The Taylor Wimpey Pension Scheme

Annual Report and Financial Statements
Year Ended 31 December 2023
Scheme Registration number 12007479

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Section 1 – Trustee and its Advisers

The Trustee

Trustee	Taylor Wimpey Pension Trustees Limited
Chair of the Trustee Board	A L Edgeworth (to 31 December 2022) The Law Debenture Pension Trust Corporation P.L.C. (represented by V Trayhurn) (from 1 January 2023)

Employer Appointed Directors	**Member Nominated Directors**
R A Peacock*	S Gorman*
M A Lonnon**	D J A Mac Daid**
	R Barraclough**

*A deferred member of the Scheme.
**A pensioner member of the Scheme.

Independent Trustee Directors

The Law Debenture Pension Trust Corporation P.L.C. (represented by V Trayhurn and N Winterfrost)

Capital Cranfield Pension Trustees Limited (represented by W Medlicott)

Advisers

The advisers to the Trustee are set out below:

Scheme Actuary	B Fisher FIA XPS Pensions Consulting Limited
Scheme Administrators	Hymans Robertson LLP
Independent Auditors	PricewaterhouseCoopers LLP
Bankers	Bank of Scotland
AVC Providers	Legal & General Investment Management Limited Prudential Assurance Company Limited Standard Life Assurance Company
Investment Managers	AQR Capital Management (Europe) LLP Beach Point Capital Management Blackstone Alternative Asset Management (to October 2023) Bridgewater Associates LP (to March 2023) CBRE Global Real Estate (to May 2023) CQS Global Funds (Ireland) Plc Hermes Investment Management (from May 2023) Highbridge Capital Management LLC Insight Investment Management Limited Kohlberg Kravis Roberts & Co. LP MAN Group (from May 2023) M&G Investment Management Limited Magnetar Financial LLC Schroder Investment Management Limited

Trustee and its Advisers (continued)

Advisers (continued)

Insurers	Just Group plc Legal & General Group plc Phoenix Life Limited Standard Life Assurance Company
Secretary to the Trustee	N Gunn
Investment Adviser	Redington Limited (**"Redington"**)
Covenant Adviser	Penfida Limited
Legal Adviser	CMS Cameron McKenna Nabarro Olswang LLP
Global Custodian	The Northern Trust Company
Principal Employer	Taylor Wimpey UK Limited
Contact Address	N Gunn (for general enquiries): Secretary to the Trustee Taylor Wimpey Pensions Unit 2 Tournament Court Edgehill Drive Warwick CV34 6LG Email: pensions@taylorwimpey.com Hymans Robertson LLP (for benefits queries) 20 Waterloo Street Glasgow G2 6DB Email: taylorwimpey@hymans.co.uk Helpline telephone number: 0141 566 7578
Website	www.taylorwimpeypensions.co.uk

Section 2 – Trustee Report

Introduction

The Trustee of The Taylor Wimpey Pension Scheme (the **"Scheme"**) is pleased to present its Annual Report together with the audited financial statements for the year ended 31 December 2023.

Management of the Scheme

Scheme Constitution and Management

The Scheme was established by a Trust Deed and Rules dated 7 March 2013, solely for the benefit of its members and other beneficiaries, and principally to receive a transfer of assets and liabilities from the George Wimpey Staff Pension Scheme and the Taylor Woodrow Group Pension & Life Assurance Fund which took place on 1 October 2013. The Scheme is a defined benefit occupational pension scheme and is closed to new members and to future accrual.

The Scheme is currently administered in accordance with a Definitive Trust Deed and Rules for the Scheme dated 21 June 2017 (the **"Deed and Rules"**) as amended from time to time.

The Principal Employer is Taylor Wimpey UK Limited (**"TWUK"** or the **"Employer"**).

The advisers to the Trustee are shown on pages 1 and 2.

The Employer has the power to appoint or remove the Trustee of the Scheme. The Trustee of the Scheme is Taylor Wimpey Pension Trustees Limited, a limited company with a board of directors. A Director can choose to retire from office at any time. The Law Debenture Pension Trust Corporation P.L.C. is appointed as the Independent Trustee Director of the Scheme, as required by the Scheme's governing documentation. The entrenched powers of The Law Debenture Pension Trust Corporation P.L.C. are intended to protect members' benefits in circumstances where they may be put at risk.

The composition of the Trustee Board is in accordance with the Pensions Act 2004, which requires at least one-third of the total number of Trustee Directors to be member-nominated directors (**"MND"**). A selection panel (if required) is used for MND appointments usually consisting of the Chair, the Trustee Secretary and at least one of the other Trustee Directors.

Trustee Report (continued)
Management of the Scheme (continued)

Trustee Meetings

The Trustee of the Scheme met on four occasions (2022: four) during the year, the Investment Sub Committee (**"ISC"**) met nine times (2022: eight), and the Audit and Operations Sub Committee (**"ASC"**) met on four occasions (2022: six).

The composition of these committees is as follows:

Investment Sub Committee	Audit and Operations Sub Committee
The Law Debenture Pension Trust Corporation P.L.C. (represented by: V Trayhurn) – Independent Trustee Director and Chair (from 1 January 2023)	R A Peacock – Chair
Capital Cranfield Pension Trustees Limited (represented by: W Medlicott) – Independent Trustee Director	The Law Debenture Pension Trust Corporation P.L.C. (represented by: N Winterfrost) – Independent Trustee Director
R Barraclough – Trustee Director	S Gorman – Trustee Director
D J A Mac Daid – Trustee Director	M A Lonnon – Trustee Director
C Carney – Taylor Wimpey Group Finance Director (non-voting)	
A Moriarty (to 30 June 2023) – Taylor Wimpey Head of Reward & Pensions (non-voting)	
E Rodrigues (from 30 June 2023) – Taylor Wimpey Head of Reward & Pensions (non-voting)	

In addition, the Benefits Sub Committee (**"BSC"**) is responsible for reviewing and making decisions on discretionary benefit payments from the Scheme. The BSC currently comprises The Law Debenture Pension Trust Corporation P.L.C. (represented by: V Trayhurn - Independent Trustee Director) and N Gunn (Trustee Secretary).

The Covenant Sub Committee (**"CSC"**) is principally responsible for reviewing and monitoring financial information that is provided by the Employer in relation to its trading and business. The CSC currently comprises Capital Cranfield Pension Trustees Limited (represented by: W Medlicott – Independent Trustee Director) and R A Peacock (Trustee Director).

The Actuarial Valuation Sub Committee (**"VSC"**) was re-established in 2023 to consider and negotiate on behalf of the Trustee Board the triennial actuarial valuation of the Scheme as at 31 December 2022. The VSC comprises, The Law Debenture Pension Trust Corporation P.L.C. (represented by: V Trayhurn - Independent Trustee Director), Capital Cranfield Pension Trustees Limited (represented by: W Medlicott - Independent Trustee Director), R Barraclough (Trustee Director) and S Gorman (Trustee Director).

In 2022, the Corporate Action Response Committee (**“CAR”**) was established to respond to any corporate transaction or other event relating to the Employer. The CAR meets as and when required and currently comprises The Law Debenture Pension Trust Corporation P.L.C. (represented by: V Trayhurn - Independent Trustee Director), Capital Cranfield Pension Trustees Limited (represented by: W Medlicott - Independent Trustee Director) and R Barraclough (Trustee Director). The CAR Committee did not meet during 2023.

Trustee Report (continued)
Management of the Scheme (continued)

Trust Deed & Rules

The Deed & Rules comprises the Trust Deed, the Rules relating to former members of the George Wimpey Staff Pension Scheme, the Rules relating to former members of the George Wimpey Money Purchase Scheme, and the Rules relating to former members of the Taylor Woodrow Group Pension & Life Assurance Fund.

Financial Development of the Scheme

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

The fund account shows that the net assets of the Scheme decreased from £1,738m at 31 December 2022 to £1,720m at 31 December 2023. The decrease in net assets is accounted for by:

	2023 £'m	2022 £'m
Employer contributions	2	2
Member related payments	(109)	(104)
Net withdrawals from dealings with members	**(107)**	**(102)**
Net return on investments	89	(711)
Net decrease in fund*	**(18)**	**(813)**
Net assets at start of year	1,738	2,551
Net assets at end of year	**1,720**	**1,738**

*for the year to 31 December 2022, global markets experienced a period of heightened market volatility. The impact of this resulted in a decrease in the investment assets of the Scheme at 31 December 2022 by £813m. The fall in assets was expected due to the high level of hedging operated by the Scheme which aims to match the Scheme's assets to movements in the Scheme's liabilities. Due to an increase in bond yields for the year to 31 December 2022, the value of the Scheme's liabilities fell significantly with a corresponding fall in the net assets of the Scheme. As a result, the funding position of the Scheme at 31 December 2022 on its Technical Provisions funding basis remained broadly unchanged.

Trustee Report (continued)

Management of the Scheme (continued)

Pension Increases

In accordance with the Scheme's Trust Deed and Rules, pensions are subject to an increase, these are detailed by section in the below tables:

Pension tranches	Date of increase	2023 increase to apply
George Wimpey Section		
Pension in excess of GMP accrued prior to 6 April 2006	1 January 2023	5.0%
Pension accrued on or after 6 April 2006	1 January 2023	2.5%
GMP accrued prior to 6 April 1988	1 January 2023	Nil
GMP accrued on or after 6 April 1988	1 January 2023	3.0%
Bryant Section		
Pension in excess of GMP excluding Additional Temporary Pension, for members who joined before 19 April 1999 (categories V, VI and VII)	1 April 2023	5.0%
GMP of members who joined before 19 April 1999 (categories V, VI and VII)	1 April 2023	3.0%
Additional Temporary Pension of Category VII members	1 April 2023	10.1%
Pension accrued on or after 6 April 1997 for members who joined on or after 19 April 1999 (categories I, II, III and IV)	1 April 2023	5.0%
Wainhomes Section		
Pension in excess of GMP accrued before 6 April 1997	1 April 2023	4.0%
Pension accrued on or after 6 April 1997	1 April 2023	5.0%
GMP accrued prior to 6 April 1988	1 April 2023	Nil
GMP accrued on or after 6 April 1988	1 April 2023	3.0%
Taylor Woodrow Section		
Pension (including GMP) accrued before 6 April 1997	1 May 2023	3.5%
Pension accrued on or after 6 April 1997	1 May 2023	5.0%
Wilson Connolly Section		
Pension accrued before 6 April 1997 including GMP	Anniversary of Retirement	3.0%
Pension accrued on or after 6 April 1997	Anniversary of Retirement	5.0%

Trustee Report (continued)

Management of the Scheme (continued)

Pension Increases (continued)

Pension tranches	Date of increase	2023 increase to apply
Prestoplan Section		
Pension in excess of GMP accrued before 6 April 1997	Anniversary of Retirement	Nil
Pension accrued on or after 6 April 1997	Anniversary of Retirement	5.0%
GMP accrued prior to 6 April 1988	Anniversary of Retirement	Nil
GMP accrued on or after 6 April 1988	Anniversary of Retirement	3.0%

There were no discretionary pension increases made in the year ended 31 December 2023 (2022: none).

In accordance with the Scheme's Trust Deed and Rules, some members are given the option of a Pensions Increase Exchange ("**PIE**") which they can select at the point they retire from the Scheme.

Transfers

Members can transfer the value of their benefits under the Scheme to another registered pension scheme, subject to current legislation.

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

Transfer values are guaranteed for a period of three months from the date of quotation and may increase or decrease thereafter depending on investment conditions generally. Transfers into the Scheme are not allowed.

Transfer values are calculated and verified as required under the provisions of section 97 of the Pension Schemes Act 1993.

Trustee Report (continued)

Report on Actuarial Liabilities

Actuarial Valuation as at 31 December 2022

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

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which requires occupational pension schemes to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits to which members are entitled (based on their pensionable service and salary) at the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members via the Scheme website (website address on page 2).

To assess whether the Scheme meets the Statutory Funding Objective, full actuarial valuations must be carried out at least every three years. The latest such valuation of the Scheme was carried out as at 31 December 2022. The next valuation is due with an effective date of 31 December 2025.

The Trustee reports that the full actuarial valuation of the Scheme as at 31 December 2022 revealed a surplus of £55m representing a funding level of 103%.

As part of the actuarial valuation the Trustee and the Employer agreed no changes to the Scheme's long-term funding target (**"LTFT"**), which uses a discount rate of gilts + 0.50%. The Scheme's hedging of interest and inflation rates continue to be set with reference to this revised LTFT.

Recovery Plan and Escrow Account

The Scheme was in surplus as at 31 December 2022. As such, there was no need to agree a Recovery Plan with the Employer.

The Employer has agreed to pay contributions of £2 million per annum in respect of Scheme expenses. These are payable in monthly instalments for a period of 5 years commencing from 1 April 2024, and are to be paid to the Scheme on or before the last day of the calendar month to which they apply.

As there is no longer a Recovery Plan in place, no deficit contributions were payable by the Employer to the Scheme during the year ended 31 December 2023 (see Note 4 to the financial statements).

The Scheme is closed to future accrual so no normal Member or Employer contributions were due in the year.

As part of the actuarial valuation at 31 December 2019, the Trustee and the Employer also agreed an Escrow account mechanism to provide additional security for the Scheme. Contributions were guaranteed for the first 6 months, commencing April 2021 (£10m), with contributions from 1 October 2021 paid depending on whether certain funding triggers are met, with contributions of up to £20m per annum payable into the Escrow account. These triggers are monitored on a quarterly basis from 1 October 2021 and ending on 31 March 2024. Due to the funding position of the Scheme, no contributions were required to be paid to the Escrow account during the year ended 31 December 2023 (2022: none).

Trustee Report (continued)

Report on Actuarial Liabilities (continued)

Recovery Plan and Escrow Account (continued)

Any monies in the Escrow account will be paid to the Scheme if the funding level falls below 95% for more than two consecutive quarters, if the Employer becomes insolvent or if there is a deficit in the Scheme on its long-term funding basis in June 2028. The Escrow account is secured by a fixed charge in favour of the Trustee. If contributions in the Escrow account are not required by the Scheme (i.e. if none of the above criteria are met), then they will be returned to the Employer in 2028. Details of the operation of the Escrow account are set out in the Escrow Account Deed entered into between the Trustee and the Employer and signed in March 2021. No payments were made from the Escrow account to the Scheme during the year ended 31 December 2023 (2022: none). As at 31 December 2023, the balance on the Escrow account was £10m (2022: £10m), representing contributions made by the Employer and accrued interest.

A new Recovery Plan (if required) and Schedule of Contributions will be agreed as part of the next full actuarial valuation of the Scheme, which is to have an effective date of no later than 31 December 2025.

Updated Funding Position as at 31 December 2023

Between full actuarial valuations the Trustee must obtain an annual update reporting on developments affecting the Scheme's Technical Provisions and assets, this is subject to revision when the actuarial assumptions and result of the full valuation are agreed. At the most recent annual update, the Scheme Actuary compared the assets held at 31 December 2023 with the value of the benefits earned by members. The following table shows the results of this calculation together with the comparative figures from the previous actuarial valuation:

	Annual Update as at 31 December 2023 £'m	Actuarial Valuation as at 31 December 2022 £'m
Technical Provisions (i.e. liabilities)	1,643	1,677
Assets	1,717	1,732
Surplus	74	55
Funding Level	105%	103%

The table above shows that the surplus of £55m as at 31 December 2022 has turned into an estimated surplus of £74m, as at 31 December 2023. The improvement of the funding position was largely attributable to an increase in yields, which decreased the liabilities for the year to 31 December 2023. The figures above exclude the value of the Escrow account which stood at £10m at 31 December 2023 (£10m at 31 December 2022). Assets include cash at bank.

Financial Assumptions

As part of the actuarial valuation as at 31 December 2022, the Trustee prepared a Statement of Funding Principles, the contents of which were agreed with the Employer. In carrying out the most recent update at 31 December 2023, the Scheme Actuary set the financial assumptions using the same principles as in that Statement, but with an allowance for changes in financial markets in the interim.

Trustee Report (continued)

Report on Actuarial Liabilities (continued)

Financial Conditions

The following table sets out the changes in the principal market indicators used to set the financial assumptions between the last full valuation and the most recent annual update:

	Annual Update as at 31 December 2023	Actuarial Valuation as at 31 December 2022
Indicative spot rate from Moody's Analytics' nominal gilt yield curve	3.79%	3.87%
Indicative spot rate from Moody's Analytics' implied Retail Price Index inflation curve	3.52%	3.52%

The above are indicative rates based on the Scheme's duration at the valuation date of 11 years. When calculating the value of the liabilities the full yield curve is adopted.

Methodology and Assumptions

In funding the Scheme, the Trustee has assumed that it will continue in its current form in the long term with benefits being paid directly from the Scheme's assets. For the purposes of the valuation, the Trustee has adopted the Defined Accrued Benefit actuarial funding method.

The following key assumptions were used for the Actuarial Valuation as at 31 December 2022:

	Actuarial Valuation as at 31 December 2022
Discount Interest Rate	
- Before Retirement	2.35% per annum above the yield on the Moody's Analytics' nominal gilt yield curve
- After Retirement	0.50% per annum above the yield on the Moody's Analytics' nominal gilt yield curve
Retail Price Inflation ("**RPI**")	Moody's Analytics' implied RPI inflation curve
Consumer Price Inflation ("**CPI**")	
- Pre 2030	RPI inflation less 0.8%
- Post 2030	Equal to RPI
Pension Increases - CPI max 3% - RPI max 2.5% - RPI max 3% - RPI max 3.5% - RPI max 5% - RPI min 3% max 5%	Where such increases are set with reference to inflation, and subject to caps and floors, the assumptions have been set by adjusting the relevant RPI or CPI assumption to allow for the caps and floors by using a Black Scholes inflation model with a volatility of inflation of 1.7%.
Deferred Pension Revaluation - CPI max 5% - CPI max 2.5%	These are assumed to be equal to CPI subject to a cumulative cap of 5% per annum and 2.5% per annum where applicable

Trustee Report (continued)

Report on Actuarial Liabilities (continued)

Demographic Assumptions

The Scheme Actuary used the same demographic assumptions for the most recent update as were adopted for the actuarial valuation as at 31 December 2022, being those set out in the Scheme's Statement of Funding Principles. These are summarised in the following table:

Mortality before and after retirement	104% SAPS S3PxA CMI 2022, 1.5% per annum long term rate, 0.5% initial addition parameter, w2020 and w2021 parameters equal to 0%, w2022 parameter equal to 25% and default smoothing parameter of 7.
Retirement age	Retirement Age assumed to be at the earliest age that all benefits can be taken unreduced.
Cash commutation at retirement	17% of pension exchanged for cash.
Marital statistics	85% of members are married at retirement with wives 3 years younger than their husbands.
GMP equalisation	1% of total liabilities
Allowance for Pension Increase Exchange (PIE) option at retirement	27% of eligible members take PIE option

Guaranteed Minimum Pension ("GMP") Equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. In November 2020, the High Court issued two further rulings clarifying that pension schemes will need to revisit individual transfer payments made since 17 May 1990, as part of this GMP equalisation exercise. It also ruled that members who have previously transferred out will need their transfer values revisited and potentially topped up to the extent they were entitled to a higher transfer value in the first place had GMPs been equalised.

In 2022, the Trustee communicated to members that it intended to start the process of equalising GMPs during 2023 and that it would also undertake a GMP conversion exercise at the same time. The consultation ran from June 2022 to September 2022. Having considered feedback from members, the Trustee decided to proceed with the proposed approach to equalise and convert members' GMP benefits.

With effect from 1 March 2023, a bulk equalisation and conversion of GMPs was undertaken for members of the Taylor Woodrow section. The Trustee also implemented conversion at retirement for the majority of deferred members so that their GMP benefits are converted at the point of reaching retirement. With effect from 1 November 2023, a second bulk exercise was undertaken to equalise and convert members of the George Wimpey section. The final 'sweep up' of unresolved cases is expected to take place by the end of 2024.

As required by the rulings, any benefit adjustments due to GMP equalisation have and will be backdated and interest provided on the backdated amounts. Amounts in respect of backdated payments will be accounted for in the year that they are determined.

Following completion of the above exercise, the Trustee will then move to consider GMP equalisation on transfers out. Amounts in respect of transfers out will be accounted for in the year that they are determined.

Trustee Report (continued)

Membership

Details of the membership of the Scheme as at 31 December 2023 are given below:

Deferred Members	
As at 31 December 2022	**6,213**
Adjustments*	(5)
As at 1 January 2023	**6,208**
Retirements	(281)
Transfers out	(17)
Deaths	(28)
Full commutation of benefits	(28)
New deferred	3
Deferred Members as at 31 December 2023	**5,857**

Pensioner Members (including spouses and dependants)	
As at 31 December 2022	**8,494**
Adjustments*	5
As at 1 January 2023	**8,499**
Deaths	(412)
Full commutation of benefits	(3)
New dependants	136
Retirements	281
Pensioner Members as at 31 December 2023	**8,501**

* The adjustment to the membership figures are due to changes notified to the Administrator after the Scheme year end and are caused by the timing of member choices over benefits.

Included in the Pensioner Members above are:

- 1,875 (2022: 1,871) widows or dependants receiving pension following death of a member.
- 351 (2022: 413) annuity pensioners covered by the insurance policies set out in Note 16 to the financial statements.

Trustee Report (continued)

Investment Report

This report has been prepared by the Trustee, assisted by its investment adviser, using information that has been supplied primarily by its global custodian and investment managers. The Trustee, having taken appropriate investment advice, sets the overall strategy, and appoints investment managers to implement such a strategy. The investment managers are then given full discretion in making investment decisions, subject to broad guidelines laid down by the Trustee and are paid fees for their services. The fees are generally calculated as a percentage of the market value of the part of the fund that they manage. The assets of the Scheme are invested in accordance with the Statement of Investment Principles ("**SIP**") adopted by the Trustee.

Investment Review

As at 31 December 2023, the majority of the Scheme's assets were actively managed. The active managers during the year were AQR Capital Management (Europe) LLP (**"AQR"**), Beach Point Capital Management (**"Beach Point"**), Blackstone Alternative Asset Management (**"Blackstone"**) (to October 2023), Bridgewater Associates LP (**"Bridgewater"**) (to March 2023), CBRE Global Real Estate ("**CBRE"**) (to May 2023), CQS Global Funds (Ireland) Plc (**"CQS"**), Hermes Investment Management ("**Hermes"**) (from May 2023), Highbridge Capital Management LLC (**"Highbridge"**), Insight Investment Management Limited (**"Insight"**), Kohlberg Kravis Roberts & Co LP (**"KKR"**), MAN Group (**"Man"**) (from May 2023), Magnetar Financial LLC (**"Magnetar"**), M&G Investment Management Limited (**"M&G"**) and Schroders Investment Management Limited (**"Schroders"**). Insight also manages a liability driven investment (**"LDI"**) mandate, enhanced cash mandate and currency hedging mandate for the Scheme. The current list of investment managers is shown on page 1, although the Trustee notes that investments with Beach Point, M&G and Magnetar are in the process of being sold down.

In March 2023, the prevailing themes of inflation and higher interest rates were interrupted by volatility in the banking sector. The Trustee was reassured that the Scheme, through its credit mandates, had only minimal short exposure to the banks in question. Whilst this spurred a risk-off interlude sending Treasury yields and stock prices lower in tandem, in Q2 2023 markets seemed to shrug off these events quite quickly, with risk assets performing strongly. Over the period, the Trustee was encouraged to see the Scheme's funding level slightly increase. During this period, the Trustee reinvested in the holdings with AQR with subscriptions being paid in January and March 2023.

Risk assets saw a more challenging Q3 2023, as markets digested the "higher for longer" inflationary environment. However, this was short-lived with both fixed income and equities performing well in Q4 2023 as central banks signalled a shift in monetary policy direction. In these market conditions, the Trustee agreed that the Scheme's diversified sources of returns, beyond corporate bonds and equities, remains sensible. The Trustee was encouraged to see the Scheme's funding level increase meaningfully over the latter half of the year, largely driven by the performance of return-seeking assets.

Whilst the overall value of the Scheme's net investment assets reduced from £1,733m at 31 December 2022 to £1,713m at 31 December 2023, the value of the Scheme's liabilities (as measured on the Technical Provisions funding basis) has also fallen. This has resulted in the Scheme's estimated funding level improving throughout the year. As such, there are no concerns regarding the Scheme's ability to meet the payment of benefits to members, or its ability to continue as a going concern. The Trustee continues to monitor the situation and is well placed to take any further action as required.

Trustee Report (continued)

Investment Review (continued)

Following recommendations from the Scheme's investment adviser, the mandates with Beach Point, M&G and Magnetar are currently in the process of being sold down. Over the Scheme year, the Trustee has appointed Hermes and Man as new investment managers for the Scheme. Both initial tranches of investments were made during May 2023. The Trustee also re-invested in holdings with AQR over two tranches that were paid in January 2023 and the March 2023.

The ISC has continued to review the managers' performance throughout the year and has met with Insight, AQR and KKR, respectively along with two manager selection meetings at which Hermes and Man were appointed. Further details of these manager engagements are set out in the Scheme's Implementation Statement and Task Force on Climate-Related Financial Disclosures ("**TCFD**") Report.

Trustee Report (continued)

Investment Report (continued)

Asset Allocation as at 31 December 2023 Asset Class	Market Value £'m	Weighting (%)	Expected Return (over gilts) [2] (%)
Liquid Market Strategies	**304**	**17.7**	-
Schroders (Volatility Controlled Equities)[1]	76	4.4	9.0
AQR Diversified Risk Premia[2]	169	9.9	4.5
Man Progressive Diversified Risk Premia[2]	59	3.4	4.1
Liquid & Semi-Liquid Credit	**597**	**34.9**	-
Schroders (Corporate Debt)	191	11.2	1.1
Beach Point (Opportunistic Credit)	29	1.7	2.9
CQS (Multi-Class Credit)	113	6.6	3.4
Insight (High Grade Asset Backed Securities)	192	11.2	1.7
Federated Hermes Unconstrained Credit Fund	62	3.6	2.9
Insight Liquidity	10	0.6	-
Illiquid Credit	**119**	**6.9**	**-**
Highbridge (USD Private Debt)	20	1.2	4.1
M&G (CRE Debt) [4]	-	-	-
KKR (Private Credit Opportunities)	64	3.7	4.2
Magnetar (Opportunistic Credit)	35	2.0	4.2
LDI	**437**	**25.5**	**-**
Insight LDI[3]	437	25.5	-
Cash and Cash Equivalents	**59**	**3.4**	**-**
Other Assets	**197**	**11.5**	**-**
Insurance policies	144	8.4	-
Pension Funding Partnership	48	2.8	-
AVC Funds	3	0.2	-
Other investment balances (net)	2	0.1	-
Total Investment Assets	**1,713**	**100.0**	**-**

(1) Volatility Controlled Equity (VCE) allocation has a range of 2 to 5-8x leveraged exposure (target 4x). The leverage as at 31 December 2023 was c.3.5x i.e. the Scheme's exposure to equity markets through VCE is c.3.5x greater than the cash position.

(2) Expected Returns based on Redington assumptions. Credit expected returns are based on prevailing credit spreads net of default assumptions.

(3) The asset allocation above includes the use of derivatives and repurchase agreements.

(4) M&G included due to rounding.

Trustee Report (continued)

Investment Report (continued)

1 Year Performance - Mandate	Mandate Size (£'m)	Portfolio Return (%)	Benchmark Return (%)	Variance Return (%)
Liability Matching and Cash				
Insight Segregated LDI	437	4.0	3.4	0.6
Insight High Grade ABS	192	6.3	6.8	(0.5)
Insight Liquidity	10	4.7	4.7	-
Schroders Aggregate Bonds	191	9.7	10.0	(0.3)
Illiquid Managers				
AQR Diversified Risk Premia	169	9.2	6.5	2.7
Schroders Volatility Controlled Equity	76	15.0	15.7	(0.7)
Man Progressive Diversified Risk Premia	59	9.0	3.9	5.1
Federated Hermes Unconstrained Credit Fund	62	8.2	7.7	0.5
M&G Real Estate Debt III	-	N/A	N/A	N/A
Beach Point SCF X	29	2.2	13.3	(11.1)
CQS Credit Multi Asset	113	12.2	13.4	(1.2)
Highbridge Private Loan Opportunities	20	N/A	N/A	N/A
KKR Private Credit Opportunities	64	N/A	N/A	N/A
Magnetar (Opportunistic Credit)	35	9.7	8.3	1.4
Other Assets				
Insurance policies	144	N/A	N/A	N/A
Pension Funding Partnership	48	N/A	N/A	N/A
Cash and Cash Equivalents	59	N/A	N/A	N/A
AVC Funds	3	N/A	N/A	N/A
Other investment balances (net)	2	N/A	N/A	N/A
Total Investment Assets	**1,713**	**7.5**	**7.0**	**0.5**

Please note:

- Beach Point returns are reported assuming a perfect hedge. The Beach Point Fund is winding down and the manager is exiting its current positions, hence the incomparable returns relative to the benchmark.
- Total Scheme performance and its respective benchmark are taken from the Custodian performance report (which excludes the Insurance Policies and PFP performance). Individual fund manager performance is taken from the investment adviser's performance reporting, and are sourced from the individual investment managers, net of fees.
- Performance reporting for Highbridge Private Loans Opportunities and KKR Private Credit Opportunities is shown on page 19.
- Magnetar 1 year performance returns have been calculated based on the USD value of the fund's NAV, on a NAV-to-NAV basis.
- Performance returns for Man Progressive Diversified Risk Premia and Hermes Unconstrained Credit are shown since inception (May 2023) due to these funds being held for a period less than a year.

Trustee Report (continued)

Investment Report (continued)

3 Year Performance (annualised) - Mandate	Mandate Size (£'m)	Portfolio Return (%)	Benchmark Return (%)	Variance Return (%)
Liability Matching and Cash				
Insight Segregated LDI	437	(8.5)	(8.9)	0.4
Insight High Grade ABS	192	1.7	4.1	(2.4)
Insight Liquidity	10	1.9	2.1	(0.2)
Schroders Aggregate Bonds	191	(12.2)	(12.5)	0.3
Liquid Managers				
AQR Diversified Risk Premia	169	18.1	6.4	11.7
Schroders Volatility Controlled Equity	76	4.1	4.4	(0.3)
Man Progressive Diversified Risk Premia	59	N/A	N/A	N/A
Illiquid Managers				
Federated Hermes Unconstrained Credit Fund	62	N/A	N/A	N/A
M&G Real Estate Debt III	-	N/A	N/A	N/A
Beach Point SCF X	29	1.1	3.8	(2.7)
CQS Credit Multi Asset	113	2.9	3.7	(0.8)
Highbridge Private Loan Opportunities	20	N/A	N/A	N/A
KKR Private Credit Opportunities	64	N/A	N/A	N/A
Magnetar (Opportunistic Credit)	35	6.9	2.3	4.6
Other Assets				
Insurance policies	144	N/A	N/A	N/A
Pension Funding Partnership	48	N/A	N/A	N/A
Cash and Cash Equivalents	59	N/A	N/A	N/A
AVC Funds	3	N/A	N/A	N/A
Other investment balances (net)	2	N/A	N/A	N/A
Total Investment Assets	**1,713**	**(6.9)**	**(6.6)**	**(0.3)**

Please note:

- Beach Point returns are reported assuming a perfect hedge.

- 3 year performance reporting was not available for Highbridge Private Loan Opportunities.

- Total Scheme performance and its respective benchmark are taken from the Custodian performance report (which excludes insurance policies and PFP performance). Individual fund manager performance is taken from the investment adviser's performance reporting, and are sourced from the individual investment managers, net of fees.

- As at 31 December 2023, the allocation to the M&G Real Estate Debt Fund III amounted to less than £0.5m and is therefore too small to be recognised in the year-end asset allocation. No 3 year performance reporting is available for CBRE or M&G Real Estate Debt III Fund

- Performance reporting for Highbridge Private Loans Opportunities and KKR Private Credit Opportunities is shown on page 19.

- 3-year performance reporting is not available for Man Progressive Diversified Risk Premia and Hermes Unconstrained Credit due to these funds being held for a period less than a year.

Trustee Report (continued)

Investment Report (continued)

Since Inception Internal Rate of Return ("IRR")	Inception Date	Mandate Size £'m	Portfolio Return (%)	Benchmark Return (%)	Variance Return (%)
Illiquid Managers					
Highbridge Private Loan Opportunities	December 2015	20	7.3	7.5	(0.2)
KKR Private Credit Opportunities	December 2017	64	2.7	12.0	(9.3)

Please note:

- For the Highbridge Private Loan Opportunities and the KKR Private Credit Opportunities, performance is reported a since inception using an internal rate of return (IRR) since inception, as 1-year and 3-year performance is not available.

- KKR and Highbridge mandate returns are reported assuming a perfect hedge.

Employer Related Investments

The Scheme is invested in accordance with the Occupational Pension Schemes (Investment of Scheme's Resources) Regulations 1992, and there is no self-investment in the Scheme (that is, investment in the shares, loans or property of the Employer).

The value of Taylor Wimpey shares held within the Scheme's pooled investment vehicles at 31 December 2023 is 0.06% of the Scheme's net assets (31 December 2022: 0.01%).

Pension Funding Partnership ("PFP")

The Trustee (on behalf of the Scheme) is a limited partner in the Pension Funding Partnership constituted as the Taylor Wimpey Scottish Limited Partnership ("SLP"). The SLP owns a secured £100m loan note issued by Taylor Wimpey SH Capital Limited ("TWSH"). TWSH's assets comprise mainly show homes and other approved assets of the Employer. The general partner of the SLP is Taylor Wimpey (General Partner) Limited, a wholly owned subsidiary of the Employer. Taylor Wimpey (Initial LP) Limited is the other limited partner in the SLP.

The Scheme receives a regular annual income under the Partnership agreement of c. £5m per annum payable during April each year (with five distributions remaining at 31 December 2023) and a contingent payment in 2029 which is the lower of £100m or the Scheme's Technical Provisions deficit at 31 December 2028. Note that £4.2m of this £5m is attributable to interest accrued in 2023 but not yet paid to the Scheme (this was paid in April 2024). The value of the PFP at 31 December 2023 (excluding the present value of the accrued income) was £48m (2022: £70m), as independently valued by Mercer Limited. This represents 2.8% of the net assets of the Scheme at 31 December 2023 (31 December 2022: 4.0%). The decrease in the value of the PFP from 31 December 2022 to 31 December 2023 is due to the Scheme being in surplus which has reduced the probability-weighted value of the contingent payment in 2029.

The Trustee has rights if certain events of default or similar occur. The key right of the Trustee in those events is to gain control of the SLP and appoint its own general partner to manage recovery of the loan and/or assets of TWSH with a view to recovering the lower of £100m or the value of the Scheme deficit at the time on a section 75 basis.

The Trustee commissions Mercer Limited to perform a valuation for financial statements purposes of its interest in the SLP. The valuation, which uses fair value principles, is based on the present value of expected annual receipts under the agreement. It uses a stochastic model to project forward the Scheme assets and liabilities through to 2028 in order to place a present value on the contingent payment payable in 2029.

Trustee Report (continued)

Investment Report (continued)

Pension Funding Partnership ("PFP") (continued)

In March 2024, the Trustee and Employer agreed to extend the duration of the PFP from 2028 through to 2035, along with removing the contingent payment in 2029. Instead, there will be seven annual contingent payments starting in 2029 equal to the lower of £12.5 million and the Scheme's Technical Provisions deficit at the prior 31 December. If all of the contingent payments are made to the Scheme, the total contingent payment will be £87.5 million. To the extent that some, or all, of the contingent payments are not paid to the Scheme, the balance will be paid by the PFP to the Employer and the outstanding capital balance of the loan note will reduce. The final funding test under the PFP will take place with an effective date of 31 December 2035.

Custodial Arrangements

The role of a custodian is to ensure the safe keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee has appointed Northern Trust as its custodian in relation to the segregated investments held with Insight and Schroders.

The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. However, the ISC, on behalf of the Trustee, is satisfied that the managers responsible for the appointment and monitoring of their relevant custodians fulfil this obligation competently, and that they have suitable procedures in place for conducting periodic reviews.

Exercise of Voting Rights

The ISC's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the Investment Managers on behalf of the Trustee having regard to the best financial interests of the beneficiaries.

Statement of Investment Principles

The Trustee has produced a Statement of Investment Principles in accordance with the requirements of the Pensions Act 1995 and subsequent legislation. A copy is available on the Scheme's website (website address is on page 2) and also upon request by writing to the Secretary to the Trustee at the address (on page 2) of this report. The ISC, on behalf of the Trustee, believes that the assets held over the year, together with the managers' approach to stock selection, have provided a suitably diversified portfolio of investments. The ISC, on behalf of the Trustee, is also satisfied that the assets held by the Scheme over the year were sufficiently secure and marketable.

Corporate Governance and the UK Stewardship Code

In conjunction with its professional advisers, the Trustee continued to pay due attention to the principles contained in the voluntary code, the UK Stewardship Code, published by the Financial Reporting Council in July 2010 and updated in September 2012. The Code is intended to promote shareholder activism and the Trustee encourages the Scheme's Investment Managers to act in accordance with the Code.

The Trustee and the ISC aim to ensure they have the right skill set and decision-making structures, and also clear investment objectives for the Scheme and an appropriate and well-documented strategy in place for achieving these objectives. Explicit goals are set for investment managers used by the Trustee and these are contained in explicit mandates with appropriate benchmarks and performance targets where appropriate.

Regulations which came into force with effect from October 2020 changed the way in which trustees of pension schemes must document how they govern the management of their arrangements with their investment managers, in particular concerning stewardship matters and cost transparency. Following advice from their investment adviser, the Trustee reviewed and updated its SIP in July 2020 to ensure that it is compliant with these new regulations.

Trustee Report (continued)

Investment Report (continued)

Corporate Governance and the UK Stewardship Code (continued)

From October 2020 the Trustee has set out in its SIP its policies in relation to the following matters:

i. how the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies;
ii. how that arrangement incentivises the asset manager to make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long term;
iii. how the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies;
iv. how the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range; and
v. the duration of the arrangement with the asset manager.

In June 2022, the Department for Work and Pensions ('DWP') released updated guidance on stewardship reporting which came into effect on 1 October 2022. The updated guidance aims to help trustees in the delivery of the intentions of the original guidance concerning better stewardship outcomes and reporting. The updated expectations emphasise the need for trustees to take "ownership" of the stewardship process by reporting, assessing and, where appropriate, engaging with the agents carrying out stewardship activities on their behalf. To meet the guidelines, the Trustee updated the Scheme's SIP effective October 2022. To further align with the guidelines, during 2023, the Trustee adopted an updated stewardship policy, outlining how the Trustee's stewardship efforts are resourced and expectations for the Scheme's investment managers in regards to their own engagement and voting activity.

The Trustee's Implementation Statement, which sets out further voting and engagement information undertaken by the Scheme's investment managers for the year ended 31 December 2023, is set out on page 62 and forms part of the Trustee Report.

For effective investment decision-making, the Trustee and ISC take expert investment advice and regularly review their training needs and skills.

Competition & Market Authority ("CMA") Requirements

As part of the CMA review of the investment consulting industry in 2019, trustees of occupational pension schemes had to put in place a set of objectives for their investment advisers. These objectives had to be in place by December 2019 and were set following guidance from the Pensions Regulator. Trustees are now required to review these objectives on a triennial basis and to formally review the advisor against the objectives on an annual basis. The Trustee reviewed the objectives for its investment adviser in early 2023 and reviews the adviser against those objectives on an annual basis, with the last review taking place in November 2023.

Task Force on Climate-Related Financial Disclosures ("TCFD") Reporting

The TCFD has developed a framework to help public companies and other organisations disclose climate-related risks and opportunities. Similar requirements have been incorporated into the regulatory framework for pension schemes entitled "Climate Change and Reporting Regulations 2021" (applying to schemes with net assets over £1bn from 1 October 2022). This required the Trustee to put in place relevant climate governance and reporting processes and to produce a TCFD report. The Trustee's TCFD report has been published on the Scheme's website: https://www.taylorwimpeypensions.co.uk/resources/taskforce-on-climate-related-disclosures-statement-2023/.

Trustee Report (continued)

Investment Report (continued)

Environmental, Social and Governance ("ESG") Investing

The Trustee updated its Responsible Investing Policy in September 2023 to include, in greater detail, its updated policy on stewardship and engagement, as shown below:

1.1. *The ISC (on behalf of the Trustee) encourages the Scheme's investment managers to take account of ESG considerations insofar as they believe such considerations will benefit performance and/or reduce risk.*

1.2. *For those assets of the Scheme invested in pooled vehicles, the Trustee accepts that the assets are subject to the investment managers' own policies on ESG investment.*

1.3. *The ISC has defined its beliefs regarding ESG issues, and stewardship, in a "Responsible Investing Policy" as set out in the three sections below:*

1.4. *Environmental, Social and Governance:*

1.4.1. *The Trustee believes the Scheme is a long-term investor and seeks to achieve sustainable returns at an appropriate level of risk over its lifetime.*

1.4.2. *The Trustee believes that ESG risks are financially material risks and should be considered as part of the investment strategy and implementation decisions. The Trustee believes that the most important methods of managing these risks are integration and engagement (defined below). However, the relevance and impact of integration and engagement will vary between different asset classes.*

1.4.2.1. Integration: integrating the analysis of ESG risks into the active investment decision-making processes. The Trustee believes ESG risks are no less important than any other risks to the Scheme's investments and any active asset manager's process should fully incorporate these risks when assessing the attractiveness of investment opportunities.

1.4.2.2. Stewardship and Engagement: the Scheme's investment managers are encouraged, where possible, to engage directly on ESG risks with the entities they are investing in (whether debt or equity). This is outlined in further detail in the Stewardship and Engagement policy.

1.4.3. *When investing in new asset classes, the Trustee assesses, with advice from their advisers, the relevance of ESG-related risks and the most appropriate way to ensure that they are incorporated into the mandate. These views will then affect:*

1.4.3.1. Whether the asset class is appropriate for the Scheme given the ESG risks it is exposed to and the methods available for managing these risks;

1.4.3.2. Where relevant, the selection of a preferred asset manager with a clear commitment to responsible investing, i.e. a manager that has an appropriate approach to integration and engagement for the given asset class.

1.4.4. *On an ongoing basis, the Trustee's investment consultant monitors each asset manager's approach to ESG and regularly reports on this to the Trustee.*

Trustee Report (continued)

Investment Report (continued)

Environmental, Social and Governance ("ESG") Investing (continued)

1.5. *Stewardship and Engagement Policy:*

1.5.1. *The Trustee understands good stewardship to be the responsible allocation, management, and oversight of capital to create long-term value for members, leading to sustainable benefits for the economy, the environment and society. The Trustee will aim to use its influence as an owner of assets to ensure that as far as possible best practices are reflected in terms of environmental, social and governance ("ESG") factors, and it will hold its investment managers to account for the effective use of their influence as owners of assets.*

1.5.2. *The Trustee's approach to stewardship reflects its broad investment approach: its role is to hire appropriately skilled investment managers, set clear expectations, assess the quality of their performance, and hold them to account where deficiencies or areas for further improvement are identified. The Trustee, via the Investment Sub-Committee ("ISC"), carries out its stewardship through oversight and challenge of its investment managers rather than itself operating as active stewards directly of the underlying assets in which it invests.*

1.5.3. *To best channel its stewardship efforts, the Trustee believes that it should focus on a selection of key themes. Its key themes have been selected by assessing their relevance to the Scheme and its members, the financially material risks that they pose, and the maturity and development of thinking within the industry that allows for ease of integration into its approach. The themes of the Sponsor were also considered when selecting the themes for the Scheme.*

The Trustee's key themes are:

- *Climate Change*
- *Diversity, Equality, and Inclusion*

1.5.4. *It is the responsibility of the ISC to lead the Trustee's engagements with investment managers. The Trustee will not appoint investment managers that cannot demonstrate the standards to which it holds its existing investment managers. These expectations can be summarised as:*

- *Effective processes for and delivery of stewardship activity, alignment with leading standards, and evidence of engagement related to its key themes, with the aim of positive change;*
- *Provision of tailored reporting on stewardship activities and outcomes; and*
- *Participation as appropriate in public policy debates and the development of best practices.*

1.5.5. *The Trustee expects its investment managers to provide specific evidence that they have acted in accordance with these expectations which should provide the Trustee with enough insight to ascertain whether its investment managers are practising effective stewardship that is best aligned with its long-term interests. Where it identifies deficiencies it will escalate accordingly, with the ultimate response being the removal of mandates where it believes it is in the interests of members to do so. The Trustee views incremental improvements by its investment managers as the key success measure of its own stewardship activities.*

1.5.6. *The Trustee expects investment managers to engage with issuers to maintain or enhance long-term value of its investments and limit negative externalities on the planet and society. The Trustee recognises that there is no 'one-size-fits-all' stewardship approach and instead encourage its investment managers to prioritise stewardship opportunities and apply the most suitable/influential engagement strategies based on their in-depth knowledge of a given asset class, sector, geography and/or specific company or other asset.*

Trustee Report (continued)

Investment Report (continued)

Environmental, Social and Governance (“ESG”) Investing (continued)

1.5.7. *Investment managers are expected to have robust ESG, climate change, and stewardship policies and processes in place. These are used to define how underlying companies are monitored and engaged with, how progress is measured, and when escalation is required. The Trustee expects manager engagement with companies to be underpinned by engagement on public policy matters where relevant. The Trustee expects that these assessments and progress in stewardship activities are tracked over time, to maintain continuity of activity and to assess the effectiveness of stewardship delivery. The Trustee will challenge its investment managers when it feels its engagements are not sufficiently focused on decision-makers such as senior management or board members.*

1.5.8. *In order to drive corporate change, and where initial engagement has made little progress, the Trustee expects its investment managers to escalate engagement accordingly. It allows its investment managers discretion over the appropriate tools to deploy; however, the Trustee expects these to be communicated with issuers' management teams. Should there still be little progress made after escalation, the Trustee expects its investment managers to consider disinvestment as a final course of action.*

1.5.9. *Although the Trustee chooses managers that align with its beliefs on stewardship, there are instances where the Trustee has less direct influence over the managers’ policies on the exercise of investment rights, for example, where assets are held in pooled funds, due to the collective nature of these investments. The Trustee monitors and discloses the voting behaviour carried out on its behalf. If the Trustee deems it not suitable it will engage with the relevant manager and seek to better align the behaviour of the manager with the policies of the Trustee.*

1.5.10. *The Trustee currently has a preference for 'Engagement' rather than 'Exclusion' as a method of incorporating climate change risks into an effective risk management framework. The Trustee expects its investment managers to invest in line with this preference for Engagement unless the mandate that the Trustee has chosen requires exclusion according to certain criteria.*

1.5.11. *When selecting, monitoring and de-selecting asset managers, engagement is factored into the decision-making process to the appropriate level for the specific asset class in question. The Trustee reports periodically on how its investment managers have acted in accordance with the Trustees' policy on stewardship and engagement. In addition, the Trustee meets directly with each of its investment managers periodically and – where relevant and appropriate – questions the manager on their activities with respect to stewardship and engagement. The Trustee will disclose any highlights as part of this review annually in its implementation statement.*

1.5.12. *The exercise of voting rights for the equity holdings within pooled funds has been delegated to the Scheme’s investment managers. The Trustee therefore does not direct how votes are exercised within these mandates and does not have its own proxy voting provider. Nonetheless, it fully recognises and appreciates the value of voting as a signal or ultimate sanction in influencing company behaviour. As active owners, it is the Trustee’s responsibility to hold its investment managers to account for their voting activities to ensure they are exercising voting rights in the Scheme’s best interests. As such, the Trustee considers investment managers' voting policies and records, and require its investment managers to report significant votes to it as relevant.*

Trustee Report (continued)

Investment Report (continued)

Environmental, Social and Governance ("ESG") Investing (continued)

1.5.13. *Investment managers are expected to have their own voting policies, informed by leading global standards, and that fully integrate ESG considerations. The Trustee's investment managers are expected to be informed by the views of proxy voting service providers, but retain ultimate ownership of the decision and are expected to apply judgement as to whether they follow the recommendation of their advisor. The exercise of voting rights should form part of a wider engagement dialogue and if the Scheme's investment managers wish to vote contrary to management recommendations, the Trustee expects this is communicated and its investment managers' views expressed to the company.*

1.5.14. *Whereas voting responsibilities are outsourced to the Scheme's investment managers, the Trustee recognises that it has a fiduciary and regulatory responsibility to retain agency in the process. Investment manager oversight is the key mechanism for this, and the Trustee will therefore hold its investment managers accountable not only for voting activity as a whole, but also how they have voted in significant votes. In line with DWP Guidance on the topic, it is the Trustee's responsibility to define the significance of votes placed on its behalf, and to be transparent with stakeholders and beneficiaries regarding outcomes.*

1.5.15. *Significant votes have been defined as votes which meet one or more of the criteria below. Please note the more of these criteria a vote meets, then the more significant the vote will be deemed, with the most significant votes to be disclosed in the Implementation Statement (rather than all significant votes):*

- *Votes relating to one of the Trustee's key stewardship themes;*
- *Votes relating to an issuer to which the Scheme has a large £ exposure;*
- *Votes which may be inconsistent between investment managers; and*
- *Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.*

1.6. *Climate-Related Risks and Opportunities*

1.6.1. *The processes for identifying, assessing, and managing climate-related risks are in line with the overall Pensions Risk Management Framework ("PRMF"). The ultimate responsibility for identifying, assessing, and monitoring climate-related risks and opportunities sits with the Trustee; however, the Trustee has delegated the day-to-day responsibilities to the ISC. In order to effectively carry out their responsibilities, the Trustee board receives sufficient training, from the relevant advisers, on an ongoing basis in respect of climate-related risks and opportunities.*

Trustee Report (continued)

Investment Report (continued)

Environmental, Social and Governance ("ESG") Investing (continued)

1.6.2. *In order to effectively carry out this responsibility, the ISC monitors ESG reporting provided to them on a quarterly basis by their investment consultant. This contains relevant climate metrics as set out under DWP's adoption of the recommendations of the Taskforce on Climate-Related Financial Disclosures ("TCFD") (the results of which will be disclosed in the Scheme's annual TCFD report). The ISC also relies on the manager research capabilities of their investment consultant in order to effectively assess climate-related risks and opportunities; this includes, for example, carrying out climate change scenario analysis. Finally, active engagement with underlying companies in which the Scheme is invested, specifically relating to climate-related risks and opportunities, is delegated to the Scheme's investment managers. To monitor this the ISC meets with each of their investment managers periodically to receive an update of their climate-related reporting and to discuss any areas for improvement. In the interim, the Scheme's investment consultant raises points to note as appropriate and any key takeaways from this day-to-day monitoring are reported back to the Trustee. When selecting new fund managers, the Trustee must be comfortable that the new manager can adequately manage ESG-related risks, including climate change-related risks, and invest in line with the Trustee's beliefs.*

1.6.3. *Climate-related risks and opportunities are assessed by the Trustee in the setting of the Scheme's funding strategy. For example, the results of various climate scenarios are incorporated when setting the investment strategy, and the impact of various climate scenarios on the liabilities and Sponsor strength are also considered with the help of the Scheme's advisers.*

1.6.4. *The Trustee assesses climate risks and opportunities over the following time horizons which it deems appropriate in light of the Scheme's existing strategic objectives:*

	Number of years
Short term	*1 year (in line with the Scheme's primary funding objective)*
Medium term	*5 years (in line with the Scheme's funding on a low dependency basis)*
Long term	*11 years (in line with the Scheme's implied buyout full funding date)*

The ESG policy, including approach to stewardship and engagement will be reviewed as part of the Scheme's regular SIP review.

On an ongoing basis, the Trustee investment adviser monitors each asset manager's approach to ESG, including approach to Stewardship and Engagement and regularly reports on this to the Trustee.

Trustee Report (continued)

Statement of Trustee's Responsibilities

The Trustee's responsibilities in respect of the financial statements

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

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

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

The Trustee has a general responsibility for ensuring that 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 also responsible for the maintenance and integrity of the Scheme's website (www.taylorwimpeypensions.co.uk). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Scheme by or on behalf of employers 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 that fall due to be paid are paid into the Scheme in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Trustee Report (continued)

Further Information

Internal Dispute Resolution ("IDR") Procedures

It is a requirement of the Pensions Act 1995 that trustees of all occupational pension schemes must have Internal Dispute Resolution procedures in place for dealing with any disputes between the trustees and the scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustee, details of which can be obtained from the Scheme's website or by writing to the Secretary to the Trustee at the address on page 2 of this report.

Further Information

Further information about the Scheme is available on the Scheme's website or on request, to members, their spouses, and other beneficiaries. In particular, the Scheme's Deed and Rules can be inspected on request and a copy of the latest Actuarial report and the Trustee's Statement of Investment Principles is available on the Scheme website.

Members can request details of the amount of their current transfer value. Such requests are available free of charge once a year. Indicative transfer values are available online via the Scheme website for a majority of the members and are updated on a monthly basis.

If members have any queries concerning the Scheme or their own pension position, or wish to obtain further information, they should contact Hymans Robertson LLP who will respond to any queries about entitlement to benefits – address on page 2.

If members have any complaints in relation to the Scheme, they should contact N Gunn, Secretary to the Trustee – address on page 2.

The Pensions Regulator ("TPR")

TPR has the objectives of protecting the benefits of members, promoting good administration and reducing the risk of claims on the Pension Protection Fund. TPR has the power to investigate schemes, to take action to prevent wrongdoing in or maladministration of pension schemes and to act against employers failing to abide by their pension obligations. TPR may be contacted at the following address:

The Pensions Regulator
Telecom House
125-135 Preston Road
Brighton
BN1 6AF
www.thepensionsregulator.gov.uk

Trustee Report (continued)

Further Information (continued)

The Money and Pensions Service ("MaPS")

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

The Money and Pensions Service
Holborn Centre
120 Holborn
London
EC1N 2TD
Tel: 0800 011 3797
Website: www.moneyhelper.org.uk

The Pensions Ombudsman

Members have the right to refer a complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the events(s) the member is complaining about happened – or, if later, within three years of when they first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

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
Members can also submit a complaint form online: www.pensions-ombudsman.org.uk/our-service/make-a-complaint/

Pension Tracing Service

The Pension Tracing Service is provided by the Department for Work and Pensions and responsible for compiling and maintaining the register of occupational pension schemes has been passed to The Pensions Regulator.

Contact details for the services are as follows:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU
Website: www.gov.uk/find-pension-contact-details

Trustee Report (continued)

Approval of the Trustee Report by the Trustee

The Trustee Report on pages 3 to 29 has been approved and signed for and on behalf of the Trustee of The Taylor Wimpey Pension Scheme by:

[redacted] Director

[redacted] Director

FOR/AND ON BEHALF OF THE LAW DEBENTURE PENSION TRUST CORPORATION PLC

26.6.2024 Date

Section 3 – Independent Auditors' Report to the Trustee of The Taylor Wimpey Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion, The Taylor Wimpey Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2023, and of the amount and disposition at that date of its assets and liabilities, other than 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 (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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.

We have audited the financial statements, included in the Annual Report and Financial Statements, which comprise: the Statement of Net Assets (available for benefits) as at 31 December 2023; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (**"ISAs (UK)"**) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to, or in respect of, the Scheme.

We have provided no non-audit services to the Scheme in the period under audit.

Conclusions relating to going concern

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.

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

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

Independent Auditors' Report to the Trustee of The Taylor Wimpey Pension Scheme (continued)

Reporting on other information

The other information comprises all the information in the Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of 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 wind up the Scheme, or has no realistic alternative but to do so.

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

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

Independent Auditors' Report to the Trustee of The Taylor Wimpey Pension Scheme (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the Scheme and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Scheme in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the Trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 26/6/24

Section 4 – Financial Statements

Fund Account for year ended 31 December 2023

	Note	**2023** £'m	2022 £'m
CONTRIBUTIONS AND BENEFITS			
Employer contributions	4	**2**	2
Benefits paid or payable	5	**(104)**	(96)
Transfers out to other schemes	6	**(2)**	(5)
Administrative expenses	7	**(3)**	(3)
		(109)	(104)
Net withdrawals from dealings with members		**(107)**	(102)
RETURNS ON INVESTMENTS			
Investment income	8	**24**	39
Change in market value of investments	9	**72**	(744)
Investment management expenses	21	**(7)**	(6)
Net returns on investments		**89**	(711)
Net decrease in the fund		**(18)**	(813)
Opening net assets		**1,738**	2,551
Closing net assets		**1,720**	1,738

The notes on pages 36 to 58 form an integral part of these financial statements.

Financial Statements (continued)

Statement of Net Assets (available for benefits) as at 31 December 2023

	Note	**2023** £'m	2022 £'m
Investment assets			
Bonds	9	**1,485**	1,393
Pension Funding Partnership	13	**48**	70
Pooled investment vehicles	11	**830**	627
Derivatives	12	**93**	114
Amounts receivable under Reverse Repurchase Agreements	15	**155**	207
Insurance policies	16	**144**	154
AVC investments	17	**3**	3
Cash and cash equivalents	14	**59**	108
Other investment balances	9	**6**	244
		2,823	2,920
Investment liabilities			
Bonds sold short	9	**(158)**	(166)
Derivatives	12	**(125)**	(143)
Amounts payable under Repurchase Agreements	15	**(823)**	(878)
Other investment balances	9	**(4)**	-
		(1,110)	(1,187)
Net investments assets		**1,713**	1,733
Current assets	22	**9**	7
Current liabilities	23	**(2)**	(2)
Total net assets available for benefits		**1,720**	1,738

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.

Financial Statements (continued)

Statement of Net Assets (available for benefits) as at 31 December 2023 (continued)

The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on pages 8 to 11 of the Trustee Report, and these financial statements should be read in conjunction with this report.

The notes on pages 36 to 58 form an integral part of these financial statements.

These financial statements on pages 33 to 58 were approved by the Trustee and were signed on its behalf by:

[redacted] Director

Director

FOR AND ON BEHALF OF THE LAW DEBENTURE PENSION TRUST CORPORATION PLC.

26.6.2024 Date

Section 5 – Notes to the Financial Statements

Notes to the financial statements for the year ended 31 December 2023

1 IDENTIFICATION OF FINANCIAL STATEMENTS

The Taylor Wimpey Pension Scheme (the **"Scheme"**) is a defined benefit occupational pension scheme and was established as a trust under English law. The address for enquiries to the Scheme is Taylor Wimpey Pensions, Unit 2 Tournament Court, Edgehill Drive, Warwick, CV34 6LG.

2 GENERAL INFORMATION AND BASIS OF PREPARATION

The Scheme was established on 7 March 2013 to receive a transfer of assets and liabilities from the George Wimpey Staff Pension Scheme and the Taylor Woodrow Group Pension & Life Assurance Fund which took place on 1 October 2013. The Principal Employer is Taylor Wimpey UK Limited (**"TWUK"** or the **"Employer"**). The Scheme is currently governed by a Definitive Trust Deed and Rules dated 21 June 2017, as amended from time to time. The Scheme is closed to new members and to future accrual.

The Scheme is a registered pension scheme in accordance with The Finance Act 2004. This means that the contributions paid by both the Employer and the members qualify for full tax relief, and enables income earned from investments by the Trustee to receive preferential tax treatment.

The individual financial statements of The Taylor Wimpey Pension Scheme 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 (FRS) 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"**).

3 ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the presentation of the financial statements. These policies have been consistently applied to both years presented, unless otherwise stated.

3.1 Employer contributions

Employer expense contributions are accounted for on the due dates set out in the Schedule of Contributions, or on receipt, if earlier, with the agreement of the Employer and the Trustee – see Note 4 for details.

3.2 Benefits paid or payable

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Pensions in payment, including pensions funded by annuity insurance contracts and amounts paid under income draw-down arrangements, are accounted for in the period to which they relate.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Scheme as appropriate.

3.3 Transfers out to other schemes

Individual transfers out of the Scheme are accounted for when paid, which is normally when member liability is discharged.

Notes to the financial statements for the year ended 31 December 2023 (continued)

3 ACCOUNTING POLICIES (CONTINUED)

3.4 Administrative expenses

Expenditure is accounted for on an accruals basis, which means that an allowance has been made for certain expenses due but not paid before the year end date.

3.5 Investment income and investment management expenses

Investment Income on cash and short-term deposits is accounted for on an accruals basis.

Income from bonds is accounted for on an accruals basis on the date interest is payable and included interest bought and sold on investment purchases and sales.

Income arising from the underlying investments of the pooled investment vehicles, that is reinvested within the pooled investment vehicles, is reflected in the unit price. Such income is reported within the change in market value. For all other income not reflected in the unit price this is accounted for as investment income on an accruals basis when declared.

The Scheme pays to and receives interest from counterparties to the Repurchase Agreements (**"Repos"**) and Reverse Repurchase Agreements (**"Reverse Repos"**) respectively and this is accounted for on an accruals basis in line with the terms of the respective contracts.

Income received in relation to the Pension Funding Partnership agreement is accounted for on an accruals basis.

Income from insurance policies is included in investment income and is accounted for on an accruals basis.

The change in market value of investments includes realised and unrealised gains and losses.

Investment management expenses are either accounted for on an accruals basis or included in the unit movement or price movement of the invested asset.

3.6 Valuation of investments

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investments assets and the offer price for investment liabilities. Otherwise the closing single price, single dealing price or most recent transaction price is used.

Where quoted or other unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the financial statements where used.

i. Investments traded through the Stock Exchange Trading Services ("**SETS**") are valued on the basis of the latest price or bid price at the year-end depending on the market on which they are quoted.

ii. Foreign investments, including the effect of forward foreign exchange contracts, are converted into sterling at the closing rate of exchange ruling at the year end.

iii. Investments which are held in units are stated at the closing bid or, if single priced, at the closing single price at the year end as advised by the Investment manager.

   Shares in pooled investment vehicles have been valued at the latest available net asset value ("**NAV**") determined in accordance with fair value principles, provided by the pooled investment manager.

iv. Bonds and short sold bonds are valued "clean" (without accrued interest). Accrued interest is included in investment income receivable.

Notes to the financial statements for the year ended 31 December 2023 (continued)

3 ACCOUNTING POLICIES (CONTINUED)

3.6 Valuation of Investments (continued)

v. Derivatives are investment assets and liabilities that derive their value from the price or rate of some underlying item. Derivatives with an initial purchase price are reported as purchases. Those that do not have an initial purchase but require a deposit, such as an initial margin to be placed with that broker, are recorded at nil cost on purchase.

For Over the Counter ("**OTC**") derivatives, where a market price is not readily available, the fair value is determined by the investment manager using accepted pricing models.

Forward foreign exchange contracts outstanding at the year-end are stated at fair value, which is determined as the gain or loss that would arise if each outstanding contract was matched at the period end with an equal and opposite contract at that date.

Futures contracts are based on fair value where cash is held for short-term liquidity, the Trustee has entered into index-based contracts of equivalent economic value to avoid being "out-of-the-market".

Changes in the fair value of the forward foreign exchange contracts are reported within the change in market value in the fund account.

Swaps are valued at fair value, using a price model which calculates the current value of future expected net cash flows arising from the swap, for which the time value of money is taken into account. Interest is accrued monthly under terms relating to individual contracts. Receipts or payments under contracts, representing the difference between the swapped cash flows, are included in investment income.

vi. Repurchase agreements (where the Scheme has sold assets with the agreement to repurchase at a fixed date and price) are included at the fair value of the repurchase price (as a liability). The assets sold are reported in the appropriate asset class in the investments note at their fair value reflecting that the Scheme retains the risk and rewards of ownership of those assets.

vii. Reverse repurchase agreements (where the Scheme has bought assets with the agreement to sell at a fixed date and price) are included at the fair value of the repurchase price (as an asset). Cash delivered under reverse repurchase contracts is recognised as an investment receivable in the financial statements. Securities received in exchange are disclosed as collateral supporting this receivable but not included as Scheme assets.

viii. The Scheme's interest as a Limited Partner in the Pension Funding Partnership is valued at the discounted net present value of future contractual partnership distribution rights. The valuation and discount rate applied were determined by an independent valuation adviser taking into account the specific risks associated with the distribution stream and, in particular, the legal structure and marketability of the asset and the risk of non-payment.

ix. The bulk insurance policies held with Just Group plc, Legal & General Group plc, Phoenix Life Limited and Standard Life Assurance Company have been included in the financial statements at the value calculated by the Scheme Actuary at the year end. Insurance policies are valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

x. AVCs are included at either the value confirmed by the provider at the year end or the latest available market value advised by the provider and adjusted for any cash movements during the period to the year end.

Notes to the financial statements for the year ended 31 December 2023 (continued)

3 ACCOUNTING POLICIES (CONTINUED)

3.7 Currency

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

Balances denominated in foreign currencies are translated into Sterling at the rate ruling at the year-end date.

Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

3.8 Critical Accounting Judgments and Estimation Uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the accounting policies
Whether the Scheme controls the Taylor Wimpey Scottish Limited Partnership ("**PFP**") requires judgement. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Trustee has taken advice that the investment in the limited partnership is structured in such a way that the Trustee does not control the PFP. As such, the partnership interest has been included in these financial statements as a financial asset and has not been consolidated as a subsidiary.

Key accounting estimates and assumptions
The Trustee makes estimate and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within Policy 3.6 above and within Notes 13 and 16.

Notes to the financial statements for the year ended 31 December 2023 (continued)

4 EMPLOYER CONTRIBUTIONS

	2023	2022
	£'m	£'m
Administrative expenses funding	**2**	2

As a part of the actuarial valuation at 31 December 2019, the Trustee and the Employer agreed to put in place an Escrow account mechanism to provide additional security for the Scheme. Contributions to the Escrow account of £10m were guaranteed for 6 months from 1 April 2021, with contributions from 1 October 2021 paid depending on whether certain funding triggers are met. These triggers are monitored on a quarterly basis with effect from 1 October 2021 and ending on 31 March 2024. The monies in the Escrow account will be paid to the Scheme if the funding level falls below 95% for more than two consecutive quarters, if the Employer becomes insolvent or if there is a deficit in the Scheme on its long-term funding basis in June 2028. The Escrow account is secured by a fixed charge in favour of the Trustee.

At 31 December 2023, there was £10m (2022: £10m) held in the Escrow account with no amounts being paid in to or out of the Escrow account during the current year or prior year.

Following the 31 December 2022 actuarial valuation, the Scheme was in surplus and therefore a Recovery Plan was not required. The Trustee and Employer agreed a revised Schedule of Contributions to take effect from 1 April 2024. The Employer continues to contribute £2m per annum to cover ongoing administrative expenses.

5 BENEFITS PAID OR PAYABLE

	2023	2022
	£'m	£'m
Pensions	**95**	91
Lump sum retirement benefits	**9**	5
	104	96

For the year ended 31 December 2023, taxation where member benefits exceeded the lifetime allowance was less than £0.1m (2022: less than £0.1m) and death benefits paid were less than £0.3m (2022: less than £0.2m).

Notes to the financial statements for the year ended 31 December 2023 (continued)

6 TRANSFERS OUT TO OTHER SCHEMES

	2023	2022
	£'m	£'m
Individual transfers out	**2**	5

7 ADMINISTRATIVE EXPENSES

	2023	2022
	£'m	£'m
Administration costs	**2**	2
Actuarial fees and other costs	**1**	1
	3	3

The Employer pays administrative and investment expenses on behalf of the Scheme and then recharges them to the Scheme on a monthly basis.

8 INVESTMENT INCOME

	2023	2022
	£'m	£'m
Income from bonds	**27**	26
Interest income on contracts held under Swap arrangements	**9**	1
Interest expense on contracts held under Swap arrangements	**(8)**	(1)
Interest expense on repurchase agreements	**(34)**	(14)
Interest income on reverse repurchase agreements	**4**	2
Income from pooled investment vehicles	**7**	7
Income from the Pension Funding Partnership	**5**	5
Income from insurance policies	**14**	13
	24	39

Notes to the financial statements for the year ended 31 December 2023 (continued)

9 INVESTMENTS

MOVEMENTS IN INVESTMENTS

	Value as at 01/01/2023	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value as at 31/12/2023
	£'m	£'m	£'m	£'m	£'m
Bonds (net)	**1,227**	489	(417)	28	**1,327**
Pension Funding Partnership	**70**	-	-	(22)	**48**
Pooled investment vehicles	**627**	892	(755)	66	**830**
Derivatives (net)	**(29)**	79	(92)	10	**(32)**
Insurance policies	**154**	-	-	(10)	**144**
AVC investments	**3**	-	-	-	**3**
	2,052	1,460	(1,264)	72	**2,320**
Repurchase agreements (net)	**(671)**				**(668)**
Cash and cash equivalents	**108**				**59**
Other investment balances (net)	**244**				**2**
Total net investments	**1,733**				**1,713**

Included within pooled investment vehicle purchases and sales are amounts related to cash funds being purchased and sold to facilitate portfolio liquidity.

As disclosed, the other investment balance at the year-end included:

	2023	2022
	£'m	£'m
Accrued investment income	**1**	6
Pending transactions	**5**	235
Margin account balances	**(4)**	3
	2	244

At 31 December 2023, in the above pending transactions is a disinvestment from Magnetar which transacted in December 2023 but wasn't settled until post year-end. At 31 December 2022, this included two disinvestments from Beach Point and Blackstone.

10 TRANSACTION COSTS

Indirect transaction costs are incurred through bid-offer spread on investments within pooled investment vehicles. It has not been possible for the Trustee to quantify the indirect costs for the Scheme. Direct transaction costs are included in the cost of purchases and deducted from sales proceeds in the reconciliation on Note 9, for the year ended 31 December 2023 this was nil (2022: £0.5m).

Notes to the financial statements for the year ended 31 December 2023 (continued)

11 POOLED INVESTMENT VEHICLES

The holdings of Pooled Investment Vehicles (“**PIVs**”) are analysed below:

	2023	2022
	£’m	£’m
Equities	**76**	39
Bonds	**334**	369
Credit	**62**	-
Commercial real estate debt	**-**	2
Liquidity	**10**	75
Private debt	**120**	142
Diversified funds	**228**	-
	830	627

In 2022, the Trustee notified Beach Point of its intention to disinvest from the Beach Point SCF X LP (a credit fund, valued at £30m at 31 December 2023 and £71m at 31 December 2022 and disclosed above within ‘Bonds’). As there were only two investors in this fund, and the other investor had also notified Beach Point of its intention to disinvest, the audited financial statements of the Beach Point fund as at 31 December 2022 and 31 December 2023 were prepared by Beach Point on an orderly liquidation basis. The Scheme received total distributions from the Beach Point fund of £43.5m during 2023.

Notes to the financial statements for the year ended 31 December 2023 (continued)

12 DERIVATIVES

	Assets 2023 £'m	Liabilities 2023 £'m	Total 2023 £'m	Assets 2022 £'m	Liabilities 2022 £'m	Total 2022 £'m
Forward foreign exchange	**6**	**-**	**6**	28	-	28
Swaps	**81**	**(122)**	**(41)**	86	(142)	(56)
Futures	**6**	**(3)**	**3**	-	(1)	(1)
	93	**(125)**	**(32)**	114	(143)	(29)

OBJECTIVES AND POLICIES

The Trustee has authorised the use of derivatives by the investment managers as part of the overall investment strategy for the Scheme. The main objectives for the use of derivatives and the policies followed during the year are summarised as follows:

- ***Forward foreign exchange contracts:*** in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce currency exposure of these overseas investments to the targeted level.
- ***Swaps:*** The Trustee aims to match the liability-driven element of the investment portfolio with the Scheme's long-term liabilities, particularly in relation to their sensitivities to interest rate movements. Due to the lack of available long-dated bonds the Trustee holds total return, interest-rate and inflation swaps to extend the duration and match more closely with the Scheme's liability profile.
- ***Futures:*** Where cash is held for short-term liquidity, the Trustee has entered into index-based contracts of equivalent economic value to avoid being "out-of-the-market".

A summary of the Scheme's outstanding derivative contracts is set out below and are rounded to £m, contracts at nil do not have their value disclosed due to rounding:

Forward foreign exchange (all OTC contracts)

	No. of contracts	Expires within	Currency Bought 'm	Currency Sold 'm	Asset Value £'m	Liability Value £'m
Forward	1	1 month	GBP -	Euro -	-	-
Forward	9	1 month	GBP 201	USD (249)	6	-
Forward	6	1 month	USD 9	GBP (7)	-	-
Total 2023					**6**	**-**
Total 2022					28	-

Notes to the financial statements for the year ended 31 December 2023 (continued)

12 DERIVATIVES (continued)

Swaps ("OTC")

	Notional Amounts £'m	Expires	Asset Value £'m	Liability Value £'m
Inflation rate swaps	139	Up to 1 year	-	(11)
Inflation rate swaps	65	1 to 5 years	-	(6)
Inflation rate swaps	49	5 to 10 years	1	(7)
Inflation rate swaps	50	10 to 15 years	-	(5)
Inflation rate swaps	21	15 to 20 years	-	(1)
Inflation rate swaps	42	Over 20 years	4	(2)
Interest rate swaps	363	Up to 1 year	3	(5)
Interest rate swaps	29	1 to 5 years	2	(3)
Interest rate swaps	55	5 to 10 years	2	(6)
Interest rate swaps	77	10 to 15 years	8	(16)
Interest rate swaps	18	15 to 20 years	-	(4)
Interest rate swaps	124	Over 20 years	61	(56)
Total return swaps	57	Up to 1 year	-	-
Total return swaps	42	1 to 5 years	-	-
Total 2023			**81**	**(122)**
Total 2022			86	(142)

At 31 December 2023, collateral of £6m was held (2022: £14m was held) in relation to outstanding Swap contracts. £4m of this balance was held as cash (2022: £27m was held) and £2m was held as bonds (2022: £13m was pledged).

Futures (Exchange traded contracts)

	Economic Exposure (£'m)	Expires within	Asset Value £'m	Liability Value £'m
UK fixed income futures	112	Less than 3 months	6	-
Overseas fixed income futures	(65)	Less than 3 months	-	(3)
Total 2023			**6**	**(3)**
Total 2022			-	(1)

Notes to the financial statements for the year ended 31 December 2023 (continued)

13 PENSION FUNDING PARTNERSHIP

	2023	2022
	£'m	£'m
Pension Funding Partnership	**48**	70

The decrease in the value of the PFP from 31 December 2022 to 31 December 2023 is due to the Scheme being in surplus which has reduced the probability-weighted value of the contingent payment in 2029.

The Trustee (on behalf of the Scheme) is a limited partner in the Pension Funding Partnership constituted as the Taylor Wimpey Scottish Limited Partnership (**"SLP"**). The SLP owns a secured £100m loan note issued by Taylor Wimpey SH Capital Limited (**"TWSH"**). TWSH's assets comprise mainly show homes and other approved assets of the Employer. The general partner of the SLP is Taylor Wimpey (General Partner) Limited, a wholly owned subsidiary of the Employer. Taylor Wimpey (Initial LP) Limited is the other limited partner in the SLP.

The Scheme receives a regular annual income under the Partnership agreement of c. £5m per annum payable during April each year (with five distributions remaining at 31 December 2023) and a contingent payment in 2029 which is the lower of £100m or the Scheme's Technical Provisions deficit at 31 December 2028.

The Trustee has rights if certain events of default or similar occur. The key right of the Trustee in those events is to gain control of the SLP and appoint its own general partner to manage recovery of the loan and/or assets of TWSH with a view to recovering the lower of £100m or the value of the Scheme deficit at the time on a section 75 basis.

The Trustee commissions Mercer Limited to perform a valuation for financial statements purposes of its interest in the SLP. The valuation, which uses fair value principles, is based on the present value of expected annual receipts under the agreement, using a full yield curve approach. It uses a stochastic, risk neutral, model to project forward the Scheme assets and liabilities through to 2028 in order to place a present value on the contingent payment payable in 2029.

The key assumptions used in the fair value of the Scheme's interest in the SLP at 31 December 2023 are:

Initial Scheme Surplus	c. £97m – updated estimate (calculated by the Scheme Actuary) of the Technical Provisions surplus. Note that when the PFP Interest (value as at 31/12/2022) is removed, the surplus becomes c £23m.
Key Technical Provisions	2.35% p.a. discount rate (pre-retirement) and 0.5% p.a. discount rate (post-retirement)
Deficit Repair Payments	£20m p.a. payable in equal monthly instalments from 1 April 2021 up until 31 March 2024. These contributions are subject to certain criteria being met in respect of the funding level on a Technical Provisions basis, reviewed quarterly.
Credit Spread	Margin of 3.04% p.a. above gilts.
Mercer's RBT+ parameters	Annual time steps; Libor market model used for nominal interest rates; Generalised linear mixed models used for real rates; Volatilities and correlations based on Mercer's standard assumptions.
Investment Strategy	New target investment strategy agreed in November 2022 used for modelling.

Notes to the financial statements for the year ended 31 December 2023 (continued)

13 PENSION FUNDING PARTNERSHIP (CONTINUED)

The Trustee has obtained legal advice which confirms that this investment does not constitute an Employer related investment.

In March 2024, the Trustee and Employer agreed to certain amendments to the Pension Funding Partnership (see Note 28).

14 CASH AND CASH EQUIVALENTS

	2023	2022
	£'m	£'m
Sterling cash deposits	**54**	96
Foreign currency cash deposits	**5**	12
	59	108

15 REPURCHASE AGREEMENTS

In order to manage the Scheme's economic exposure to interest rates and inflation rates, a liability hedging programme using Repos and Reverse Repos has been put it in place. Repos are instruments comprising the sale of assets with an agreement to repurchase them at a specified later date and at a fixed price. Reverse repos are instruments comprising the purchase of assets with an agreement to resell them at a specified later date and at a fixed price. These help with the efficient hedging of interest and inflation hedging by using leverage. Repos and Reverse Repos form part of a liability matching (**"LDI"**) portfolio managed by Insight. The Scheme receives or pays cash consideration from counterparties in return for the transfer of bonds, which it commits to repurchase for the consideration received plus accrued interest.

	2023	2022
	£'m	£'m
Net cash consideration payable under Repurchase Agreements	**(823)**	(878)
Net cash consideration receivable under Reverse Repurchase Agreements	**155**	207
Net accrued interest payable to counterparties	**(16)**	(8)
Net accrued interest receivable to counterparties	**3**	1
Net amounts payable to counterparties on expiration of contracts	**(681)**	(678)

As at 31 December 2023, bonds with a market value of £723m (2022: £599m) were held as part of repurchase agreements. In total there are 26 (2022: 28) repo contracts with a liability market value of £823m (2022: £878m) at the year end. In addition, there are 4 (2022: 6) reverse repo contracts with an asset market value of £155m (2022: £207m) at the year end. This gives rise to a net repo liability of £668m (2022: £671m) at the year end. All repos and reverse repos are due to be settled before August 2024.

Any gains and losses from repo contracts are collateralised in order to mitigate counterparty risk. As at 31 December 2023, collateral of £36m (2022: £114m was pledged) had been held by the Scheme in relation to the repos and reverse repo contracts of this balance collateral pledged was £1m (2022: £114m was pledged) and collateral held was £37m (2022: £nil was held).

Notes to the financial statements for the year ended 31 December 2023 (continued)

16 INSURANCE POLICIES

	2023	2022
	£'m	£'m
Insurance policies	144	154

The Trustee holds insurance policies with Just Group plc, Legal & General Group plc, Phoenix Life Limited and Standard Life Assurance Company that secure the pensions payable to specified beneficiaries totalling 351 pensioners (2022: 409). These policies have been valued by the Scheme Actuary.

The valuation is based on financial and demographic assumptions set using the same principles as in the Statement of Funding Principles agreed as part of the 31 December 2022 actuarial valuation, updated to market conditions as at the year-end. The assumptions were for a post retirement discount rate of 4.4%* (2022: 4.4%*), RPI of 3.55%* (2022: 3.5%*), rate of pension increases based on the Scheme rules as applicable and mortality assumptions used in the 31 December 2022 actuarial valuation. The mortality assumptions are 104% SAPS S3PxA CMI 2022, 1.5% per annum long term rate, 0.5% initial addition parameter, w2020 and w2021 parameters equal to 0%, w2022 parameter equal to 25% and default smoothing parameter of 7.

*Rates shown are the single equivalent rates. The actual assumptions adopted are based on the full Moody's Analytics' nominal gilt yield curve and implied RPI inflation curve.

The following are the sensitivities of key assumptions on the valuation of the insurance policies at 31 December 2023:

Change in assumptions	Impact on Valuation of Insurance Policies £'000
Discount rate + 0.5%	(5,442)
Discount rate - 0.5%	5,824
RPI Inflation + 0.5%	3,168
RPI Inflation - 0.5%	(3,341)
Life expectancy + 1 year	8,951
Life expectancy - 1 year	(9,133)

Notes to the financial statements for the year ended 31 December 2023 (continued)

17 AVC INVESTMENTS

The Trustee holds assets which are separately invested from the main investments of the Scheme to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions.

Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and movements during the year.

The total amount of AVC investments at the year end as follows:

	2023	2022
	£'m	£'m
Unit linked	3	3

18 CONCENTRATION OF INVESTMENTS

The following investments, excluding UK Government securities, account for more than 5% of the Scheme's net assets at the year end:

	2023 Market Value £'m	%	2022 Market Value £'m	%
Insight MG Libor Plus Higher Grade Asset Backed Securities	192	11.2	102	5.9
AQR Diversified Risk Premia Fund B	169	9.8	-	-
Insurance policies	144	8.4	154	8.9
CQS Credit Multi Asset Fund	113	6.6	55	3.2
Bridgewater Optimal Portfolio II	-	-	139	8.0

Notes to the financial statements for the year ended 31 December 2023 (continued)

19 FAIR VALUE

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

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

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

As at 31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'m	**£'m**	**£'m**	**£'m**
Bonds (net)	**-**	**1,327**	**-**	**1,327**
Pension Funding Partnership	**-**	**-**	**48**	**48**
Pooled investment vehicles	**-**	**511**	**319**	**830**
Derivatives (net)	**-**	**(32)**	**-**	**(32)**
Insurance policies	**-**	**-**	**144**	**144**
AVC investments	**-**	**3**	**-**	**3**
Cash and cash equivalents	**59**	**-**	**-**	**59**
Other investment balances (net)	**2**	**-**	**-**	**2**
Repurchase agreements (net)	**-**	**(668)**	**-**	**(668)**
	61	**1,141**	**511**	**1,713**

As at 31 December 2022	Level 1	Level 2	Level 3	Total
	£'m	£'m	£'m	£'m
Bonds (net)	-	1,227	-	1,227
Pension Funding Partnership	-	-	70	70
Pooled investment vehicles	-	410	217	627
Derivatives (net)	-	(29)	-	(29)
Insurance policies	-	-	154	154
AVC investments	-	3	-	3
Cash and cash equivalents	108	-	-	108
Other investment balances (net)	244	-	-	244
Repurchase agreements (net)	-	(671)	-	(671)
	352	940	441	1,733

In respect of the investments quoted at level 3, the key assumptions for the Pension Funding Partnership can be found in Note 13.

The key assumptions underlying the insurance policies held can be found in Note 16.

Other level 3 investments comprising pooled investment vehicles, have been valued and assessed as advised by the investment manager.

Notes to the financial statements for the year ended 31 December 2023 (continued)

20 INVESTMENT RISKS

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

- Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk: this comprises currency risk, interest rate risk and other price risk.
- 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.

Investment Strategy

The Trustee and Investment Sub Committee have adopted a Pensions Risk Management Framework, which is used to monitor and report on the Scheme's key investment objectives on a regular basis. These objectives include the required returns to meet the Scheme's investment objective, the expected returns of the Scheme's assets, two risk metrics (**"Funding Ratio at Risk"** and **"Value at Risk"**), interest rate and inflation hedge ratios and liquidity and collateral metrics. The Scheme selects its investments in order to most appropriately fulfil the Scheme's objectives.

Further information on the Scheme's investment strategy is set out in its Statement of Investment Principles.

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

Notes to the financial statements for the year ended 31 December 2023 (continued)

20 INVESTMENT RISKS (continued)

Investment Risk

The following table summarises the extent to which the various classes of investments are affected by financial risks other than AVCs, dividends and withholding taxes which are not considered material to the Scheme's investments. To note, there were no other investment balances that had not settled at year end.

Investment Assets	Credit risk	Currency risk	Interest rate risk	Other price risk	2023 Value £'m	2022 Value £'m
LDI segregated assets*	✓	✓	✓	✓	627	527
Fund of hedge funds**	✓	✓	✓	✓	-	-
Multi-Class credit fund (bonds)	✓	✓	✓	✓	142	267
Aggregate bond fund**	✓	✓	✓	✓	-	-
Asset backed securities fund (bonds)	✓	✓	✓		192	102
Private debt funds	✓	✓	✓		120	142
Commercial real estate debt fund	✓	✓	✓	✓	-	2
Credit fund	✓	✓	✓	✓	62	-
Diversified risk funds	✓	✓	✓	✓	228	-
Volatility controlled equities	✓	✓	✓	✓	76	39
Liquidity fund	✓	✓	✓		10	75
Cash and cash equivalents	✓	✓	✓		59	108
Insurance policies	✓		✓		144	154
Pension Funding Partnership	✓		✓	✓	48	70
AVCs					3	3
Other investment balances (net)					2	244
Total					**1,713**	**1,733**

*the LDI assets total in the above table comprises the following net balances:

	2023 £'m	2022 £'m
Bonds	1,327	1,227
Repurchase Agreements	(668)	(671)
Derivatives	(32)	(29)
Total	**627**	**527**

**these nil balances are due to rounding.

Notes to the financial statements for the year ended 31 December 2023 (continued)

20 INVESTMENT RISKS (continued)

(i) Credit risk

The Scheme is subject to credit risk because the Scheme has holdings in LDI segregated assets, fund of hedge funds, multi-class credit fund, aggregated bond fund, asset backed securities fund, private debt fund, commercial real estate debt fund, commercial property fund, diversified risk premia fund, volatility controlled equities, liquidity fund, cash and cash equivalents, insurance policies and Pension Funding Partnership.

Credit risk on the Schroders Aggregate Bond and Insight LDI holdings is direct as the underlying bonds are held in a segregated account, with 100% of these holdings invested in investment grade credit. Credit risk on the annuities is direct. Credit risk on the other relevant mandates is indirect through holdings in credit unrated pooled vehicles. Credit risk on the underlying holdings is managed by the relevant asset managers through both in-house credit assessments and review of external credit rating reports.

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's.

Credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and, on an ongoing basis, monitor any changes to the operating environment of the pooled manager.

Counterparty credit risk also arises from entering into derivative contracts as part of the LDI hedging programme (as well as part of the Volatility Controlled Equities strategy). This is mitigated by daily collateralisation, by diversifying exposure across a number of counterparties and by the managers' ongoing assessment of the credit worthiness of each counterparty.

The SLP holds an intercompany secured loan note issued by Taylor Wimpey SH Capital Limited (**"TWSH"**) and is therefore exposed to counterparty credit risk relating to this entity. Repayments on the secured loan note are backed by rental income paid by the Employer on TWSH's property assets and therefore the SLP has indirect credit risk to the Employer. Certain covenants associated with this note protect the Scheme against alternative claims on TWSH's assets in an event of default. Credit risk is primarily mitigated through the Trustee ability to gain control of TWSH in such an event of default and monetise its assets.

The Scheme invests in insurance policies and is therefore directly exposed to credit risk in relation to the solvency of the insurance providers. Direct credit risk arising from insurance policies is mitigated by the regulatory environments in which the provider operates. The Trustee reviews the financial strength of the insurance provider on a regular basis.

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

	2023 £'m	2022 £'m
Open Ended Investment Company	682	271
Limited Liability Partnership	148	356
	830	**627**

Notes to the financial statements for the year ended 31 December 2023 (continued)

20 INVESTMENT RISKS (continued)

(ii) Currency risk

The Scheme is subject to indirect currency risk because some of the Scheme's pooled investment vehicles invest in overseas markets. This exposure specifically arises from exposure to LDI segregated assets, fund of hedge funds, multi-class credit fund, aggregated bond fund, asset backed securities fund, private debt fund, commercial real estate debt fund, commercial property fund, diversified risk premia fund, volatility controlled equities, liquidity fund and cash and cash equivalents. Where currency risk is deemed to be clearly risk additive, the asset managers hedge currency risk at the pooled investment vehicle level. The Scheme also has in place a currency hedging mandate with Insight for assets that do not have an active view on currency and do not hedge currency risk within their own fund structure.

The Scheme is subject to direct currency risk from its foreign currency cash and corporate bonds, however given the size of these assets relative to the Scheme's total asset size, the currency risk from these assets is small.

(iii) Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds, cash, interest rate swaps and derivatives which are sensitive to interest rates plus repurchase agreements. These investments are used to hedge interest rate risk arising from the Scheme's liabilities. The Trustee has set a long-term target of maintaining an interest rate hedge ratio equal to the funding ratio. Under this strategy, if interest rates fall, the value of assets will rise to help match the increase in the present value of the liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI investments will fall in value, as will the present value of the liabilities because of an increase in the discount rate. The hedge ratio of the Scheme was approximately 95.2% as at 30 December 2023 (2022: 93.3% on the Gilts +0.50% basis) on the Gilts +0.50% discount basis.

Additionally, the Scheme is exposed to interest rate risk through the SLP:

- The payments due from the SLP are discounted at a rate comprising gilt rates and a margin. All else being equal, any rise in interest rates will put a lower present value on the payments due from the SLP asset.
- The contingent payment due from the SLP in 2029 is the lower of £100m or the Scheme's Technical Provisions deficit at 31 December 2028. The projected Scheme deficit is a function of interest rates i.e. a reduction in interest rates should result in a higher projected Scheme deficit (as current hedge ratios are below 100%), which increases the effective probability of receiving the full £100m payment under the valuation modelling approach.

The Scheme is also subjected to interest rate risk from its annuities holdings, however this asset is used to directly hedge a proportion of the Scheme's liabilities.

(iv) Other price risk

Other price risk arises principally in relation to its holdings in LDI segregated assets, fund of hedge funds, multi-class credit fund, aggregated bond fund, commercial real estate debt fund, commercial property fund, diversified risk premia fund, volatility controlled equities and the Pension Funding Partnership.

These risks are mitigated via:

- The LDI portfolio is exposed to inflation pricing risk; however, this is a risk that the Trustee actively takes on and accepts in order to hedge the inflation exposure inherent in the Scheme's liabilities.

Notes to the financial statements for the year ended 31 December 2023 (continued)

20 INVESTMENT RISKS (continued)

(v) Other price risk (continued)

- The majority of the current equity exposure is obtained via a volatility-controlled approach. The strategy has a 10% volatility target and the amount of equity exposure is adjusted to achieve this target. In less volatile markets, the equity holding is increased and in more volatile markets, the equity exposure is reduced.
- This strategy is implemented with a put option in place which provides downside protection against a sudden fall in equity markets.
- The Trustee has taken steps to diversify the return-seeking allocation through multiple different risk seeking assets to reduce the overall reliance on equity markets to generate returns.
- The SLP is indirectly subject to residential real estate and office pricing risk since in an event of default, this would drive the expected recovery amount. However, under various covenants of the arrangement there are minimum requirements on the value of the property portfolio to ensure that there is sufficient collateral in the arrangement.

Other Matters

During 2023 and 2024, geopolitical and economic issues (such as Russia's war in Ukraine, increases in the rates of inflation and interest rates and movements in foreign currencies) have had a profound effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustee, in conjunction with its advisers, monitors the situation closely and determines any actions that are considered to be necessary. This includes monitoring the Scheme's investment portfolio, the operational impact on the Scheme and the covenant of the sponsor.

The extent of the impact on the Scheme's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted. Since the year end, the value of the Scheme's investment assets and investment liabilities have been impacted. Whilst the Trustee monitors the overall position, it has not, at this time, quantified the change (being an increase or decrease) in market value of investment assets and investment liabilities as markets remain fluid and unpredictable and therefore such an estimate cannot be made.

21 INVESTMENT MANAGEMENT EXPENSES

	2023	2022
	£'m	£'m
Administration, management & custody	**6**	5
Investment consultancy fees	**1**	1
	7	6

22 CURRENT ASSETS

	2023	2022
	£'m	£'m
Cash balances	**6**	4
Pensions paid in advance	**3**	3
	9	7

Notes to the financial statements for the year ended 31 December 2023 (continued)

23 CURRENT LIABILITIES

	2023	2022
	£'m	£'m
Accrued expenses	1	1
HM Revenue & Customs	1	1
	2	2

24 EMPLOYER RELATED INVESTMENTS

The Scheme is invested in accordance with the Occupational Pension Schemes (Investment of Scheme's Resources) Regulations 1992, and there is no self-investment in the Scheme (that is, investment in the shares, loans or property of the Employer).

The value of Taylor Wimpey shares held within the Scheme's pooled investment vehicles at 31 December 2023 is 0.06% of the Scheme's net assets (31 December 2022: 0.01%).

25 RELATED PARTY TRANSACTIONS

Key Management Personnel of the Scheme

Trustee Directors

During the year, Capital Cranfield Pension Trustees Limited and The Law Debenture Pension Trust Corporation P.L.C. received fees for their services. The total fees paid for the year to 31 December 2023 was £144,407 (2022: £108,734) and at the year-end £39,090 was due (2022: £30,228). These fees are paid by the Scheme.

The Member Nominated Directors (D J A Mac Daid, R Barraclough and S Gorman) are paid fees in respect of their roles. These are either paid directly by the Scheme or paid by the Employer and then recharged to the Scheme. The total fees for the year to December 2023 were £18,748 (2022: £18,760). At the year end, nil remained due to the Trustee Directors or to the Employer in respect of these fees (2022: nil).

D J A Mac Daid, R Barraclough and M A Lonnon are Trustee Directors who were also pensioner members of the Scheme during the year. They are entitled to benefits in accordance with the Trust Deed and Rules of the Scheme. S Gorman and R Peacock are Trustee Directors and also deferred members of the Scheme.

Pensions Team

Employment and associated costs/expenses of the Employer's in-house pensions team are recharged to the Scheme by the Employer. The total costs/expenses in respect of the in-house team for the year to 31 December 2023 were £215,578 (2022: £235,871). At the year end, £19,504 remained due to the Employer in respect of these fees (2022: £24,913).

Expenses Recharges

Excluding the fees and charges already disclosed in this note, the Employer also pays other administrative and investment management expenses on behalf of the Scheme and then recharges them to the Scheme on a monthly basis. During the year, £4,834,108 was recharged to the Scheme (2022: £3,493,159), the amount due to the Employer at the end of the year was £480,501 (2022: £561,926).

Notes to the financial statements for the year ended 31 December 2023 (continued)

25 RELATED PARTY TRANSACTIONS (CONTINUED)

Other Related Parties

The Scheme entered into the Pension Funding Partnership during 2013. See Note 8 for details of the income generated by this related party.

Other than as disclosed in this Note and elsewhere in the financial statements, there were no other related party transactions during the year.

26 GUARANTEED MINIMUM PENSION ("GMP") EQUALISATION

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. In November 2020, the High Court issued two further rulings clarifying that pension schemes will need to revisit individual transfer payments made since 17 May 1990, as part of this GMP equalisation exercise. It also ruled that members who have previously transferred out will need their transfer values revisited and potentially topped up to the extent they were entitled to a higher transfer value in the first place had GMPs been equalised.

In 2022, the Trustee communicated to members that it intended to start the process of equalising GMPs during 2023 and that it would also undertake a GMP conversion exercise at the same time. The consultation ran from June 2022 to September 2022. Having considered feedback from members, the Trustee decided to proceed with the proposed approach to equalise and convert members' GMP benefits.

With effect from 1 March 2023, a bulk equalisation and conversion of GMPs was undertaken for members of the Taylor Woodrow section. The Trustee also implemented conversion at retirement for the majority of deferred members so that their GMP benefits are converted at the point of reaching retirement. With effect from 1 November 2023, a second bulk exercise was undertaken to equalise and convert members of the George Wimpey section. The final 'sweep up' of unresolved cases is expected to take place by the end of 2024.

As required by the rulings, any benefit adjustments due to GMP equalisation have and will be backdated and interest provided on the backdated amounts. Amounts in respect of backdated payments will be accounted for in the year that they are determined.

Following completion of the above exercise, the Trustee will then move to consider GMP equalisation on transfers out. Amounts in respect of transfers out will be accounted for in the year that they are determined.

Notes to the financial statements for the year ended 31 December 2023 (continued)

27 CONTINGENCIES AND COMMITMENTS

In the opinion of the Trustee, other than listed below, the Scheme had no other contingent liabilities (save for Note 26) or commitments at 31 December 2023 (2022: nil).

COMMITMENTS AS AT 31 DECEMBER 2023

The Scheme has committed USD 63m to the Highbridge Private Loans Opportunity Fund which has a remaining commitment of USD 7.6m (2022: USD 8.5m).

The Scheme has committed USD 145m to the KKR Private Credit Opportunities Partners II Fund, the remaining commitment is USD 20.1m (2022: USD 24.0m) and the investment period ended in December 2020. Post-investment period, the manager reserved 25% of available capital for follow-up/follow-on investments through to the end of the Fund term (December 2025), which they expect to call quarterly (i.e. c.1.25% quarterly). The manager typically nets any capital calls against distributions, resulting in minimal/no actual cash being required from the Scheme. KKR expect to distribute the majority of capital back to the Scheme between 2024-2025.

28 SUBSEQUENT EVENTS

a) The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. The case is currently subject to appeal but, as matters stand, the case may have a significant impact on the pensions industry. The Trustee will keep this issue under review. It is not possible at present to estimate the potential impact, if any, on the Scheme.

b) As set out in Note 13, the Scheme holds an investment in the Pension Funding Partnership (PFP), In March 2024, the Trustee and Employer agreed to extend the duration of the PFP from 2028 through to 2035, along with removing the contingent payment in 2029. Instead, there will be seven annual contingent payments starting in 2029 equal to the lower of £12.5 million and the Scheme's Technical Provisions deficit at the prior 31 December. If all of the contingent payments are made to the Scheme, the total contingent payment will be £87.5 million. To the extent that some, or all, of the contingent payments are not paid to the Scheme, the balance will be paid by the PFP to the Employer and the outstanding capital balance of the loan note will reduce. The final funding test under the PFP will take place with an effective date of 31 December 2035. The full financial effect of the amended arrangements will be accounted for in the financial statements for the year ending 31 December 2024.

Other than noted in the financial statements, the Trustee has not identified any other subsequent events that require disclosure.

Section 6 – Independent Auditors' Statement about Contributions to the Trustee of The Taylor Wimpey Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions payable under the Schedule of Contributions for the Scheme year ended 31 December 2023 as reported in The Taylor Wimpey Pension Scheme's Summary of Contributions have, in all material respects, been paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 26 March 2021.

We have examined The Taylor Wimpey Pension Scheme's Summary of Contributions for the Scheme year ended 31 December 2023 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the Statement of Trustee Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 26/6/24

Section 7 – Summary of Contributions

Trustee Summary of Contributions Payable under the Schedule of Contributions (the "Schedule") in respect of the Scheme year ended 31 December 2023

This summary of contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee.

It sets out the contributions payable to the Scheme for the year ended 31 December 2023 under the Schedule certified by the Scheme Actuary on 26 March 2021. The Scheme's Auditors' report on contributions payable under the Schedule in the Auditors' Statement about Contributions.

Contributions payable under the Schedule of Contributions in respect of the Scheme year

	£'m
Employer Contributions	
Administrative expenses funding	2
Total contributions reported in the financial statements	**2**

Approved and signed on behalf of the Trustee:

[redacted] Director

Director

FOR AND ON BEHALF OF THE LAW DEBENTURE PENSION TRUST CORPORATION PLC.

26.6.2024 Date

Section 8 – Actuarial Certificate

Actuary's certification of schedule of contributions

Taylor Wimpey Pension Scheme ("the 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 December 2022, to continue to be met for the period for which the schedule is to be in force.

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 March 2024.

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: [redacted]	**Date:** 25 March 2024
Name: Ben Fisher	**Qualification:** Fellow of the Institute and Faculty of Actuaries
Address: Phoenix House 1 Station Hill Reading RG1 1NB	**Employer:** XPS Pensions Group plc

Section 9 – Implementation Statement

Statement of Compliance with the Stewardship Policy of The Taylor Wimpey Pension Scheme ("the Scheme") for the year ended 31 December 2023

The following pages contain the Stewardship Policy Implementation Statement at December 2023.

Introduction

Under the regulatory requirements now in force[1], the Trustee of The Taylor Wimpey Pension Scheme (the "Scheme") is required to produce an annual Implementation Statement setting out how amongst other things, the voting and engagement policies in the Scheme's Statement of Investment Principles (the "SIP") have been implemented. This is the fourth such statement produced by the Trustee and covers the period 1 January 2023 to 31 December 2023.

The Trustee's primary concern when setting the investment strategy is to act in the best interests of the Scheme's beneficiaries. The Trustee recognises that the Scheme is a long-term investor and therefore seeks to achieve sustainable returns at an appropriate level of risk over its lifetime.

To align with the Department for Work and Pensions ("DWP") guidance on stewardship reporting which came into effect on 1 October 2022, the Trustee has set out its beliefs, commitments, and expectations for investment managers in its 'Stewardship and Engagement Policy' which can be found in section 8.5 of the Scheme's SIP.

This Statement contains a summary of Scheme activity over the year, including an overview of how the Trustee's stewardship and engagement policy has been implemented during the reporting period.

Scheme activity over the year

During the reporting period the Scheme's Investment Sub-Committee ("ISC") met with three of the Scheme's managers - Insight, AQR and KKR - to discuss, amongst other things, performance, strategy, stewardship and ESG considerations. The ISC selects which managers to meet as part of a rolling programme of reviews or when required due to performance/other issues. As part of these sessions, the investment managers were asked to provide information on their approach to stewardship and how Environmental, Social and Governance ("ESG") factors are integrated into their investment decisions.

Over the Scheme year, the Scheme also appointed two new managers, Hermes Investment Management and MAN Group. Prior to appointing both managers, the ISC met with them and received a presentation covering performance, strategy and ESG considerations. The managers' stewardship capabilities formed a key part of the selection process.

Over the year, the Trustee developed its own Stewardship and Engagement Policy, outlining how the Trustee's stewardship efforts are resourced and expectations for the Scheme's investment managers in regard to their own engagement and voting activity. As part of this policy, the Trustee selected two stewardship themes to focus on – Climate Change and Diversity, Equity & Inclusion. Once finalised, the Scheme's Stewardship and Engagement Policy was shared with each of the Scheme's investment managers to make them aware of the Trustee's expectations. The Scheme's SIP was updated in September 2023 to include the Stewardship and Engagement Policy in full; all other changes were small wording amendments.

In May 2023, the Trustee received a training session on stewardship which, amongst other things, covered how the Scheme's Stewardship and Engagement Policy could be implemented in practice, and what best industry practice looks like across different asset classes. Following this session, the ISC developed a consistent set of questions for each manager to complete ahead of their attendance at rolling manager meetings. The questions aim to assess each manager's general approach to engagement, as well as actions taken in relation to the Trustee's key themes. These questions were first shared with KKR ahead of the October 2023 manager meeting, whereafter they were refined. The Trustee has continued to share the questions with managers following the Scheme year end, most recently a manager meeting with CQS in

[1] Principally comprising The Pension Protection Fund (Pensionable Service) and Occupational Pension Plans (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and guidance published by the Pensions Regulator),

Implementation Statement (continued)

January 2024. The Trustee plans to continue this practice throughout the year, with the intention to build a centralised database to track manager responses and hold them to account.

In light of the 2022 gilts crisis, the Trustee reviewed the investment strategy and agreed to reduce the Scheme's allocations to illiquid and semi-liquid mandates in favour of more liquid funds to facilitate quicker portfolio rebalancing, should this be required. Following redemptions from the Scheme's more illiquid mandates (Beachpoint, Bridgewater and Blackstone), proceeds were reinvested into more liquid managers (AQR, CQS and Insight High Grade ABS). Additionally, redemption proceeds were used to fund the initial investments to the new Hermes and Man funds. The remaining distributions received from illiquid assets throughout the year saw investments into the Scheme's LDI portfolio.

The Trustee is pleased to note that all of the Scheme's investment managers have signed up to one or more ESG-related standards/codes, with all bar one manager (Magnetar) being signatories to the UN Principles for Responsible Investment[2] (UN PRI). Upon speaking to Magnetar, the Trustee is encouraged to hear that the manager has decided to move forward with the intention of becoming a signatory of the UN PRI framework in 2024.

Over the reporting period, the Trustee also assessed its investment adviser against the objectives it had set for the adviser, which included delivery against ESG-related topics. The Trustee concluded that the investment adviser had met its objectives and had provided a high level of advice and support during the year. This included providing training on changes to stewardship requirements as well as advice which has enabled the Trustee to develop its stewardship approach, including the adoption of key themes discussed below. The Trustee recognises the strong level of expertise provided by the investment adviser on ESG-related matters.

Engagement and voting behaviour

The Trustee, via the ISC, carries out its stewardship and engagement activities through oversight and challenge of its investment managers rather than itself operating directly as active stewards of the underlying assets in which it invests.

To best channel its stewardship efforts, the Trustee believes that it should focus on a selection of key themes. Its key themes have been selected by assessing their relevance to the Scheme and its members, the financially material risks that they pose, and the maturity and development of thinking within the industry that allows for effective integration into its approach. The Trustee's key themes are:

- Climate Change; and
- Diversity, Equality & Inclusion.

The exercise of voting rights for the equity holdings within pooled funds has been delegated to the Scheme's investment managers. The Trustee therefore does not direct how votes are exercised within these mandates and does not have its own proxy voting provider. Nonetheless, it fully recognises and appreciates the value of voting as a signal or ultimate sanction in influencing company behaviour. As an active owner, it is the Trustee's responsibility to hold its investment managers to account for their voting activities to ensure they are exercising voting rights in the Scheme's best interests. As such, the Trustee considers investment managers' voting policies and records, and requires its investment managers to report significant votes to it as relevant. To do so, the Trustee has developed the following criteria to define a significant vote:

- Votes relating to one of the Trustee's key stewardship themes;
- Votes relating to an issuer to which the Scheme has a large £ exposure;
- Votes which may be inconsistent between investment managers; and
- Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

[2] The UN Principles of Responsible Investment are a voluntary UN supported international network of investors working together to implement its six aspirational principles. See https://www.unpri.org/.

Implementation Statement (continued)

Engagement and voting behaviour are directly relevant in the sections of the portfolio where physical equities are held. However, stewardship and engagement are also considered to be of importance for the Scheme's other investment managers (e.g. in portfolios which hold credit).

The remainder of this Statement provides a summary of activity during the reporting period, based on information supplied by the Scheme's investment managers. In requesting the information, the Trustee asked the Scheme's managers to disclose significant votes and engagement examples in line with the above criteria and chosen themes.

Engagement – Equity

The Scheme invests in the following funds that invest in physical equities:

Manager	Fund
AQR	AQR Diversified Risk Premia Fund
Man	Man Progressive Diversified Risk Premia Fund
Beach Point	Beach Point SCF X Fund
Magnetar	Magnetar Constellation Fund

Set out below are a few examples provided by the above managers, where they have been able to engage to produce a positive impact. In particular, examples were requested related to the Trustee's key themes. Save for the Trustee's opinion, all of the information provided below has been sourced from the respective manager. No response has been provided by BeachPoint as the fund is currently in the process of being liquidated.

<u>AQR</u>

"*AQR's engagement is undertaken at a firm level and is not yet explicitly incorporated into their investment strategies.*

AQR pursues stewardship with the aim of promoting greater transparency and disclosure. AQR believe that being a responsible investor mandates both the consideration of ESG issues in the investment process (responsible asset selection) and a commitment to interacting with companies on ESG-related concerns (responsible ownership). Accordingly, responsible ownership is a key focus of their ESG efforts.

AQR is an active participant in industry discussions across the spectrum of ESG-related issues. In 2023, AQR colleagues served on numerous industry ESG working groups, including the Investment Association and multiple UN PRI committees."

Two examples of successful engagements that AQR undertook are as follows:

- **Engagement A:** "*In early 2023, AQR launched a new engagement program, requesting that companies disclose scope 1 and 2 emissions data. AQR targeted 20 companies over the year. AQR received feedback from three companies that they plan to introduce entirely new emissions disclosure in 2024, and AQR will be continuing the dialogue accordingly. Other companies were reluctant to commit to a timeline, preferring to defer the decision until regulation makes it a requirement for them (either the proposed SEC rules in the United States or the advent of CSRD in Europe).*"

- **Engagement B:** "*2023 was AQR's fourth year of participation in the Carbon Disclosure Project ("CDP") Non-Disclosure Campaign, engaging with nearly 300 companies on behalf of the signatory base. 20% of the companies AQR engaged with successfully disclosed their environment-related data to CDP. AQR were recognised by CDP as their biggest supporter in terms of quantity of companies engaged via the Non-Disclosure Campaign.*"

Implementation Statement (continued)

The Trustee is comfortable with the engagement examples provided by AQR. The Trustee has also noted that AQR is a signatory of the UN PRI and has a rating of A. The Trustee will continue to engage with AQR, in particular with regard to Diversity, Equity & Inclusion, noting that this theme was not covered in the engagement examples provided.

<u>Magnetar</u>

"Where Magnetar owns publicly traded securities, they will occasionally engage with management by providing strategic advice on financially material matters to drive better outcomes. In relation to certain new investments, Magnetar's New Business and Ethics Committee ("Committee") screens investments that meet the Committee's criteria for review, including ESG-related risks. The Committee's screening is conducted internally, and any issues raised are relayed to the investment team for additional diligence and, if need be, interaction with the target company. Lastly, the Front Office can engage with companies post-close, either as part of a pre-close investment strategy, or based on post-close experience with the company."

An example of a successful engagement that Magnetar undertook was the following:

- **Engagement A:** *"Following diligence process, we believed a potential investee company had valuable assets but would benefit from an improved governance structure, including identifying a new CEO, hiring of a General Counsel, Head of Human Resources and bringing on an independent director onto the Board. We provided the company with convertible preferred financing at the end of 2021, contingent upon the replacement of the CEO and the right to appoint an independent director. In 2022, a new external CEO was hired, who has a track record of creating shareholder value in the satellite industry and has been well received by the market. A new General Counsel and Head of Human Resources have now also been hired, and additional operational changes have been made."*

The Trustee recognises Magnetar's improvement in providing an engagement example, noting that no engagement examples were provided last year. The Trustee also recognises that the fund is currently in the process of being redeemed (with the final proceeds due to be received in December 2027) meaning the Trustee has relatively little influence over the manager.

<u>Man</u>

"At Man Group, we are committed to reducing our impact on the environment. As stewards of capital and long-term investors, we seek to manage financially material climate-related risks and opportunities through our own investment decisions, as well as through our influence on investee companies, in line with the values of our clients."

An example of a successful engagement that Man Group undertook was the following:

- **Engagement A:** *"Man Group formed part of a wider engagement campaign targeting 10 companies identified as laggards regarding supply chain management and transparency in this area. This is the second example, following a 2022 campaign related to GHG reporting and target setting, of where the Stewardship team has focused an engagement campaign on a group of companies held in one of Man Numeric's quantitative strategies. This pioneering effort is one that Man Group is uniquely positioned to undertake, given the firm's broad range of strategies, and our firm-level Stewardship team which represents each of the firm's five investment management businesses. A letter was sent to each of the target companies which led to further detailed discussions with individual companies. The overall response rate to the letter was approximately 50%. One notable dialogue was a virtual meeting with Power Integrations Inc, a semiconductor company. The company explained its manufacturing partner*

Implementation Statement (continued)

requirements of suppliers, under which they intend to include ESG metrics. Power Integrations Inc is a smaller company with more limited resources and their ESG reporting, and credentials are rather primitive. However, they claim to be taking shareholder engagement seriously and are working to apply the advice they receive."

The Trustee is supportive of the engagement example provided by Man Group; noting that improved availability of ESG metrics within supply chains is essential for any climate-related commitment.

Engagement – other asset classes

The Trustee also invests in a number of other asset classes including fixed income strategies and other illiquid opportunities as follows.

Manager	Fund
Insight	Insight High Grade ABS Fund
Schroders	Schroders Equity Sentinel Fund
Schroders	Schroders Sterling Long Duration Corporate Bond Portfolio
CQS	CQS Credit Multi Asset Fund
Hermes	Federated Hermes Unconstrained Credit Fund
HPS	HPS Private Loan Opportunities Fund
KKR	KKR Private Credit Opportunities Fund

All managers have shared information with the Trustee and the investment adviser on their engagement policies and work undertaken to generate improved long-term outcomes in the companies in which they invest. The Trustee acknowledges that the ability of fixed income and alternative asset class managers to engage and influence can be limited in comparison to direct equity holdings, depending on the nature/structure of the investment. However, the Trustee is of the view that all managers should have a regard to ESG matters and that this should form some part of their investment process.

Set out below are a few examples provided by the Scheme's fixed income managers where they have been able to engage to produce a positive impact. The Trustee has chosen these examples in line with their criteria for significance, i.e. focusing on the Scheme's largest mandates and not those in run-off or wind-down. Save for the Trustee's opinion, all the information provided below has been sourced from the respective manager.

<u>Insight</u>

"*Insight consider ESG factors as part of their rigorous analysis, in the case of High Grade ABS this includes detailed due diligence on the originators both prior to making an investment as well as on an ongoing basis.*

Insight believes that integrating relevant and appropriate ESG considerations in select investment processes, and their dialogue with issuers & other stakeholders, encourages better investment decisions and can ultimately help their clients achieve their desired outcomes, as well as support the economy, the environment & wider society."

In terms of active engagement, Insight provided the following examples of engagements undertaken during 2023:

- **Volkswagen engagement:** "*Insight engaged with Volkswagen, a German multinational automotive manufacturer to improve their provision of ESG data, in turn improving Insight's ability to rate the issuer's securitisation. Following the engagement, Insight understand Volkswagen is working to reporting carbon emissions for the automobiles financed in their public securitisation, mainly by the provision of Energy Performance Certificates for the vehicles. This will be a step towards improving our ability to measure the carbon output of their*

Implementation Statement (continued)

portfolios. Insight will continue to engage with Volkswagen in 2024 to assess its progress in publishing CO2 emissions for securitised auto pools."

- **Lloyds Bank engagement:** "*Lloyds Bank is a British retail and commercial bank. We conducted a 1-to-1 engagement between a portfolio manager in our Secured Finance team and a member of the bank's Treasury team responsible for future funding plans. We discussed the likely funding paths over the next five years and the impact that ESG requirements might have on that. We discussed how the provision of EPC data would enable more precise estimations of energy usage and in turn, carbon data to report to clients. The company agreed to provide EPC certification data on all their new originations. We plan to continue to monitor provision of ESG information and on data tapes and continue to engage as and when Lloyds Bank brings new issuances to the market.*"

The Trustee is satisfied that the examples above demonstrate Insight's commitment to engaging on the Trustee's key themes. The Trustee will continue to monitor the engagements of Insight going forward.

<u>Schroders:</u>

"As an active investment manager, Schroders believe that their main lever to instigate change is through effective stewardship of investee companies. They have embedded climate change risk into their existing processes and controls, alongside specific ESG and climate-related governance and decision-making bodies."

Two recent engagement examples provided by Schroders are as follows:

- **Barclays:** "*Our engagement with Barclays on climate change has been intensive and consistent, with discussions taking place around three times a year since 2020. However, our first recorded engagement with Barclays on this topic dates back to 2008. These engagements, currently led by our European Equity team, have been a part of our research into fossil fuel financing (including oil sands financing) and broader banking engagement across Europe. Initially, we encouraged them to measure emissions related to its financing activities, set climate targets, and develop robust climate policies. As the company has made progress, our recent engagements have become more technical in nature focusing on the scope and completeness of targets, assurance over emissions measurement, and providing disclosure on client transition. In 2020, the bank took a significant step by announcing its commitment to Net Zero emissions. It developed a target methodology in the same year and set targets for two major sectors - energy and power. As of 2023, the bank has set emission reduction targets for six high-emitting sectors. It has also announced a $1 trillion target to provide sustainable and transition finance to clients, accompanied by a client transition framework to support the shift to lower-carbon business models.*"
- **UnitedHealth:** "*In March 2023, our ESG team sent an email to UnitedHealth explaining the mental health benchmark and outlining plans for the collaborative engagement. The objective was to raise awareness of the importance of mental health in the workplace and initiate discussions on improving mental health practices. We also wanted to understand the company's approach to providing mental health services to consumers, as a healthcare insurance provider. We followed this up further with a more detailed discussion on the company's approach to mental health in the workplace, provision of services to consumers, and corresponding disclosures. For employee mental health, the company had various programs in place, such as flexible working arrangements, a well-being program, on-site employee clinic services, and an employee assistance program. They also had initiatives to address burnout and create a culture of openness and*

Implementation Statement (continued)

awareness. During this engagement, the company also highlighted challenges in the US healthcare system including high consumer healthcare costs and issues with insurance coverage when customers are referred to healthcare providers outside the network."

The Trustee is satisfied that the examples above demonstrate Schroder's commitment to continuous engagement in relation to the Trustee's key themes.

<u>Hermes:</u>

"EOS at Federated Hermes is one of few stewardship overlay organisations that was built specifically to service third party clients as well as the host asset manager. Their investment in client delivery is more than just a philosophy – it's a commitment to clients. They achieve positive change on behalf of an international coalition of clients and investors by pooling their assets together to exercise more effective stewardship. Their team has been strategically built to share this vision and embed it into their culture."

Two recent engagement examples provided by Hermes are as follows:

- **Orbia:** "*We first engaged with Orbia, a global chemicals company, on SBTs in 2020 when it was in the process of validating the accuracy of Scope 1 and 2 data and assessing how to collect Scope 3 data. It aimed to publish an emissions reduction target by the end of 2020, and we advocated a science-based approach. We met again in 2021, when a new CEO was appointed, to assess whether a change in leadership would impact Orbia's sustainability ambitions. We were pleased to hear the CEO was committed to continuing the journey, and that ESG metrics would be included in remuneration. Orbia's next sustainability disclosure was published in May 2021 and included a highly ambitious target to reduce Scopes 1 and 2 by 47% by 2030. In January 2023, Orbia then announced the target had been verified by the SBTi as aligned with a 1.5°C trajectory. We subsequently met to discuss a roadmap for achieving new targets.*"
- **Akbank:** "*Akbank is a bank which is amongst the most gender-diverse of any emerging market peer, in terms of women in management, women in technology and digital roles, and overall workforce gender balance. We believe the bank can and should strive to reach gender parity at all management levels. We have engaged on this objective six times and have seen significant progress. During the first half or 2023, we wrote to the bank to provide examples of leading gender pay gap strategies from international peers. We also learned that the bank may produce new diversity and inclusion targets in its next set of ESG disclosures and it has asked us for feedback on a board diversity policy. The company's latest data, for 2023, showed impressive progress, reaching 37% women in executive positions and 53% women in the total workforce. Given its progress, we started a related objective on gender pay gap reporting.*"

The Trustee is satisfied that the examples above demonstrate Hermes' commitment to engaging with issuers on the Trustee's key themes.

<u>CQS</u>

"CQS have a three-pronged approach to engagement - their Targeted Engagement Programme which maps key objectives for priority companies to the UN Sustainable Development Goals, their day-to-day engagement as part of the research process, and collaborative engagements."

Two recent engagement examples were provided by CQS are as follows:

- **Campari:** "*In March 2022, we joined a collaborative engagement through the PRI platform to encourage better water management and related disclosures from*

Implementation Statement (continued)

Campari. As a positive sign, they extensively addressed our letter at their 2022 AGM and outlined their progress within their operations. They also confirmed that they are completing the CDP climate change questionnaire this year and would seriously consider completing the CDP Water questionnaire in future and welcomed our feedback on water management improvements in the interim. In March 2023 we joined the same collaboration, co-signing a letter alongside eight other investors. The letter acknowledged the progress Campari has made regarding water use in their own operations but pushed for a supply chain assessment and completion of the CDP Water questionnaire. Campari recognised investors' need for disclosures and transparency and in October 2023, they confirmed that they will complete the CDP Water questionnaire for the first time in 2024 and fully assess the water risks in their supply chain."

- **Euronet:** "*We have been actively engaging with Euronet since 2021 on issues including ESG disclosures, climate targets and improving diversity. We highlighted the lack of diversity within senior management and at Board level. In 2022, Euronet committed to nominate an "ethnically diverse candidate" to their Board. In May 2023, Euronet elected an ethnically diverse female to their Board. Her professional experience includes over 30 years in the financial sector across capital markets, wealth management and asset management, where she held operational, managerial and board positions covering Latin America, Asia, and Europe, the Middle East and Africa. Despite progress regarding diversity, we reduced our exposure to Euronet in October 2023 due to continued challenges in receiving an engagement response on climate issues.*"

The Trustee is satisfied that the engagement examples CQS were able to provide this year display a genuine effort by the manager to align its investee companies with the Trustee's sustainability ambitions.

Based on the information received from the investment managers in other asset classes, the Trustee is satisfied that all of its managers are taking steps to engage, within the parameters of their specific asset class/investment process.

Voting on behalf of the Scheme

This section sets out how investment managers' voting policies and records, including their approach to significant votes.

<u>AQR</u>

"Where clients have delegated proxy voting to AQR, the manager seeks to align our voting with long-term value creation, including on ESG issues. Our standard approach to voting in applicable commingled funds is to apply a Sustainable policy. We can customise proxy voting in separate accounts to meet client needs. AQR's Stewardship Committee is responsible for managing our approach to proxy voting, including the selection and use of third party proxy advisers as well as the manner in which AQR votes its proxies and discharges its fiduciary obligation to clients.

AQR retains ISS Governance Services, an independent third-party Proxy Advisory firm, for a variety of services including, but not limited to, receiving proxy ballots, working with custodian banks, proxy voting research and recommendations, and executing votes".

A summary of AQR's voting statistics for the relevant period is included in Appendix 2. AQR were unable to differentiate between significant or non-significant proxy votes during the period. The Trustee will continue to encourage AQR to disclose significant votes in line with its definition going forward.

<u>Beach Point</u>

"*Beach Point outsources proxy voting, using ProxyEdge to execute proxy voting for the equities we may own. Although many proxy proposals can be voted in accordance with*

Implementation Statement (continued)

the Firm's established guidelines, the Firm recognises that certain proposals may require special consideration, which may dictate that the Firm make an exception to its general guidelines."

Beach Point's voting statistics for the reporting period are included in Appendix 2. The manager noted that during the period, no significant votes were cast. Beach Point have explained that since they are a fixed income manager, they have limited exposure to equities in the Fund, and as such, tend to hold little of the issued amounts and voting shares, and thus have fewer opportunities to cast "significant" votes. They also noted that the nature of their votes have primarily focused on the annual selection of board of directors or audit service providers and thus, may not be deemed to be outside the ordinary course of business.

Whilst the Trustee does not necessarily agree with this approach to disclosing most significant votes, the Trustee appreciates it has limited influence on the manager given it is currently redeeming from the fund.

Man:

"*As part of their commitment to stewardship, Man maintains a custom voting policy. This custom voting policy seeks to encourage good corporate governance practices and promote ESG standards, whilst taking into consideration both company specific circumstances and broader market differences. Man understands that not all companies can fit a single model of governance and that best practice, regulatory requirements and corporate governance codes within different markets require a balanced and bespoke voting approach. They endeavour to conduct a fair level of research and consider the context and explanations provided by investee companies when making voting decisions. Nevertheless, their voting policy also comprises global best practice guidelines and areas of focus that we believe should be considered across all regions.*

Man's aim is to vote at all meetings for our holdings where we have the legal right to do so. Man Group appointed Glass Lewis as its proxy service provider and use Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically, receive research reports and customise voting recommendations."

The Trustee is satisfied with Man's explanation of their voting practices. A summary of Man's voting statistics for the reporting period are included in Appendix 2.

Man were able to differentiate between significant and non-significant proxy votes during the period, in line with the Trustee's definition of what defines a significant vote. Further details on Man's significant votes are included in Appendix 3.

Magnetar

"*Magnetar's voting is carried out through their proxy voting advisor, ISS. In their view, proxy voting ensures each vote is considered and recorded using a policy that we are comfortable with. When receiving shareholder ballot information via email or mail, they believe there is a high risk the voting data that is pertinent to make the vote and record it may be lost or misplaced. Using ISS makes a significant difference to the certainty of data capture as ISS receive the data via file from the prime brokers and submit the vote via file to the tabulation agent.*

Historically, proxy voting decisions have not been driven by ESG considerations. Magnetar's Proxy Voting Policy requires Magnetar to vote proxies prudently and solely in the economic interests of, and for the exclusive purpose of providing economic benefits to, clients. Social, political or other objectives unrelated to the value of clients' investments will not be considered. Magnetar has retained ISS as its proxy service provider and generally relies on its standard voting policy. However, if Magnetar chooses to vote differently from ISS's recommendation, the relevant Portfolio Manager will notify

Implementation Statement (continued)

Magnetar's Proxy Voting Coordinator (as defined in Magnetar's Proxy Voting Policy), explaining the rationale for such votes."

While the Trustee feels Magnetar's explanation of their voting practices has room for improvement, it notes that the importance of the voting behaviour is likely to be immaterial given the fund is in the process of being sold down.

Magnetar were able to disclose the significant votes that were cast during the period. A summary of these significant votes are included in Appendix 3.

Summary

The Trustee is comfortable that its investment managers are exercising their voting and engagement policies to a satisfactory level at this stage and that the Trustee's stewardship policy, as set out in the SIP, is being appropriately implemented on its behalf. The Trustee has also noted an improvement over the year in the engagement undertaken by its managers on its behalf, although the Trustee notes that there is still room for improvement. This will continue to be an area of focus going forward for the Trustee.

This is the fourth statement prepared by the Trustee in relation to the implementation of its engagement and voting policies. The Trustee expects that as the regulations in this area continue to develop, the standard of disclosures from managers is likely to improve in this area. The Trustee recognises that as a large institutional investor it has a part to play in the good governance and stewardship of the assets in which it invests. Going forward it will continue to monitor and assess its investment managers on a regular basis to ensure that its stewardship policy continues to be implemented.

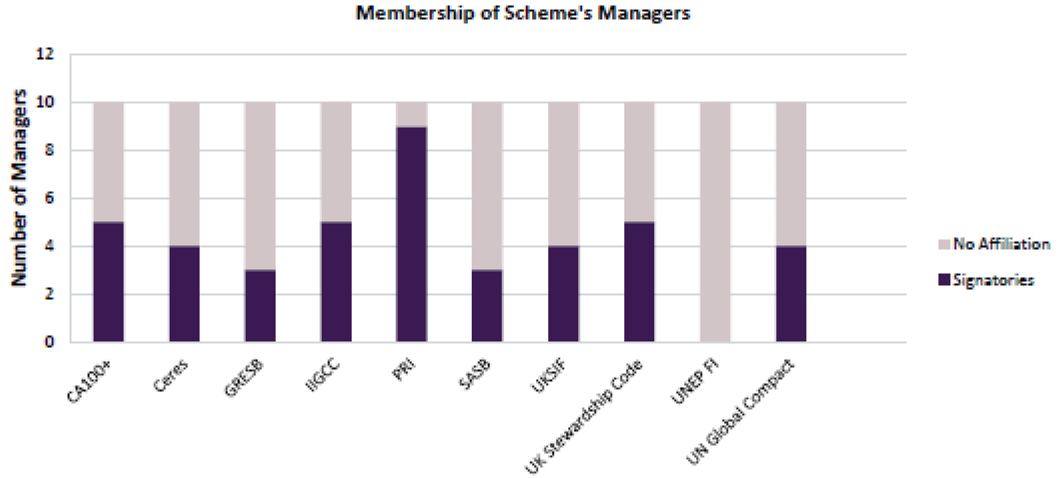
In 2024, the Trustee plans to continue engaging with its investment managers at rolling manager meetings, and to share their consistent list of stewardship questions ahead of the respective meetings. Additionally, the Trustee will track manager responses in a centralised document and engage / challenge the manager where the Trustee feels responses are not sufficient. The Trustee plans to engage with four of the Scheme's investment managers in 2024 and looks forward to reporting progress made in this space.

In a similar way to engagement, the Trustee plans to consider how best to assess the voting activity of the Scheme's managers and how best to then engage with the managers where necessary.

Implementation Statement (continued)

APPENDIX 1

Investment Managers: ESG focused standards, codes and/or industry memberships



Glossary:

1. CA100+ – Climate Action 100+ is a five-year initiative led by investors to engage systemically important greenhouse gas emitters and other companies to drive the clean energy transition and achieve the goals of the Paris Agreement.
2. Ceres – A sustainability non-profit organisation working with the most influential investors and companies to build leadership and drive solutions throughout the economy.
3. GRESB – Established by a group of large pension funds who wanted to have access to comparable and reliable data on the ESG performance of their investments, GRESB has become the leading ESG benchmark for real estate and infrastructure investments across the world.
4. IIGCC – The Institutional Investors Group on Climate Change is a leading global investor membership body and the largest one focusing specifically on climate change.
5. (UN) PRI – The Principles of Responsible Investment is a United Nations supported international network of investors working together to implement its six aspirational principles.
6. SASB – The Sustainability Accounting Standards Board is a non-profit organisation founded to develop sustainability accounting standards.
7. UKSIF – The UK Sustainable Investment and Finance Association is a membership organisation for those in the finance industry committed to growing sustainable and responsible finance in the UK.
8. UK Stewardship Code – The stewardship code is part of UK company law concerning principles that institutional investors are expected to follow. Its principal aim is to make institutional investors be active and engage in corporate governance in the interests of their beneficiaries.
9. UNEP FI – The United Nations Environment Programme Finance Initiative is a global partnership established between the United Nations Environment Program (UNEP) and the financial sector.
10. UN Global Compact – A non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

Implementation Statement (continued)

APPENDIX 2

Voting Statistics

Below is the voting activity over the period for the Scheme's asset managers which held listed equities over the period.

AQR

Key Voting Statistics (Jan 2023– Dec 2023)	Number
Number of holdings at period end	1,858
Total Fund AUM at period end	$863m
Number of meetings eligible to vote during the period	821
Number of resolutions eligible to vote during the period	11,358
% of resolutions voted	85%
% of resolutions voted with management	92%
% of resolutions voted against management	8%
% of resolutions abstained	0%
% of meetings with at least one vote against management	33%
% of resolutions where manager voted contrary to recommendation of proxy adviser	2%
Any use of proxy voting services during the period	AQR retains ISS Governance Services (ISS), an independent third-party Proxy Advisory firm, for a variety of services including, but not limited to, receiving proxy ballots, working with custodian banks, proxy voting research and recommendations, and executing votes.

Man

Key Voting Statistics (Jan 2023 – Dec 2023)	Number
Number of holdings at period end	1,563
Total Fund AUM at period end	£1,106m
Number of meetings eligible to vote during the period	347
Number of resolutions eligible to vote during the period	3939
% of resolutions voted	98%
% of resolutions voted with management	77%
% of resolutions voted against management	23%
% of resolutions abstained	1%
% of meetings with at least one vote against management	78%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	13%
Any use of proxy voting services during the period?	Man Group appointed Glass Lewis as its proxy service provider. We use Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically, receive research reports and custom voting recommendations. We have monitoring controls in place to ensure that the recommendations provided are in accordance with our custom voting policy and that our votes are timely and effectively instructed. Specifically, our voting framework employs screening to

Implementation Statement (continued)

	identify high-value positions and the Stewardship Team manually reviews the pre-populated votes for such positions. In addition to this manual check, we also have in place electronic alerts to inform us of votes against our policy, votes that need manual input and rejected votes that require further action.

Beach Point

Key Voting Statistics (Jan 2023 – Dec 2023)	Number
Number of holdings at period end	20
Total Fund AUM at period end	$76m
Number of meetings eligible to vote during the period	8
Number of resolutions eligible to vote during the period	50
% of resolutions voted	96%
% of resolutions voted with management	98%
% of resolutions voted against management	2%
% of resolutions abstained	0%
% of meetings with at least one vote against management	13%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	13%
Any use of proxy voting services during the period?	Beach Point outsources proxy voting, using ProxyEdge to execute proxy voting for the equities we may own.

Magnetar

Key Voting Statistics (Jan 2023 – Dec 2023)	Number
Number of holdings at period end	486
Total Fund AUM at period end	$1,643m
Number of meetings eligible to vote during the period	207
Number of resolutions eligible to vote during the period	842
% of resolutions voted	99%
% of resolutions voted with management	82%
% of resolutions voted against management	15%
% of resolutions abstained	0%
% of meetings with at least one vote against management	14%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	18%
Any use of proxy voting services during the period?	Voting is carried out via our proxy voting advisor, ISS. In our view, proxy voting ensures each vote is considered and recorded using a policy that we are comfortable with. When receiving shareholder ballot information via email or mail, we believe there is a high risk the voting data that is pertinent to make the vote and record it, may be lost or misplaced. Using ISS makes a significant difference to the certainty of data capture as ISS receive the data via file from the prime brokers and submit the vote via file to the tabulation agent.

Implementation Statement (continued)

APPENDIX 3

Significant votes

The Trustee delegates responsibility for the exercising of rights (including voting rights) attaching to investments to the Scheme's investment managers. The Trustee is not aware of any material departures from the managers' stated voting policies. Given the nature of these mandates and the fact that voting activities appear to be undertaken in line with the managers' voting policies, the Trustee is comfortable that the voting policies for the Scheme have been adequately followed over the period.

As previously mentioned, the votes shown in the below tables have therefore been chosen in relation to the Trustee's definition of a 'significant vote', which are votes that meet one or more of the following criteria:

- Votes relating to one of our key stewardship themes – Climate Change and Diversity, Equity & Inclusion;
- Votes relating to an issuer to which the Scheme has a large £ exposure;
- Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

Man and Magnetar were able to disclose the significant votes cast during the period, with Beach Point noting that they did not cast any significant votes over the year. AQR were unable to disclose their significant votes cast during the period – the Trustee will continue to engage with the manager to encourage them to disclose these votes going forward. A summary of the 'significant votes' cast by the Scheme's managers is included in the table below.

Implementation Statement (continued)

Significant votes (1st January 2023 – 31st December 2023):

Voter	Company	Date	Resolution nature	Vote	Reason for significance	Management Recommendation	Outcome of the vote
Man	Chubu Electric Power Co Inc	28/06/2023	Shareholder Proposal Regarding Policy and Report on Capital Allocation Alignment with Net Zero by 2050 Pathway	For	Related to Climate Change	Against	Rejected
Man	Mitsubishi Corporation	23/06/2023	Shareholder Proposal Regarding Aligning Business Strategy to the Paris Agreement	For	Related to Climate Change	Against	Rejected
Man	Citigroup Inc	25/04/2023	Shareholder Proposal Regarding Report on Human Rights Standard for Indigenous Peoples	For	Related to D, E & I	Against	Rejected
Magnetar	Company A	05/06/2023	Amend Certificate of Incorporation to Extend Consummation of Business Combination.	For	Large £ holding	For	Passed
Magnetar	Company B	14/03/2023	Amend Certificate of Incorporation to Extend Consummation of Business Combination.	For	Large £ holding	For	Passed
Magnetar	Company C	11/05/2023	Amend Certificate of Incorporation to Extend Consummation of Business Combination.	For	Large £ holding	For	Passed