HWG 2006 Limited Pension Plan

Trustee's annual report and financial statements for the year ended 31 December 2023

Scheme Registration Number: 101008545

HWG 2006 Limited Pension Plan
31 December 2023
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Trustee and advisers

Trustee
Ross Trustees Services Limited (part of the Independent Governance Group)
The Directors of which are as follows:
R Cousins (main representative for the Plan)
A Bradshaw
S Andrews
P Bhardwaj
N Moore
A Livingstone
C Hardingham
R Mattingly
J Myerson
A Osborne
M Sohal
G Suckling
D Best
C Kember

Principal Employer
Arran Isle Limited
Portobello
School Street
Willenhall
WV13 3PW

Actuary
M Riches FIA, First Actuarial LLP

Independent Auditor
Grant Thornton UK LLP

Investment Managers
Legal & General Assurance (Pensions Management) Limited
M&G Investment Management Limited
Alcentra Limited
LaSalle Investment Limited

Investment Adviser
Isio Group Limited

AVC Providers
Utmost Life and Pensions Limited
Aviva Insurance UK Limited
Prudential Assurance Company Limited
Clerical Medical

Annuity Providers
Sun Life Financial of Canada
Prudential plc

Legal Adviser
Hogan Lovells International LLP

Bank Barclays Bank plc
Plan Administrator and contact for Plan queries First Actuarial LLP Mayesbrook House Lawnswood Business Park Leeds LS16 6QY Leeds.admin@firstactuarial.co.uk

HWG 2006 Limited Pension Plan
31 December 2023
Trustee's annual report

Introduction

The Trustee of the HWG 2006 Limited Pension Plan ("the Plan") is pleased to present the annual report together with the financial statements for the year ended 31 December 2023.

The Trustee holds Plan funds on trust for the purpose of paying pensions and other benefits in accordance with the definitive Trust Deed and Rules, dated 19 July 2002 (as amended).

The Plan's Principal Employer, Arran Isle Limited, was sold to the Assa Abloy Group on 17 June 2022.

As part of the terms of the transaction, Arran Isle Limited paid a contribution of £8,566,667 to the Plan on 17 June 2022. The contribution of £8,566,667 was equal to the deficit of £9.9m on the technical provisions basis at the SFO valuation as at 31 December 2020, less the deficit reduction contributions paid to the Plan by Arran Isle Limited over the period to 16 June 2022. As a result, Arran Isle Limited paid total contributions of £9.9m to the Plan over the period since 31 December 2020 to ensure the Plan was fully funded on its prudent technical provisions basis.

As the Plan is now expected to be fully funded on its prudent technical provisions basis, there are no contributions payable to the Plan by Arran Isle Limited under the Schedule of Contributions certified by the Plan Actuary on 17 June 2022.

During the sale process, the Trustee received a high-level review of the covenant, to assess if there would be any negative impact for the Plan. As a result of the review, the Trustee was comfortable that there is no material reduction in the employer covenant.

Management of the Plan

The Principal Employer has the power, by deed, to appoint and remove trustees.

Ross Trustees Services Limited (part of the Independent Governance Group) is the sole independent Trustee of the Plan. Three Trustee meetings were held during the year.

Principal Employer

The Plan's Principal Employer is Arran Isle Limited, whose registered address is shown on page 2.

Financial development and actuarial status

The financial statements on pages 17 to 28 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 Plan's net assets decreased from £116,920,730 at 31 December 2022 to £113,669,441 at 31 December 2023.

The actuarial position of the Plan is disclosed in the Report on Actuarial Liabilities shown on page 29 of this report. The next actuarial valuation is due as at 31 December 2023. Work on this is currently underway.

Pension increases

All pensions in payment were increased during the year as set out under the Plan Rules and in line with statutory requirements.

With effect from 6 April 2023 and 6 April 2024, pensions earned after 5 April 1997 were increased by 5.0% in accordance with the Plan Rules requiring this part of members' pensions to be increased by the percentage increase in the Retail Prices Index over a reference period subject to a maximum of 5%. Guaranteed Minimum Pensions (GMPs) accrued after 6 April 1988 were increased by 3.0% in accordance with statutory requirements. Pensions accrued prior to 6 April 1997 in excess of GMP and other pension elements were increased in line with statutory requirements and Plan rules. Pensions which attract special guaranteed increases were increased accordingly.

Following a review of the Plan's benefits in 2017, it was identified that benefits were not being paid at the correct level for some members. The Trustee and its advisers therefore began a data and benefits correction exercise in 2018 in order to correct benefits. This exercise reconciled the pensions in payment and then applied corrections in respect of equalisation, normal retirement ages, deferred revaluation, pension increases, the incorrect application of early retirement factors and GMP reconciliation for the affected members.

As a result of this exercise, pensions in payment were uplifted for over 300 members during 2019. In addition, these members received arrears lump sums in respect of the past underpayments.

Following the above, further information was subsequently provided which meant that the adjusted pensions and arrears payments for around 80 pensioners were not correct. The Trustee adjusted the pensions to the correct level at the end of March 2020 and continues to work with the affected pensioners to reclaim any overpayments. The total value of overpayments as at the start of the Plan year was £181,563. The total for pensions reported for the current year includes overpayments which have been recovered by the Plan during the year. The total value of overpayments remaining as at 31 December 2023 was £159,107 and is included within current assets (note 17).

Deferred pensions were increased in accordance with statutory requirements.

No discretionary increases were granted during the year.

Contributions

There were no contributions payable during the year as shown in the Summary of Contributions on page 31 and reported on by the Auditor on page 30.

Membership

	2023
Deferred members	
As at the start of the year	645
Adjustment (retirement)	(1)
Retirements	(38)
Full commutation	(1)
Transfers out	(3)
Death	(1)
As at the end of the year	**601**
Pensioner members	
As at the start of the year	709
Adjustment (retirement)	1
Deferred members retiring	38
Deaths	(22)
As at the end of the year	**726**
Dependant pensioner members	
As at the start of the year	205
Adjustments (new dependants)	2
New dependants	11
Full commutations	(2)
Deaths	(12)
As at the end of the year	**204**
Total membership at the end of the year	**1,531**

In addition to the above, at the year-end there were 6 (2022: 9) annuitant members. Adjustments relate to deaths or retirements in earlier accounting periods but which were notified or finalised in the current year.

Transfer values

Transfer values paid during the year were calculated and verified in the manner required by the Pension Schemes Act 1993. None of the transfer values paid were less than the amount provided by the Act. No discretionary benefits were allowed for in the calculation of transfer values.

Investments

The Trustee's investment policy

The Trustee is responsible for the Plan's investment strategy, acting on the advice of the investment adviser, Isio Group Limited (trading as "Isio"). In taking decisions regarding the Plan's investment strategy, the Trustee takes into account the membership profile and the structure and duration of the liabilities.

All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. This delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- The exercise of rights (including voting rights) attaching to the investments; and
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustee takes investment managers' policies in the above respects into account when selecting and monitoring managers.

The Trustee's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and governance issues. The Trustee may exercise additional monitoring and seek to engage on these matters with the investment manager if the manager has not acted in accordance with their policies and frameworks, or if the manager's policies are not in line with the Trustee's policies in these areas.

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Plan's position deteriorates due to the assets underperforming.	• Selecting an investment objective that is achievable and is consistent with the Plan's funding basis and the sponsoring company's covenant strength. • Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Plan assets available to cover ongoing and future liability cash flows.	• Funding risk is considered as part of the investment strategy review and the actuarial valuation. • The Trustee agrees an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Plan.	• When developing the Plan's investment and funding objectives, the Trustee takes account of the strength of the covenant ensuring the level of risk the Plan is exposed to is at an appropriate level for the covenant to support.

Investments (continued)

To manage the risk of exposure to environmental, social and governance (ESG) factors, including but not limited to climate change, which can impact the performance of the Plan’s investments, the Trustee has set out the policy below:

To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:

- Responsible Investment (‘RI’) Policy / Framework
- Implemented via Investment Process
- A track record of using engagement and any voting rights to manage ESG factors
- ESG specific reporting
- UN PRI Signatory

The Trustee monitors the managers on an ongoing basis.

The Trustee has the following policies in relation to the investment management arrangements for the Plan:

- As the Plan is invested in pooled funds, there is no scope for these funds to tailor their strategy and decisions in line with the Trustee’s policies. However, the Trustee invests in a portfolio of pooled funds that are aligned to the Plan’s strategic objective.
- The Plan’s mandates with LaSalle and Alcentra are subject to a performance-related fee.
- The Trustee reviews the investment managers’ performance relative to medium and long-term objectives as documented in the investment management agreements.
- The Trustee reviews the performance of all of the Plan’s investments on a net of cost basis to ensure a true measurement of performance versus investment objectives.
- The Trustee evaluates performance over the time period stated in the investment managers’ performance objective, which is typically 3 to 5 years.
- The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
- The duration of the arrangements is considered in the context of the type of fund the Plan invests in:
  - For closed ended funds or funds with a lock-in period the Trustee ensures the timeframe of the investment or lock-in is in line with the Trustee’s objectives and Plan’s liquidity requirements.
  - For open ended funds, the duration is flexible and the Trustee will, from time-to-time, consider the appropriateness of these investments and whether they should continue to be held.

The Trustee also holds insurance policies with Sun Life Financial of Canada and Prudential. These policies provide annuity payments in respect of named pensioner members of the Plan. The Trustee considers these policies to be immaterial in value and the value of these policies has not been included in the Plan’s financial statements.

Investments (continued)

The Trustee's investment strategy considers the Plan's investments in the following groupings:

Return-seeking assets		
	Year-end weighting (%)	**Target weighting (%)***
Bond funds	60.1	62.5
Liability-driven assets		
	Year-end weighting (%)	**Target weighting (%)**
Liability driven investment funds	39.9	37.5

*The target weightings are based on the long-term investment strategy which was agreed in 2022. As noted below, the SIP was updated in July 2023 to reflect these changes.

The objective of the return-seeking assets is to achieve growth, within the constraints of the risk profile set by the Trustee. The objective of the liability-driven assets is to secure fixed or inflation-adjusted cashflows in future. These investments are generally expected to be held to maturity.

The long-term investment strategy (agreed in 2022) is expected to be reached over time as the illiquid mandates (Direct Lending and Commercial Real Estate Det) unwind and funds are distributed back to the Plan.

Over Q3 2023, the LDI refinement exercise was completed, and the Plan's interest rate and inflation hedge ratios were reduced to c.90% on the Technical Provisions basis.

In Q4 2023, the Trustee instructed a £5m redemption from the Plan's M&G Alpha Opportunities Fund. This was completed in February 2024 with a portion of proceeds used to support the Plan's ongoing cashflow requirements. The remaining proceeds were reinvested into the LGIM Absolute Return Bond fund as additional collateral to support the LDI mandate and to bring the portfolio allocation closer to the strategic benchmark.

Statement of Investment Principles

The Trustee has produced a Statement of Investment Principles as required by Section 35 of the Pensions Act 1995. This Statement was last updated in July 2023. A copy of this document is available on request and online at https://www.hwgpension.co.uk/Public/RelevantDocuments. All investments have been made in accordance with the Statement of Investment Principles in force during the Plan year.

Under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, pension scheme trustees are required to prepare an annual statement setting out:

- How, and the extent to which, in the opinion of the trustees, the policy required under regulation 2(3) © of the Occupational Pension Schemes (Investment) Regulations 2005 has been followed during the year, and
- Describe the voting behaviour by, or on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) during the year and state any use of the services of a proxy voter during that year.

The Trustee has prepared such statement for the year ended 31 December 2023. This statement is shown on page 33 and is available online at https://www.hwgpension.co.uk/Public/RelevantDocuments.

Investments (continued)

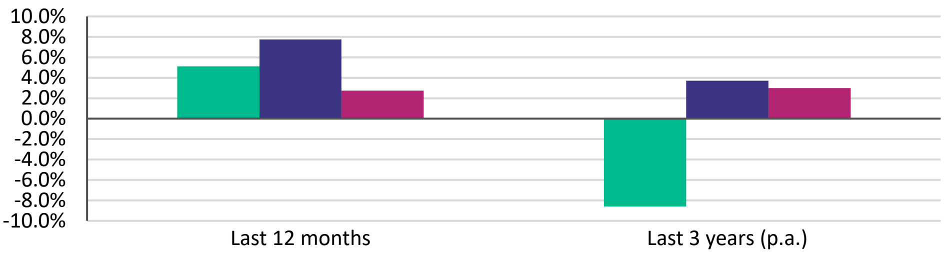
Custodial arrangements

The Plan's assets are invested in pooled investment vehicles and the Trustee has not appointed a custodian in relation to those investments. For each pooled investment vehicle, the investment manager appoints a custodian.

Investment performance review

The Trustee, in conjunction with the Plan's investment adviser, reviews investment strategy and investment performance on an ongoing basis.

The performance of the Plan's investment assets during the year (net of fees) has been summarised by the investment advisor, Isio, as follows:



	Last 12 months	Last 3 years (p.a.)
Plan Return inc LDI	5.1%	-8.6%
Plan Return ex LDI	7.8%	3.7%
Investment Objective	2.7%	3.0%

The Plan's performance was positive over the last 12 months, with both metrics (including LDI and excluding LDI) outperforming the investment objective. The Plan's growth assets (in particular the M&G Alpha Opportunities Fund and the LGIM Absolute Return Bond fund) were the main contributor of positive performance.

In 2023, the global economy continued to experience challenges as geopolitical tensions remained and high inflationary pressure caused global interest rate hikes. As such, gilt yields remained elevated and volatile throughout most of the year, resulting in the Plan's LDI mandate issuing a number of capital calls which were met in full. Near year end, investor fears eased slightly as inflation appeared to stabilise and central banks indicated potential interest rate cuts in 2024. Gilt yields declined and credit mandates benefitted from the tightening of credit spreads.

Over the three-year period to 31 December 2023, the Plan's assets (including LDI) underperformed relative to the investment objective. This was primarily due to the events of 2022, namely the 'gilt-crisis', resulting in a significant fall in the value of the Plan's LDI mandate. However, the Plan's assets (excluding LDI) outperformed the investment objective over a three year period.

The investment objective is based on Isio assumptions as at the date of the latest strategy review and was updated in Q3 2022 to reflect the agreed long-term investment strategy. The investment objective will be updated as necessary to reflect any further changes to the Plan's investment strategy.

Investments (continued)

Further information about the Plan's investments

Further details about the nature, marketability, security and valuation of investments are shown in the relevant notes to the financial statements on pages 19 to 28.

Further details about the Plan's investment strategy in relation to risk are given in note 15 to the financial statements.

Employer-related investments

There were no employer-related investments held at any time during the year or the previous year.

Statement of Trustee’s responsibilities

The financial statements, which are prepared in accordance with 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), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the 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 Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes).

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

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

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

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time revising a schedule of contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received and for adopting risk-based processes to monitor whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee is responsible for the maintenance and integrity of the financial information of the Plan included on the Plan's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Contact for further information

Any query about the Plan, including requests from individuals for information about their benefits, should be sent to the Plan Administrator’s address shown on page 3.

Signed on behalf of the Trustee

Director, Ross Trustees Services Limited, Trustee Date: 23/7/2024

Independent Auditor's Report to the Trustee of the HWG 2006 Limited Pension Plan 31 December 2023

Opinion

We have audited the financial statements of the HWG 2006 Limited Pension Plan (the ''Plan') for the year ended 31 December 2023, which comprise the fund account, the 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).

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

Basis for opinion

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

Conclusions relating to going concern

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

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Plan including effects arising from macro-economic uncertainties such as the significant changes to interest and inflation rates, the cost of living crisis and the conflicts in Ukraine and in the Middle East, we assessed and challenged the reasonableness of estimates made by the Trustee and the related disclosures and analysed how those risks might affect the Plan's financial resources or ability to continue operations over the going concern period.

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

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 approved by the Trustee.

Conclusions relating to going concern

The responsibilities of the Trustee with respect to going concern are described in the 'Statement of Trustee's Responsibilities' for the financial statements' section of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee for the financial statements

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

In preparing the financial statements, the Trustee is responsible for assessing the 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 Trustee either intends to wind up the Plan, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Plan and determined that the most significant are the Pensions Acts 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of Pension Schemes" 2018 ("the SORP");

Auditor's responsibilities for the audit of the financial statements (continued)

- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Plan operates;

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with management and the Trustee and from inspection of Trustee's board minutes and legal and regulatory correspondence. We enquired about the policies and procedures regarding compliance with laws and regulations with the Trustee;

- We assessed the susceptibility of the Plan's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate net assets;

- Our audit procedures involved:
    - Journal entry testing, with a focus on large journals, manual journals, those journals with unusual account combinations or entries posted to suspense accounts; and
    - Obtaining independent confirmations of material investment valuations and cash balances at the year end.

- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and financial statements with applicable financial reporting requirements;

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it; and

- The engagement leader's assessment is that all team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of schemes of a similar size and complexity, appropriate to their role within the team. The engagement team are required to complete mandatory pensions sector training on an annual basis, thus ensuring they have sufficient knowledge and of the sector the underlying applicable legislation and related guidance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

Date 23/7/2024

HWG 2006 Limited Pension Plan
31 December 2023
Fund Account

	Note	2023 £	2022 £
Contributions and benefits			
Contributions	**4**	-	8,983,333
		-	**8,983,333**
Benefits paid or payable	**5**	(6,254,536)	(6,033,004)
Payments to and on account of leavers	**6**	(1,011,780)	(669,800)
Administrative expenses	**7**	(566,288)	(582,061)
		(7,832,604)	**(7,284,865)**
Net (withdrawals)/additions from dealings with members		**(7,832,604)**	**1,698,468**
Returns on investments			
Investment income	**8**	2,881,146	2,832,644
Change in market value of investments	**9**	2,149,918	(47,220,574)
Investment management expenses	**10**	(449,749)	(497,864)
Net returns on investments		**4,581,315**	**(44,885,794)**
Net (decrease) in the fund during the year		**(3,251,289)**	**(43,187,326)**
Net assets of the Plan			
Opening net assets at 1 January		116,920,730	160,108,056
Closing net assets at 31 December		**113,669,441**	**116,920,730**

The notes on pages 19 to 28 form an integral part of these financial statements.

HWG 2006 Limited Pension Plan
31 December 2023
Statement of Net Assets (available for benefits)

	Note	2023 £	2022 £
Investment assets			
Pooled investment vehicles	**9**	111,573,983	113,018,216
AVC investments	**9**	298,782	285,159
Accrued income	**9**	550,380	466,877
Total investments		**112,423,145**	**113,770,252**
Current assets	**17**	**1,495,221**	**3,464,232**
Current liabilities	**18**	**(248,925)**	**(313,754)**
Net assets of the Plan at 31 December		**113,669,441**	**116,920,730**

The notes on pages 19 to 28 form an integral part of these financial statements.

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan which does take into account such liabilities, is dealt with in the Report on Actuarial Liabilities on page 29 of the annual report and these financial statements should be read in conjunction with this report.

These financial statements were approved by the Trustee on 23/7/2024

Director, Ross Trustees Services Limited, Trustee

1. Basis of preparation

General information

The HWG 2006 Limited Pension Plan is an occupational pension scheme governed by a definitive Trust Deed and Rules and subsequent deeds of amendment.

Statement of compliance

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

Going Concern

The financial statements have been prepared on the going concern basis.

Under the Pensions Statement of Recommended Practice, a going concern basis is assumed unless a decision has been made to wind up the Plan or an event triggering its wind up has occurred. As no such event has occurred or is currently anticipated, these financial statements have been prepared on a going concern basis. In line with best practice, the Trustee has considered the extent to which the current economic climate, including the significant changes to interest and inflation rates, the cost of living crisis and the conflicts in Ukraine and in the Middle East, might present a risk of the Plan continuing as a going concern. The Trustee has reviewed the information made available to them from the Sponsoring Employer, along with covenant reviews and the funding position of the Plan, and does not currently anticipate an event that would trigger the wind up of the Plan in a period of at least 12 months from the date of signing of these financial statements.

2. Identification of the financial statements

The Plan is established as a trust under English Law. The Address for enquiries to the Plan is included in the Trustee's Report.

3. Accounting policies

The principal accounting policies of the Plan are as follows:

(i) The Plan's functional and presentation currency is pounds sterling.

(ii) Contributions:

- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer and Trustee.
- Employer additional contributions are accounted for on receipt unless otherwise agreed by the Employer and Trustee.

(iii) Payments to members:

- Pensions in payment are accounted for in the period to which they relate.
- Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- Individual transfers out of the Plan are accounted for when the member liability is discharged which is normally when the transfer amount is paid.

(iv) Expenses are accounted for on an accruals basis.

3. Accounting policies (continued)

(v) Investment income:

- Income from pooled investment vehicles is accounted for when declared by the fund manager.
- Income generated by certain pooled investment vehicles is not distributed, but is retained within the fund and is reflected in the market value of units.
- Income from annuity policies is accounted for on an accruals basis and shown within investment income.

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

(vii) Investments are included at fair value as described below:

- Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.
- The Plan’s functional and presentation currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Plan year-end.
- Annuities purchased by the Trustee which fully provide the benefits for certain members are included in these financial statements at nil value. It is the opinion of the Trustee that the value of the annuities is immaterial and therefore these policies have not been recognised in the financial statements.
- AVC policies are reported at the policy value provided by the insurance company and include any current terminal bonus.

4. Contributions

	2023 £	2022 £
Employer contributions		
Deficit	-	416,667
Additional	-	8,566,666
	-	**8,983,333**

A Schedule of Contributions was agreed on 17 June 2022. Following the receipt of the additional contribution of £8.6m in June 2022, the Schedule does not require any further deficit reduction contributions.

5. Benefits paid or payable

	2023 £	2022 £
Pensions	5,716,121	5,422,654
Commutation of pensions and lump sum retirement benefits	533,114	588,981
Lump sum death benefits	5,301	21,369
	6,254,536	**6,033,004**

6. Payments to and on account of leavers

	2023 £	2022 £
Individual transfers out to other schemes	1,011,780	669,800
	1,011,780	**669,800**

7. Administrative expenses

	2023 £	2022 £
Administration and processing	177,442	166,359
Actuarial fees	182,264	179,007
Audit fees	15,920	13,875
Legal fees	21,586	38,012
Trustee fees (note 19)	119,399	133,654
Pension scheme levies	11,049	13,245
Other professional fees	38,205	37,659
Bank charges	120	157
Other expenses	303	93
	566,288	**582,061**

As set out in the Schedule of Contributions certified by the Actuary on 17 June 2022, all regular ongoing expenses (including the PPF levies and other levies) are met directly by the Plan as and when they fall due. However, unless otherwise agreed by the Trustee and Employer, any additional expenses (such as those in respect of liability management exercises) are payable by the Employer. Such expenses are not recharged to the Plan.

8. Investment income

	2023 £	2022 £
Income from pooled investment vehicles	2,870,630	2,827,514
Annuity income	4,423	5,112
Interest on cash deposits	6,093	18
	2,881,146	**2,832,644**

9. Reconciliation of investments

	Value at 1 January 2023 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 December 2023 £
Pooled investment vehicles	113,018,216	22,951,933	(26,526,266)	2,130,100	111,573,983
AVC investments	285,159	-	(6,195)	19,818	298,782
	113,303,375	22,951,933	(26,532,461)	2,149,918	111,872,765
Accrued income	466,877				550,380
	113,770,252				**112,423,145**

Included in investment purchases and sales is £18,355,124 in investment switches.

9.1 Concentration of investments

The following funds represented more than 5% of net assets at the year end:

	2023 £	2023 %	2022 £	2022 %
Alcentra European Direct Lending Fund II	5,750,563	5.1	6,895,064	5.9
M&G Alpha Opportunities Fund	46,388,612	40.8	47,639,691	40.7
LGIM Absolute Return Bond Fund	10,804,576	9.5	14,060,081	12.0

9.2 Transaction costs

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Plan such as fees, commissions and stamp duty. However, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. These costs are not separately identifiable.

Direct transaction costs analysed by main asset class and type of cost are as follows:

	Commission £	2023 £	2022 £
Pooled investment vehicles	16,548	16,548	-
	16,548	**16,548**	**-**

10. Investment management expenses

	2023 £	2022 £
Administration, management and custody	225,048	302,414
Advisory fees	224,701	195,450
	449,749	**497,864**

11. Taxation

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

12. Pooled investment vehicles

	2023 £	2022 £
Bond funds	67,092,751	74,022,836
Liability-driven investment funds	44,481,232	38,995,380
	111,573,983	**113,018,216**

13. AVC investments

The Trustee holds assets invested separately from the main defined benefit investments in order to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held in their accounts and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2023 £	2022 £
Prudential Assurance Company Limited	70,295	69,664
Utmost Life and Pensions Limited	5,194	4,814
Clerical Medical	212,251	192,300
Aviva Insurance UK Limited	11,042	18,381
	298,782	**285,159**

14. Fair value determination

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

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement 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.

The Plan's investment assets have been included at fair value using the above hierarchy levels as follows:

At 31 December 2023				
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	55,285,808	56,288,175	111,573,983
AVC investments	-	-	298,782	298,782
	-	55,285,808	56,586,957	111,872,765

At 31 December 2022				
	Level 1 £	Level 2 Re-stated £	Level 3 Re-stated £	Total £
Pooled investment vehicles	-	53,055,461	59,962,755	113,018,216
AVC investments	-	-	285,159	285,159
	-	53,055,461	60,247,914	113,303,375

The fair value categorisation for the M&G Alpha Opportunities Fund has been revised from Level 2 to Level 3 in the current year due to a redemption restrictions associated with the Fund , with the comparatives re-stated as shown above.

15. Investment risk disclosures

15.1 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 Trustee determines the Plan's 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 in the Trustee's Annual Report. The Trustee manages 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 Trustee by regular reviews of the investment portfolio.

15.2 Investment objectives

The Trustee has set an investment strategy that reflects the following primary investment objectives:

- To maintain a portfolio of assets of appropriate liquidity which will generate income and capital growth to meet benefits which the Plan provides;
- To limit the risk of the assets failing to meet the liabilities, both over the long term and on a shorter term basis as required by prevailing legislation;
- To reduce volatility in the funding level of the Plan as measured by the benefits that may be secured for members in the event of the Plan winding up or entering an assessment period for the Pension Protection Fund (PPF);
- To achieve a return reflecting the Plan specific benchmark; and
- To achieve, over the long term, a return on the investments which is consistent with the long term assumptions made by the Plan Actuary in determining the funding of the Plan.

15.3 Direct Credit risk

The Plan is exposed to direct credit risk because it holds pooled investments managed by investment managers. The Plan is directly subject to credit risk resulting from the following:

	2023 £	2022 £
Pooled investment vehicles	111,573,983	113,018,216
	111,573,983	**113,018,216**

The above pooled investment vehicles are not rated for credit risk.

Cash is held within financial institutions which are at least investment grade credit rated.

Direct credit risk is mitigated by the ring-fenced nature of the pooled investment vehicles, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis, monitors any changes to the regulatory and operating environment of the pooled managers.

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

	2023 £	2022 £
Unit-linked insurance contracts	55,285,808	53,055,461
Open-ended investment companies	46,388,612	47,639,691
Shares of limited liability partnerships	9,899,563	12,323,064
	111,573,983	**113,018,216**

15.4 Direct currency risk

There is no direct currency risk within the Plan's pooled investment vehicles, as all units are held in a sterling share class. Indirect currency risk may exist within pooled vehicles if underlying investments are held in non-Sterling assets (see indirect risk section); any such risk is shown in the following indirect risk table.

15.5 Indirect risks

The Plan is indirectly exposed to investment risks via the underlying assets of the pooled investment vehicles. This indirect risk is mitigated by the diversification of these underlying assets within the individual vehicles as part of a diversified investment strategy.

The risk classification shown in the tables below has been provided by the Plan’s investment advisor, Isio.

	£ 2023	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Bond funds	67,092,751	●	◉	◉	●
Liability-driven investment funds	44,481,232	●	○	●	●

	£ 2022	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Bond funds	74,022,836	●	◉	◉	●
Liability-driven investment funds	38,995,380	●	○	●	●

Key to indirect risk exposures:

● Significant exposure
◉ Some exposure
○ Negligible exposure

16. Self-investment

There was no direct self-investment during the year or at the year end.

17. Current assets

	2023 £	2022 £
Cash balances	960,038	2,895,529
Other prepayments	2,524	3,476
Interest receivable	6,086	-
Pensions prepaid	367,466	383,664
Overpaid benefits recoverable from members	159,107	181,563
	1,495,221	**3,464,232**

18. Current liabilities

	2023 £	2022 £
Unpaid benefits	5,064	20,249
Accrued expenses	243,861	293,505
	248,925	**313,754**

19. Related party transactions

As set out in the Schedule of Contributions certified by the Actuary on 17 June 2022, all regular ongoing expenses (including the PPF levies and other levies) are met directly by the Plan as and when they fall due.

However, unless otherwise agreed by the Trustee and Employer, any additional expenses (such as those in respect of liability management exercises) are payable by the Employer. Such expenses are not recharged to the Plan.

During the year, the Trustee was paid £119,399 (2022: £133,654) for services supplied to the Plan.

20. Commitments

Following the decision to allocate £18m to a Direct Lending mandate with Alcentra in 2016, of which as at 31 December 2023, £5,750,563 (31.9%) (2022: £6,895,064) remains invested, with £11,242,077 of this commitment remaining as at 31 December 2023 (2022: £10,357,382). The Trustee also allocated an additional £17.5m to a Junior Commercial Real Estate Debt mandate with LaSalle in 2016, of which as at 31 December 2023, £4,149,000 (23.7%) (2022: £5,428,000) remains invested, with a remaining commitment of £6,499,000 (2022: £11,400,463). Both managers' investment periods have ended, and they are now returning capital back to the Plan.

21. Contingent liabilities

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women for unequal guaranteed minimum pension benefits (GMP). This is known as GMP equalisation. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustee of the Plan is aware that the issue will have a significant effect on the Plan and will be considering this at future meetings and decisions will be made as to the next steps. However, this will take some time, as to avoid any rework, the Trustee will wait for further guidance about GMP equalisation from government and relevant industry working groups.

Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. At this stage we do not know if the amounts will be material to the Plan's financial statements. Furthermore, the Trustee and Employer have not agreed the equalisation methodology to be used and therefore the Trustee is not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore, the cost of backdating pension benefits and related interest has not been recognised in these financial statements. If material, it will be recognised once the Trustee is able to reach a reliable estimate.

In November 2020, a further judgment in the Lloyds Banking Group case widened the scope of GMP equalisation to cover revisiting past transfer out payments and where necessary paying top up payments. The Trustee of the Plan has taken actuarial advice but are not yet in a position to obtain a reliable estimate of the top up payments (and related interest). The actuarial valuation as at 31 December 2020 included an allowance of £450,000 for top ups to past transfers, however, this is based on a number of approximations and has not been recognised in the financial statements. Such liabilities will be recognised in the Plan's financial statements when calculated with reasonable certainty.

The Trustee is aware of the recent legal case in relation to Virgin Media NTL v NTL Pension Trustees case and is investigating any potential implications with its advisers. However, at present it is too early to assess what, if any, impact this case may have on the Plan.

HWG 2006 Limited Pension Plan
31 December 2023
Report on Actuarial Liabilities (forming part of the Trustee's annual report)

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service at the valuation date or date of leaving if earlier. This is assessed using the assumptions agreed between the Trustee and the Employer, set out in the Statement of Funding Principles dated 7 May 2021, which is available to the Plan members on request.

The most recent full actuarial valuation of the Plan was carried out as at 31 December 2020. Since that date, actuarial updates have been carried out as at 31 December 2021 and 31 December 2022. The next full valuation is due as at 31 December 2023. Work on this is currently underway.

	31 Dec 2022	31 Dec 2021	31 Dec 2020
The value of the technical provisions was:	£111.9m	£162.0m	£174.3m
The value of the assets was:	£115.8m	£158.3m	£164.4m

The method and significant actuarial assumptions used to determine the technical provisions are as follows:

Method

The actuarial method to be used in the calculation of the technical provisions is the projected unit method.

Significant actuarial assumptions

Assumption	
Discount rate	Set as the Bank of England implied nominal gilt yield curve plus 0.5% pa.
Retail Prices Index (RPI) inflation	Set as the Bank of England implied inflation yield curve.
Consumer Prices Index (CPI) inflation	Set in line with RPI inflation less a deduction of 1.0% pa until 2030; smoothed to a 0.2% pa deduction over the long term.
Pension increases in payment	Derived from the appropriate assumptions for future price inflation, allowing for the caps and floors on pension increases according to the provisions in the Plan's rules.
Mortality	Base tables: 100% of the S3PMA_H/M/L/VL tables depending on pension size for males. 100% of the S3PFA_H/M/L/VL tables depending on pension size for females. Future improvements: In line with the CMI 2020 model with a long term rate of improvement of 1.25% pa. A weighting of 33% of the 2020 data (w2020=33%) was included as a proxy for the impact of the COVID-19 pandemic on mortality improvements in the short- and medium-term.
Family statistics	80% of males and 70% of females are assumed to be married at retirement, with husbands three years older than their wives.
Cash commutation allowance	An allowance is made for members to commute 70% of the maximum pension that can be commuted for tax-free cash at retirement using the commutation factors in force at the effective date.
GMP equalisation	An allowance of 1.8% of the total liabilities, plus £450,000 in respect of the potential liability arising from past transfers from the Plan.

Annuities

The Plan also holds annuity policies in the name of the Trustee. In carrying out the actuarial valuation as at 31 December 2020, as permitted by legislation, the value of these annuities was excluded from both the assets and the technical provisions as they are deemed immaterial in value.

The next triennial valuation of the Plan is due as at 31 December 2023 and is currently under preparation.

Independent Auditor's Statement about Contributions to the Trustee of the HWG 2006 Limited Pension Plan 31 December 2023

We have examined the Summary of Contributions to the HWG 2006 Limited Pension Plan (the 'Plan') for the Plan year ended 31 December 2023 which is set out on page 31.

In our opinion, contributions for the Plan 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's Actuary on 17 June 2022.

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.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 12, the Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions.

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

Use of our statement

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

Date 23/7/2024

HWG 2006 Limited Pension Plan
31 December 2023
Summary of Contributions

The Plan's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised, a Schedule of Contributions showing the rates of contributions payable to the Plan by or on behalf of the Employer and the dates on or before which such contributions are to be paid. The Plan's Trustee is also responsible for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedule.

Trustee's Summary of Contributions payable under the Schedule in respect of the year ended 31 December 2023

This Summary of Contributions has been prepared by and is the responsibility of the Trustee. It sets out the Employer contributions payable to the Plan under the Schedule of Contributions certified by the Actuary on 17 June 2022 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. During the year ended 31 December 2023 the contributions payable to the Plan by the Employer were as follows:

Contributions payable under the Schedule of Contributions	£
Employer deficit funding contributions	-
Total contributions required by the Schedule of Contributions as reported on by the Scheme Auditor	**-**
Total contributions shown in the financial statements	**-**

Signed on behalf of the Trustee of HWG 2006 Limited Pension Plan on 23/7/2024 :

Director, Ross Trustees Services Limited, Trustee

HWG 2006 Limited Pension Plan
31 December 2023
Actuary's certification of the Schedule of Contributions

DocuSign Envelope ID: E842D79E-F99A-4714-9B45-4B8FED238D89

Actuarial Certificate for the purposes of Section 227(5) of The Pensions Act 2004

Name of scheme: HWG 2006 Limited Pension Plan

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 be met by the end of the period specified in the Recovery Plan dated 7 May 2021.

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 7 May 2021.

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 Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

Signature: DocuSigned by: Mark Riches 765C68AE45A5434...	Date: 17 June 2022
Name: Mark Riches FIA	Qualification: Fellow of the Institute and Faculty of Actuaries
Address: First Actuarial LLP Mayesbrook House Lawnswood Business Park Leeds LS16 6QY	

HWG (2006) Limited Pension Plan Implementation Statement

May 2024

Document classification: Public

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Report

This implementation report covers the year to 31 December 2023 and is to provide evidence that the Plan continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address:

https://hwgpension.co.uk/Public/RelevantDocuments

Changes to the SIP are detailed on the following page.

The Implementation Report details:

- actions the Trustee has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Trustee has followed policies on engagement, covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 31 December 2023 for and on behalf of the Plan including the most significant votes cast by the Plan or on its behalf

Summary of key actions undertaken over the Plan reporting year

- During the reporting period, the SIP was updated to reflect the new investment strategy and new regulatory requirements. Further details are set out later in this report;
- In addition, the LDI refinement exercise was completed in Q3 2023 and the target hedge ratios were reduced to 90% on a Technical Provisions basis for both interest rates and inflation;
- In order to bring the portfolio allocation closer to the strategic benchmark, the Trustee instructed a £5m redemption from the M&G Alpha Opportunities Fund in Q4 2023. The redemption was completed post reporting period.

Implementation Statement

This report demonstrates that the HWG (2006) Limited Pension Plan has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed:

Position:

23/7/2024

Date:

Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Plan assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 90% of these risks.	Over the reporting period, the Trustee undertook an LDI refinement exercise to ensure the Plan was in line with its target hedge ratio. This was implemented in Q3 2023.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	Liquidity of the portfolio is monitored on a quarterly basis through the performance report. In Q4 2023, the Trustee reviewed the collateral adequacy of the Plan. To ensure sufficient liquidity in the portfolio, the Trustee instructed a £5m redemption from the M&G Alpha Opportunities Fund with the majority of the proceeds being invested into the L&G Absolute Return Bond Fund as additional collateral to support the LDI mandate in February 2024.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The current investment strategy was agreed in Q2 2022. The investment strategy is expected to ensure the effectiveness and efficiency of the Plan's portfolio. The SIP reflects the current investment strategy. Further details are provided below.

Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Plan for the risk of default.	This is considered as part of the investment strategy work.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Plan's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory The Trustees monitor the mangers on an ongoing basis.	The SIP has been updated to reflect the new ESG regulations. Further details are provided later in this report.
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	Where possible, hedge all currency risk on all assets that deliver a return through contractual income.	There is no direct currency risk within the Plan's investments, as all units are held in a Sterling share class. Indirect currency risk may exist within pooled vehicles if underlying investments are held in non-Sterling assets. Any potential currency risks are considered as part of the Plan's strategy reviews and investment selection exercises.
Non-Financial	Any factor that is not expected to have a financial impact on the Plan's investments.	Non-financial matters are not taken into account in the selection, retention, or realisation of investments.	Any non-financial risks would be documented in the Plan's risk register.

Changes to the SIP

During the Scheme year, the SIP was updated to reflect changes to the investment strategy and regulatory requirements relating to engagement and the exercise of voting rights.

Policies added to the SIP	
Date updated: 26 July 2023	
Voting Policy - How the Trustees expect investment managers to vote on their behalf	• The Trustee has acknowledged responsibility for the voting policies that are implemented by the Plan's investment managers on their behalf.
Engagement Policy - How the Trustees will engage with investment managers, direct assets, and others about 'relevant matters'	• The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Plan's investment managers on their behalf. • The Trustees, via their investment advisers, will engage with managers about 'relevant matters' at least annually.
Interest rates and inflation risk	• The Trustee updated the policy to hedge 90% of interest rate and inflation exposure of the liabilities measured on a Technical Provisions basis.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Plan's policy with regards to ESG as a financially material risk. The Plan has agreed a more detailed ESG policy which describes how it monitors and engages with the investment managers regarding the ESG polices. This page details the Plan's ESG policy. The next page details our view of the managers, our actions for engagement and an evaluation of the engagement activity.

Risk Management	1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Plan. 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee.
Approach / Framework	3. The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager. 4. ESG factors are relevant to investment decisions in all asset classes. 5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important. 7. ESG factors are dynamic and continually evolving; therefore the Trustee will receive training as required to develop their knowledge. 8. The role of the Plan's asset managers is prevalent in integrating ESG factors; the Trustee will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.
Voting & Engagement	9. The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach. 10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why. 12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

ESG summary and actions with the investment managers

The Plan has not yet completed a Sustainability Integration Assessment and so we cannot provide a summary of the underlying manager's ESG policies.

Engagement

As the Plan invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 December 2023.

Fund name	Engagement summary	Commentary
Alcentra European Direct Lending Fund II	Total Engagements: 145 Environment: 32 Social: 22 Governance: 6 Other: 31 Please note that the total engagement number above includes 54 ESG Questionnaires and covers Alcentra's Private Credit business as a whole.	Alcentra, as a signatory to the UK Stewardship Code, follows stewardship standards for asset owners and asset managers. In compliance with the Code, Alcentra reports their stewardship policies, processes and activities annually. Active engagement with portfolio companies is in place through company meetings, investor group discussions and/or written exchanges. Alcentra's ESG engagement efforts are aimed at improving disclosures, understanding risks, and encouraging sustainable practices among issuers in its portfolio companies. An example of a significant engagement includes: IoT provider The Company separated from its wider group with the support of Alcentra. However, the associated resources were retained by the former parent company, as such the Company lacked strong ESG infrastructure. As Alcentra holds a board observer position with the business, an additional meeting was arranged prior to the scheduled board meeting, between the Alcentra Investment team and the CEO and CFO to discuss ESG Strategy with the Group. Following the engagement, the Company has set up an ESG Committee - which consists of the CFO and, additional members of the business who have volunteered to act on the committee. Further discussions on ESG considerations, such as implementation of an ESG margin ratchet, is currently ongoing between Alcentra and the Company.
LaSalle Real Estate Debt Strategies III	Total Engagements: 4 Environmental: 2 Other: 2	LaSalle is a real estate asset management house thus they do not have management control over the underlying assets. Therefore their ability to dictate ESG initiatives at the asset level is limited. However, LaSalle works with clients and stakeholders to implement ESG strategies at portfolio and asset level. They also engage with industry bodies to drive market standards. An example of a significant engagement includes: Nobu Hospitality LLC

		BREEAM In-Use Assessment / Green Tourism Eco-Certification: LaSalle engaged with Nobu Hospitality LLC, in its capacity as Manager of Nobu Shoreditch and on behalf of Willow Corp Sarl (the owner of the property), to mandate Mission Net Zero (MNZ) in 2022 to assist with achieving: 1) a BREEAM Excellent rating (in-use) 2) a silver rating on Green Tourism. LaSalle mandated an external asset manager to support monitoring the progress made in achieving the above ratings. In January 2024, a rating of BREEAM Excellent and a gold rating on Green Tourism were awarded. The gold rating on Green Tourism exceeded LaSalle's original plan of silver. Sustainability Metrics and KPIs: Over 2022, LaSalle engaged with Nobu Hospitality LLC to implement the Greenview Portal System. This is a sustainability management system which allows Nobu to collect sustainability data, track and improve the sustainability performance of the hotel over time. The portal system also enables Nobu to communicate sustainability achievements supported by quantifiable impact metrics and stories.
LGIM LDI Fund Range	LGIM were unable to provide details of engagement for the LDI funds held.	LGIM leverage the wider capabilities of the global firm to engage with companies. The team also regularly engage with regulators, governments, and other industry participants to address long-term structural issues, aiming to stay ahead of regulatory changes and adopt best practice. Details of LGIM's engagement policies can be found on their website: Investment stewardship & governance | LGIM Institutional LGIM were unable to provide examples of significant engagement.
LGIM Absolute Return Bond Fund	Total Engagements: 278 Environmental: 124 Social: 34 Governance: 84 Other: 36 Please note that the engagement data above covers multiple engagements with one company.	LGIM have a strong and integrated ESG approach for pooled funds which follows a robust framework. At a firm level, LGIM regularly monitor companies and where engagements are unsuccessful, the team will assess where problems arose and new approaches to be employed. LGIM engage with regulators, governments, and other industry participants to address long-term structural issues. LGIM currently do not provide details of their engagement activities at Fund level, however the firm is considering how such information can be provided going forward. Isio will work with LGIM on the development of the firm's engagement reporting.
M&G Alpha Opportunities Fund	Total Engagements: 9 Environment: 6 Social: 1 Governance: 2	M&G's engagement activities remain consistent with firm wide ESG policies, utilising a systematic approach to engagement, whereby specific objectives are outlined in advance and measured based on the outcomes from the engagements. M&G monitor the success of engagements

		by assessing whether they have met their objective and log this on a central system. Examples of significant engagements include: Yara International ASA Net Zero Emissions: M&G engaged with Yara International ASA, a Norwegian chemical company, to encourage them to make a comprehensive commitment to reducing carbon emissions to net zero by 2050 or sooner. This covered all relevant business areas and all material greenhouse gas (GHG) emission scopes (1, 2 and 3). As part of a collective engagement with other investors through the IIGCC NZEI engagement initiative, M&G sent a letter to the Company to make their expectations known. M&G are currently waiting to hear back from the company. Decarbonisation Levers: As part of a collective engagement with NZEI, M&G engaged with YARA to request that the company discloses more granularity regarding their decarbonisation levers beyond the 2030 roadmap, including metrics to measure progress towards their targets. Additionally, M&G have requested that Yara publishes a verified scope 3 target through SBTi. Yara have confirmed that they will explore ways to report more on their milestones, metrics, and abatement levers, although some information may be sensitive due to their position as a large player in renewable energy. M&G will have ongoing dialogue with Yara and provide suggestions for Yara's transition plan at the end of 2024.

Voting

As the Plan has no equity holdings, there is no voting data to report.

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