ANNUAL REPORT

THE INSTITUTE OF PHYSICS RETIREMENT BENEFITS PLAN (1975)

Plan registration number: 10099901

FOR THE YEAR ENDED 31 DECEMBER 2023

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Plan Advisers and Principal Employer

Plan Actuary

J Hough
XPS Pensions Group
Phoenix House
1 Station Hill
Reading
RG1 1NB

Auditor

BDO LLP
31 Chertsey Street
Guildford
Surrey
GU1 4HD

Investment Managers

The Trustees have selected the following Investment Managers to manage the assets of the Plan:

- From March 2019 until October 2023: Legal & General Assurance (Pension Management) Limited
- From October 2023: Schroders Investment Management

Investment in the Partners Fund has been made via Northern Trust International Fund Administration Services (Guernsey) Limited.

Additional Voluntary Contribution Providers

The Prudential Assurance Company Limited

Plan Administrator and Consultants

XPS Pensions Group
Phoenix House
1 Station Hill
Reading
RG1 1NB

Life Assurance Company

Canada Life Assurance Co.

Bankers

HSBC Bank Plc

Annuity Provider

Legal & General Assurance Society Limited

Plan Advisers and Principal Employer (continued)

Principal Employer

The Institute of Physics

Contact for further information

S Dhadwar
The Institute of Physics
37 Caledonian Road
London
N1 9BU
ceooffice@iop.org

Trustees' Report

Introduction

The Trustees of The Institute of Physics Retirement Benefits Plan (1975) ("the Plan") are pleased to present their report together with the financial statements for the year ended 31 December 2023. The Plan is a defined benefit scheme. The Plan was closed to new members with effect from 31 December 2001. The Plan was closed to further accrual on 30 June 2015. Employees who participated in the scheme on that date were invited to join the IOP Group defined contribution pension arrangements.

Management of the Plan

In accordance with the Occupational Pension Schemes (Member nominated Trustees and Directors) Regulations 1996, members have the option to nominate and vote for member elected Trustees. There are two member nominated Trustees, whose terms of office are normally five years. There are also two Trustees appointed by the Institute of Physics ("the Institute"), and an independent Trustee, appointed by the Institute.

During the year under review the Trustees of the Plan have been:

Capital Cranfield Pension Trustees Ltd represented by F Stark - independent Chairman of trustees
M Bray - Institute appointed trustee
J Jones - Institute appointed trustee
E Martin - member nominated trustee
C Garland - member nominated trustee

There have been six Trustee meetings during the year.

Further information about the Plan is available on request.

Principal Employer

The Institute's registered address is 37 Caledonian Road, London, N1 9BU.

Financial development

The financial statements on pages 27 to 41 have been prepared and audited in accordance with the Regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the net assets decreased from £77,377,718 at 31 December 2022 to £75,392,361 at 31 December 2023. A large proportion of this decrease in value can be directly attributable to the decrease in value of the insurance policies of £611,000 and the fall in value of the investment portfolio of £862,159. The fall in the value of the investment portfolio is due to a £1m disinvestment to support dealings with members, however, excluding this, the market value of the funds increased by £137,841. Further details on the change in market value of the investments are shown in note 10 to the financial statements and in the Investment Report on pages 8 to 11. Further information on the funding position of the Plan and the Trustees' assessment of going concern are set out below.

Employer-related investment

There were no employer-related investments during the year.

Pension increases

Pensions in payment accrued in respect of service prior to 1 January 2001 increase at 5% p.a., pensions in payment accrued between 1 January 2001 and 31 December 2005 increase in line with the RPI, subject to a maximum of 6.5% p.a., whilst pensions in payment accrued on or after 1 January 2006 increase in line with RPI, subject to a maximum of 2.5%. No increases are discretionary. In accordance with the Deed and Rules of the Plan, deferred pensions will be re-valued during the period before they are brought into payment.

Trustees' Report (continued)

Going Concern

The Trustees have concluded, based on the information available to them, that the plan is a going concern and have prepared the accounts on that basis. There has been no decision to wind up or buy-out the plan and no notifiable or catastrophic events that could prevent the Plan from remaining a going concern. The Trustees have considered and monitored the Institute's covenant and remain comfortable that the Institute has the capacity and ability to support the Plan.

Membership

Details of the membership of the Plan are given below:

	2023	2022
Pensioners		
Pensioners at the start of the year	**144**	138
Members retiring during the year	**1**	5
Pensioners who died during the year	**(3)**	-
New dependants' pensions	**2**	-
Adjustments to prior year figure	**1**	1
Pensioners at the end of the year	**145**	144
Closure members - deferred		
Closure members at the start of the year	**34**	36
Leavers with deferred benefits	**(1)**	-
Deferred members who died during the year	**(1)**	-
Adjustment to prior year figure	**-**	(2)
Closure members - deferred at the end of the year	**32**	34
Other members with preserved and deferred benefits		
Number at the start of the year	**192**	197
Transfers out	**(1)**	-
Retirements	**(1)**	(5)
Other members who died during the year	**-**	(1)
Other leavers	**1**	-
Adjustment to prior year figure	**(1)**	1
Preserved and deferred members at the end of the year	**190**	192
Total membership at the end of the year	**367**	370

Pensioners include individuals receiving a pension upon the death of a member.

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

Closure members are those members that were active at the date of the Plan's closure to future accrual and are still employed by the employer.

Trustees' Report (continued)

Calculation of transfer values

Transfer values paid during the year were calculated and verified in accordance with statutory requirements. No discretionary benefits were added in the calculation of transfer values.

Funding position of the Plan

The actuarial figures below includes the bulk annuity policy valued at £6,000,000 at 31 December 2022 which provides for pensions in payment as at 10 August 2010.

An Actuarial report has been produced by the Plan Actuary with an effective date of 31 December 2022 in accordance with the Pensions Act 2004 and the following information is taken from it.

The most recent Actuarial Valuation of the Plan was carried out with an effective date of 31 December 2022. The funding position in respect of benefits accrued up to that date was as follows;

Assets valued on 31 December 2022	£77.0m
Amount needed to provide accrued benefits	£74.5m
Funding surplus	£2.5m
Funding position relative to the target funding level	103%

The Institute confirmed its continued support for the Plan. As the Plan shows a surplus on the technical provisions basis, there is no deficit to address and no recovery plan is required under the funding regulations. The £1m a year deficit contribution required under the terms of the previous schedule of contributions have continued to be made.

Additionally, the Trustees and the Institute discussed the funding position of the Plan had the discount rate been more prudent. This would have given rise to a deficit of £3.2m at the valuation date.

The Institute agreed to make a one-off lump sum of £3.2m in March 2024 to address the deficit position on this basis, the £3.2m being reduced for any contributions continuing to be paid under the previous schedule of contributions in respect of January 2024 onwards. This was paid in March 2024 with the agreement that no further contributions shall be required over the period to 22 March 2029. However, nothing shall prevent the Institute from paying further contributions.

The Plan is responsible for paying the administrative and advisory expenses, and other running costs from February 2023, before which the Institute incurred such costs.

If the Plan were to be wound up, members might not receive the full amount of pension they have accrued even if the Plan were fully funded under the Trustees' funding strategy. However, whilst the Plan remains a going concern, benefits will continue to be paid in full.

If the Plan were to be wound up, the Institute would be required to pay an amount into the Plan sufficient to enable the members' benefits to be secured in full with an insurance company. The total cost for this to have been achieved on 31 December 2022 was estimated at £10.5 million as per the latest triennial valuation.

Trustees' Report (continued)

Funding position of the Plan (continued)

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method. Assets are valued at their market value. Liabilities – otherwise known as the "technical provisions" – are measured by projecting the benefits that are expected to be paid to the members of the Plan. As these benefits are expected to be paid over a long period of time, they are discounted to allow consistent comparison with the market value of the assets, which are expected to earn investment returns over time.

On 26 October 2018, the High Court handed down a judgement that requires defined benefit pension schemes to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The effects of this judgement have been included in the valuation of the Plan as at 31 December 2022. In November 2020 there was a further judgement relating to this case relating to the equalisation of past individual transfers out of pension schemes. This second judgement is not included in the latest valuation of the Plan as at 31 December 2022. Based on an assessment of past transfers the Trustees do not expect this second judgement to have a significant effect on the Plan or to be material to the Plan valuation or the financial statements.

The Trustees' appointed legal adviser has provided initial advice regarding the impact of the ruling in Virgin Media Ltd v NTL Pension Trustees II Ltd and others [2023] EWHC 1441 (Ch) ("Virgin Media") may have on the Institute of Physics Retirement Benefits Plan (1975) (the "Plan").

The Virgin Media case determined, in broad summary, that a past Deed concerning benefits (entered into between 6 April 1997 and 5 April 2016) was void if no actuarial confirmation (under section 37 of the Pension Schemes Act 1993) was provided under the contracting-out requirements if a scheme was contracted-out post 6 April 1997. The Virgin Media case is subject to appeal and the Trustees' legal adviser has noted that the case was heard by the Court of Appeal in June 2024 with judgment likely to follow at some point in the Autumn.

In relation to the Plan, legal advice received by the Trustees is that if the High Court case remains as good law (noting the current appeal) then the Trustees may need to consider looking at past Deeds and contemporaneous evidence to see whether or not the relevant actuarial confirmations were sought.

Legal advice received by the Trustees is that they do have not have immediate cause to assess past Deeds or contemporaneous evidence to assess whether or not the relevant actuarial confirmations were sought (for example, there has not been a buy-in or other event requiring this review to be undertaken immediately).

The Trustees' legal advisers are aware that a forensic review could be undertaken of past Deeds and evidence now to assess whether section 37 requirements were met, but they have advised the Trustees that it would be prudent to await the outcome of the appeal before undertaking such an extensive review to ensure that the Trustees are looking for the right issues, unless any scenario arises in the interim period which would necessitate a more immediate assessment. In any event, the Trustees' legal advisers have noted if a detailed review was undertaken at this stage, the findings would only be provisional anyhow, pending the decision of the Court of Appeal.

Trustees' Report (continued)

Funding position of the Plan (continued)

To estimate the amount of the future benefit payments, assumptions need to be made. The assumptions used in the valuation are agreed between the trustees and the Institute and are set out in the Statement of Funding Principles, which is available to Plan members on request.

The most significant of these are as follows:

- Discount rate: 1.0% per annum above the yield on the Gilt Curve
- Price inflation (RPI): RPI Curve
- Price inflation (CPI) – pre 2030: RPI less 1%
- Price inflation (CPI) – post 2030: RPI less 0.1%
- Salary inflation: In line with the CPI assumption
- Pension increases pre retirement:
    - Excess over GMP: Statutory
    - GMP: Statutory
- Pension increases post retirement:
    - Pension accrued pre 01/01/2001: Fixed at 5% per annum (no assumption required, includes GMP)
    - Pension accrued post 31/12/2000: RPI maximum 6.5%
    - Pension accrued post 31/12/2005: RPI maximum 2.5%
- Mortality pre and post retirement: 96% of the S3PMA table for males and 101% of the S3PA table for females projected from 2013 in line with the CMI 2021 projections with the default smoothing parameter of 7.0%, an initial addition of 0.2%. A 7.5% weighting has been applied to 2020 and 2021 data. A long term improvement rate of 1.5% pa has been adopted for both males and females
- Ill health retirements: No allowance
- Early retirement: No allowance
- Late retirement: No allowance
- Age difference of dependants: Males have dependants 3 years younger. Females have dependants 1 year older
- Commutation: 75% of maximum allowable
- Proportion married: 84% (M) / 70% (F) at retirement.
- Expenses:
    - Investment expenses: No explicit allowance. The above discount rates are net of investment expenses
    - GMP equalisation: 0.4% of total liabilities.

The full report on the Actuarial Valuation and the Actuary's check of the Plan's situation as at 31 December 2023 can be obtained from S Dhadwar at the address given on page 2.

Investment Report

General

The majority of investments were managed by Legal & General Assurance (Pension Management) Limited until October 2023 and by Schroder Investment Managers from October 2023. The Plan's investment in the Partners Fund is managed by Northern Trust International Fund Administration Services (Guernsey) Limited.

The insurance annuity was managed by Legal & General Assurance (Pension Management) Limited during the year.

The investments are allocated between the various funds in accordance with the investment strategy agreed by the Trustees and documented in the Statement of Investment Principles.

Investment principles

The Trustees have produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. A copy of the statement is available on request. The main priority of the Trustees when considering the investment policy is that the promises made about members' pensions may be fulfilled. Accordingly, investments are spread across the available range, both by type of investment (equities and bonds) and geographically. Spreading the investments in this way reduces the risk of a sharp change in one particular market having a substantial impact on the whole fund.

The Trustees support best practice in terms of shareholder activism. In the case of pooled funds, they accept that the day-to-day exercise of voting rights is necessarily carried out by the investment managers. The Trustees do, however, expect their investment manager to adopt a voting policy in accordance with best industry practice.

The Trustees have elected to invest in pooled funds and cannot, therefore, directly influence the social, environmental and ethical policies in which such pooled funds invest. Where the pooled funds are managed on a passive basis, decisions regarding the selection, retention and realisation of investments are only made in order to ensure efficient tracking of indices, and social, environmental and ethical considerations are not taken into account. However, the Trustees have noted the extent to which social, environmental and ethical issues are taken into account by their appointed investment managers in exercising their corporate governance policy.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

LDI investments

The investment portfolio held by the Plan fell by £862,159 due to a £1m disinvestment and market value increases of £137,841 in 2023, however, the Plan has increased the level of LDI funds within the portfolio during the change from LGIM to Schroders as the investment managers. The total value of the LDI investments have increased from £13,585,547 at 31 December 2022 to £49,836,397 at 31 December 2023. The nature of an LDI investment works to align the Plan's assets more closely to the liabilities of the Plan.

Investment Report (continued)

Fund Values

Below are the fund values at the beginning and the end of the year (excluding additional voluntary contributions and the insurance annuity):

	Market Value 31 Dec 2023	Market Value 31 Dec 2022
Legal & General		
LGIM Global Equity Market Weights 30:70 Index - 75% GBP Currency Hedged	**-**	10,685,056
LGIM PMC Schroder Life Int Div Growth Fund	**-**	5,385,616
LGIM PMC Insight Broad Opportunities Fund	**-**	5,316,228
LGIM IOP BMO Nominal Dynamic LDI	**-**	11,554,155
LGIM IOP BMO Short Profile Real Dynamic LDI	**-**	2,031,394
Sterling Liquidity Fund	**-**	22,808,112
Schroder		
Schroder Diversified Growth Fund	**9,318,247**	-
Schroder Life Matching Synthetic Index Linked Gilt Fund (2018-27)	**99,452**	-
Schroder Life Matching Synthetic Nominal Gilt Fund (2018-37)	**1,367,822**	-
Schroder Life Matching Synthetic Index Linked Gilt Fund (2028-37)	**1,785,672**	-
Schroder Life Matching Index Linked Gilt Fund (2038-2047)	**6,454,493**	-
Schroder Life Matching Synthetic Nominal Gilt Fund (2038-57)	**602,297**	-
Schroder Life Matching Nominal Gilt Fund (2038-2057)	**24,634,653**	-
Schroder Matching Index Linked Gilt Fund (2048-2057)	**3,980,116**	-
Schroder Life Matching Index Linked Gilt Fund (2058-2077)	**2,038,854**	-
Schroder Life Matching Nominal Gilt Fund (2058-2077)	**8,873,038**	-
Schroder Life Sterling Liquidity Plus Fund	**2,069,946**	-
Northern Trust		
Partners Fund GBP Partners E	**6,291,330**	10,644,586
Partners Fund GBP Class E-N	**1,398,042**	1,350,974
Total	**68,913,962**	69,776,121

Pooled Investment Asset Allocation

The funds are designed for corporate and public sector Pension Schemes and take full advantage of the tax exemptions available to investment funds of this type. They are unitised funds and the value of the units fluctuates directly in relation to the value of the underlying assets. All units are redeemable at bid prices that are calculated from independent, external pricing sources. The assets underlying the units are held by independent corporate custodians who are regularly reviewed by external auditors.

Investment Report (continued)

Pooled Investment Asset Allocation (continued)

The value of the units held at the beginning and end of the reporting period, on single priced market price basis were:

Investment Sector Fund	Value and Distribution on 31 December 2023		Strategic Benchmark Allocation
	£	%	%
Schroder Life Sterling Liquidity Plus Fund	2,069,946	3.0%	
Schroder Life Matching Synthetic Index Linked Gilt Fund (2018-27)	99,452	0.1%	
Schroder Life Matching Synthetic Nominal Gilt Fund (2018-37)	1,367,822	2.0%	
Schroder Life Matching Synthetic Index Linked Gilt Fund (2028-37)	1,785,672	2.6%	
Schroder Life Matching Index Linked Gilt Fund (2038-2047)	6,454,493	9.4%	
Schroder Life Matching Synthetic Nominal Gilt Fund (2038-57)	602,297	0.9%	
Schroder Life Matching Nominal Gilt Fund (2038-2057)	24,634,653	35.7%	
Schroder Matching Index Linked Gilt Fund (2048-2057)	3,980,116	5.8%	
Schroder Life Matching Index Linked Gilt Fund (2058-2077)	2,038,854	3.0%	
Schroder Life Matching Nominal Gilt Fund (2058-2077)	8,873,038	12.9%	
Total Matching Assets	**51,906,343**	**75.3%**	**60.0%**
Partners Funds	7,689,372	11.2%	
Schroder Diversified Growth Fund	9,318,247	13.5%	
Total Growth Assets	**17,007,619**	**24.7%**	**40.0%**
Total Pooled Investment Assets	**68,913,962**	**100%**	**100%**

Investment Sector Fund	Value and Distribution on 31 December 2022		Strategic Benchmark Allocation
	£	%	%
LGIM IOP BMO Nominal Dynamic LDI	11,554,155	16.6%	
LGIM IOP BMO Short Profile Real Dynamic LDI	2,031,394	2.9%	
Sterling Liquidity Fund	22,808,112	32.7%	
Total Matching Assets	**36,393,661**	**52.2%**	**60.0%**
LGIM Global Equity Market Weights 30:70 Index - 75% GBP Currency Hedged	10,685,056	15.3%	15.0%
LGIM PMC Schroder Life Int Div Growth Fund	5,385,616	7.7%	7.5%
LGIM PMC Insight Broad Opportunities Fund	5,316,228	7.6%	7.5%
Partners Funds	11,995,560	17.2%	10.0%
Total Growth Assets	**33,382,459**	**47.8%**	**40.0%**
Total Invested Assets	**69,776,121**	**100%**	**100%**

The unit prices for these valuations were based on market closing prices on the previous working day. The values shown include any activity that took place on the valuation days.

The Allocation in the SIP was agreed during the strategic review in 2023 and represents the long-term strategic allocation to meet the Trustees' long term objectives. The implementation of the investment strategy is discussed further in the Implementation Statement on page 12.

Investment Report (continued)

Pooled Investment Asset Allocation (continued)

The Sterling Liquidity fund is being held to manage the Liquidity risk of the Plan. The SIP is clear that there is a desire and a need to retain flexibility. The Trustees will hold cash to the extent that they consider necessary to meet impending anticipated liability outflows.

Performance

The time-weighted investment returns to 31 December 2023 on the Plan's assets were as follows.

Investment Sector Fund		Last Three Months			Last Twelve Months			Last Three Years annualised		
		Fund %	Target %	Deviation %	Fund %	Target %	Deviation %	Fund % pa	Target % pa	Deviation % pa
Schroders Matching Index - Linked 2038 – 2047 Fund	*1*	10.6	10.6	0.0	-	-	-	-	-	-
Schroders Matching Index - Linked 2058 – 2077 Fund	*1*	20.1	20.1	0.0	-	-	-	-	-	-
Schroders Matching Index - Linked 2048 – 2057 Fund	*1*	15.4	15.4	0.0	-	-	-	-	-	-
Schroders Matching Nominal 2038 – 2057 Fund	*1*	12.9	13.0	-0.1	-	-	-	-	-	-
Schroders Matching Nominal 2058 – 2077 Fund	*1*	16.5	16.5	0.0	-	-	-	-	-	-
Schroders Synthetic Gilt Index Linked 2018-2027 Fund	*1*	2.5	2.5	0.0	-	-	-	-	-	-
Schroders Synthetic Gilt Index Linked 2028-2037 Fund	*1*	6.0	6.0	0.0	-	-	-	-	-	-
Schroders Synthetic Gilt Index Linked 2038-2047 Fund	*1*	10.8	10.8	0.0	-	-	-	-	-	-
Schroders Synthetic Gilt Index Linked 2048-2057 Fund	*1*	16.1	16.2	-0.1	-	-	-	-	-	-
Schroders Synthetic Gilt Index Linked 2058-2077 Fund	*1*	20.3	20.3	0.0	-	-	-	-	-	-
Schroders Synthetic Gilt Nominal 2038- 2057 Fund	*1*	12.8	12.8	0.0	-	-	-	-	-	-
Schroders Synthetic Gilt Nominal 2018- 2037 Fund	*1*	7.4	7.3	0.1	-	-	-	-	-	-
Schroders Synthetic Gilt Nominal 2058- 2077 Fund	*1*	16.5	16.4	0.1	-	-	-	-	-	-
Schroders Sterling Liquidity Plus Fund	*1*	1.4	1.3	0.1	-	-	-	-	-	-
Schroders Diversified Growth Fund	*2*	4.8	2.5	2.3	4.4	9.4	-5.0	-0.1	9.0	-9.1
Partners Group Partners Fund	*3*	-0.7	1.9	-2.6	3.5	8.0	-4.5	7.7	8.0	-0.3
Total Invested Assets		**11.5**	**9.8**	**1.6**	**0.0**	**6.1**	**-6.1**	**-7.7**	**-23.0**	**15.4**

1 Investment held since September 2023
2 Investment held since March 2019
3 The Plan has held the EN share class since Dec 2019
Fund performance over periods longer than 3 months have been omitted where the Plan has only been invested since September 2023

Custodial arrangements

The custodians are responsible for the safekeeping of share certificates and other documentation relating to the ownership of listed investments, settlement of trades and income collection. All of the Fund's investments are pooled and so it is the Investment Managers who are responsible for appointing and monitoring the custodians. Schroders have appointed JPMorgan Chase Bank as the custodian of the property of the life funds (all Schroders funds invested by the Plan).

From September 2017, investment in the Partners Fund has been made via Northern Trust International Fund Administration Services (Guernsey) Limited; there is no separate custodian. The investment is in the name of the Plan and a summary of holdings is received at least annually.

The Trustees are responsible for ensuring the Plan's assets continue to be securely held. They review the custodial arrangements from time to time.

Cash held in connection with the administration of the fund was held in a bank account in the name of the Trustees.

Basis of investment managers' fees

The investment managers are remunerated on a fee basis which is reviewed on a periodic basis by the Trustees.

Further information

Further disclosures required by legislation are included in the Compliance Statement on pages 46 to 47.

Implementation Statement

Purpose

This statement provides information on how, and the extent to which, the Trustees of the Institute of Physics Retirement Benefit Plan (1975) ("the Plan") have followed their policy in relation to the exercising of rights (including voting rights) attached to the Plan's investments, and engagement activities during the year ended 31 December 2023 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

In January 2023, the Trustees received training on Environmental, Social and Governance ("ESG") issues from XPS and completed an ESG survey to discuss their beliefs around those issues.

During the reporting year, following an update to the Statement of Investment Principles in September 2023, additional wording was included in the 'Responsible Investment' section identifying explicit ways in which sufficient oversight of the engagement and voting practices of Investment Managers can be achieved. This considers greater communication with managers to encourage and discuss engagement that has taken place and an assessment of the stewardship credentials of the managers.

The Trustees' policies are documented in the updated Statement of Investment Principles dated September 2023 and are summarised below.

The Trustees' policy on ESG, voting and engagement

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Trustees periodically meet with their investment managers to discuss engagement which has taken place. The Trustees will also expect their investment adviser to engage with the managers from time to time as needed and report back to the Trustees on the stewardship credentials of their managers. The Trustees will then discuss the findings with the investment adviser, in the context of their own preferences, where relevant. This will include considering whether the manager is a signatory to the UK Stewardship Code. The Trustees recognise the Code as an indication of a manager's compliance with best practice stewardship standards.

Manager selection exercises

One of the main ways in which the Trustees' policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

In April 2023, XPS provided manager selection advice to the Trustees to aid in implementing a de-risked credit-based strategy, following improvements in the Plan's funding level since the last actuarial valuation. When providing manager selection advice, XPS assess funds using various criteria. One of these criteria is the funds' ESG and climate change integration, where funds are only recommended to clients that meet at least a minimum level of ESG integration. This is according to XPS' ESG rating criteria. Therefore, whilst not all of the funds recommended as part of the manager selection exercise have a specific ESG focus, the Trustees believe each fund's ESG credentials are sufficient. As a result of this, the Trustees chose to appoint Schroders as their core investment manager for LDI, Buy and Maintain Credit and Multi-Sector Credit. All assets excluding Partners holdings were transitioned from the LGIM Platform to a direct investment with Schroders over the reporting period.

Shortly after the reporting period, the Trustees agreed to fully disinvest from the Partners Fund and transfer the proceeds to the Schroders Climate+ Fund. This switch is in line with the Company's strategic pillars which include sustainability.

Implementation Statement (continued)

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in the Statement of Investment Principles. Furthermore, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

As mentioned above, during the reporting year, the Trustees continued to develop their views on climate change-related issues.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustees have not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers. Stewardship and ESG matters are therefore regularly discussed at IC/Trustees' meetings.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. In August 2023, the Plan fully disinvested from the LGIM Global Equity Market Weights (30:70) Index Fund and the Insight Broad Opportunities Fund. The Plan also gained equity exposure through the Schroders Diversified Growth Fund and Partners Fund. There are no voting rights for the Plan's investments within the Schroders LDI portfolio. A summary of the voting behaviour and most significant votes determined by and cast by each of the relevant investment manager organisations is presented in the rest of this document.

This voting information has been provided by the investment managers. The Trustees have selected significant votes on the basis they are linked to key ESG issues including, but not limited to: climate change; other climate issues such as natural capital; executive remuneration; governance; independence; modern slavery or other factors such as the size of the holding. Where the manager has provided a selection of significant votes, the Trustees have reviewed the rationale for significant votes provided by the managers and is comfortable with the rationale provided, and that this is consistent with their policy. The Trustees, with the help of their Investment Consultant, have considered the information the Investment Managers have been able to provide on significant voting, and have deemed the below information as most relevant.

Voting Information

LGIM Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged

The manager voted on 99.88% of resolutions of which they were eligible out of 72,933 eligible votes.

Investment Manager Client Consultation Policy on Voting
LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.

Implementation Statement (continued)

LGIM Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged (Continued)

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Investment Manager Process to determine how to Vote
All decisions are made by LGIM's Investment Stewardship team and in accordance with the relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures LGIM's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

How does this manager determine what constitutes a 'Significant' Vote?
As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote activity is critical for their clients and interested parties to hold them to account.
For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what they deemed were 'material votes'. LGIM are evolving their approach in line with the new regulation and are committed to provide their clients access to 'significant vote' information.
In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.
The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

Implementation Statement (continued)

Does the manager utilise a Proxy Voting System?

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that LGIM receive from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

Top 5 Significant Votes during the Period

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
Alphabet Inc.	**2023-06-02**	**0.85%**	**Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share**	**For (against management recommendation)**	**N/A**
Why the vote was deemed significant: Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO. **Where voted against the company, was this communicated:** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.					
Shell Plc	**2023-05-23**	**2.11%**	**Resolution 25 - Approve the Shell Energy Transition Progress**	**Against**	**80% (Pass)**
Why the vote was deemed significant: Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. **Where voted against the company, was this communicated:** LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.					

Implementation Statement (continued)

Top 5 Significant Votes during the Period (continued)

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
BP Plc	**2023-04-27**	**1.12%**	**Resolution 4 - Re-elect Helge Lund as Director**	**Against (against management recommendation)**	**N/A**
Why the vote was deemed significant: High Profile Meeting and Engagement: We consider this vote to be significant given our long-standing engagement with the company on the issue of climate. **Where voted against the company, was this communicated:** LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.					
Amazon.com, Inc.	**2023-05-24**	**1.06%**	**Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps**	**For (Against Management Recommendation)**	**29% (Fail)**
Why the vote was deemed significant: Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. **Where voted against the company, was this communicated:** LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.					
NVIDIA Corporation	**2023-06-22**	**1.03%**	**Resolution 1i - Elect Director Stephen C. Neal Resolution 1i - Elect Director Stephen C. Neal**	**Against (against management recommendation)**	**N/A**
Why the vote was deemed significant: Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. **Where voted against the company, was this communicated:** LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.					

Insight Investment Management Broad Opportunities Fund

The manager voted on 100% of resolutions of which they were eligible out of 164 eligible votes.

Investment Manager Client Consultation Policy on Voting

Insight does not consult with clients prior to voting on resolutions. However, Insight is committed to voting all proxies where it is deemed appropriate and responsible to do so. Insight takes its responsibility to vote very seriously and votes in the best interest of clients.

Implementation Statement (continued)

Investment Manager Process to determine how to Vote

Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. In addition, please refer to our Proxy Voting Policy, which sets out in detail our approach to voting on resolutions:
https://www.insightinvestment.com/globalassets/documents/responsible-investment/responsible-investment-reports/proxy-voting-policy-2023.pdf

How does this manager determine what constitutes a 'Significant' Vote?

The strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social and public, renewable energy and economic infrastructure sectors. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework, that is with an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities and a result the number of significant votes in any given year is lower.

Does the manager utilise a Proxy Voting System?

We would utilise Minerva to analyse resolutions against Insight-specific voting policy templates to determine the direction of the vote, where applicable

Top 5 Significant Votes during the Period

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
Ecofin US Renewables Infrastructure Trust plc	**25/05/2023**	**0.2%**	**Resolution 4: To re-elect as a director, Patrick O'Donnell Bourke**	**For**	**Passed with over 87% of votes in favour**
Why the vote was deemed significant: In assessing our voting decision, we noted that votes were cast against proposal 5 (re-election of Patrick O'Donnell Bourke) at the previous AGM. We understand that this was predominantly from one shareholder due to board composition. https://www.londonstockexchange.com/news-article/RNEW/result-of-agm/15507645 The 2022 Annual Report acknowledged that the board's composition did not meet one of the FCA's new targets, namely that one individual on the board should be from a minority ethnic background. While the company recognises the benefits of greater diversity on the board, we agreed with the company's assessment that in view of the portfolio size and potential increase to cost base, increasing the board's size would not be appropriate at the present time. We voted in favour of re-election resolution as we consider the board has the skillset and experience appropriate to fulfil their governance obligations. **Where voted against the company, was this communicated:** Not applicable					

Implementation Statement (continued)

Top 5 Significant Votes during the Period (continued)

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
Aquila European Renewables Income Fund plc	**05/06/2023**	**0.6%**	**Resolution 4: To approve the continuation of the Company as an investment trust**	**For**	**Passed**
Why the vote was deemed significant: The company's articles of association require that the directors propose an ordinary resolution at the AGM to be held in 2023, and every fourth AGM thereafter, that the company continue its business as a closed-ended investment company for a further four-year period. In the event that the resolution does not pass, the directors are required to draw up proposals for the reconstruction, reorganisation or liquidation of the company for consideration by shareholders at a general meeting to be convened within a six-month period. **Where voted against the company, was this communicated:** Not applicable					

Insight were only able to provide details of 2 significant votes at the time of writing.

Schroders Diversified Growth Fund

The manager voted on 93.84% of resolutions of which they were eligible out of 14,227 eligible votes.

Investment Manager Client Consultation Policy on Voting
The corporate governance analysts input votes based on their proprietary research in line with Schroders' house voting policy and do not take voting instruction from their clients. The manager reports transparently on their voting decisions with rationales on their website.

Investment Manager Process to determine how to Vote
As active owners, Schroders recognises their responsibility to make considered use of voting rights. Schroders therefore vote on all resolutions at all AGMs/EGMs globally unless they are restricted from doing so (e.g. as a result of share blocking).

Schroders aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with their published ESG policy.

The overriding principle governing their voting is to act in the best interests of their clients. Where proposals are not consistent with the interests of shareholders and their clients, Schroders are not afraid to vote against resolutions. Schroders may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

Implementation Statement (continued)

Investment Manager Process to determine how to Vote

Schroders evaluate voting resolutions arising at their investee companies and, where they have the authority to do so, vote on them in line with their fiduciary responsibilities in what they deem to be the interests of their clients. Schroders' Corporate Governance specialists assess each proposal, applying their voting policy and guidelines (as outlined in Schroders' Environmental, Social and Governance Policy) to each agenda item. In applying the policy, they consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Schroders specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Schroders own research is also integral to their process; this will be conducted by both their financial and Sustainable Investment analysts. For contentious issues, Schroders' Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

In 2022, Schroders voted on approximately 7600 meetings and 96% of total resolutions, and instructed a vote against the board at over 50% of meetings.

Institutional Shareholder Services (ISS) act as their one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with their own bespoke guidelines, in addition, Schroders receive ISS's Benchmark research. This is complemented with analysis by their in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

ISS automatically votes all their holdings of which Schroders own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in their voting decisions as well as creating a more formalised approach to their voting process.

How does this manager determine what constitutes a 'Significant' Vote?

Schroders believe that all resolutions when they vote against the board's recommendations on how to vote should be classified as a significant vote, for example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders.

Does the manager utilise a Proxy Voting System?

Institutional Shareholder Services (ISS) act as Schroders' one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with Schroders' own bespoke guidelines, in addition, Schroders receive ISS's Benchmark research. This is complemented with analysis by Schroders' in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

Implementation Statement (continued)

Top 5 Significant Votes during the Period

<table>
<tr><th>Company</th><th>Date of Vote</th><th>Size of fund holdings</th><th>Voting subject</th><th>How did the Investment Manager Vote?</th><th>Outcome</th></tr>
<tr><td>Microsoft Corporation</td><td>07/12/2023</td><td>0.8%</td><td>Report on Risks of Operating in Countries with Significant Human Rights Concerns</td><td>For</td><td>FAIL</td></tr>
<tr><td colspan="6">Why the vote was deemed significant:
Social
Where voted against the company, was this communicated:
Schroders may tell the company of our intention to vote against the recommendations of the board before voting, in particular if Schroders are large shareholders or if we have an active engagement on the issue. Schroders always inform companies after voting against any of the board’s recommendations.</td></tr>
<tr><td>Alphabet Inc.</td><td>02/06/2023</td><td>0.7%</td><td>Report on Framework to Assess Company Lobbying Alignment with Climate Goals</td><td>For</td><td>FAIL</td></tr>
<tr><td colspan="6">Why the vote was deemed significant:
E&S Blended
Where voted against the company, was this communicated:
Schroders may tell the company of our intention to vote against the recommendations of the board before voting, in particular if we are large shareholders or if Schroders have an active engagement on the issue. Schroders always inform companies after voting against any of the board’s recommendations.</td></tr>
<tr><td>Apple Inc.</td><td>10/03/2023</td><td>0.5%</td><td>Report on Median Gender/Racial Pay Gap</td><td>For</td><td>FAIL</td></tr>
<tr><td colspan="6">Why the vote was deemed significant:
Social
Where voted against the company, was this communicated:
Schroders may tell the company of our intention to vote against the recommendations of the board before voting, in particular if Schroders are large shareholders or if we have an active engagement on the issue. We always inform companies after voting against any of the board’s recommendations.</td></tr>
<tr><td>Amazon.com, Inc.</td><td>24/05/2023</td><td>0.4%</td><td>Report on Efforts to Reduce Plastic Use</td><td>For</td><td>FAIL</td></tr>
<tr><td colspan="6">Why the vote was deemed significant:
Environmental
Where voted against the company, was this communicated:
Schroders may tell the company of our intention to vote against the recommendations of the board before voting, in particular if Schroders are large shareholders or if we have an active engagement on the issue. Schroders always inform companies after voting against any of the board’s recommendations.</td></tr>
<tr><td>JPMorgan Chase & Co.</td><td>16/05/2023</td><td>0.16%</td><td>Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets</td><td>For</td><td>FAIL</td></tr>
<tr><td colspan="6">Why the vote was deemed significant:
Environmental
Where voted against the company, was this communicated:
Schroders may tell the company of our intention to vote against the recommendations of the board before voting, in particular if Schroders are large shareholders or if Schroders have an active engagement on the issue. Schroders always inform companies after voting against any of the board’s recommendations.</td></tr>
</table>

Implementation Statement (continued)

Partners Group Partners Fund
The manager voted on 100% of resolutions of which they were eligible out of 847 eligible votes.

Investment Manager Client Consultation Policy on Voting
Partners do not consult with clients before voting.

Investment Manager Process to determine how to Vote
Partners' voting is based on the internal Proxy Voting Directive.

How does this manager determine what constitutes a 'Significant' Vote?
Size of the holding in the fund

Does the manager utilise a Proxy Voting System?
Partners hire services of Glass Lewis & Co, which is one of the leading global proxy voting service providers, and they have been instructed to vote in-line with Partner's Proxy Voting Directive. Wherever the recommendations for Glass Lewis, Partner's proxy voting directive, and the company's management differ, Partners vote manually on those proposals.

Top 5 Significant Votes during the Period

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
Breitling	**Not applicable to private markets space.**	**Not applicable to private markets space.**	**As we control the Board, please see below the ESG efforts of the portfolio company.**	**Board representation**	**Not applicable to private markets space.**
Why the vote was deemed significant: Size of holding in fund **Where voted against the company, was this communicated:** Not applicable to private markets space.					
Gren	**Not applicable to private markets space.**	**Not applicable to private markets space.**	**As we control the Board, please see below the ESG efforts of the portfolio company.**	**Board representation**	**Not applicable to private markets space.**
Why the vote was deemed significant: Size of holding in fund **Where voted against the company, was this communicated:** Not applicable to private markets space.					
Wedgewood Pharmacy	**Not applicable to private markets space.**	**Not applicable to private markets space.**	**As we control the Board, please see below the ESG efforts of the portfolio company.**	**Board representation**	**Not applicable to private markets space.**
Why the vote was deemed significant: Size of holding in fund **Where voted against the company, was this communicated:** Not applicable to private markets space.					

Implementation Statement (continued)

Top 5 Significant Votes during the Period (continued)

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
atNorth	Not applicable to private markets space.	Not applicable to private markets space.	As we control the Board, please see below the ESG efforts of the portfolio company.	Board representation	Not applicable to private markets space.
Why the vote was deemed significant: Size of holding in fund **Where voted against the company, was this communicated:** Not applicable to private markets space.					
Emeria	Not applicable to private markets space.	Not applicable to private markets space.	As we control the Board, please see below the ESG efforts of the portfolio company.	Board representation	Not applicable to private markets space.
Why the vote was deemed significant: Size of holding in fund **Where voted against the company, was this communicated:** Not applicable to private markets space.					

Partners voting information is for the E-N Share class. Partners have focused exclusively on their private markets investments over the reporting year, as such their engagement is not via voting but rather via direct hands-on engagement. Partners have therefore provided case studies on their significant direct hands-on engagements.

Signed on behalf of the Trustees

Signed by:
[redacted]

F Stark Chair of Trustees

Date: 29 July 2024

Statement of Trustees' Responsibilities

Trustees' 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 Trustees. Pension scheme regulations require the Trustees to make available to the Plan members beneficiaries and certain other parties, audited financial statements for each Plan year which:

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

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

The Trustees are also responsible for making available certain other information about the Plan in the form of an annual report.

The Trustees also have a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal controls.

Trustees' responsibilities in respect of contributions
The Trustees are responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Plan by or on behalf of employers and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Plan in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Independent Auditor's Report to the Trustees of the Institute of Physics Retirement Benefits Plan (1975)

To the Trustees of The Institute of Physics Retirement Benefits Plan (1975)

Opinion on the financial statements
In our opinion the financial statements:

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

We have audited the financial statements of The Institute of Physics Retirement Benefits Plan 1975 ('the Plan') for the year ended 31 December 2023 which comprise the Fund Account, Statement of Net Assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice – Financial Reports of Pension Schemes (revised 2018).

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

Independence
We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Independent Auditor's Report (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Plan 's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees intend to wind up the Plan or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

- Obtaining an understanding of the Plan's legal and regulatory frameworks, focusing on those which we determine to be the most significant, and how the Plan complies with these.
- Enquiring of the Trustees, and where appropriate, the administrators or consultants as to whether:
  - the Plan is in compliance with laws and regulations that have a material effect on the financial statements;
  - they have knowledge of any actual, suspected or alleged fraud;
  - any reports have been made to the Pensions Regulator.

Independent Auditor's Report (continued)

Based on our understanding of the Plan, we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Acts 1995 and 2004 and those that relate to the reporting framework (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 and the Statement of Recommended Practice 'Financial Reports of Pensions Schemes' 2018 ('The SORP')). We also considered the extent to which non-compliance might have a material effect 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 Trustees and those involved in the preparation of the financial statements and underlying accounting records. We determined that the principal risk was related to the posting of inappropriate journals, which may act to conceal fraudulent activity.

Audit procedures performed to respond to the identified risks included, but were not limited to, the following:

- Testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Enquiring of management and the Trustees with regard to actual and potential litigation and claims.
- Reviewing the disclosures in the financial statements and testing to supporting documentation to assess compliance with relevant laws and regulations, as detailed above.
- Reviewing minutes of meetings of the Trustees.
- Reviewing any significant correspondence with the Pensions Regulator.
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

[redacted]
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BDO LLP
Statutory auditor
Guildford
United Kingdom
Date 30 July 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Fund Account

	Note	2023 £	2022 £
Contributions and benefits			
Employer Contributions	**4**	**1,000,000**	1,500,000
Total Contributions		**1,000,000**	1,500,000
Other income		**-**	3,030
Benefits payable	**5**	**(2,325,771)**	(2,405,714)
Payments to and on account of leavers	**6**	**(183,924)**	-
Administrative expenses	**7**	**(769,325)**	(44)
		(3,279,020)	(2,405,758)
Net withdrawals from dealings with members		**(2,279,020)**	(902,728)
Returns on investments			
Investment income	**8**	**722,076**	722,076
Investment management fees	**9**	**(112,640)**	(297,859)
Change in market value of investments	**10**	**(315,773)**	(36,536,779)
Net return on investments		**293,663**	(36,112,562)
Net decrease in the fund during the year		**(1,985,357)**	(37,015,290)
Net assets at 1 January		**77,377,718**	114,393,008
Net assets at 31 December		**75,392,361**	77,377,718

The notes on pages 29 to 41 form part of these financial statements.

Net Assets Statement

	Note	2023	2022
		£	£
Investment assets			
Pooled investment vehicles	10	**68,913,962**	69,776,121
Insurance policies	10	**5,749,000**	6,360,000
AVC investments	10	**37,676**	37,057
Total net investments	10	**74,700,638**	76,173,178
Current assets	11	**997,062**	1,320,492
Current liabilities	12	**(305,340)**	(115,952)
Net assets at 31 December		**75,392,361**	77,377,718

The accounts summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the Trustees' Report and actuarial certificate included in the Annual Report and these accounts should be read in conjunction with them.

The financial statements were approved by the Trustees on:

Signed on behalf of the Trustees

[redacted]
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F Stark Chair of Trustees

Date: 29 July 2024

The notes on pages 29 to 41 form part of these financial statements.

Notes to the Financial Statements

1. General information

The Institute of Physics Retirement Benefits Plan (1975) (the "Plan") is an occupational pension scheme established under trust. The Plan was established to provide retirement benefits to certain groups of employees within the Institute of Physics group. The address of the Plan's principal office is 37 Caledonian Road, London, N1 9BU. The Plan is a defined benefit scheme which is no longer open to new members and was closed to future accrual on 30 June 2015 with all future pension benefits provided by the Institute's group personal pension. Employed members continue to benefit from salary increases where this is greater than deferred pension revaluation. The Plan is a registered pension scheme under the Chapter 2, Part 4 of the Finance Act 2004.

2. Basis of preparation

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

The Trustees have concluded, based on the information available to them, that the plan is a going concern and have prepared the accounts on that basis. There has been no decision to wind up or buy-out the plan and no notifiable or catastrophic events that could prevent the Plan from remaining a going concern. The Trustees have considered and monitored the Institute's covenant and remain comfortable that the Institute has the capacity and ability to support the Plan.

3. Accounting policies

The principal accounting policies are set out below.

a) Accruals concept

The financial statements have been prepared on an accruals basis with the exception of individual transfers, which are recognised when received or paid.

b) Contributions and benefits

Employer deficit contributions are accounted for on an accruals basis on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery Plan under which they are being paid.

Employer additional and augmentation contributions are recognised on receipt.

Benefits and payments to leavers are accounted for in the period they fall due for payment. Where the member has a choice about the form of their benefit it is accounted for when the member notifies the Trustees of their decision as to what form of benefit they will take.

Where the Trustees agree or are required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Plan, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within Benefits.

Notes to the Financial Statements (continued)

3. Accounting policies (continued)

c) Transfers
Individual transfer values to and from other pension arrangements are accounted for when received or paid.

d) Investment income
Income from annuities is recorded as investment income.

e) Administrative expenses and investment management expenses

From 2023, all the administrative expenses, professional fees and investment management expenses are accounted for on an accruals basis and are paid for by the Plan.

f) Valuation of investments
Investments are included at their market values, provided by the investment managers, which are determined as follows;

(i) Quoted investments are valued on the basis of the bid price (or, if unavailable, most recent transaction) on the relevant exchange.
(ii) Pooled investment vehicles are valued at bid market prices at the year end date, where available, or at net asset value.

The additional voluntary contribution (AVC) investments include policies of assurance underwritten by The Prudential Assurance Company Limited. The market value of these policies of assurance has been taken as the surrender values of the policies at the year end, as advised by the underwriter.

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

Investments in overseas currencies are translated into Sterling at the rates ruling at the year end.

The Trustees have purchased a bulk annuity policy with Legal & General as an investment to match a substantial part of the benefits of members who were in receipt of Plan benefits before 10 August 2010. The annuity policy is in the name of the Trustees and represents an asset of the Plan. Members continue to receive their pensions directly from the Plan as before, with the Trustees being paid the annuity proceeds each month by Legal & General.

The annuity policy has no market value and cannot be surrendered for cash. However, the Trustees have decided to include the policy in the Fund Account and in the summary of investments (Note 10) at a value advised by the Plan Actuary. The Plan Actuary has recommended a value of £5,749,000, which represents the present value of future payments from the policy based on assumptions that are consistent with those used in the Actuarial Valuation of the Plan as at 31 December 2022.

The value of the annuity policy, for the purposes of these Accounts, will change from year to year in line with the age and life expectancy of the members that are covered, and with changes in the financial assumptions used to value the proceeds for those members.

Notes to the Financial Statements (continued)

4	Contributions	2023	2022
		£	£
	Contributions from employer:		
	Deficit	**1,000,000**	1,000,000
	Additional	**-**	500,000
	Total contributions		
		1,000,000	1,500,000

Deficit contributions were £83,333 per month throughout the year to fund the Plan's funding shortfall.

The schedule of contributions certified by the actuary on 20 March 2024, covers contributions payable in the period 22 March 2024 to 21 March 2029. This schedule detailed a one-off lump sum payment of £3,200,000 the Institute agreed to pay in March 2024 but reduced by any payments made under the terms of the previous schedule of contributions within 2024. No further contributions are required to be made during this period, however, this shall not prevent the Institute paying contributions in addition to those within the schedule.

The Plan has agreed to be responsible for paying the administrative and advisory expenses, and other running costs and where these are paid by the Institute, these will be reimbursed from the Plan's assets.

5	Benefits	2023	2022
		£	£
	Pensions	**2,178,148**	2,121,059
	Commutations and lump sum retirement benefits	**147,623**	239,759
	Other benefits	**-**	9,617
	Pension sharing orders	**-**	35,279
		2,325,771	2,405,714

Notes to the Financial Statements (continued)

6 **Payments to and on account of leavers**	**2023**	2022
	£	£
Transfers to other schemes	**183,924**	-
	183,924	-

7 **Administrative expenses**	**2023**	2022
	£	£
Administration and actuarial fees	**264,042**	-
Legal and professional fees	**442,864**	-
Trustee fees and expenses	**30,237**	-
Audit fees	**28,080**	-
Sundry fees	**43**	44
PPF levies	**4,059**	-
	769,325	44

In 2022, the professional fees and Trustee expenses were paid by the Institute. From February 2023, it was agreed that the Plan would incur its costs directly.

8 **Investment income**	**2023**	2022
	£	£
Annuity income from Legal & General	**722,076**	722,076
	722,076	722,076

9 **Investment management fees**	**2023**	2022
	£	£
Investment management fees	**122,640**	274,790
Encashment of units	**-**	23,069
	122,640	297,859

These investment management fees were charged directly against the value of investments during the year either by netting off against contributions for purchases or by sale of units.

Notes to the Financial Statements (continued)

10 Investments	**2023**	2022
	£	£
Pooled investment vehicles		
Unit trusts other than property	**68,913,962**	69,776,121
Value of Bulk Insurance Policy	**5,749,000**	6,360,000
AVC investments	**37,676**	37,057
Market value at 31 December	**74,700,638**	76,173,178

Schroders Investment Managers and Legal & General Investment Management are registered in the United Kingdom, Northern Trust is registered in Guernsey, Channel Islands. The pooled investment vehicles are all authorised unit trusts.

Indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The amount of indirect transactions costs is not separately provided to the Plan.

The movements in total investments during the year were as follows:

	2022	Purchases	Sales	Change in Market Value	**2023**
	£	£	£	£	**£**
Pooled investment vehicles					
Equities	10,685,057	-	(11,400,028)	714,971	**-**
Diversified growth funds	5,385,617	23,220,404	(19,784,465)	496,691	**9,318,247**
Broad Opportunities Fund	5,316,229	-	(5,378,708)	62,479	**-**
Liability driven instruments	13,585,547	85,131,592	(47,062,259)	(1,818,483)	**49,836,397**
Sterling Liquidity Fund	22,808,111	45,839,928	(67,123,232)	545,138	**2,069,945**
Illiquid and private markets	11,995,560	-	(4,599,999)	293,812	**7,689,373**
Matching Index Linked Gilt Fund	-	-	-	-	**-**
Matching Nominal Gilt Fund	-	-	-	-	**-**
Matching Synthetic Index Linked Gilt Fund	-	-	-	-	**-**
Synthetic Nominal Gilt	-	-	-	-	**-**
	69,776,121	**154,191,924**	**(155,348,691)**	**294,608**	**68,913,962**
Insurance Policies	6,360,000	-	-	(611,000)	**5,749,000**
AVC investments	37,057	-	-	619	**37,676**
Total investments	**76,173,178**	**154,191,924**	**(155,348,691)**	**(315,773)**	**74,700,638**

Notes to the Financial Statements (continued)

10 Investments (continued)

a) AVC investments

The Trustees hold assets which are separately invested from the main fund, in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to 31 December each year, confirming the amounts held to their account and the movements during the year. The total amount of AVC investments at the year end is shown below.

	2023	2022
	£	£
Prudential Assurance Co. Ltd	**37,676**	37,057

b) Changes in value of the Annuity policy

The value of the Annuity Policy has been updated to 31 December 2023 by the Plan Actuary. The value recommended of £5,749,000, a decrease of £611,000, is the value of the expected future cash-flows from the policy at that date, based upon assumptions consistent with the Trustees' stated policy for funding the Plan.

The policy value at 31 December 2023 has used the financial assumptions agreed by the Trustees for the actuarial valuation as at 31 December 2022, the last triennial valuation, with allowance for changes in the financial markets to the effective date, in particular the assumption used for the discount rate after retirement.

Notes to the Financial Statements (continued)

10 Investments (continued)

c) Fair value determination

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

Level 1 The unadjusted quoted price for an identical asset or liability in an active market at the reporting date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

At 31 December 2023

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	61,224,589	7,689,373	68,913,962
Insurance policies	-	-	5,749,000	5,749,000
AVC investments	-	37,676	-	37,676
	-	61,262,265	13,438,373	74,700,638

At 31 December 2022

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	57,780,560	11,995,561	69,776,121
Insurance policies	-	-	6,360,000	6,360,000
AVC investments	-	37,057	-	37,057
	-	57,817,617	18,355,561	76,173,178

Notes to the Financial Statements (continued)

10 Investments (continued)

d) 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.

The Trustees determine their investment strategy after taking advice from a professional investment adviser. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out below. Credit risk is measured by considering the credit rating of the Plan's investments. Market risk is measured by considering the value of the Plan's investments exposed to the risk. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

e) Investment strategy

The investment objective of the Plan is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Plan payable under the trust deed and rules as they fall due.

The Trustees set the investment strategy for the Plan taking into account considerations such as the strength of the employer covenant, the long-term liabilities of the Plan and the funding agreed with the Institute. The investment strategy is set out in its Statement of Investment Principles (SIP).

The current strategy per the SIP dated September 2023 is: 39% in Liability Driven Investment (LDI) funds, 32% in cash funds, 17% in diversified growth funds and 12% in illiquid/private markets.

Alongside this strategy the SIP is clear that there is a desire and a need to retain flexibility. The Trustees will hold cash to the extent that they consider necessary to manage the liquidity risk of the Plan and to meet impending anticipated liability outflows.

Any excess funds are to be invested in-line with the target allocation.

Notes to the Financial Statements (continued)

10 Investments (continued)

f) Credit risk

Credit risk is the risk that the counterparty of a financial instrument could default on its obligations, or delay payment of contractual income and the Plan will incur a financial loss as a result.

The Plan has exposure to direct credit risk, with there being an extreme, albeit low, risk that an investment manager becomes defunct, acts fraudulently or that the manager no longer acts in the Plan's behalf or in the Plan's best interests. However, this is mitigated by the use of custodian relationships and the ringfencing of underlying assets from the manager; ongoing monitoring undertaken by the advisors and the Trustees of the Plan and the regulatory environments in which the manager operates and by the diversification of the underlying investments held. The Trustees monitor on an ongoing basis any changes to the regulatory and operating environment of the investment manager.

The Plan has exposure to indirect credit risk due to its holdings in fixed income instruments (both fixed interest and inflation-linked) held within the pooled funds. The financial strength of a government or company issuing the fixed income security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this will reduce the fund’s value. The specific funds with exposure to fixed income securities over the year included the cash and the LDI funds (the Gilt funds and the Sterling Liquidity Fund) as well as the multi-asset funds (managed by Schroders) and the Partners Fund.

The Gilt funds use derivatives for leveraging purposes, to increase the Plan's interest rate and inflation exposure. If the counterparty to the derivatives was to default on its obligations, then this could incur a financial loss to the Plan. This risk is mitigated through the use of collateralisation, so the derivative positions are balanced on a daily basis.

The Plan invests in multi-asset funds with Schroders (Diversified Growth Fund) as well as Partners (Partners Fund). These can make use of derivatives in order to increase diversification within the fund and reduce overall risk. The allocation to these derivatives will change, depending on underlying market factors and analysis carried out by the investment managers. In either case, the use of derivatives is at the managers' discretion. The Trustees are fully aware of this active management and are comfortable with this delegation to the investment managers.

Several of the derivatives used had exposure to credit risk during the course of the year. However, due to the components of the multi-asset fund and the level of diversification achieved, the overall level of risk is largely mitigated through counteracting derivatives. The Trustees review the strategies employed by the managers as part of their ongoing monitoring of the fund.

In extreme circumstances the Plan’s cash holding may be subject to credit risk where the value of the Plan’s assets could fall if a deposit holder/the UK Government were unable to meet their obligations. Exposure to the uncertainty of credit risk is reduced by regular reviews of counterparties, as well as counterparty and geographic exposure limits assigned.

The Plan's total exposure to credit risk as at the end of the accounting period was c.£68.9m (2022: c.£69.8m).

Notes to the Financial Statements (continued)

10 Investments (continued)

g) Currency risk

Currency risk is the risk that the value of assets will change due to movements in foreign exchange rates. The Plan is not exposed to direct currency risk as all of the funds are denominated in Sterling. The Plan has exposure to indirect currency risk.

The multi-asset investments (Schroders Diversified Growth Fund) and the Partners Fund expose the Plan to some currency risk. These funds can hold assets in non-sterling currencies. However, due to the components of the multi-asset funds and the level of the diversification achieved, the overall level of risk is largely mitigated.

In instances where returns are not hedged, this may be deliberate and calculated action taken by the manager as a means of generating additional returns through expected currency movements. For those investments where the currency is hedged, the hedge may not be perfect, and the fund could still be exposed to currency changes. The Trustees review the strategies employed by the manager as part of their ongoing monitoring of the Plan.

The Plan's overall level of risk was reduced through hedging foreign currency exposure using derivatives and due to the components of the multi-asset funds and the level of diversification achieved.

The Plan's total exposure to currency risk as at the end of the accounting period was c.£17.0m (2022: c.£33.4m).

h) Interest rate risk

Interest rate risk is the risk that the value of fixed-rate instruments will change due to movements in market interest rates.

The Plan has exposure to interest risk through a number of its investments. The value of the LDI funds is driven by movements in nominal and real interest rate expectations. The Gilt funds use derivatives for leveraging purposes to increase the interest rate and inflation exposure of the Plan. This is a deliberate position taken by the Trustees, in order to gain increased exposure to interest rate movements. The objective of this exposure is to mitigate the impact of adverse movements in the Plan's liabilities which are also based on real and nominal interest rate changes. The allocation and duration of these funds have been deemed appropriate by the Trustees, given the profile of the liabilities of the Plan and after receiving investment advice.

The multi-asset funds (Schroders Diversified Growth Fund) and the Partners Fund are subject to interest rate risk derived from investments in fixed income securities. As the Insight and Schroders strategies form part of the return seeking assets of the Plan, interest rate risk is actively managed in order to optimise the risk/return profile of the portfolio. Interest rate exposure may be tactically mitigated by the use of interest rate derivatives.

Notes to the Financial Statements (continued)

10 Investments (continued)

h) Interest rate risk (continued)

Several of the derivatives used within the multi-asset funds had exposure to interest rate risk during the year. However, due to the components of the multi-asset fund and the level of the diversification achieved, the overall level of risk is largely mitigated through counteracting derivatives. This exposure is a deliberate and calculated action taken by the manager as a means to generate additional returns through expected interest rate movements and to increase diversification within the fund. The Trustees review the strategies employed by the manager as part of their ongoing monitoring of the Plan.

In extreme circumstances the Plan's cash holding in the Sterling Liquidity Fund, which can have exposure to short dated commercial and government paper, may be subject to interest rate risk when there is a sudden, sharp movement in interest rates or in the event of a negative interest rate environment.

The Plan's total exposure to interest rate risk as at the end of the accounting period was c.£68.9m (2022: c.£59.1m).

i) Other price risk

Price risk is the risk that the value of a financial instrument will change due to movements in market prices or indices.

The Plan has exposure to inflation risk as it holds a real LDI fund. The objective of this exposure is to mitigate the impact of adverse movements on the Plan's liabilities due to changes in expected future inflation.

The Plan also invests in equities (shares of companies), so there is a high risk of the fund's value being volatile (i.e. going up and down) than with a Fund which invests in most other asset types, particularly in the short term. The fund has some investment in equities issued by smaller companies. These investments tend to be riskier than investments in larger companies, because they may be harder to buy and sell making their price may be more volatile - particularly in the short term.

There are a number of other risks that the Plan is exposed to due to the nature of its investments. These include counterparty risk and liquidity risk within the multi-asset funds. These risks are considered to be secondary risks and are not as material to the Plan as those described above. The Trustees are comfortable that the managers have sufficient internal controls to manage these secondary risks. The Trustees review the managers and internal risk measures as part of their ongoing monitoring.

The private markets fund (Partners Group) may suffer from market, liquidity and valuation risks due to the nature of this type of investment. The Trustees consider that these "other" investment risks are largely mitigated by holding a diverse and broad range of investments in accordance with their long-term investment strategy.

The Plan's total exposure to other risk at the end of the account period was c.£66.8m (2022: c.£35.4m).

Notes to the Financial Statements (continued)

10 Investments (continued)

j) Applicability of risk factors

Risk exposures over combined period are shown below. The value of each fund is noted in the Investment Report.

	Credit risk	**Currency risk**	**Interest-rate risk**	**Other price risk**
Schroders Diversified Growth Fund	⦿	⦿	⦿	⦿
Schroders Matching Index Linked Gilt Fund (2038-2047)	⦿	○	⦿	⦿
Schroders Matching Index Linked Gilt Fund (2058-2077)	⦿	○	⦿	⦿
Schroders Matching Nominal Gilt Fund (2058-2077)	⦿	○	⦿	⦿
Schroders Matching Synthetic Index Linked Gilt Fund (2018-2027)	⦿	○	⦿	⦿
Schroders Matching Synthetic Index Linked Gilt Fund (2028-2037)	⦿	○	⦿	⦿
Schroders Matching Synthetic Nominal Gilt Fund (2018-2037)	⦿	○	⦿	⦿
Schroders Matching Synthetic Nominal Gilt Fund (2038-2057)	⦿	○	⦿	⦿
Schroders Sterling Liquidity Plus Fund	⦿	○	⦿	○
Schroders Matching Index Linked Gilt Fund (2048-2057)	⦿	○	⦿	⦿
The Partners Fund	⦿	⦿	⦿	⦿

⦿ - risk exists ○ - no risk or hardly any

k) Concentration of investments

The following investments' market values accounted for more than 5% of the Scheme's net assets:

	2023	
	£	%
Schroder Diversified Growth Fund	9,318,247	12%
Schroder Life Matching Index Linked Gilt Fund (2038-2047)	6,454,493	9%
Schroder Life Matching Nominal Gilt Fund (2038-2057)	24,634,653	33%
Schroder Matching Index Linked Gilt Fund (2048-2057)	3,980,116	5%
Schroder Life Matching Index Linked Gilt Fund (2058-2077)	2,038,854	3%
Partners Fund GBP Partners E	6,291,330	8%
Insurance Annuity	5,749,000	8%

	2022	
	£	%
LGIM Global Equity Market Weights 30:70 Index - 75% GBP Currency Hedged	10,685,056	14%
LGIM PMC Schroder Life Int Div Growth Fund	5,385,616	7%
LGIM PMC Insight Broad Opportunities Fund	5,316,228	7%
LGIM IOP BMO Nominal Dynamic LDI	11,554,155	15%
Partners Fund GBP Partners E	10,644,586	14%
Insurance Annuity	6,360,000	8%
Sterling Liquidity fund	22,808,112	29%

Notes to the Financial Statements (continued)

11	**Current assets**	**2023**	2022
		£	£
	Cash deposits	**997,062**	1,317,522
	Prepayments	**-**	2,970
		997,062	1,320,492

12	**Current liabilities**	**2023**	2022
		£	£
	Accruals and deferred income	**305,340**	115,952
		305,340	115,952

13 Related party transactions

M Bray, Trustee of the Plan during 2023 and 2022, was in receipt of pension benefits during both years.

During the year, the Plan incurred administrative expenses and included in these expenses were costs for an independent trustee as set out below. In 2022, in accordance with the Schedule of Contributions in place, the Institute met the administrative expenses on behalf of the Plan.

	2023	2022
	£	£
Independent Trustee fees	**27,968**	19,858
	27,968	19,858

In the year £2,269 (2022: nil) of travel expenses were paid to 3 trustees.

Trustees' Summary of Contributions Payable Under the Schedule in Respect of the Plan year ended 31 December 2023

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustees. It sets out the employer and member contributions payable to the Plan under the schedule of contributions certified by the actuary on 8 March 2021 in respect of the Plan year ended 31 December 2023. The Plan auditor reports on contributions payable under the schedules in the Auditor's Statement about Contributions.

Contributions payable under the Schedule in respect of the Plan year

	£
Employer deficit funding contributions	1,000,000
Contributions payable under the Schedule (as reported on by the Plan auditor)	1,000,000
Total contributions payable to the Plan	**1,000,000**

Contributions in respect of January 2023 were paid four days later than the due date set out in the Schedule of Contributions certified by the Scheme Actuary on 8 March 2021. All other contributions were received in accordance with the Schedule of Contributions.

Signed on behalf of the Trustees on:

Signed by:
[redacted]

F Stark
Chair of Trustees

Date: 29 July 2024

Independent Auditor's Statement about Contributions to the Trustees of the Institute of Physics Retirement Benefits Plan (1975)

Qualified statement about contributions

We have examined the Summary of Contributions to The Institute of Physics Retirement Benefits Plan ('the Plan') for the year ended 31 December 2023 to which this report is attached on page 42.

In our opinion, except for the late payment of contributions referred to below, contributions for the year ended 31 December 2023, as reported in the Summary of Contributions and payable under the Schedule of Contributions, have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Plan Actuary on 8 March 2021.

Basis for qualified statement

As explained on page 42, monthly contributions for one month during the year, amounting to £83,333, was paid later than the due date set out in the Schedule of Contributions by 4 days.

Scope of work on statement about contributions

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 23, the Plan's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active members of the Plan and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

Auditor's responsibilities for the preparation of a Statement about Contributions

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

Independent Auditor's Statement about Contributions to the Trustees of the Institute of Physics Retirement Benefits Plan (1975) (continued)

Use of our report

This statement is made solely to the Plan's Trustees, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustees those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustees, as a body, for our audit work, for this statement, or for the opinions we have formed.

DocuSigned by:
[redacted]

BDO LLP
Statutory auditor
31 Chestsey Street
Guildford
GU1 3HD
United Kingdom

Date 30 July 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Actuary's Certification of Schedule of Contributions

Institute of Physics Retirement Benefits Plan (1975)

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 can be expected 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	Date
[redacted]	20 March 2024
Name	**Qualification**
RJ Hough	Fellow of the Institute and Faculty of Actuaries
Address	**Employer**
Phoenix House 1 Station Hill Reading Berkshire RG1 1NB	XPS Pensions Consulting Limited

Compliance Statement

Constitution

The Plan was established on 1 July 1975 and is governed by a definitive trust deed dated 29 March 2006. The Plan was closed to new members with effect from 31 December 2001 and the Plan was closed to future accrual on 30 June 2015.

The Registration number in the Register of Occupational and Personal Pension Schemes is 10099901.

Taxation status

The Plan is a registered Pension Scheme.

Calculation of transfer values

No allowance is made in the calculation of transfer values for discretionary pension increases.

Registrar of Occupational and Personal Pension Schemes

The Registrar's main purpose is to provide a tracing service for members (and their dependants) of previous employers' schemes, who have lost touch with earlier employers and Trustees. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to:

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

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

The information provided include details of the address at which the Trustees of a pension scheme may be contacted. This Plan has been registered with the Registrar.

Money Helper

The Institute has an Internal Dispute Resolution Procedure and any concern connected with the Plan should be referred to S Dhadwar at The Institute of Physics, 37 Caledonian Road, London N1 9BU, who will try to resolve the problem as quickly as possible.

Members and beneficiaries of occupational pension schemes who have problems concerning their Scheme which are not satisfied by the information or explanation given by the administrators or the Trustees can consult with Money Helper, provided by the Money & Pensions Service. A local advisor can usually be contacted through a Citizen's Advice Bureau. Alternatively, Money Helper can be contacted via:

Telephone: 0800 011 3797
WebChat: https://www.moneyhelper.org.uk/pensionschat
Online Form: https://www.moneyhelper.org.uk/en/contact-us/pensions-guidance/pensions-guidance-enquiry-form.html
Website: https://www.moneyhelper.org.uk/en/pensions-and-retirement

Compliance Statement (continued)

The Pensions Ombudsman (TPO)

In cases where a complaint or dispute cannot be resolved, normally after the intervention of TPAS, an application can be made to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The address is:

Pensions Ombudsman Service
10 South Colonnade
Canary Wharf
London E14 4PU
Telephone: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk