSETS OF THE SCHEME AS AT 1 APRIL	425,897	-	425,897
Transfers between sections	1	(1)	-
NET ASSETS OF THE SCHEME AS AT 31 MARCH	419,921	-	419,921

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

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 related 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, which is usually when the relevant funds are received.

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.

INVESTMENTS

Investments are stated at fair value.

Unlisted pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

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 (CONTINUED)

For the year ended 31 March 2025

1 CONTRIBUTIONS

	2025 £'000	2024 £'000
EMPLOYER CONTRIBUTIONS		
DEFINED BENEFITS SECTION		
Employer's normal contributions*	1,791	2,032
Employer's deficit funding contributions	11,118	11,118
Ill health contributions	185	170
	<u>13,094</u>	<u>13,320</u>
EMPLOYEE CONTRIBUTIONS		
DEFINED BENEFITS SECTION		
Employees' normal contributions	-	1
TOTAL	<u>13,094</u>	<u>13,321</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.

2 TRANSFERS IN

	2025 £'000	2024 £'000
DEFINED BENEFITS SECTION		
Individual transfers in from other schemes	519	235

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

	2025 £'000	2024 £'000
DEFINED BENEFITS SECTION		
Claims on term assurance policies	-	96

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

4 BENEFITS PAID OR PAYABLE	2025	2024
	£'000	£'000
DEFINED BENEFITS SECTION		
Pensions	15,033	14,786
Lump sum death benefits	158	151
Commutation of pensions and lump sum retirement benefits	4,158	3,288
Purchase of annuities	172	-
	<u>19,521</u>	<u>18,225</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.

In the prior year, the Defined Benefit pension payments of £14,786k includes £823k in relation to the above GMP rectification and equalisation.

5 PAYMENTS TO AND ON ACCOUNT OF LEAVERS	2025	2024
	£'000	£'000
DEFINED BENEFITS SECTION		
Individual transfers out to other schemes	<u>168</u>	<u>123</u>

6 OTHER PAYMENTS	2025	2024
	£'000	£'000
DEFINED BENEFITS SECTION		
Premiums on term assurance policies	<u>19</u>	<u>3</u>

Since September 2024, life assurance benefits are no longer provided by the Scheme.

7 ADMINISTRATIVE EXPENSES	2025	2024
	£'000	£'000
DEFINED BENEFITS SECTION		
Administration and processing	401	583
Legal and professional fees	282	163
Actuarial fees	289	126
Audit fee	37	35
Other non-audit services	12	11
Pension Protection Fund levy	27	30
	<u>1,048</u>	<u>948</u>

The Employer bears all other costs of administration not included above.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

8 INVESTMENT INCOME	2025 £'000	2024 £'000
DEFINED BENEFITS SECTION		
Income from pooled investment vehicles	6,017	3,090
Bank interest	15	13
	<u>6,032</u>	<u>3,103</u>
DEFINED CONTRIBUTION SECTION		
Bank interest	-	1
	<u>6,032</u>	<u>3,104</u>
TOTAL	<u>6,032</u>	<u>3,104</u>

During the year, bank interest of £2k (2024: £Nil) was received into the DC bank account, which has been recognised in the DB section.

9 (a) RECONCILIATION OF INVESTMENTS

DEFINED BENEFITS SECTION

	Value at 1 April 2024 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 March 2025 £'000
Pooled investment vehicles - see note 9b	420,062	66,065	(75,722)	(17,546)	392,859
AVC investments - see note 9c	91	-	(5)	5	91
	<u>420,153</u>	<u>66,065</u>	<u>(75,727)</u>	<u>(17,541)</u>	<u>392,950</u>
Cash in transit	-				7,546
	<u>420,153</u>				<u>400,496</u>

Within the above sales and purchases figures are switches totalling £36,443k.

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 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. Income generated by pooled funds that is not distributed, is retained within the managed fund and reflected in the market value. Income generated by pooled funds that is distributed 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 (CONTINUED)

For the year ended 31 March 2025

9 (b) POOLED INVESTMENT VEHICLES

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

DEFINED BENEFITS SECTION

	2025 £'000	2024 £'000
Alternative credit funds	132,916	155,122
Buy & Maintain credit funds	213,351	164,619
Liability Driven investment funds	46,592	100,321
	<u>392,859</u>	<u>420,062</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.

	2025 £'000	2024 £'000
Bonds	212,912	333,968
Repurchase agreement	(11,683)	(86,568)
Derivatives	(9,014)	(11,250)
Pooled investment vehicles	8,036	13,779
Cash and other investment balances	13,100	15,011
	<u>213,351</u>	<u>264,940</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:

	2025 £'000	2024 £'000
Utmost Life and Pensions	91	91
	<u>91</u>	<u>91</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.

11 INVESTMENT MANAGEMENT EXPENSES

	2025 £'000	2024 £'000
DEFINED BENEFITS SECTION		
Administration, management and custody	411	397
Other consultancy fees	376	287
	<u>787</u>	<u>684</u>

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

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 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	356,441	36,418	392,859
AVC Investments	-	-	91	91
Cash in transit	7,546	-	-	7,546
	<u>7,546</u>	<u>356,441</u>	<u>36,509</u>	<u>400,496</u>
31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'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>

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.

- **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.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

13 INVESTMENT RISKS (continued)

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 2025 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 2025, 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 Janus Henderson Multi-Asset Credit ("MAC") fund has a base currency denominated in Euros. 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, LGIM Short Dated Credit and LGIM buy and maintain credit mandate.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

13 INVESTMENT RISKS (continued)

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% (2024: 70.5%) of the total investment portfolio, as at 31 March 2025, 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 53.3% of the total investment portfolio (2024: 63.1%). The Trustee expects these assets to capture broadly 90% (2024: 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 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 2025 (2024: 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 44.8% of the total investment portfolio (2024: 36.9%).

On 31 March 2025 the M&G fund distributed c.£7.5m (1.9%) and this did not settle in the Trustee Bank Account until 30 April 2025 and so has been treated as cash in transit.

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 £38.0m (2024: £179.2m). The total value of gilt repurchase agreements (both fixed and inflation-linked) at year end was £11.7m (2024: £86.6m). The total value of inflation swaps at year end was £4.6m, (2024: £6.0m).

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

13 INVESTMENT RISKS (continued)

(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 £393.0m (2024: £420.2m). The pooled investment arrangements used by the Scheme comprise Authorized Unit Trusts (AUTs), Unit-Linked Life Insurance 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 0.22% of the bonds within the LGIM QIAIF were sub-investment grade rated at year-end (with a rating of BB or below) (2024: 0.25%). The LGIM QIAIF also held cash, swaps and repurchase agreements (‘repos’) which were not rated (also true as at 31 March 2024).

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.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

13 INVESTMENT RISKS (continued)

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.

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	2025 £'000	2024 £'000
Henderson MAC	AUT	46,247	43,123
Insight SFF	QIAIF	50,249	46,216
M&G ICOF V	QIAIF	36,419	44,715
Newton SGDBF	OEIC	-	21,067
LGIM Short Dated Credit	Unit Linked Life Insurance	46,592	-
LGIM Buy & Maintain	QIAIF	155,423	164,660
LGIM LDI	QIAIF	57,929	100,281
Total	-	392,859	420,062

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 2025 or 31 March 2024 are detailed below:

	2025		2024	
	£'000	%	£'000	%
DEFINED BENEFITS SECTION				
Henderson Multi-Asset Credit Fund	46,247	11.5	43,123	10.3
Insight Secured Finance Fund	50,249	12.5	46,216	11.0
Newton Sustainable Global Dynamic Bond Fund	-	-	21,067	5.0
M&G Illiquid Credit Opportunities Fund V	36,419	9.1	44,715	10.6
L&G TLBF - Bespoke Fund	213,351	53.3	264,941	63.1
L&G TSGY - Short Dated Credit Fund	46,592	11.6	-	-

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

15	CURRENT ASSETS	2025 £'000	2024 £'000
	DEFINED BENEFITS SECTION		
	Cash balances	841	174
	Contributions due from employer in respect of Employer	186	331
	Due between Sections	-	43
		<u>1,027</u>	<u>548</u>
	DEFINED CONTRIBUTION SECTION		
	Cash balances	-	153
		-	153
	TOTAL	<u>1,027</u>	<u>701</u>

At the year-end £186k (2024: £331k) of Employer contributions were owed to the Scheme. The balance was paid in accordance with the timescales set out in the Schedule of Contributions.

Of the cash balances held by the DC Section above, £Nil (2024: £43k) is not allocated to individual members.

Of the cash balances held by the DB Section above, £110k (2024: £Nil) relates to DC monies allocated to pay DC unpaid benefits.

16	CURRENT LIABILITIES	2025 £'000	2024 £'000
	DEFINED BENEFITS SECTION		
	Amounts due to HMRC	262	244
	Accruals	259	134
	Amounts owed to Employer	260	254
	Unpaid benefits	260	148
		<u>1,041</u>	<u>780</u>
	DEFINED CONTRIBUTION SECTION		
	Unpaid benefits	-	110
	Due between Sections	-	43
		-	153
	TOTAL	<u>1,041</u>	<u>933</u>

Of the amounts owed by the DC Section above, £Nil (2024: £43k) is not allocated to individual members.

Included in unpaid benefits DB section is £110k (2024: £Nil) in relation to DC unpaid benefits, which is allocated to individual members.

RS Group Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

17 RELATED PARTY TRANSACTIONS

During the year the Principal Employer paid £1,170k (2024: £1,158k) in respect of administration costs of the Scheme. £1,095k (2024: £1,146k) was reimbursed to the Principal Employer through the DB Section. At the year-end £260k (2024: £254k) was owed to the Principal Employer in relation to re-charged administration costs.

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 £58k (2024: £93k) 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 (2024: £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.

RS Group Pension Scheme

ACTUARIAL STATUS OF THE SCHEME

For the year ended 31 March 2025

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 2024 are also included for comparison.

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

RS Group Pension Scheme

ACTUARIAL CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

For the year ended 31 March 2025



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 2025

Engagement Policy Implementation Statement for the Year Ended 31 March 2025

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 2024 to 31 March 2025 (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 2024 (covering the period from July 2024 to March 2025) and the SIP dated July 2023 (covering the period from April 2024 to June 2024). Following the end of the Scheme Year the SIP was updated (dated April 2025).

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 Trustees 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 broadly 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.

In April 2024, the Trustee revisited its ESG beliefs, undertaking an ESG beliefs setting session facilitated by the Trustee's Investment Consultant. Prior to this, 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 putting these beliefs into practice. A copy of the ESG Policy Document is available upon request.

RS Group Pension Scheme

IMPLEMENTATION STATEMENT (CONTINUED)

For the year ended 31 March 2025

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 2025 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 Scheme 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, following the end of the Scheme Year the Investment Consultant provided an in-depth review (produced broadly annually) covering the managers' ESG ratings compared to their peers; ESG-related research; and monitoring of climate metrics and performance against climate objectives of the Scheme's credit assets managed by LGIM. 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.

The Trustee has continued to request that the Scheme's managers, and new 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, the Trustee's ESG Policy Document includes 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 Sponsoring 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

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.

RS Group Pension Scheme

IMPLEMENTATION STATEMENT (CONTINUED)

For the year ended 31 March 2025

LGIM

The manager believes effective stewardship involves working with companies, regulators, policymakers, peers and other stakeholders around the world to tackle systemic issues, material risks and opportunities – as well as collaborating with its investment experts to identify future challenges. LGIM believes that incorporating financially material sustainability criteria, when relevant to its clients, can create value and drive positive change. In line with its 'universal owner' approach, LGIM focus its stewardship activities on 6 global stewardship themes (with 21 underlying sub-themes). These themes are: climate, nature, people, health, governance and digitisation. Using its stewardship themes, LGIM identify relevant stakeholders across the policymaking, corporate and broader market ecosystem, where it believes to have influence. LGIM's engagement policy can be found here <https://am.landg.com/en-uk/institutional/responsible-investing/investment-stewardship/>

LGIM – Buy & Maintain Credit

This is an example of an engagement undertaken by LGIM during the year ending 31 December 2024 for the Scheme's Buy and Maintain Credit portfolio.

Example: BP is one of the largest integrated oil and gas producers in the world, and the company has a significant role to play in the global transition to net zero, hence LGIM focus on this company for in-depth engagements. As members of the Climate Action 100+ (CA100+), LGIM commits to engaging with a certain number of companies on their focus list and on account of its strong relationship with BP.

LGIM's objective from this engagement is to ensure BP will not make substantive downward revisions to their climate-related targets: demonstration of alignment to 1.5C objectives through enhanced disclosure of scenarios and assumptions; no new long lead-time oil and gas projects; enhanced disclosure across the company's value chain (scope 3) to demonstrate agility and resilience when (if) markets are pivoting (against a range of inputs and scenarios); and disclosure and application of responsible divestment standards in asset sale process.

Engagement / analysis undertaken: LGIM has been engaging with BP on climate change for a number of years, during the course of which has seen many actions taken regarding climate change mitigation.

LGIM met with BP several times during 2022. In BP's 2022 Annual General Meeting ('AGM'), the manager was pleased to be able to support management's 'Net Zero – from ambition to action' report. Having strengthened its ambition to achieve net-zero emissions by 2050 and to halve operational emissions by 2030, BP has also expanded its scope 3 targets, committed to a substantial decline in oil and gas production, and announced an increase in capital expenditure to low-carbon growth segments.

Following the company's decision to revise their oil production targets, LGIM met with the company several times in early 2023 to discuss its concerns. Previously at the 2023 AGM, LGIM voted against the re-election of the Chair; given the revision of the company's oil production targets, shareholders expected to be given the opportunity to vote on the company's amended climate transition strategy at the 2023 AGM. Additionally, the manager noted concerns around the governance processes leading to the decision to implement such amendments.

LGIM continued to engage with them in 2023 following their decision, and throughout 2024, specifically on the objectives clarified above which reflect the manager's main areas of concern at the company.

Outcome: BP has made a commitment to allocate a substantial share of its capital to low carbon segments, and a series of announcements detailing their expansion into clean energy. These include projects to develop solar energy in the US, partnerships with Volkswagen (on fast electric vehicle charging) and Qantas Airways (on reducing emissions in aviation), and winning bids to develop major offshore wind projects in the UK and US. BP also announced that it would be reducing its oil and gas output over the next decade, with a view to reaching net-zero emissions by 2050.

RS Group Pension Scheme

IMPLEMENTATION STATEMENT (CONTINUED)

For the year ended 31 March 2025

LGIM considers its engagement objectives with BP to be in progress and will continue engaging with BP both individually and as part of its CA100+ engagements. Topics such as emissions targets, business resiliency, O&G production, capital allocation, value chain approach, responsible divestment and/or decommissioning of assets continue to be a focus.

LGIM - Net Zero Short Dated Global Corporate Bond Fund

This is an example of an engagement undertaken by LGIM during the year ending 31 December 2024 for this strategy.

Example: LGIM chose to engage with the German automobile manufacturer Volkswagen due to its presence in Xinjiang in China, which has led to scrutiny by the media and third parties. This culminated in MSCI flagging this issue as a controversy in late 2022. By late 2023, Volkswagen conducted an audit which succeeded in removing the MSCI flag, but LGIM highlighted that the company continued to attract unwanted attention in the media and from lawmakers regarding limitations of the audit and other criticisms related to its presence in the region.

Engagement / analysis undertaken: LGIM commenced their engagement with Volkswagen in late 2022, after MSCI first flagged the company for this controversy. LGIM confirmed that the initial focus of their engagement was to stress the importance of the issue to the company in relation to its access to the bond market. However, since the audit and resolving of the MSCI controversy, LGIM's approach has shifted towards finding a solution that draws a line under the issue. The investment manager has had regular engagement with the company ranging from the Investor Relations Team up to the Chief Financial Officer.

Outcome: LGIM confirmed that during their meetings over 2024, Volkswagen has indicated that it has been working on various solutions to resolve this issue. In November 2024, the company announced that its stake in the plant in Xinjiang had been sold to their joint venture partner. LGIM emphasised that this removes responsibility from Volkswagen, which should de-risk the company's exposure to the region in future. Operationally this divestment is not expected to have any negative impact on the company's strategic direction.

Overall, LGIM explained that it is unlikely that they will need to engage further on this topic in future given this solution has been reached. During LGIM's discussions with the company, it has indicated that discussions with important stakeholders such as LGIM have helped indicate the urgency of the matter to senior management and to achieve a resolution.

Janus Henderson – Multi Asset Credit

Within the Janus Henderson Secured Credit Team, six key securitisation themes were identified to ensure focused and continuous engagement over time (including themes such as physical climate risk in securitised portfolios and emerging landlord and tenant legislation). Janus Henderson's ESG engagement framework is dynamic in nature. Not all themes are perpetual, some of themes will reach a natural conclusion as the manager achieves desired outcomes. Equally, new themes are added as it identifies new and evolving sustainability risk factors as well as opportunities impacting the investments. Janus Henderson continues to explore new ways to integrate technological solutions to aid its engagement activity. Janus Henderson's engagement policy can be found here [ESG Resource Library at Janus Henderson - Janus Henderson Investors](#).

Example: Janus Henderson engaged with Elsan, a private healthcare provider, to evaluate the company's approach in two key areas: patient safety and fair pricing. In the former case, Janus Henderson wanted to ensure that management has a rigorous framework in place to ensure that patients receive the best possible care. This is important for both the patients themselves and to minimise the legal risk to the company. Similarly, Janus Henderson engaged with Elsan in the case of pricing, as they wanted to certify that the policy is transparent and competitive, and thus fair for patients.

RS Group Pension Scheme

IMPLEMENTATION STATEMENT (CONTINUED)

For the year ended 31 March 2025

Engagement / analysis undertaken: The company's management explained that each hospital has a dedicated team in charge of the healthcare and quality and safety. With regard to monitoring of incidents, in 2022 they coordinated nearly 1,300 analysis of incidents and 636 tracer patients. Elsan shared that they use an AI-powered app to analyse their feedback and are monitoring the national e-Satis survey results.

On the topic of fair pricing, every admission is priced according to the national medicalised information system, which sets up the pricing every year for each service, daily charge and other specific pathology fees. Therefore, Elsan are sending, via the billing protocol, the information on hospital stay directly to the Social Security and private health insurance who then pay the relevant amount. The remaining amount is borne by the patient.

Private practitioners are allowed to bill medical fees that Elsan may collect for them, however 46% of private practitioners working in their hospitals use the charge fixed rates set by the social security system.

Outcome: Janus Henderson felt that the company's response to their questions was sufficient and therefore maintains a Green ESG rating and they continue to invest. However, the investment manager is yet to receive a completed European Leveraged Finance Association Healthcare Factsheet, which would provide Janus Henderson with enhanced ESG data to monitor the company's progress and risks. Janus Henderson will therefore continue to engage with Elsan in this regard.

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. Insight's engagement policy can be found here [Responsible investment | Insight Investment](#)

Example: Insight has engaged with Pepper to gain a better understanding of the company's ESG considerations in their loan origination and underwriting process. Pepper is a significant issuer in the Australian market and is widely held across Insight's portfolio. Insight confirmed that ESG had previously not formed part of their loan origination process, and the investment manager identified Pepper as an issuer to engage with to raise this as an area of concern. Insight indicated that at this stage, raising the issue and determining the level of engagement is the first step towards better disclosures to enable Insight's ESG analytics to be conducted more thoroughly.

Engagement / analysis undertaken: Insight confirmed that engagement first occurred with Pepper in Q4 2022, in a single meeting between Insight's Senior Portfolio Manager and the Deputy Head of Treasury at Pepper. Subsequent engagement had been held in Q2 2023 relating to new product range and Energy Performance Certificate ('EPC') data analysis. The issuer (Pepper) is now showing borrowers the potential EPC improvements they can make to their properties and linking into new business. There are cashback opportunities for an EPC focussed 2nd lien loan. Insight engaged with Pepper to investigate the possibility of the company providing EPC details to investors across their back book, although there is limited appetite from other investors away from Insight so far. Insight's engagement with the company continued throughout new issue discussions in Q4 2024.

Outcome: Pepper confirmed that ESG considerations were not a significant part of their loan origination and underwriting processes. Furthermore, ESG had not, to date, been part of their disclosures at either a corporate or issuer level.

Insight raised this as an area of concern and Pepper agreed that disclosures are needing to be improved, and they confirmed that they will investigate building in several ESG metrics within their annual reports. Insight also raised the issue of loan origination practices and Pepper agreed that this was something they were reviewing, although they had no immediate plans to amend their origination policies.

RS Group Pension Scheme

IMPLEMENTATION STATEMENT (CONTINUED)

For the year ended 31 March 2025

Overall, Insight identified that the outcome is positive in terms of disclosures. Although, the annual report will need to be reviewed to confirm that the disclosures are appropriate. However, Insight explained that loan level disclosures and loan practices need continued engagement.

M&G – Illiquid Credit Opportunities

Illiquid credit opportunities fund typically invests in privately traded debt, assets held in special purpose vehicles and other real assets. M&G's approach to setting engagement objectives is structured and strategic, focusing on achieving positive outcomes for both the company and its clients. Before engaging, M&G identifies specific targets based on desired outcomes, tempered by realistic expectations considering the amount held and the asset class involved. The engagement objectives are developed with a clear understanding of the materiality of the issue and the potential impact on the company's value and long-term performance. This involves challenging environmental, social, and governance practices that pose risks to long-term performance. M&G's engagement policy can be found here [Responsible Investing at M&G Investments – M&G plc](#).

The engagement example outlined below relates to the Illiquid Credit Opportunities Fund portfolios as a whole, and not for the specific fund the Scheme invests in (Illiquid Credit Opportunities Fund V).

Example: M&G engaged with Zayo Group Holdings Inc., which is a company that offers international network connectivity services. M&G engaged with the company to focus on Net Zero and decarbonisation, specifically addressing the company's recent increase in Scope 1 and 2 carbon emissions and asking the company for their pathway for achieving Science-Based Targets initiative (SBTi) targets.

Engagement / analysis undertaken: M&G had a call which was held with the Sustainability Director and a member of the Investor Relations team. Zayo shared that from 2021 to 2022, there was an increase in Scope 1 and 2 emissions due to an acquisition. For Scope 1, the company had completed auditing their 2023 data, noting a drop in 2022 submissions due to improved data availability. The company had a consultation with Bain, a top management consulting firm, which helped identify areas where the company can control or influence emissions. For Scope 2, the focus remains on electricity across 49,000 global sites, with an increase expected as they expand.

Outcome: Zayo informed M&G that it has purchased 100% renewable electricity for Scope 2. In terms of fleet expansion, Zayo plans to replace less fuel-efficient vehicles whilst considering return on investment and focusing on hybrids due to logistical challenges in sourcing renewable energy. It is also beginning to implement green solutions for hotels and airlines for employees and targeting purchased goods and services in order to engage with external stakeholders.

Regarding the actions Zayo intends to take for its net zero target, the company has allocated significant OPEX (Operating Expenses), with detailed work on technical sites and funding focusing on 'easy wins'. While current technology limits CAPEX (Capital Expenditures) investments, they are exploring renewable options for technical sites, most of which are managed by others. Through contracts, they aim to influence these sites over the next 2-5 years. For SBTi, they do not use carbon offsets for Scope 1 and 2 but the company shared that they are allowed to for Scope 3. Their base year for Scope 1, 2, and 3 is 2020, with emissions recorded at 202,000 for Scope 1 and 193,000 for Scope 2. The investment manager will continue to monitor to ensure that the company's transition plan remains ambitious and achievable.

RS Group Pension Scheme

IMPLEMENTATION STATEMENT (CONTINUED)

For the year ended 31 March 2025

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. As stewards of its clients' capital, Newton is committed to the responsible allocation, management and oversight of capital to create long-term value for beneficiaries. Newton uses three main stewardship tools: engagement with issuers, voting at shareholder meetings, and advocacy within the wider marketplace. Of these three tools, engagement is the most central. Newton defines engagement as the purposeful dialogue it has with issuers to constructively challenge management and boards around financially material aspects of their decision making where Newton believes it can result in improved long-term financial outcomes for its clients. Newton's engagement policy can be found here [Responsible Investing | Newton](#).

Newton has confirmed that there were no engagements from 1 April 2024 until the date of disinvestment of the 11 April 2024.

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 in this statement given the investment strategy includes only fixed income and liability driven investment assets.