THE SLAUGHTER AND MAY PENSION SCHEME

TRUSTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2024

(The Pensions Regulator – Registered Number: 10158285)

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DETAILS OF PRINCIPAL EMPLOYER, TRUSTEE AND ADVISERS

Principal Employer	Slaughter and May
Participating Employers	Slaughter and May Services Company Slaughter and May Limited
Trustee*	Capital Cranfield Pension Trustees Limited (with effect from 24 April 2024 – see page 2 for details)
Representatives of the Trustee	Ms. F. Stark (Chair) Ms. J. Woods Ms T. Docherty
Scheme Actuary	Mrs. J. Curtis
Actuarial Advisers	Aon Solutions UK Limited
Investment Advisers	Aon Investments Limited
Independent Auditor	Moore Kingston Smith LLP
Solicitors	Sacker and Partners LLP
Bank	National Westminster Bank Plc
Investment Managers	Phoenix Wealth Limited - to 15 February 2024 Legal & General Investment Management Limited Legal & General Assurance Society Limited

* The partners of Slaughter and May (the "Firm") may remove the Trustee, appoint a new Trustee or Trustees in its place or appoint an additional Trustee or Trustees.

THE TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2024

FOR THE YEAR ENDED 31 MARCH 2024

The Trustee of the Slaughter and May Pension Scheme (the "Scheme") presents its annual report together with the investment report, the Auditor's report, the financial statements and the most recent Actuarial Certificate available to the Trustee. The financial statements have been prepared and audited in accordance with regulations made under section 41(1) and (6) of the Pensions Act 1995.

Constitution of the Scheme

The Scheme is governed by a Fourth Definitive Trust Deed and Rules dated 19 August 2013 as amended by deeds of amendment dated 27 August 2013, 29 October 2013, 28 March 2014, 23 March 2016, 5 April 2018, 8 January 2019, 26 May 2020, 26 July 2022 and 24 April 2024.

The Scheme is a registered occupational pension scheme under Part 4 of the Finance Act 2004 (previously approved under Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988). The Trustee is not aware of any reason why registration should be withdrawn.

The Scheme is registered with the Pension Scheme Registry under Scheme Reference Number 10158285.

The Scheme was formerly made up of two separate benefit sections: the Money Purchase Scheme 2001 ("MPS") and the Final Salary Scheme ("FSS"). The FSS is the only remaining section in the Scheme. On 28 October 2022, all the assets in the MPS, and all the assets in the FSS AVC schemes, were transferred to the Legal & General WorkSave Master Trust. This transfer triggered the wind up of the MPS Section which completed on 17 October 2023.

The Trustee of the Scheme

On 24 April 2024, Slaughter and May (the "Firm") as Principal Employer appointed Capital Cranfield Pension Trustees Limited ("CCPTL") as the Professional Corporate Sole Trustee ("PCST") of the Scheme. CCPTL replaced Slaughter and May Pensions Trustees limited ("SMPTL") which retired as Trustee on the same date. CCPTL is represented by Fiona Stark, Tova Docherty and Jackie Woods to manage the Scheme on its behalf.

In accordance with the Pensions Act 1995, with the appointment of a sole independent professional trustee, there are no further member-nominated director requirements for the trustee board.

Under SMPTL, the Trustee had put in place arrangements under which at least one-third of the directors of the Trustee were nominated by the active members and pensioner members of the Scheme. These were called Member Nominated Directors ("MNDs"). The remaining directors had been selected by the partners of Slaughter and May (the "Firm"). Under SMPTL, until its retirement as Trustee on 24 April 2024, there were seven directors and two MND vacancies. Five directors of the Trustee were partners of the Firm, Mr. P.R. Linnard, Ms. A. Nassiri, Mr. C. Sharpe, Mr O.J. Wicker and Mr. P.D Wickham. Mr W. Watson retired as a director on 30 April 2022, Mr. S. Maudgil retired as a director on 30 April 2023, Mr. P.D Wickham was appointed on the 01 May 2022 and Mr. C. Sharpe was appointed on 1 May 2023. Mr. C.F.G. Girling was the independent trustee director and Chairman. From 1 June 2023, Ms. S.E. Twigger was the sole MND as there were two vacancies. Mr. C.J. Martin had retired as an MND on 31 March 2023 and Mr. H.J. Gittins had retired as an MND on 31 May 2023. An exercise to replace these two MND retirees had been run in April 2023 but there had been no nominations.

Auditor

The Scheme's appointed auditor is Moore Kingston Smith LLP.

THE TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2024 (contd.)

Statement of Trustee's Responsibilities

The following statement is made at the request of the Auditor to comply with International Standards on Auditing (UK and Ireland). It must not be construed as imposing any liability on the Trustee which would not have been imposed if that statement had not been made.

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, 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 making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging 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 is required to act in accordance with the Trust Deed and Rules of the Scheme within the framework of pension and trust law and, subject to these parameters, the Trustee has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the 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 revising, a schedule of contributions showing the rates of contributions (other than voluntary 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 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 and the Scheme rules. Where breaches of the schedule occur, the Trustee is required by the Pensions Act 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

Report on Actuarial Liabilities

Section 222 of the Pensions Act 2004 and the Occupational Pension Schemes (Scheme Funding) Regulations 2005 require the Scheme to have:

- sufficient and appropriate assets to meet the FSS's technical provisions (present value of the benefits members are entitled to based on pensionable service to the valuation date), known as the Statutory Funding Objective ("SFO");

THE TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2024 (contd.)

- a Statement of Funding Principles ("SFP") covering the policy in relation to funding and the method and assumptions by which the technical provisions are determined. The SFP is available to members on request;

- an actuarial valuation at least every 3 years with interim reports for intervening years.

The Scheme Actuary has carried out the latest formal valuation under the scheme-specific funding regulations as at 31 March 2021. This showed on that date:

The value of the Technical Provisions was	£188.7 million
The value of the assets was	£212.5 million

The Actuarial Valuation showed that the assets of the FSS were sufficient to meet the FSS's technical provisions at the valuation date. The surplus was £23.8m, corresponding to a funding level of 112.6%. There was no deficit recovery plan as the FSS was in surplus. The Firm will directly meet the expenses of the FSS and the MPS.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions are laid out in the Appendix to the Statement of Funding Principles):

Method	Projected unit method
Assumptions	
RPI	Break-even RPI curve with no inflation risk premium deduction
CPI	RPI inflation less 0.75% p.a. pre 2030 and 0.1% thereafter
Pension increases	Derived from RPI price inflation assumption
Pre-retirement discount rate	Aon Bulk Annuity Market Monitor Yield Curve for non-pensioners constructed from swap and UK corporate bond market curves
Post-retirement discount rate	Aon Bulk Annuity Market Monitor Yield Curve for pensioners constructed from swap and UK corporate bond market curves.

Mortality: for the period in retirement, standard base table S3PxA with a scaling factor of 93% for male deferred members and 93% for male pensioner members; and a scaling factor of 102% for female deferred pensioners and 101% for female pensioner members. Post retirement future improvements in mortality are based on CMI 2020 core projections with a smoothing parameter of 7.0%, an A parameter of 0.5 and a long-term improvement rate of 1.75% for males and females.

A copy of the latest Actuarial Certification of the Schedule of Contributions confirming the adequacy of contributions for the purposes of the Statutory Funding Objective is shown on page 30.

The next full actuarial valuation is being undertaken as at 31 March 2024. The valuation is underway and must be completed by 30 June 2025.

Changes to the Scheme

The Trustee approved the transfer of all MPS assets and all DC AVC assets in the Scheme to the Legal & General WorkSave Master Trust (the "new scheme") without member consent. The transfer took place on 28 October 2022.

From 1 August 2022, Slaughter and May closed the MPS to future contributions. From that date, Slaughter and May used the new Scheme as its employee pension scheme for automatic enrolment purposes and all subsequent employer and member contributions have been paid into the new Scheme.

The closure of the FSS to future accrual

Following a consultation between the Firm and the active members of the FSS, the FSS closed to future accrual on 28 February 2011. All 225 affected members joined the MPS2001 from 1 March 2011. Death-in-service and incapacity benefits were unaffected and remain payable through the FSS for those members while they remain employed by the Firm.

Pensionable Salary Cap

In June 2008, the Firm announced a change to the FSS. The change restricts the extent to which pay increases awarded after 1 May 2008 are pensionable for FSS purposes to the lesser of inflation (as measured by the Retail Prices Index "RPI") and 5%. Following the closure of the FSS to future accrual on 28 February 2011, the change will continue to affect the death and incapacity benefits of those FSS members who remain employed by the Firm.

Membership and Beneficiaries

	31 March 2024 FSS	31 March 2023 FSS
Deferred Pensioners	250	276
Pensioners and Beneficiaries*	564	550
	814	826

*Beneficiaries are those receiving pensions as a result of the death of an Active Member, Deferred Pensioner or Pensioner.

Increases to Pensions

All pensions in payment which are attributable to pensionable service completed after 5 April 1997 and before 6 April 2005 must, subject to certain exceptions, be increased by 5% a year or, if less, the increase in the RPI. All pensions in payment which are attributable to pensionable service completed after 5 April 2005 must, subject to certain exceptions, be increased by 2.5% a year, or if less, the increase in the RPI. Any other increases to pensions in payment are entirely at the Trustee's and the Firm's discretion.

In July 2010, the Government announced that statutory minimum pension increases were to be linked to CPI rather than RPI. However, the Government subsequently decided that there would be no statutory override to a scheme's rules. Accordingly, the statutory increases to pensions in payment in the FSS remain linked to RPI.

THE TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2024 (contd.)

The increase in the RPI over the year to 31 July 2023 was 9.0%. Backdated with effect from 1 July 2023, tranches of pensions in payment for service accrued between 6 April 1997 and 5 April 2005 subject to statutory minimum increases were increased by 5.0%. Tranches of pension for service accrued after 5 April 2005 subject to statutory minimum increases were increased by 2.5%.

All other tranches of pensions in payment that were subject to discretionary increases only (with certain minor exceptions) were increased by 2.5%. A proportionately smaller increase was given to members who had been retired for less than one year.

From 2009 to 2022, the Firm funded for future discretionary pension increases as they were awarded rather than as part of the Actuarial Valuation. In 2023, the Firm decided that all future discretionary increases would be funded from the Scheme's valuation surplus rather than by a cash contribution from the Firm. The cost of funding the 2023 discretionary increases was calculated by the Scheme Actuary at £780,000.

Until 28 October 2022, members of the MPS were responsible for making their own arrangements to pay pensions for themselves at retirement whether through cash withdrawal, the purchase of an annuity or the transfer of benefits to a flexi-access drawdown facility. These arrangements were made by members in their own names and discharged the Scheme from the liabilities to pay pensions.

Cash Equivalent Transfer Values

Members leaving service can normally transfer the cash value of their benefits in the FSS (their "cash equivalent transfer value") to a new employer's scheme or to a suitably approved insurance policy or to the personal pension scheme of their choice. The Trustee, under the advice of the Actuary, set the basis for calculating transfer values under new legislation at its meeting on 14 December 2022. The CETV factors are updated to reflect market conditions every six months or more frequently if the Scheme Actuary determines the market movements warrant it. The last update of CETV factors was made on 7 March 2024. No allowance is made for discretionary benefits and discretionary increases to pensions.

There was one transfer of FSS benefits to other pension arrangements made in the year ended 31 March 2024, totalling £19,994.

Revaluation of deferred benefits

Deferred pensions from the FSS arising on or after 1 January 1986 are subject to statutory revaluation. For revaluation up to 31 December 2010, in relation to service completed up to 5 April 2009, revaluation is calculated by reference to the increase in the RPI subject to a maximum of 5.0% p.a. compound; in relation to service completed after 5 April 2009 the RPI increase maximum is 2.5% p.a. compound.

From 1 January 2011 the basis of the revaluation of pensions in deferment is by reference to CPI rather than RPI. However, the firm amended the rules of the Scheme such that the revaluation of pensions in deferment will be linked to capped RPI for employed deferred members for so long as they remain employed by the firm. Employed deferred members are those who became deferred members at 28 February 2011 when the FSS was closed to future accrual. Once an employed deferred member leaves the employment of the firm, the revaluation of the pension in deferment will be linked to capped CPI in the same way as members who left the firm before 28 February 2011.

Since the year-end, it has been noted that the statutory revaluation had not been correctly applied. This has resulted in an additional liability being due, which is estimated to be c. £300,000 to £400,000.

THE TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2024 (contd.)

The Trustee is working with Aon to calculate the resulting liability. Therefore, as the amount of the liability cannot be reasonably estimated, the cost of rectifying this issue has not been recognised in the accounts. It will be recognised once the Trustee reaches a reliable conclusion.

Data Protection Statement

The Trustee holds personal data provided by members of the Scheme (and, where appropriate, by third parties such as the Firm and Participating Employers or medical advisers) for the purpose of calculating and providing members' benefits and members' survivors' benefits under the Scheme.

All personal information collected by the Scheme is processed on the grounds that such processing is necessary to further the Trustee and the firm's legitimate interest in the effective administration and management of members' benefits under the Scheme. Both the firm and the Trustee will comply with their relevant data protection obligations when processing this information. There may be occasions when members' personal information will need to be shared with other individuals and organisations. The Trustee has prepared a Capital Cranfield Privacy Policy for the Slaughter and May Pension Scheme which sets out, amongst other things, how the Trustee obtains, uses, shares and protects the personal information that it collects. It also sets out members' rights in relation to their information.

If any member wishes to know more about the information held by the Trustee or the purposes for which it is held or to obtain a copy of the Capital Cranfield Privacy Policy, please contact the Staff Pensions Team.

Enquiries about the Scheme or Benefit Entitlement

Any enquiries about the Scheme generally or about entitlement to benefits under the Scheme should be made to the Staff Pensions Team, Slaughter and May, One Bunhill Row, London, EC1Y 8YY (Tel: 020 7090 4142/4101). Email: staffpensionsteam@slaughterandmay.com.

Signed for and on behalf of
Capital Cranfield Pension Trustees Limited

Signed by:
Fiona S Stark
……………70BD986E377544E...………. Trustee

16/10/2024
…………………………………………….. 2024

THE INVESTMENT REPORT

1. FINAL SALARY SCHEME

Statement of Investment Principles

The Trustee's Statement of Investment Principles (the "Statement") is reviewed at least annually.

The Statement, which was prepared after obtaining advice from Aon Investments Limited ("Aon") and after consulting the Firm, sets out the Trustee's policy concerning:

- the nature of investments which are suitable for the Scheme to hold, having regard to investment risk and the need for diversification of investments as appropriate;
- the selection of investments, suitable investment managers and instructions restricting certain types of investment activity, including self-investment;
- procedures for regular review of the investment strategy, having regard to the Scheme's actuarial liabilities and the need for realisation of investments;
- objectives for investment performance of the Scheme and review of investment management performance;
- procedures to ensure safe custody of the Scheme's assets and for monitoring compliance with the Trustee's policies by investment managers, custodians and administrators; and
- corporate governance.

The Trustee will continue to review the Statement annually to ensure the principles continue to be appropriate to the Scheme.

Responsible Investment

In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

As part of their delegated responsibilities, the Trustee expects the Scheme's investment managers to, where appropriate, engage with investee companies with the aim to protect and enhance the value of assets and exercise the Trustee's voting rights in relation to the Scheme's assets.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

2. FINAL SALARY SCHEME ("FSS")

Investment Policy and Objective

The Trustee aims to invest the FSS assets prudently to ensure that the benefits promised to members are provided. In setting the investment strategy, the Trustee first considered the lowest risk allocation that it could adopt in relation to the FSS liabilities and then selected a strategy that is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the FSS liabilities. In accordance with this, the investment strategy is reviewed regularly.

The asset allocation proportions chosen by the Trustee and the actual asset allocation proportions at the year end are as follows:

Asset Class	Indicative Proportion	Actual Proportion at 31 March 2024	Value at 31 March 2024
			£m
Corporate Bonds	20.0%	23.3%	34.7
Gilts & Cash	50.0%	51.2%	76.2
Bulk annuity	30.0%	25.5%	38.0
	100.0%	100.0%	148.9

The bespoke portfolio of LGIM gilt funds was specifically selected in March 2017 under the advice of Aon to better match the liabilities of the Scheme in terms of interest rate and inflation exposure, a form of liability driven investment (LDI). Separate exercises to rebalance the gilts portfolio were commissioned by the Trustee following the purchase of the bulk annuity and some adjustments to the portfolio were made in November 2019, November 2020, 15 June 2023 and 1 February 2024.

The Trustee, with the assistance of its advisers Aon, reviews the asset allocation on a quarterly basis. The Trustee's policy is to target a funding position whereby many of the risks inherent in the current technical provisions basis can be removed.

The Investments

At 1 April 2023 and 31 March 2024, the assets of the FSS were invested with Legal & General Investment Management Limited ("LGIM") and Legal & General Assurance Society Limited (LGAS), in the funds and indicative proportions listed below:

Fund Name	1 April 2023 Proportion	31 March 2024 Proportion
World Equities	10.0%	-
Corporate Bond Fund	-	20.0%
Bespoke LDI Gilts portfolio	50.0%	50.0%
Liquidity Fund (cash)	10.0%	-
Bulk annuity	30.0%	30.0%
	100.0%	100.0%

On 20 April 2023, a rebalancing adjustment was made transferring £6.5m from World Equities to the Liquidity Fund. Subsequently, on 15 June 2023, as part of the Gilts LDI rebalancing, £29.0m was disinvested from the Liquidity Fund and invested into the Gilts portfolio.

On 7 December 2023, the remaining investment in World Equities was sold generating £18.6m which was invested in the Liquidity Fund. On 15 February 2024, £34.0m was invested into a Corporate Bond Fund (the L&G Future World Net Zero Buy and Maintain Fund). This purchase was funded from the Liquidity Fund and from the sale of a selection of Gilt Funds as a consequence of a further Gilts LDI portfolio rebalancing.

Income generated by the equity funds, corporate bond fund and the gilts portfolio is invested in the LGIM Liquidity Fund to assist with cashflow management.

On 12 March 2019, the Trustee entered into a bulk annuity contract (pensioner buy-in) with Legal & General Assurance Society Limited (LGAS). The Trustee passed assets of c. £60m to LGAS in exchange for monthly cashflows back to the Trustee in respect of a specific cohort of pensioners. The payment of the pensions remains the responsibility of the Trustee but the longevity risk of these pensioners has been successfully hedged by this bulk annuity. The assets transferred in-specie to LGAS were predominantly Corporate Bonds supplemented by Gilts and cash. The bulk annuity is revalued annually by Aon.

As part of the transfer of the MPS to the L&G WorkSave Master Trust, one MPS investment in the Aviva Investors Pensions Property Fund (AIPL) could not be traded as the fund was in run-off. In order to allow the bulk transfer to proceed, the Trustee and the firm agreed to transfer the AIPL Fund from the MPS to the FSS for its current value. The Fund's value was previously included in Cash & Other in the table above. The AIPL Fund was closed in the year and payments of £719,260 and £237,450 were made to the Scheme on 17 April 2023 and 12 February 2024 respectively.

Investment Fees

The fees for the LGIM funds were as follows:

Asset Class	Fund Fees
Corporate Bonds	0.175%
Gilts Portfolio	0.035%
Cash	0.125%

Custodial Arrangements

All of the assets of the Scheme (with the exception of the bulk annuity and any cash required to meet day to day expenses and the payment of benefits) are held in pooled funds by third parties and therefore the Scheme does not require a direct Custodian. Cash held by the Trustee is on deposit with National Westminster Bank Plc. The bulk annuity is with Legal & General Assurance Society Limited.

Performance

The Trustee employs the services of Aon to provide independent assessments and to help it review the funds' performance. A summary of the investment returns achieved is given below:

Fund Name	Period	Fund %	Benchmark %	Diff %
Future World Net Xero Buy and Maintain Fund	1 year	2.3	2.3	0.0
	3 years % pa	-	-	-
2073 Index-Linked Gilt Fund	1 year	(6.5)	(6.5)	0.0
	3 years % pa	-	-	-
2068 Gilt Fund	1 year	1.3	1.3	0.0
	3 years % pa	-	-	-
2032 Index-Linked Gilt Fund	1 year	3.3	3.3	0.0
	3 years % pa	-	-	-
2035 Index-Linked Gilt Fund	1 year	3.7	3.7	0.0
	3 years % pa	-	-	-
2038 Gilt Fund	1 year	5.0	5.0	0.0
	3 years % pa	-	-	-
2040 Index-Linked Gilt Fund	1 year	5.1	5.1	0.0
	3 years % pa	-	-	-
2030 Index-Linked Gilt Fund	1 year	6.5	6.5	0.0
	3 years % pa	-	-	-
2053 Green Gilt Fund	1 year	6.9	6.9	0.0
	3 years % pa	-	-	-
2042 Gilt Fund	1 year	7.1	7.1	0.0
	3 years % pa	-	-	-
2068 Index-Linked Gilt Fund	1 year	(24.7)	(24.7)	0.0
	3 years % pa	(30.5)	(30.6)	0.1
2062 Index-Linked Gilt Fund	1 year	(19.6)	(19.7)	0.1
	3 years % pa	(25.1)	(25.0)	(0.1)
2058 Index-Linked Gilt Fund	1 year	(17.7)	(17.7)	0.0
	3 years % pa	(23.8)	(23.7)	(0.1)
2055 Index-Linked Gilt Fund	1 year	(13.6)	(13.5)	(0.1)
	3 years % pa	(19.3)	(19.2)	(0.1)
2071 Gilt Fund	1 year	(11.4)	(11.5)	0.1
	3 years % pa	(23.6)	(23.5)	(0.1)
2050 Index-Linked Gilt Fund	1 year	(11.4)	(11.4)	0.0
	3 years % pa	(17.2)	(17.2)	0.0
2065 Gilt Fund	1 year	(9.2)	(9.2)	0.0
	3 years % pa	(20.3)	(20.3)	0.0
2060 Gilt Fund	1 year	(7.3)	(7.3)	0.0
	3 years % pa	(17.2)	(17.2)	0.0
2042 Index-Linked Gilt Fund	1 year	(6.0)	(6.0)	0.0
	3 years % pa	(10.9)	(10.9)	0.0
2047 Gilt Fund	1 year	(5.0)	(4.9)	(0.1)
	3 years % pa	(15.5)	(15.4)	(0.1)
Sterling Liquidity Fund	1 year	5.2	5.0	0.2
	3 years % pa	2.5	2.5	0.0
Total Fund	1 year	(0.7)	(3.1)	2.4
	3 years % pa	(8.4)	(10.2)	1.8

Source: LGIM, consolidated performance benchmark estimated by Aon

When funds invested at year end were not held for the full period, performance since inception has been shown. Benchmark performance has been assumed to be the same as fund return as benchmark performance is not available.

A summary of the performance of the FSS for the previous ten financial years is given below:

Year	Fund Return	Benchmark Return	Diff
2015	18.6	18.5	0.1
2016	0.1	0.2	(0.1)
2017	20.9	21.0	(0.1)
2018	7.8	7.9	(0.1)
2019	5.0	5.1	(0.1)
2020	4.1	4.7	(0.6)
2021	8.6	9.7	(1.1)
2022	0.8	0.6	0.2
2023	(23.2)	(25.3)	2.1
2024	(0.7)	(3.1)	2.4

No part of the FSS's assets is invested in employer-related investments. All the assets of the FSS (excluding the bulk annuity) are invested in assets which the Trustee believes are readily marketable.

Additional Voluntary Contributions

Until 31 March 2001, Additional Voluntary Contributions ("AVCs") could be invested only in a with-profits fund of The Equitable Life Assurance Society ("Equitable Life") and/or its Managed Pensions Fund, a unit-linked fund. On 1 January 2020, these AVCs were transferred to Utmost Life and Pensions Limited ("Utmost Life and Pensions") where they were held under an insurance policy for the benefit of members. The Trustee wrote to all members prior to the transfer inviting them to select their own investment strategy for their funds on the transfer to Utmost Life and Pensions. For members with investments in the Equitable Life with-profits fund who did not respond, the Trustee selected the Investing-by-Age strategy as the default investment option. Members with investments in the Equitable Life managed fund who did not respond were automatically transferred to the Utmost Life and Pensions managed fund.

As from 1 April 2001, the Trustee appointed Deutsche Asset Management Life & Pensions Ltd. ("Deutsche Life") as an additional investment manager for the Scheme's AVCs. As from 23 December 2004, the Trustee appointed Phoenix Wealth Limited (formerly Axa Wealth Limited and before that Winterthur Life U.K. Limited) as an additional investment manager for the Scheme's AVCs. Thirteen investment funds were available for investment on a defined contribution basis. Following the closure to future accrual on 28 February 2011 no further AVCs could be paid into the FSS.

The Trustee transferred all AVCs (held with Utmost and Phoenix) to the L&G WorkSave Master Trust on 28 October 2022.

There are no employer-related investments.

Signed for and on behalf of Capital Cranfield Pension Trustees Limited

Signed by:
Fiona S Stark
70BD980E377544E...
……………………………………Trustee

16/10/2024
….. 2024

INDEPENDENT AUDITOR’S REPORT TO THE TRUSTEE OF THE SLAUGHTER AND MAY PENSION SCHEME

Opinion

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

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Scheme 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. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE SLAUGHTER AND MAY PENSION SCHEME (CONTINUED)

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Scheme's trustee

As explained more fully in the trustee's responsibilities statement set out on page 3, the Scheme's trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Scheme's 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 Scheme's 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 Scheme's trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Scheme's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's trustee.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE SLAUGHTER AND MAY PENSION SCHEME (CONTINUED)

- Conclude on the appropriateness of the Scheme trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

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

The objectives of our audit in respect of fraud are: to identify and assess the risks 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 to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Scheme.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Scheme and considered that the most significant are the Pensions Act 1995, the Pensions SORP, UK financial reporting standards as issued by the Financial Reporting Council and regulations prescribed by The Pensions Regulator.

- We obtained an understanding of how the Scheme complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE SLAUGHTER AND MAY PENSION SCHEME (CONTINUED)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Moore Kingston Smith LLP.

Moore Kingston Smith LLP
Statutory Auditor
6th Floor
9 Appold Street
London
EC2A 2AP

Date 18 October 2024

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

FUND ACCOUNT

For the year ended 31 March 2024

	NOTE	2024 Total £'000	2023 Total £'000
Contributions and benefits			
Employer contributions		-	4,839
Employee contributions		-	1,515
Total contributions	4	-	6,354
Transfers in	5	-	16
		-	6,370
Benefits payable	6	(7,087)	(7,164)
Leavers	7	(20)	(190,603)
Administration Expenses		(310)	-
		(7,417)	(197,767)
Net withdrawals from dealings with members		(7,417)	(191,397)
Returns on investments			
Investment income	8	3,275	3,273
Change in market value of investments	9	(3,420)	(63,308)
Investment management expenses		(52)	-
Net returns on investments		(197)	(60,035)
Net decrease in the fund during the year		(7,614)	(251,432)
Net assets of the Scheme			
At 1 April 2023		157,378	408,810
At 31 March 2024		149,764	153,378

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

As at 31 March 2024

	NOTE	2024 Total £'000	2023 Total £'000
Investment assets	9	148,802	154,716
Current assets	13	1,143	2,662
Current liabilities	14	(181)	-
Net assets of the Scheme at 31 March 2024		149,764	157,378

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 for the defined benefit section, is dealt with in the report on actuarial liabilities on pages 3 and 4 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 19 to 27 form part of these financial statements.

The financial statements were approved by the Trustee and signed for and on behalf of Capital Cranfield Pension Trustees Limited

Signed by:
Fiona S Stark
…...................70BD986E377544E....Trustee

16/10/2024
…... 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. Basis of preparation

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

2. Accounting Policies

The principal accounting policies are set out below:

(a) Contributions

Members' and employers' normal contributions are accounted for on an accruals basis at rates agreed by the Trustee and the Firm, as recommended by the Scheme Actuary.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable.

(b) Valuation of Investments

For managed and unitised funds that report bid and offer prices, the market values at the year end reporting date are calculated using the bid price as provided by the relevant fund manager. Single priced managed and unitised funds are valued at the closing price at the year end as advised by the relevant investment manager.

The value of the bulk annuity contract held with Legal & General Assurance Society Limited (LGAS) is determined at the year end, based on solvency assumptions as this closely reflects the market value of the insurance policies. The valuation is based on full membership data in years when an actuarial valuation takes place. It is updated in interim years by rolling forward the valuation in line with interest rates, adjusting for net cash movements and updating for market conditions at the date of the Scheme accounts.

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 profit and losses realised on sales of investments during the year.

(c) Investment income

Interest income from cash and short-term deposits, and income from unitised and managed funds, is accounted for on an accruals basis.

(d) Payments to members

Pensions in payment are accounted for in the period to which they relate. Transfer values take account of transfers where the trustees of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year end and the amount of the transfer can be determined with reasonable certainty.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (contd.)

Benefits and refunds of contributions which are payable when a member retires or leaves the Scheme, but which depend on a choice made by the member are accrued on the later of the date of retiring or leaving and the date of notice of the member's choice.

(e) Expenses

Administration expenditure and investment management expenses are recognised on an accruals basis.

(f) Currency

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

3. **Basis of Scheme**

The Scheme is governed by the Fourth Definitive Trust Deed and Rules dated 19 August 2013 (as amended) and is a registered occupational pension scheme under Part 4 of the Finance Act 2004. The Trustee is not aware of any reason why registration should be withdrawn. Lump sum death-in-service benefits for FSS members are fully insured.

4. **Contributions**

		2024 Total £'000	2023 Total £'000
Employers	- normal	-	3,004
	- additional	-	45
	- augmentations	-	1,790
Members	- normal	-	1,062
	- AVC	-	453
		-	6,354

Until 28 February 2011 when the FSS was closed to future accrual, members of the FSS were not required to make any contributions to secure their pension entitlements and death benefits. The FSS offered members the opportunity to make Additional Voluntary Contributions ("AVCs") which were invested through Winterthur Life on a money purchase basis. The facility to make AVC contributions to secure defined benefits was available only to certain members who started paying AVCs before 1 January 1990.

After 28 February 2011, no AVCs can be paid into the FSS. All active members at this date were invited to join the MPS from 1 March 2011.

The actuarial valuation at 31 March 2021 was completed on 7 December 2021 and revealed a funding surplus of £23.8m. The Trustee and the Firm have agreed that as there is no deficit a Recovery Plan is not required.

Until closure on 28 October 2022, members of the MPS paid contributions, under salary sacrifice where selected, in accordance with the payment schedule and the Scheme rules.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (contd.)

5. **Transfers in**

	2024 Total £'000	2023 Total £'000
Individual transfers in from other schemes	-	16
	-	16

6. **Benefits payable**

	2024 Total £'000	2023 Total £'000
Pensions	5,980	5,513
Commutations of pensions and lump sum retirement benefits	1,107	1,453
Pensions – five year guarantee	-	27
Annuity purchases	-	125
Lump sum death benefits	-	46
	7,087	7,164

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

	2024 Total £'000	2023 Total £'000
Individual and AVC transfers to other schemes	20	3,304
Transfer to Master Trust	-	187,299
	20	190,603

8. **Investment income**

	2024 Total £'000	2023 Total £'000
Annuity income	3,243	3,260
Interest on cash deposits	32	13
	3,275	3,273

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (contd.)

9. **Investments - FSS**

	Value at 1 April 2023 £'000	Purchases at cost £'000	Sale proceeds £'000	Change in market value £'000	Value at 31 March 2024 £'000
Pooled investment vehicles	113,381	59,182	60,720	(1,041)	110,802
Buy-in policy	40,400	-	-	(2,400)	38,000
Aviva Property Fund	935	-	956	21	-
Total Investments	154,716	59,182	61,676	(3,420)	148,802

The Scheme's income and chargeable gains are free from United Kingdom income and capital gains taxation.

Indirect transaction costs are incurred through the unit price of the investment funds. The amount of the indirect costs is not separately provided to the Scheme. No direct transaction costs have been incurred.

All investment managers are registered in the United Kingdom.

There were no employer related investments held during the year (2023 - nil).

The asset weightings of the managed funds in the FSS are shown on page 9 of the Trustee's Report.

On 12 March 2019, the Trustee entered into a bulk annuity contract with Legal & General Assurance Society Limited (LGAS).

10. **Pooled Investment Vehicles**

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

	2024 £'000	2023 £'000
Equity	-	23,864
Bonds	34,578	61,117
Other	76,224	28,400
	110,802	113.381

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (contd.)

11. **Fair Value Determination**

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

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.
Level 3	Unobservable inputs for the asset or liability. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The Scheme's investment assets and liabilities have been included at fair value using the above hierarchy categories as follows:

Investments

	2024			2024
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	110,802	-	110,802
Buy-in 2020	-	-	38,000	38,000
	-	110,802	38,000	148,802

Analysis for the prior year end is as follows

	2023			2023
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	113,381	-	113,381
Buy-in 2020	-	-	40,400	40,400
Phoenix Wealth AVCs	935	-	-	935
	935	113,381	40,400	154,716

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (contd.)

12. Investment Risks

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

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

- Market risk – this comprises the following three types of risk:

  1. Currency risk: this is the risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates.

  2. Interest rate risk: this is the risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates.

  3. Other price risk: this is the risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to the above risks because of the investments it makes in following the investment strategy. Further details on the Trustee's investment strategy are set out within the Investment report on pages 8 to 12. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment manager and monitored by the Trustee by regular reviews of the investment portfolio.

The following table summarises the extent to which the various classes of investments are affected by the various risks:

Investment		Market risk			2024	2023
	Credit risk	Currency	Interest rate	Other	£'000	£'000
Final Salary Scheme						
Buy-in policy	✓				38,000	40,400
Global Equities	✓	✓		✓	-	23,864
Index Linked Gilts	✓		✓	✓	34,578	61,117
Liquidity fund	✓		✓	✓	76,224	28,400
Aviva Property Fund	✓			✓	-	935

Further information on the Trustee's approach to risk management, credit and market risk is set out below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (contd.)

Credit risk

The Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the funds managed by Legal & General within the pooled investment vehicles. The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

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 Legal & General operate and diversification of investments among a number of pooled arrangements.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicle. This risk is mitigated by only investing in funds which hold at least investment grade credit rated investments. Credit risk on the Liquidity Fund is mitigated by monies being held within financial institutions which are at least investment grade credit rated and where the maturity is no more than 12 months.

Legal & General Assurance Society Limited (LGAS) is part of the Legal & General group of companies, which is engaged in worldwide insurance and fund management operations. LGAS is regulated by the Financial Conduct Authority and the Prudential Regulation Authority, which have rules to ensure adequacy of capital resources to fund obligations, the soundness of regulated firms and the conduct regulation of all financial services firms. These circumstances help to mitigate any credit risk that LGAS poses in respect of the bulk annuity contract.

The Trustee monitors the performance of Legal & General on a regular basis and it has a written agreement with Legal & General which contains a number of restrictions on how they may operate.

Currency risk

The Scheme is not exposed to currency risk. Although 15% of the Scheme's investments were held in overseas markets via pooled investment vehicles until 7 December 2023, they were currency hedged.

Interest rate risk

The Scheme is exposed to interest rate risk as some of the scheme's investments are held in Bonds through pooled investment vehicles and cash.

The Trustee has restructured the Gilts element of the investment portfolio, which represents 45%, to provide a better match against the interest rate movements of the Scheme's liabilities. Under this strategy, if interest rates fall, the value of these investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

Other price risk

The Scheme is exposed to other price risk principally in relation to the Scheme's return seeking portfolio which includes Equities held in pooled investment vehicles. The Scheme Trustee has set an asset allocation of 10% of investments being held in return seeking assets.

The Trustee reviews the asset allocation on a quarterly basis and rebalances the Equities proportion as and when it feels necessary. The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (contd.)

13. **Current Assets**

	2024 Total £'000	2023 Total £'000
Bank balances	1,143	2,662

14. **Current Liabilities**

	2024 Total £'000	2023 Total £'000
Unpaid benefits	167	-
Accruals	14	-
	181	-

15. **Related Party Transactions**

On 24 April 2024 there was a change in Corporate Trustee. Capital Cranfield Pension Trustees Limited was appointed replacing Slaughter and May Pensions Trustees Limited.

Up until 24 April 2024, five Directors of Slaughter and May Pensions Trustees Limited at any one time, Mr. P. Linnard, Mr. S. Maudgil (resigned 30 April 2023), Ms. A. Nassiri, Mr. C. Sharpe (appointed 1 May 2023), Mr. O.J. Wicker and Mr P.D. Wickham, were also partners in the Principal Employer. Mr. H.J. Gittins (resigned 31 May 2023) was an employee of a Participating Employer until his resignation. Ms. S.E. Twigger was a former employee of a Participating Employer until her resignation and is a pensioner of the FSS.

Fees and reimbursed expenses paid to the Independent Trustee Director, Mr. C.F.G. Girling, in the year amounted to £40,521 (2023: £40,521). Fees and reimbursed expenses paid to Mr. C.J. Martin in the year amounted to £nil (2023: £1,000). Fees and reimbursed expenses paid to Ms. S.E. Twigger in the year amounted to £1,000 (2023: £nil). The trustee liability insurance premium paid in the year amounted to £35,840. Administration services are provided by appointed personnel of the Principal Employer. These amounts were paid by the Principal Employer until 31 October 2023. From 1 November 2023 all expenses of the Scheme have been paid from Trust assets.

There were no other related party transactions during the year ended 31 March 2024 (2023: nil).

16. **Commitments and Contingent Liabilities**

There were no commitments at the year-end (2023: nil).

As explained on page 6, calculation of deferred pensions arising on or after 1 January 1986 are subject to statutory revaluation. Since the year-end, it has been noted that the statutory revaluation had not been correctly applied. This has resulted in an additional liability being due, which is estimated to be c. £300,000 to £400,000. The Trustee is working with Aon to calculate the resulting liability. Therefore, as the amount of the liability cannot be reasonably estimated, the cost of rectifying this issue has not been recognised in the accounts. It will be recognised once the Trustee reaches a reliable conclusion. There were no other contingent liabilities at the year-end (2023: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (contd.)

17. **Comparative disclosures for the Fund Account and Statement of Net Assets**

FUND ACCOUNT

For the year ended 31 March 2023

	2023		
	FSS £'000	**MPS £'000**	**Total £'000**
Contributions and benefits			
Employer contributions	1,798	3,041	4,839
Employee contributions	-	1,515	1,515
Total contributions	1,798	4,556	6,354
Transfers in	-	16	16
	1,798	4,572	6,370
Benefits payable	(6,769)	(395)	(7,164)
Leavers	(4,501)	(186,102)	(190,603)
	(11,270)	(186,497)	(197,767)
Net withdrawals from dealings with members	(9,472)	(181,925)	(191,397)
Returns on investments			
Investment income	3,273	-	3,273
Change in market value of investments	(47,376)	(15,932)	(63,308)
Net returns on investments	(44,103)	(15,932)	(60,035)
Net (decrease)/increase in the fund during the year	(53,575)	(197,857)	(251,432)
Transfer between sections	1,309	(1,309)	-
Net assets of the Scheme			
At 1 April 2022	209,644	199,166	408,810
At 31 March 2023	157,378	-	157,378

The transactions recorded by the MPS Section were those arising during the period 1 April 2022 to 28 October 2022.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

As at 31 March 2023

Investment assets	154,716	-	154,716
Current assets	2,662	-	2,662
Net assets of the Scheme at 31 March 2023	157,378	-	157,378

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE SLAUGHTER AND MAY PENSION SCHEME

We have examined the summary of contributions to The Slaughter and May Pension Scheme for the Scheme year ended 31 March 2024 which is set out on page 29.

In our opinion contributions for the Scheme year ended 31 March 2024 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the Scheme Actuary on and 22 September 2022 and 20 December 2023.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on page 29 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 the Trustee and the Auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 3, the Scheme's Trustee is responsible for ensuring 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 Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body for our work, for this statement, or for the opinion we have formed.

Moore Kingston Smith LLP.

Moore Kingston Smith LLP
Statutory Auditor
6th Floor
9 Appold Street
London
EC2A 2AP

Date 18 October 2024

SUMMARY OF CONTRIBUTIONS PAYABLE IN THE YEAR ENDED 31 MARCH 2024

During the year, the contributions payable to the Scheme were as follows:

	Member	Employer
	Total	Total
Required by the schedule of contributions	£'000	£'000
Normal contributions	-	-
Total contributions payable under the schedule of contributions	-	-
Other contributions payable		
Additional contributions	-	-
Augmentations	-	-
AVCs	-	-
Total	-	-
Total contributions payable to the Scheme	-	-

Signed for and on behalf of Capital Cranfield Pension Trustees Limited

Signed by:

Fiona S Stark

.........................70BD986E377544E.......... **Trustee**

16/10/2024

.... **Date**

ACTUARIAL CERTIFICATES

Certification of schedule of contributions

Name of scheme: Slaughter and May Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2021 to continue to be met for the period for which the schedule is to be in force.

I also certify that any rates of contributions forming part of this schedule which the scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 5 December 2023.

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

J. E.M. Curtis

Date: 20 December 2023

Name Jane Curtis

Qualification

Fellow of the Institute and Faculty of Actuaries

Address Verulam Point
Station Way
St Albans
Herts
AL1 5HE

Name of employer Aon Solutions UK Ltd

Appendix I: Certificate of technical provisions

Actuarial certificate given for the purposes of Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005.

The Slaughter and May Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 March 2021 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the statement of funding principles dated 7 December 2021.

Signature: J. E. M. Curtis

Date: 7 December 2021

Name: Jane Curtis

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: Verulam Point
Station Way
St Albans
AL1 5HE

Name of Employer: Aon Solutions UK Limited

APPENDIX 1 – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (EPIS)

Engagement Policy Implementation Statement ("EPIS")

The Slaughter and May Pension Scheme (the "Scheme")
Scheme Year End – 31 March 2024

The purpose of the EPIS is for us, the Trustee of The Slaughter and May Pension Scheme, to explain what we have done during the year ending 31 March 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP"). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme's investments have been followed during the year; and

2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the 'most significant' votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, Legal & General Investment Management ("LGIM") was able to disclose good evidence of voting and engagement activity, and the activities completed by LGIM aligns with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

While LGIM did provide a comprehensive list of fund level engagements, which we find encouraging, they did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consultants Sustainability Working Group ("ICSWG") industry standard. Our investment consultant, Aon, will engage with them as part of their ongoing programme to better understand their engagement practices and discuss the areas which are behind those of their peers.

How voting and engagement policies have been followed

The Scheme is invested in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment manager, LGIM, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of LGIM carried out over the Scheme year and in our view, LGIM was able to disclose good evidence of voting and engagement activity. More information on the stewardship activity carried out by the Scheme's investment manager can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly ESG ratings from Aon for the funds the Scheme is invested in where available.

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

The Scheme's stewardship policy can be found in the SIP:
https://www.slaughterandmay.com/legal-and-regulatory-information/staff-pension-schemes/

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our Engagement Action Plan

While LGIM did provide a comprehensive list of fund level engagements, which we find encouraging, they did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consultants Sustainability Working Group ("ICSWG") industry standard. Our investment consultant, Aon, will continue to engage with LGIM as part of its ongoing programme to better understand their engagement practices and discuss the areas which are behind those of their peers.

Our manager's voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment manager to responsibly exercise its voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Voting statistics

The table below shows the voting statistics for the Scheme's material funds with voting rights for the year to 31 March 2024.

Fund	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM Developed Balanced Factor Equity Index Fund – GBP Hedged	12,190	99.8%	21.1%	0.2%

Source: LGIM. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

The table below describes how the Scheme's manager uses proxy voting advisers.

Managers	Description of use of proxy voting adviser(s) *(in the managers' own words)*
Legal & General Investment Management ("LGIM")	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

Source: LGIM

Significant voting example

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment manager to provide a selection of what it considers to be the most significant votes in relation to the Scheme's relevant funds. A sample can be found in the appendix.

Our manager's engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material manager. The manager has provided information for the most recent calendar year available.

Fund	**Number of engagements**		**Themes engaged on at a fund level**
	Fund level	**Firm level**	
LGIM Developed Balanced Factor Equity Index Fund – GBP Hedged	296	2,500	Environment - Climate Impact Pledge; Climate Change Social - Gender Diversity Governance - Remuneration; Board Composition

Source: LGIM

Data limitations

At the time of writing, LGIM did provide fund level engagement information but not in the industry standard Investment Consultants Sustainability Working Group ("ICSWG") template.

This report does not include commentary on certain asset classes such as gilts or cash because of the limited materiality of stewardship to these asset classes.

The Trustee invested in a corporate bond fund managed by LGIM on 14 February 2024 (LGIM – Future World Net Zero Buy & Maintain Credit Fund). As this was held for a small fraction of the year this has been excluded on materiality grounds.

Appendix – Significant Voting Example

In the table below is an example of a significant vote as provided by the Scheme's manager. We consider a significant vote to be one which the manager considers significant.

LGIM Developed Balanced Factor Equity Index Fund – GBP Hedged	**Company name**	Amazon.com, Inc.
	Date of vote	24-May-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.2%
	Summary of the resolution	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps
	How you voted?	For (Against Management Recommendation)
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	Rationale for the voting decision	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
	On which criteria have you assessed this vote to be most significant?	Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Source: LGIM