Chubb Security Pension Fund

(Fund Registration Number 10094555)

Annual Report For The Year Ended 31 March 2022

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The Trustee's Report

Introduction

The Trustee is pleased to present its report on the Chubb Security Pension Fund ("the Fund") for the year ended 31 March 2022.

The Fund is an occupational defined benefit pension plan established under English law by a Trust Deed and Rules dated 1 May 1980 and is currently governed by a replacement definitive Deed and New Rules (as subsequently amended) which was adopted on 19 May 2000.

The Fund is registered in the United Kingdom. The registered office is at Oak House, Littleton Road, Ashford, Middlesex, TW15 1TZ.

In accordance with HMRC requirements the Fund is registered under Chapter 2, Part 4 of the Finance Act 2004. As a consequence, if payable, both employee and employer contributions are normally eligible for tax relief and income and capital gains earned by the Plan receive preferential tax treatment.

Following consultation with active members in accordance with legislation and after a period of reflection, the Principal Employer decided to proceed with its proposals to close the Fund to the future accrual of benefits. The closure became effective on 31 March 2020.

Management of the Fund

The Fund has a corporate Trustee, Chubb Security (Pensions) Limited. The names of the Directors during the year, are as follows:

Name	Nominated/appointed by	Date of appointment	Date of removal
B D McGowan (Chairman)	Employer		
H Dulay	Members		
I Fixter	Members		
C Forbes	Employer	3 January 2022	
W Jones	Employer		
K Krumm	Employer	3 January 2022	
B Nutter	Employer		3 January 2022
A Rishman	Members		9 November 2021
B van der Merwe	Employer		3 January 2022
C Walters	Members	8 March 2022	

The Trustee is responsible for setting the strategy and for managing the Fund and the directors meet four times a year for this purpose.

All occupational pension schemes must implement arrangements that provide for at least one-third of the trustee directors to be member-nominated. The arrangements for the nomination and selection must be proportionate, fair and transparent.

Four directors of the Trustee company are appointed and removed by the Principal Employer and three directors are member nominated and are deferred or pensioner members of the Fund.

The Trustee has delegated the day-to-day management and operation of the Fund's affairs to professional organisations.

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Changes to Fund Rules

There have been no changes to the Fund Rules during the year under review.

The Principal Employer

The Principal Employer is:

Chubb International Holdings Limited, 1st Floor Ash House, Littleton Road, Ashford, Middlesex, TW15 1TZ

Financial development of the Fund

The financial statements have been prepared and audited in compliance with regulations made under sections 41 (1) and (6) of Pensions Act 1995. save that the financial statements were not prepared and audited within the 7-month timeline.

During the year, the fund account decreased by £43.8 million to £879.8, as follows:

	£millions
Net withdrawals from dealing with members	(23.4)
Net returns on investments	(20.4)
Net decrease in the fund	(43.8)

Fund membership

Details of the Fund membership at the end of the Fund year were as follows:

	2022 Number	2021 Number
Deferred members	1,875	2,067
Pensioners	4,151	4,186
Total	**6,026**	**6,253**

Pensioners include 1,061 (2021: 1,063) individuals receiving a pension following the death of their spouse.

The above membership details include 134 (2021: 134) members for whom the Fund is in receipt of annuity payments.

Defined contribution benefits

Whilst the Fund is a defined benefit pension arrangement it does (in addition to standard Additional Voluntary Contribution (AVC) arrangements) have some defined contribution (DC) benefits.

(a) DC benefits for some members who had short periods of membership after 5 April 1997 and who received a refund of part of their contributions. The DC benefits represent retained 'Protected Rights', a result of the method used by the Fund from 6 April 1997 to 'contract out' of the State Pension Scheme. These Protected remained invested within the Fund's defined benefit (DB) investment strategy.

(b) DC 'underpin' accounts apply for some members, under which they will receive the greater of a DB entitlement and the comparable pension that can be secured by the DC underpin account. The Trustees have been advised by the Fund's administrator that, during the Fund year, comparable pensions that could be secured by DC underpin accounts were not expected to be greater. Benefits for these members are, therefore, expected to be DB in nature.

The Trustee's Report (Cont)

Fund advisers

The Trustee retains a number of professional advisers in connection with the operation of the Fund. In line with UK pension scheme best practice, the Trustee has a policy of periodically reviewing all of its external advisers and service providers

The advisers currently appointed are as follows:

Scheme Actuary	P Houghton, Barnett Waddingham LLP
Advising Actuaries	Barnett Waddingham LLP
Administrator of the Fund benefits	Buck Consultants (Administration and Investment) Limited
Legal Advisers	CMS Cameron McKenna Nabarro Olswang LLP
Independent Auditors	PricewaterhouseCoopers LLP
Investment Managers*	BlackRock Investment Management (UK) Limited (from 1 March 2022 until 13 April 2023) Insight Investment Management (from 1 March 2022) Ruffer LLP (from 23 February 2022 until 13 April 2023)
AVC provider	Aegon
Investment Advisers*	Barnett Waddingham LLP
Custodian of the Fund assets*	Bank of New York Mellon
Covenant Adviser	Cardano
Bankers	Lloyds Bank plc
Secretary to the Trustee	Mrs. J Beake – Raytheon Technologies Corporation (until 30 September 2021) P Clarke – Barnett Waddingham LLP (from 1 October 2021)

* Withdrawal from the Chubb Common Investment Fund

Investment managers and advisers were previously appointed by the Chubb Common Investment Fund ("CCIF"). The Trustee decided during the year to withdraw from the CCIF and assets began to be transferred to new individual policies for the two participating schemes (Chubb Security Pension Fund & Chubb Pension Plan) in February / March 2022. The Investment managers now appointed by the Fund are noted in the table above.

Further details regarding the CCIF are included in the CCIF annual report and financial statements in Appendix I to these financial statements.

Tax status of Fund

The Fund is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustee's knowledge, there is no reason why the Fund's registered status should be prejudiced or withdrawn.

Transfer values

All cash equivalents (transfer values) paid during the year were calculated and verified in the manner required by the Pension Schemes Act 1993 and subsequent amendments. No discretionary benefits are included in the calculation of transfer values. A cash equivalent is the amount which a Fund member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

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Pension Increases

Pensions were subject to increases as at 1 April 2021.

For those members who joined the Fund after 1 December 1995, pensions increase by the lower of 5% or the increase in the Retail Prices Index (RPI). This is referred to as Limited Price Indexation (LPI). RPI measured as at September 2020 was 1.1% and the Fund has to provide this level of increase on all pensions earned on or after 6 April 1997.

Members who joined prior to 1 December 1995 continue to receive a minimum increase of 4% per annum (new basis) or 3% per annum (old basis). Such members will only receive increases above these minimum rates where the cumulative LPI increase exceeds their cumulative rate of increases over any two-year consecutive period, as provided by legislation.

Deferred pensions were increased in accordance with statutory requirements.

There were no discretionary pensions increases awarded during the year.

Increases to pensions in payment made in respect of members who joined the Fund before 1 December 1995 over the last ten years have been 4% per annum on total pension in payment except for;

- members who retained entitlement to old basis terms received 3% on the excess above the Guaranteed Minimum Pension from 1 April 2005 to 1 April 2015.
- members who have mixed benefits receive a combination of the increases applicable to old/new basis members.

Codes of Practice

The Trustee is aware of and adheres to the Codes of Practice issued by The Pensions Regulator ("TPR"). The objectives of these codes are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF") and to promote good administration.

The Pensions Regulator: Record Keeping

TPR issues guidance on all aspects of pension scheme data record keeping to all those responsible for the data (the trustees) and those who administer pension schemes. The guidance covers both common data and scheme-specific data (conditional). The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities. Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded.

More information can be found at:
https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/record-keeping

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GMP equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of the state second pension must be recalculated to reflect the equalisation of state pension ages from May 1990 to April 1997 between men and women. In November 2020, a further ruling by the High Court determined that transfers out of a scheme in respect of members who had contracted out of the state second pension must also be recalculated to reflect the equalisation of state pension ages from May 1990 to April 1997 between men and women.

The Fund is required to equalise Guaranteed Minimum Pension (GMP) liabilities which will result in an increase in liabilities to provide benefits and the funding deficit.

Under the ruling pension schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

A detailed estimate of the past service element, which would be applicable for the Fund financial statements, has yet to be estimated but the Trustee considers that it is likely to be immaterial to the financial statements.

Contact for further information

If, as a Fund member, you wish to obtain further information about the Fund, including copies of the Fund documentation, your own pension position, or who to contact in the event of a problem or complaint, please write to or telephone: Buck Consultants the Fund administrators:

Buck Consultants (Administration and Investment) Limited
PO Box 322
Mitcheldean
GL14 9BH
Tel: 0330 123 9563

Or email: chubbpensions@buck.com

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Statement of trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the trustee. Pension scheme regulations require, and the trustee is responsible for ensuring, that those financial statements:

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

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

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

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

The trustee is also responsible for the maintenance and integrity of the Fund's website https://www.chubbfiresecurity.com/en/uk/about/pension-scheme/. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustee's responsibilities in respect of contributions

The trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the fund by or on behalf of employers and the active members of the fund and the dates on or before which such contributions are to be paid.

The trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the fund and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the fund in accordance with the schedule of contributions.

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

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Report on Actuarial Liabilities

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

Under Section 222 of the Pensions Act 2004, the Fund 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 at the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Fund members on request.

The most recent full actuarial valuation of the Fund was carried out as at 31 March 2021. This showed that on that date:

The value of the Technical Provisions was:	£943.6m
The value of the assets was:	£923.3m

Therefore the Plan had a funding deficit of £20.3m corresponding to a funding level of 98%.

Following the completion of the 31 March 2021 actuarial valuation an updated Schedule of Contributions, dated 19 January 2022, was agreed. Under the new Schedule the Employer agreed to pay a one off contribution of £20m in respect of the shortfall in funding as set out in the Recovery

In years where there is no actuarial valuation, the Scheme Actuary produces an estimate of the funding position known as an actuarial report. The latest report was carried out as at 31 March 2022 and disclosed a funding level of 102%, corresponding to a funding surplus of £16.4m, when assessed using the method and assumptions set out in the Trustee's Statement of Funding Principles.

The next actuarial report will be assessed as at 31 March 2023 and the following year, there will be a full formal valuation carried out as at 31 March 2024.

The method and significant actuarial assumptions used to determine the Technical Provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles dated 19 January 2022):

Method

The actuarial method used in the calculation of the Technical Provisions as at 31 March 2021 is the Projected Unit Method.

Actuarial assumptions – The key assumptions used as at 31 March 2021 are:

Discount rate	0.35% p.a. above the Bank of England gilt curve
Retail Prices Index (RPI) inflation	Bank of England implied inflation curve
Consumer Prices Index (CPI) inflation	Pre-2030: RPI less 0.8% p.a.
	Post-2030: RPI
Pension increases	Calculated as relevant inflation assumptions, taking into account any caps of collars based on a statistical model
Pre-retirement and post-retirement mortality table	110% of S3PA
Pre-retirement and post-retirement mortality projections	CMI 2020 with a long term rate of improvement of 1.75% p.a., an initial addition parameter of 0.75% p.a. and the default smoothing parameter and 2020 weight parameter
Allowance for cash commutation	25% of pension using cash factors in force at the valuation date uplifted by 10%
GMP equalisation/data and benefit uncertainty reserve	2% of liabilities
Allowance for expenses	2.5% of liabilities

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Investment report

After receiving appropriate professional advice, the Trustee of the Chubb Security Pension Fund (CSPF) and the Trustees of the related Chubb Pension Plan (CPP) agreed to participate in the Chubb Common Investment Fund ('the CCIF') from 1 July 1998 on the following basis:

- the Trustees of the CCIF be representative of the existing Chubb Pension Plan and Chubb Security Pension Fund Trustee structures;
- an external custodian be appointed to provide additional security by separating the custody of assets from the investment managers responsible for the day to day investment decisions;
- the external custodian be responsible for the accounting and calculation of the value of the CCIF and the Plan's share of that Fund; and
- the Trustees of the Plan reserve the right to withdraw from the CCIF at any time.

Details of the Trustees, the external custodian and investment managers of the CCIF are provided in the annual report and financial statements of the CCIF which are attached as Appendix I to this Annual Report.

Participation in the CCIF provided the Trustees of the Plan with the benefits of economies of scale and access to more specialised investment services together with the additional security of an external custodian of the assets of the Plan.

Although the Trustees of the CCIF were directly responsible for the monitoring and management of the investment managers and strategy, the Trustees of the Plan reviewed the investment performance and strategy on a quarterly basis.

The investment managers were remunerated on a fee basis, based on the value of investments under their management. Investment manager fees were reviewed on a periodic basis by the CCIF Trustees.

The CCIF operated as a unitised arrangement to which both the Chubb Pension Plan and Chubb Security Pension Fund participate. The unit prices were calculated monthly by the external custodian.

The CCIF provided two categories of unit, scheme specific units and co-mingled units. Scheme specific units were for the purpose of ring-fencing assets held specifically for each of the two Participating Schemes. All other assets were aggregated and underpinned the valuation of comingled units.

The Trustees have produced a Statement of Investment Principles as required by Section 35 of the Pensions Act 1995 and a copy is available on request from the Secretary to the Trustees.

Changes to investments during the year

During the year to 31 March 2022, the decision was made to move the Chubb Pension Plan and Chubb Security Pension Fund assets from the Chubb Common Investment Fund to be held individually and directly by each scheme and controlled by that scheme's trustee body.

The three main components to the withdrawal were:

- **Insight**: splitting the buy-and-maintain corporate bond portfolio between CSPF and CPP and re-registering the (already) individual CSPF and CPP LDI portfolios into separate custody accounts outside the CCIF.
- **BlackRock**: transitioning the remaining CIF holdings in the fund to an individual portfolio for CSPF (CPP no longer has BlackRock holdings).
- **Ruffer**: transitioning the portfolio to two individual accounts for CSPF and CPP.

These transactions were completed in February 2022 and the two schemes' assets have now been separated.

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Investment strategy

The investment objective of the Fund 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 Fund payable under the Trust Deed and Rules as they fall due.

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

The current strategy is to hold the following asset allocations.

Asset class	Benchmark Allocation (%)
Growth	
Multi-asset	18
Protection	
Liability Driven Investment	**82**
Corporate bonds	28
Gilts	52
Cash	2
Total	**100**

Voting rights and social, environmental and ethical considerations

The Trustee believes that environmental, social and governance (ESG) factors, including management of climate related risks, are potentially financially material and therefore have a policy to take these into account, alongside other factors, in the selection, retention and realisation of investments. However, these factors do not take precedence over other financial and non-financial factors, including but not limited to historical performance or fees. The Trustee may consider both financial and non-financial factors when selecting or reviewing the Fund's investments.

The Trustee does not apply any specific ethical criteria to their investments.

As the Fund's material investments (except the Insight Bonds and LDI) are held in pooled funds, ESG considerations are set by each of the investment managers. The Fund's investment managers will ultimately act in the best interests of the Fund's assets to maximise returns for a given level of risk. The Trustee does not currently impose any specific ESG-related restrictions or requirements on the segregated bonds mandate with Insight, so ESG considerations are determined at their discretion. The Trustee is aware of the approach that each of their investment managers take in relation to ESG considerations.

The Trustee believes that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns. The Trustee delegates the exercise of rights (including voting rights) attached to the Fund's investments to the investment managers. The managers are all signatories to the UN Principles of Responsible Investment and to the UK Stewardship Code.

In selecting, monitoring and reviewing their investment managers, where appropriate, the Trustee will consider investment managers' policies on engagement and how these policies have been implemented. The Trustee has not considered it appropriate to take into account individual members' views when establishing the policy on environmental, social and governance factors, engagement and voting rights.

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Assets as at 31 March 2022

	31 March 2022		31 March 2021	
Fund	Valuation £000	Allocation	Valuation £000	Allocation
BlackRock Dynamic Diversified Growth Fund	63,230	7.3%	-	-
Ruffer Absolute Return Fund	107,581	12.5%	-	-
Insight Buy and Maintain Bonds	238,848	27.8%	-	-
Insight Segregated LDI	448,735	52.2%	-	-
Chubb Common Investment Fund	1,624	0.2%	918,314	100%
Total	**860,018**	**100%**	**918,314**	**100%**

Performance to 31 March 2022

	12 months (%)		3 years p.a. (%)		5 years p.a. (%)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Chubb Security Pension Fund	-2.7%	-2.7%	2.7%	2.2%	5.3%	5.3%

Economic and market conditions over the year to 31 March 2022

Economic Environment

The 12-month period to 31 March 2022 began with markets focused on the recovery from the COVID-19 pandemic following the successful vaccine rollout. However, as 2021 came to an end the focus switched to rising inflation and the actions that central banks would need to take to bring it under control, with central banks beginning to significantly tighten monetary policy for the first time since the start of the pandemic. The concerns around inflation were exacerbated in February 2022 as the Russian invasion of Ukraine led to further disruption, particularly in energy markets. The threat of rising interest rates resulted in bond markets generally producing negative returns over the year to 31 March 2022. Equities generally produced positive returns over the 12-month period, however this masks significant volatility and periods of negative returns, particularly during the first quarter of 2022.

This scale and success of the COVID-19 vaccine rollout, 11.3 billion doses had been administered globally by 31 March 2022, allowed many countries to end most COVID-19 restrictions over the period. As a result, the IMF estimated that global growth over 2021 reached 6.1%, the highest rate since the 1970s. However, this was not always a straightforward process and the Delta and Omicron variants of COVID forced many countries to reimpose some or all restrictions. In particular China, which adopted a "zero-COVID" policy, re-introduced full lockdown restrictions to several major cities in early 2022. Nevertheless, the broader pattern of reopening held in most of the rest of the world, allowing a strong economic recovery.

The strong recovery, aided by COVID related fiscal and monetary stimulus packages, contributed to a significant increase in consumer demand for goods as restrictions eased. This increased demand, coupled with ongoing supply chain disruption from the pandemic saw prices in many goods and commodities rise sharply. By the end of the period inflation had reached multi-decade highs in several

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major economies. In March 2022, UK CPI inflation reached 6.2%, its highest level in thirty years, and US CPI inflation rose to 7.9%, the highest level in forty years.

Consequently, markets began to price in more interventions by central banks to stem the tide of inflation through interest rate rises and reduced asset purchases. This process began on 16 December 2021, when the Bank of England became the first major central bank to raise interest rates, increasing the base rate from 0.10% to 0.25%. This was followed by a rise to 0.50% on 3 February 2022 and to 0.75% on 17 March. The Federal reserve also raised its central rate range on 16 March 2022 from 0.00%-0.25% to 0.25%-0.50% and, despite not raising rates over the period, the European Central Bank reduced the pace of its future asset purchases. These actions and the prospect of more to come resulted in a sharp rise in government bond yields at all terms. In the UK, 20-year nominal gilt yields rose by 0.46% over the year to 31 March 2022.

The Russian invasion of Ukraine in February 2022 further compounded the fear of rising inflation. Western governments responded to the invasion by imposing sanctions on Russia and their ally, Belarus. In particular, the US, UK and EU placed strict sanctions on Russian government bodies, Russian oligarchs, and the Russian financial system, including a ban on trading Russian Government bonds issued after 1 March 2022 on the secondary market. Russia is a major producer of several important commodities, and the risk of disruption to those markets, from the war or from retaliatory sanctions, caused prices to rise. Oil rose above $100 a barrel for the first time since 2014, briefly touching close to $140, a 14-year high. European natural gas prices rose to an all-time high as did several other important commodities such as wheat and nickel. Equity markets also fell sharply after the invasion, with global equities falling by 12.2% since the start of 2022 by the end of March. However, by the end of the quarter several of these market movements partially reversed as the scale of the invasion and response to it became clearer.

Towards the latter end of the year to 31 March 2022, major central banks began to tighten monetary policy as economies recovered to pre-pandemic levels. Some central banks began to raise interest rates whilst those that did not generally adopted a more hawkish stance by slowing the rate of their asset purchase programmes.

- The Bank of England raised the base rate three times in the year to 31 March 2022, from 0.1% at the start of the year to 0.75% at the end of the year. At the 3 February 2022 meeting, the Bank of England agreed to cease reinvestment of corporate bonds and begin sales with total disinvestment to be completed by the end of 2023. Over the year to 31 March 2022, the Bank of England made £71.6 billion in net asset purchases.
- The Federal Reserve (The Fed) raised the Federal Funds Rate range from 0.00%-0.25% to 0.25%-0.50% in March 2022. The Fed increased the size of its balance sheet by purchasing around $1.2 trillion of assets over the 12 months to March 2022.
- The European Central Bank (ECB) decided not to raise rates and kept its main lending rate at 0.0% throughout the period. Over the 12 months to 31 March 2022, the ECB's total asset purchases, including purchases as part of the Pandemic Emergency Purchase Programme, totalled €1.0 trillion.

Market Performance

Despite negative returns across almost all traditional asset classes in the first quarter of 2022, returns over the 12 months to 31 March 2022 were largely positive in absolute terms. However, rising yields saw fixed-interest bonds produce negative returns over the year.

- Equities: Overall, global equities produced positive total returns over the year to 31 March 2022, rising by 9.1% in local currency terms. All geographical regions produced a positive return over the year, except for Emerging Markets equities, which fell by 7.6%. The best performing region (in local currency terms) was North America (14.2%).
- Bonds: Over the year to 31 March 2022, UK gilt yields rose across all maturities. The net impact was a negative return (-5.1%) for UK fixed interest gilts (all stocks). However, a rise in implied inflation resulted in UK index-linked gilts (all stocks) delivering a positive return (5.1%) over the year. UK corporate bond spreads (all stocks) widened by 0.3% over the year.

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Employer related investments

At 31 March 2022 the Fund had no employer related investments (2021: nil).

At 31 March 2022 the CCIF had no employer related investments. At 31 March 2021, less than 0.01% of the CCIF assets were indirectly invested in the employer through pooled investment vehicles with Legal and General and BlackRock.

Nature, disposition, marketability, security and valuation

The Trustee has considered the nature, disposition, marketability, security and valuation of the Fund's investments and considers them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the financial statements.

Commentary on the marketability of the assets held within the CCIF is available within the CCIF financial statements in Appendix I.

Custodial arrangements

Bank of New York Mellon acts as custodian for the Insight Investment Management segregated portfolios. These investments are held in a designated nominee account at Bank of New York Mellon, in the name of the Trustees of the Fund.

The global custodian of the CCIF is Bank of New York Mellon.

Post year end market volatility

After the year end, in September and October 2022, there was a period of significant volatility in the UK government bond market. This saw large falls in the value of government bonds and thus pension scheme liabilities, which are valued relative to government bonds. Many pension schemes, including the Fund, use Liability Driven Investments (LDI) to protect their funding level against the volatility of market movements that impact their liabilities – by investing in assets that move similarly to the liabilities. At the time of writing a full analysis of the performance of the LDI held by the Fund is being undertaken, but initial indications and expectations are that the LDI performed as it was designed to and that the Fund's funding level remained broadly stable despite the exceptional volatility in government bonds. Due to the segregated LDI approach used for the Fund and the low risk asset strategy adopted by the Trustee, the portfolio was less impacted by the risks from the market volatility than many pension schemes.

Consequent on the changes in government bond values, as expected, the overall value of the Fund's investment portfolio has declined. That said, the value of the Fund's liabilities has also fallen by a similar amount, in line with the risk management approach using LDI, which has left the Fund's estimated funding levels to remain broadly unchanged.

Owing to changes in market values, the Fund is now much smaller in asset value terms, however there are no concerns regarding its funding level, its ability to meet the payment of benefits to members, or its ability to continue as a going concern.

The Trustee will continue to monitor the situation and is well placed to take any action as required.

Approval of Trustee's Report

The Trustee's Report on pages 1 to 12 was approved by the Trustee and signed on its behalf by:

B D McGowan

Date: 1st June 2023

Summary of contributions payable in the year

During the year, the contributions payable to the Plan by the Employer under the Schedules of Contributions dated 29 May 2019 and 20 January 2022 were as follows:

	£000
Employer deficit contributions	20,000
Employer additional expense contributions	1,128
Contributions payable under the Schedules of Contributions (as reported on by the Fund auditors)	21,128
Employer section 75 debt contribution	3,420
Total contributions (as per financial statements)	24,548

Approved by the Trustee and signed on its behalf by:

B D McGowan

Date: 1st June 2023

Independent auditors' statement about contributions

to the Trustee of Chubb Security Pension Fund

Opinion

In our opinion, the contributions payable under the schedules of contributions for the fund year ended 31 March 2022 as reported in Chubb Security Pension Fund's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the fund actuary on 29 May 2019 and 20 January 2022.

We have examined Chubb Security Pension Fund's summary of contributions for the fund year ended 31 March 2022 which is set out on the previous page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the trustee in respect of contributions

As explained more fully in the statement of trustee's responsibilities, the fund's trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the fund by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

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

Use of this report

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

PricewaterhouseCoopers LLP.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 2/6/23

Independent auditors' report

to the trustee of Chubb Security Pension Fund

Report on the audit of the financial statements

Opinion

In our opinion, Chubb Security Pension Fund's financial statements:

- show a true and fair view of the financial transactions of the fund during the year ended 31 March 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report, which comprise: the Statement of Net Assets available for benefits as at 31 March 2022; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the fund's ability to continue as a going concern.

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

Reporting on other information

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

Independent auditors' report to the trustee of Chubb Security Pension Fund (Cont)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the trustee for the financial statements

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

In the preparation of the financial statements, the trustee is responsible for assessing the fund'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 fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

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

Independent auditors' report to the trustee of Chubb Security Pension Fund (Cont)

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

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

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

Use of this report

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

PricewaterhouseCoopers LLP.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 2/6/23

The Financial Statements

Fund Account

for the year ended 31 March 2022

	Note	31 March 2022 £000	31 March 2021 £000
Contributions and benefits			
Employer contributions	4	24,548	7,500
Employee contributions		-	1
Total contributions		24,548	7,501
Other income	5	13	-
		24,561	7,501
Benefits paid or payable	6	(28,954)	(29,093)
Transfers to other schemes	7	(17,278)	(13,385)
Administrative expenses	8	(1,677)	(817)
		(47,909)	(43,295)
Net withdrawals from dealings with members		(23,348)	(35,794)
Returns on investments			
Investment income	9	601	27
Change in market value of investments	10	(20,781)	81,089
Investment management expenses	11	(206)	-
Net return on investments		(20,386)	81,116
Net (decrease) / increase in the fund during the year		(43,734)	45,322
Net assets of the Fund			
Opening net assets		923,544	878,222
Closing net assets		879,810	923,544

The notes on pages 20 to 32 form part of these financial statements.

The Financial Statements (Cont)

Statement of Net Assets

available for benefits as at 31 March 2022

	Note	31 March 2022 £000	31 March 2021 £000
Investment assets:			
Bonds	10	769,297	-
Pooled investment vehicles	13	179,110	918,314
Derivatives	14	2,306	-
Insurance policies	18	68	89
AVC investments	17	274	291
Reverse repurchase agreements	16	39,417	-
Cash deposits	10	1,149	-
Other investment balances	15	4,906	-
		996,527	918,694
Investment liabilities:			
Derivatives	14	(2,016)	-
Repurchase agreements	16	(134,151)	-
Other investment balances	15	(2)	-
		(136,169)	-
Total net investments	10	860,358	918,694
Current assets	22	20,123	5,136
Current liabilities	23	(671)	(286)
Total net assets available for benefits		879,810	923,544

The financial statements summarise the transactions of the Fund 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 Fund year. The actuarial position of the Fund, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on page 7 of the Annual Report, and these financial statements should be read in conjunction with this report.

The notes on pages 20 to 32 form part of these financial statements.

These financial statements on pages 18 to 32 were approved by the Trustee and signed on its behalf by:

B D McGowan

Date: 1st June 2023

Notes to the Financial Statements

1. General information

The Chubb Security Pension Fund (the 'Fund') was established under English law by a Trust Deed and Rules dated 1 May 1980 and is currently governed by a replacement definitive Trust Deed and New Rules which was adopted on 19 May 2000.

The Fund is an occupational defined benefit pension plan registered in the United Kingdom. The registered office is at Oak House, Littleton Road, Ashford, Middlesex, TW15 1TZ.

2. Basis of preparation

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

3. Accounting policies

The principal accounting policies of the Fund which are applied consistently are as follows:

Currency

- The Fund's functional and presentational currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Fund year-end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Contributions

- Contributions made by the Employer are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and Recovery Plan under which they are payable.

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.
- Where members have a choice regarding the form and timing of their benefit, benefits are accounted for on an accruals basis on the later of the date of retiring or leaving and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retiring or leaving.
- Individual transfers in or out of the Fund are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.
- Where the Trustee agrees or is 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 Fund, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within "Benefits paid or payable".

Expenses and other payments

- Expenses are accounted for on an accruals basis.
- Investment management expenses and rebates are accounted for on an accruals basis and shown net within "Returns on investments". Transaction costs are included in the cost of purchases and sale proceeds.

Notes to the Financial Statements (Cont)

3. Accounting policies (Cont)

Investment income

- Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.
- Investment income arising from the underlying investments of the remaining pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price. Thus, it is reported within "Change in market value".
- Income from cash and short-term deposits is accounted for on an accruals basis.
- Receipts from annuity insurance policies are accounted for as investment income on an accruals basis.
- Receipts or payments under swap contracts, representing the difference between the swapped cash flows, are included in investment income.
- Interest payable on repurchase agreements and receivable on reverse repurchase agreements is accounted for in the period it falls due.

Investments

- 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.
- The number and value of units held within the Chubb Common Investment Fund (CCIF) is provided by the CCIF custodian. The units are single priced and the underlying accounting policies and methodology for the fair valuation and classification of assets and liabilities held within the CCIF are detailed in the CCCIF financial statement set out in Appendix I.
- Quoted securities in active markets are usually valued at the current bid prices or at the valuation date nearest to the year end.
- 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.
- Bonds are stated at their clean prices. Accrued income is accounted for within "Investment income" and within "Investment income receivable" included as "Other investment balances".
- Exchange traded futures are valued as the sum of the daily mark-to-market, which is a calculated difference between the settlement prices at the reporting date and the inception date.
- Over the counter (OTC) derivatives are valued using the following valuation techniques:
  - Swaps – current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.
  - Forward foreign exchange (Forward FX) – the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- Repurchase agreements are accounted for as follows:
  - Repurchase agreements (repo) – the Fund continues to recognise and value the securities that are delivered out as collateral, and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.
  - Reverse repurchase agreements (reverse repo) – the Fund does not recognise the securities received as collateral in its financial statements. The Fund does recognise the cash delivered to the counterparty as a receivable in the financial statements.

Critical accounting judgments and estimation uncertainty

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

The Trustee makes estimate and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Fund, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Fund investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included above and within note 19.

Notes to the Financial Statements (Cont)

4. Contributions

	2022	2021
	£000	£000
Employer contributions		
Deficit funding	20,000	7,500
Additional expense contributions	1,128	-
Section 75 debt	3,420	-
Employee contributions		
Additional voluntary contributions	-	1
	24,548	7,501

In accordance with the Schedule of Contributions dated 29 May 2019, with effect from 1 April 2021 the Employer was to pay all expenses in respect of the Fund. The additional contributions in the table above represent the expenses paid by the Fund, which have been refunded by the Employer up to 31 December 2021.

Following the completion of the 31 March 2021 actuarial valuation an updated Schedule of Contributions dated 19 January 2022, was agreed. Under the new Schedule the Employer agreed to pay a one off contribution of £20m in respect of the shortfall in funding as set out in the Recovery Plan. Also, under the new Schedule all fees and expenses are to be paid by the Fund.

During the year the Employer paid a Section 75 debt contribution of £3,420,000 in respect of TG Products Limited, a former Participating Employer who ceased participation in the Fund during the year.

5. Other income

	2022	2021
	£000	£000
Claims on term insurance policies	13	-

6. Benefits paid or payable

	2022	2021
	£000	£000
Pensions	26,119	25,683
Commutation of pensions and lump sum retirement benefits	2,534	2,685
Lump sum death benefits	301	639
Taxation where lifetime or annual allowance exceeded	-	86
	28,954	29,093

7. Transfers to other schemes

	2022	2021
	£000	£000
Individual transfers to other schemes	17,278	13,385

Notes to the Financial Statements (Cont)

8. Administrative expenses

	2022 £000	2021 £000
Administration and processing	571	367
Actuarial fees	562	262
Pensions Regulator and Pension Protection Fund levies	41	38
Audit fees	38	34
Trustee fees	67	56
Legal and other professional fees	398	60
	1,677	817

Administrative expenses were previously met by the Fund. Under the Schedule of Contributions, dated 29 May 2019, fees were due to be met by the Employer with effect from 1 April 2021.

All fees paid by the Fund between 1 April 2021 and 31 December 2021 have been reimbursed by the Employer and are included as Employer expense contributions in note 4.

A new Schedule of Contributions was agreed on 19 January 2022, under which administrative expenses are all to be met by the Fund.

9. Investment income

	2022 £000	2021 £000
Income from bonds	710	-
Net interest on repurchase agreements / reverse repurchase agreements	(130)	-
Annuity income	21	25
Interest on cash deposits	-	2
	601	27

Notes to the Financial Statements (Cont)

10. Reconciliation of investments

	Value at 1 April 2021 £000	Purchases at cost and Derivative Payments £000	Sales proceeds and derivative receipts £000	Change in market value £000	Value at 31 March 2022 £000
Bonds	-	831,426	(42,184)	(19,945)	769,297
Pooled investment vehicles:					
CCIF invested units	918,314	-	(914,731)	(1,959)	1,624
Other pooled investment vehicles	-	181,930	(5,855)	1,411	177,486
Total Pooled investment vehicles	*918,314*	*181,930*	*(920,586)*	*(548)*	*179,110*
Derivatives - net	-	678	(77)	(311)	290
Insurance policies	89	-	-	(21)	68
AVC Investments	291	-	(34)	17	274
	918,694	1,014,034	(962,881)	(20,808)	949,039
Cash deposits	-			27	1,149
Other investment balances	-			-	4,904
Amounts receivable under reverse repurchase agreements	-			-	39,417
Amounts payable under repurchase agreements	-			-	(134,151)
Net investment assets	918,694			(20,781)	860,358

With the exception of annuity policies and AVC policies all of the Fund assets were invested through the Chubb Common Investment Fund (CCIF) which is a unitised arrangement. The majority of the assets were withdrawn from the CCIF in February and March 2022 and transferred into new investment arrangements for the Fund, with only a small holding in the CCIF arrangement remaining as at the year end.

The annual report and financial statements of the CCIF for the year ended 31 March 2022 are attached to these financial statements at Appendix I. These financial statements provide detail of the movements in the underlying assets of the CCIF in the year to 31 March 2022 and the valuation of the assets at that date.

Also included in the financial statements of the CCIF are details of the investment transaction costs of the CCIF, the fair value hierarchy of financial instruments, details of investment risks relating to the assets held within the CCIF, the investment strategy, the concentration of assets and details of employer related investments held indirectly through the assets of the CCIF.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Fund such as fees, commissions and stamp duty.

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Fund.

Employer related investments

At 31 March 2022, there were no direct or indirect employer related investments.

At 31 March 2021, less than 0.01% of the underlying assets of the CCIF attributable to units held by the Plan were indirectly invested in the employer through pooled investment vehicles with Legal & General and BlackRock.

Notes to the Financial Statements (Cont)

11. Investment management expenses

	2022	2021
	£000	£000
Administration, management and custody	206	-

12. Taxation

The Fund is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

13. Pooled investment vehicles

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

	2022	2021
	£000	£000
Diversified Growth Fund	107,581	-
Absolute Return Fund	63,230	-
Liquidity Funds	6,675	-
CCIF*	1,624	918,314
	179,110	918,314

* Detail of the assets underlying the investment in the CCIF is included in the annual report and financial statements of the CCIF, which are attached to these financial statements in Appendix I.

14. Derivatives

Objectives and policies for holding derivatives

The Trustee has authorised the use of derivative financial instruments by the investment managers as part of their investment strategy as follows;

- Futures and Swaps: Interest rate swaps and bond and interest rate futures may be used by bond managers for the purposes of implementing duration, country allocation, yield curve and investment views.
- Forward foreign currency: FX may be used for currency hedging purposes, but not for speculative purposes.

At the year end the Fund had the following derivatives:

	2022		2021	
	Asset £000	Liability £000	Asset £000	Liability £000
Exchange traded				
Futures	164	(21)	-	-
Over-the-counter contracts				
Forward FX contracts	167	(937)	-	-
Swaps	1,975	(1,058)	-	-
	2,306	(2,016)	-	-

Notes to the Financial Statements (Cont)

14. Derivatives (Cont)

A summary of the Fund's outstanding derivative contracts at the year-end aggregated by key characteristics is set out below:

Futures contracts

Nature	Notional amounts £000	Duration	Asset value £000	Liability value £000
UK Gilt exchange traded	5,698	<3 Months	-	(21)
Overseas exchange traded	5,114	<3 Months	164	-
Total 2022	**10,812**		**164**	**(21)**
Total 2021	-		-	-

Forward FX contracts

Type	Nominal value £000	Duration	Asset value £000	Liability value £000
EUR/GBP	8,579	1-3 months	-	(88)
GBP/EUR	390	1 month	5	-
GBP/USD	18,230	1-2 months	62	(12)
USD/GBP	74,311	1-3 months	100	(837)
Total 2022	**101,510**		**167**	**(937)**
Total 2021	**-**		-	-

The nominal value represents the sterling value of the foreign currency amount of the contract translated at the year end spot rate.

OTC Swaps

Nature	Notional amounts £000	Duration	Asset value £000	Liability value £000
UK interest rate swap	47,090	7-30 years	-	(1,058)
Overseas interest rate swap	62,040	4-28 years	1,975	-
Total 2022	**109,130**		**1,975**	**(1,058)**
Total 2021	-		-	-

At the Fund year end the counterparties had deposited £2,030,000 (2021: £nil) of cash collateral and the Fund posted cash collateral amounting to £1,502,184 (2021: £nil).

Notes to the Financial Statements (Cont)

15. Other investment balances

The other investment balances held by the Fund at the year-end are as follows:

	2022	2021
Investment assets	**£'000**	**£'000**
Interest receivable – bonds	4,906	-
	2022	**2021**
Investment liabilities	**£000**	**£000**
Overpaid annuity income	(2)	-
Net other investment balances	4,904	-

16. Repurchase and reverse repurchase agreements

	2022	2021
	£000	**£000**
Amounts payable under repurchase agreements	(134,151)	-
Amounts receivable under reverse repurchase agreements	39,417	-
	(94,734)	-

Bonds with a fair value of £123.4m (2021: £nil) had been sold subject to repurchase contracts therefore continued to be recognised in the financial statements. There were 8 repurchase agreements at 31 March 2022 (2021: nil) with maturities between May and August 2022.

Bonds with a fair value of £10.9m (2021: £nil) were received as collateral at 31 March 2022 in respect of reverse repurchase agreements is not recognised in the financial statements. Cash delivered to the counterparties was recognised as amounts receivable in the table above. There were 3 reverse repurchase agreements, with maturities between April and June 2022.

17. AVC Investments

The Trustee holds assets invested separately from the main fund in the form of insurance policies securing additional benefits on a money purchase basis for those members that have elected to pay additional voluntary contributions. Members participating in this arrangement each receive annual statements confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments at the year end are as follows:

	2022	2021
	£000	**£000**
Aegon (unitised)	274	291

18. Insurance policies

Annuity policies provide an income to the Fund as disclosed in note 9. The value of these policies is estimated annually by the Fund Actuary.

	2022	2021
	£000	£000
Annuities	68	89

Notes to the Financial Statements (Cont)

19. Fair value hierarchy

The fair value of financial instruments has been disclosed 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.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Fund's investment assets and liabilities fall within the above hierarchy levels as follows:

	As at 31 March 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	769,297	-	769,297
Pooled investment vehicles	-	177,486	1,624	179,110
Insurance policies	-	-	68	68
Derivatives - net	-	147	143	290
AVC investments	-	274	-	274
Cash deposits	1,149	-	-	1,149
Other investment balances	4,904	-	-	4,904
Repurchase and reverse repurchase agreements - net	-	(94,734)	-	(94,734)
	6,053	852,470	1,835	860,358

	As at 31 March 2021			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Bonds	-	-	-	-
Chubb Common Investment Fund	-	-	918,314	918,314
Insurance policies			89	89,
Derivatives - net	-	-	-	-
AVC investments	-	-	291	291
Cash deposits	-	-	-	-
Other investment balances	-	-	-	-
Repurchase and reverse repurchase agreements - net	-	-	-	-
	-	-	918,694	918,694

Notes to the Financial Statements (Cont)

20. Investment risk disclosures

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 cashflows 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 cashflows 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 cashflows 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 investment strategy. The Fund has exposure to these risks because of the investments it makes.

In relation to the risk exposures at the prior year end a detailed analysis of risks associated with assets of the CCIF, which underpinned the value of units held by the Fund in the CCIF, are covered in the financial statements of the CCIF in Appendix I.

Further information on the Trustee's approach to risk management, credit and market risk at the year end is set out below. This does not include legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Fund.

Investment strategy

The investment objective of the Fund 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 Fund payable under the Trust Deed and Rules as they fall due.

The Trustee sets the investment strategy for the Fund taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Fund and the funding agreed with the Employer. The investment strategy is set out in the Fund's Statement of Investment Principles (SIP).

The current strategy is to hold the following asset allocations.

Asset class	**Benchmark Allocation (%)**
Growth	
Multi-asset	18
Protection	
Liability Driven Investment	**82**
Corporate bonds	28
Gilts	52
Cash	2
Total	**100**

Notes to the Financial Statements (Cont)

20. Investment risk disclosures (Cont)

Credit risk

The Fund is subject to credit risk because it directly invests in bonds, OTC derivatives, has cash balances and holds units in pooled investment vehicles (PIVs). The Fund has indirect exposure to credit risks from the underlying investments held by the pooled investment vehicles.

Analysis of direct credit risk as at 31 March 2022

	Investment grade* £000	Non-investment grade* £000	Unrated £000	2022 £000	2021 £000
Bonds	768,385	912	-	**769,297**	-
OTC Derivatives	-	-	290	**290**	-
Cash	-	-	1,149	**1,149**	-
PIVs	-	-	179,110	**179,110**	918,314
Reverse repurchase agreements	-	-	39,417	**39,417**	-
Repurchase agreements	-	-	(134,151)	**(134,151)**	-
	768,385	**912**	**85,815**	**855,112**	918,314

** Bonds with a rating of BBB- (on the Standard & Poor's and Fitch scale) or Baa3 (on Moody's) or better are considered investment-grade.*

The credit risk arising on bonds is mitigated by predominantly investing in government bonds and corporate bonds which are at least investment grade credit rated. The Fund might also invest in high yield bonds, which are non-investment grade. The associated credit risk is mitigated by placing restrictions on the assets that may be held within the bond portfolio.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). The Fund holds both exchange traded and OTC derivatives. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Fund is subject to risk of failure of the counterparty. The risk is reduced through collateral arrangements. Cash is held within financial institutions which are at least investment grade credit rated.

The pooled investment arrangements used by the Fund comprise a Jersey domiciled unit trust, UK and Irish domiciled open-ended investment companies and a UK domiciled common investment fund. Direct credit risk arising from Pooled Investments Vehicles (PIVs) are mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled manager operates and the Trustees' due diligence of the pooled manager. The PIVs themselves are unrated.

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

	2022 (£000s)	2021 (£000s)
Jersey domiciled unit trust	**107,581**	-
UK domiciled Undertakings for the Collective Investment in Transferable Securities Open-Ended Investment Company	**63,230**	-
Irish domiciled Undertakings for the Collective Investment in Transferable Securities Open-Ended Investment Company	**6,675**	-
UK domiciled common investment fund	**1,624**	918,314
Total	**179,110**	918,314

Indirect credit risk arises in relation to underlying investments held in the pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities or use active management.

The Trustee monitors the performance of the investment managers on a regular basis in addition to having meetings with the investment managers from time to time as necessary. The Trustee has a written agreement with the investment managers, which contains a number of restrictions on how the investment managers may operate.

Notes to the Financial Statements (Cont)

20. Investment risk disclosures (Cont)

Market risk: Interest rates

The Fund is subject to interest rate risk because some of the Fund's investments are held in bonds as segregated investments or through pooled vehicles, repurchase agreements, reverse repurchase agreements and cash. Under this strategy, if interest rates fall, the value of the bonds investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

Market risk: Currency

The Fund is exposed to currency risk because some of its investments are held in overseas markets. For example, the Fund invests indirectly in overseas equities and bonds through a pooled investment vehicle.

The Fund's liabilities are denominated in sterling and currency hedging is employed to manage the impact of exchange rate fluctuations on the Fund's investments.

Market risk: Other price

Other price risk arises principally in relation to the Fund's return seeking portfolio which includes holdings in absolute return funds. Other price risk also arises due to the inflation linkage of some of the bonds held as segregated investments or through pooled vehicles. Under this strategy, if inflation expectations rise, the value of these bonds investments will rise to help match the increase in actuarial liabilities. Similarly, if inflation expectations fall, these investments will fall in value, as will the actuarial liabilities.

The Fund manages other price risk from return seeking exposure by investing in a pooled fund that invests in a diverse portfolio of instruments across various markets. According to the Fund's Statement of Investment Principles (SIP), the investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities. In addition, the asset allocation is detailed in the Appendix of the SIP document and is monitored on a regular basis by the Trustee.

21. Concentration of investments

The following investments each account for more than 5% of the Fund's net assets at the year-end:

	2022		2021	
	£000	%	£000	%
Ruffer Absolute Return Fund	107,581	12.2	-	-
Blackrock Diversified Growth Fund	63,230	7.2	-	-
CCIF	n/a	n/a	918,314	99.4

22. Current assets

	2022	2021
	£000	£000
Cash at bank	20,031	4,926
Due from employer (VAT recovery)	87	68
Other debtors	5	142
	20,123	5,136

23. Current liabilities

	2022	2021
	£000	£000
Unpaid benefits	230	62
Administration	441	149
Prepaid contributions	-	75
	671	286

Notes to the Financial Statements (Cont)

24. Contingent liabilities and contractual commitments

In the opinion of the Trustee, except for the matter detailed below, the Fund had no contingent liabilities at 31 March 2022 (2021: £nil).

Equalisation of Guaranteed Minimum Pensions (GMP)

In October 2018, the High Court determined that benefits provided to members who had contracted out of the state second pension must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 between men and women. In November 2020, a further ruling by the High Court determined that transfers out of a scheme in respect of members who had contracted out of the state second pension must also be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 between men and women. The Trustee is now reviewing, with its advisers, the implications of this ruling on the Fund. As soon as this review is finalised and any liability quantified, a communication will be issues to affected members.

25. Related party transactions

Transactions with related parties of the Fund comprise;

Key management personnel

- In the year Trustee fees were paid to B D McGowan, I Fixter and W Jones for trustee services to the Fund. The aggregate amount paid was £26,000 (2021: £26,000). In addition, with effect from 1 July 2020 the Fund paid Trustee fees to B D McGowan, T P Allen, W Jones and G P Smart for trustee services to the CCIF. The aggregate amount paid was £41,000 including expenses (2021: £30,000). All Trustee fee payments are accounted for within note 8 of the financial statements.

Employer and other related parties

- During the year the Fund , along with the related Chubb Pension Plan, participated in the Chubb Common Investment Fund.
- VAT amounting to £262k (2021: £69k) was recovered from Chubb Group Limited in the year.
- All fees paid by the Fund between 1 April 2021 and 31 December 2021 have been reimbursed by the Employer and are included as Employer expense contributions in note 4.

26. Covid 19 and other matters

Since March 2020, Covid-19 and other, more recent geopolitical issues (such as Russia's war in Ukraine) and economic issues (such as increases in the rates of inflation and interest rates and movements in foreign currencies), have had a profound effect on domestic and global economies, with disruption and volatility in the financial markets.

The Trustee, in conjunction with its advisers, monitors the situation closely and determine any actions that are considered to be necessary. This includes monitoring the Fund's investment portfolio, the operational impact on the Fund and the covenant of the Employer.

The extent of the impact on the Fund's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted.

Since the year end, the value of the Fund's investment assets and liabilities have been impacted. Whilst the Trustee monitors the overall position, it has not, at this time, quantified the change (being an increase or decrease) in market value of investment assets and liabilities as markets remain fluid and unpredictable and therefore such an estimate cannot be made.

Certificate of Adequacy of Contributions

Chubb Security Pension Fund

Certification of the Schedule of Contributions

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective is expected to be met by the end of the period specified in the Recovery Plan dated 19 January 2022 and can then be expected to continue to be met for the period for the remaining period for which the Schedule is expected to be in force.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 19 January 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Fund's liabilities by the purchase of annuities, if the Fund were to be wound up.

Signature:	P. Hou	Date:	20 January 2022
Name:	Paul Houghton	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Decimal Place Chiltern Avenue Amersham Buckinghamshire HP6 5FG	Employer:	Barnett Waddingham LLP

Schedule of Contributions

Chubb Security Pension Fund
Schedule of Contributions

Status

This Schedule of Contributions has been prepared by the Trustee of the Chubb Security Pension Fund (the "Fund"), after obtaining the advice of the Scheme Actuary appointed by the Trustee and with the agreement of Chubb International Holdings Limited (the "Employer").

Contributions to be paid by the Employer from [illegible] January [illegible] to 31 January 2027

In respect of the shortfall in funding as set out in the Recovery Plan dated 19 January 2022:	A one-off payment of £20,000,000, to be paid towards the Fund within 30 days of the date of signing.

All expenses and the Pension Protection Fund levy will be paid by the Fund.

Other provisions

The Employer contributions are subject to review at the next actuarial valuation which must be carried out with an effective date no later than 31 March 2024.

The Employer may pay contributions in addition to the amounts shown above at any time. Any contributions paid at a rate higher than that required can be offset against later payments due at the request of the Employer.

This schedule has been agreed by the Trustee and the Employer

Signed: .... Name: Brian Mc[illegible] Position: Trustee Director
On behalf of the Trustee

Signed: .... Name: Warwick Jones Position: Trustee Director
On behalf of the Trustee

Signed: .... Name: Paul [illegible] Position: Director
On behalf of the Employer

Date: 19 January 2022

Chair's Statement

Chubb Security Pension Fund ("the Fund")

Chair's statement regarding the governance of defined contribution arrangements

Fund year - 1 April 2021 to 31 March 2022

1. Introduction

1.1. This statement has been prepared by the Trustee of the Chubb Security Pension Fund ("the Trustee") and reports on how the Trustee complies with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 ("the Regulations"), and subsequently amended by The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.

1.3. This statement covers the Fund year 1 April 2021 to 31 March 2022. It may not, therefore, include any subsequent changes to the Fund since 31 March 2022.

1.4. As required by the Regulations, the Trustee will publish this Statement on a publicly accessible website. The web address for the website will be https://www.chubbfiresecurity.com/en/uk/about/pension-scheme/.

2. The Fund's DC benefits

2.1. The Fund's DC benefits comprise of the following:

2.1.1. DC benefits for some members who had short periods of membership after 5 April 1997 and who received a refund of part of their contributions. The DC benefits represent retained 'Protected Rights', a result of the method used by the Fund from 6 April 1997 to 'contract out' of the State Pension Scheme. These Protected remained invested within the Fund's defined benefit (DB) investment strategy.

2.1.2. DC 'underpin' accounts apply for some members, under which they will receive the greater of a DB entitlement and the comparable pension that can be secured by the DC underpin account. The Trustee has been informed by the Plan's administrator, Buck, that during the Plan year, comparable pensions that could be secured by DC underpin accounts were not expected to be greater. Benefits for these members are therefore expected to be DB in nature and are not considered further in this Statement.

2.1.3. The Fund held an Additional Voluntary Contribution (AVC) policy with one provider during the reporting period.

3. The Fund's investment arrangements

3.1. The Fund is not used as a qualifying scheme by any sponsoring employer to meet its auto-enrolment duties on a DC basis.

3.2. The Fund has no default investment arrangements for the purposes of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "Scheme Administration Regulations"). As there is no default arrangement, the requirement for a Statement of Investment Principles (SIP) prepared in accordance with regulation 2A of the Occupational Pension Scheme (Investment) Regulations 2005 does not apply.

Chair's Statement (Cont)

Overview of the Fund's investment arrangements

3.3. Up until the 1 March 2022, Protected Rights funds were invested in the Chubb Common Investment Fund ("the CCIF") in line with the Fund's DB investment strategy. The CCIF operated as a unitised arrangement. Units within the CCIF were valued using the bid market value of assets on a monthly basis. Following a decision by the Trustee, the Plan's investments (including all the units the Fund held) were withdrawn from the CCIF as part of a wider change to the Fund's DB investment strategy. From 1 March 2022 all Protected Rights benefits were invested in line with the Fund's new DB investment strategy ("the Fund's Portfolio") which mirrors its previous holdings within the CCIF.

4. Core financial transactions

4.1. The governance standard requires the Trustee to ensure that 'core financial transactions' are processed promptly and accurately. For the Fund, these comprise:

4.1.1. Transfer payments out of the Fund

4.1.2. Retirement benefit payments out of the Fund

4.2. As Protected Rights funds are invested in line with the Fund's DB investments, there are no investment switches available to members outside those made by the Trustees of the CCIF (prior to 1 March 2022) and the Fund's Trustee (post 1 March 2022). Therefore, only transfers/payments out of the Fund are relevant in terms of core financial transactions.

4.3. Transactions in respect of the Protected Rights funds are undertaken on the Trustee's behalf by the administrator of the Fund, Buck Consultants (Administration & Investment) Limited ("Buck"), and prior to 1 March 2022, the Trustees of the CCIF.

Controls and monitoring arrangements

4.4. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:

4.4.1. The Trustee has a Service Level Agreement (SLA) in place with Buck, both in terms of timeliness and accuracy, and reporting of performance against those service levels.

4.4.2. The SLA sets out the timeline standards expected for each step of the Fund's main administration tasks, including core financial transactions. Buck aims to process at least 95% of core financial transactions within the SLAs set out below:

Core financial transaction	Service Level Agreement (days)
Transfers out of the Fund	10
Retirement benefit payments	7

4.5. In order to monitor Buck's performance against agreed SLAs, the Trustee receives quarterly administration reports from Buck. These reports include cash flow monitoring, summaries of member transactions, reporting of service performance against the SLAs and identify any issues arising regarding administration timeliness and/or accuracy. Reports are considered at each Trustee Meeting.

4.6. The controls in place in relation to the accuracy of core financial transactions are:

4.6.1. Internal checking procedures are applied to all processes.

4.6.2. Monitoring of accuracy is undertaken via the auditing of the Fund's annual report and accounts and periodic auditing of the Fund's membership data. In addition, Buck's internal controls are subject to internal controls procedures.

Chair's Statement (Cont)

4.7. The Trustee has reviewed the above processes and controls implemented by Buck and consider these to be suitably designed to achieve its objectives.

Issues occurring during the Fund Year

4.8. As highlighted in the Trustee's statement covering the previous Fund year, the Trustee was formally made aware on 6 August 2020 that Buck had been misreporting its administration performance against agreed SLAs since late 2018/early 2019. Quarterly reports presented at Trustee meetings generally showed performance ranging from 95% to 100% however, in reality the average SLA during the period was around 80%. The Trustee subsequently submitted Breaches of Law reports to TPR on 27 August 2020, with further updates provided on 28 September 2020 and 27 November 2020 at TPR's request. The Trustee continued to liaise with TPR as to the recovery process throughout the reporting period. Overall, the Trustee had been notified of 79 breaches by Buck for the Fund as a whole.

4.9. To resolve, the service issues relating to the Fund's administration and the backlog of outstanding tasks accrued, the Trustee arranged weekly meetings with Buck to monitor progress and provide support in eliminating the backlog of work and in getting the administration performance up to agreed levels by the end of October 2020. The Fund's backlog was cleared ahead of this deadline in the week commencing 19 October 2020.

4.10. In response to the issues noted above, the Trustee received compensation from Buck for the serious breaches of its performance levels. However, the Trustee continues to monitor Buck's performance against SLAs at Trustee meetings and Administration Sub-Committee meetings.

4.11. As a result of this oversight, during the Fund year there was an improvement into Buck's performance against SLAs, with levels reaching normality, although in Q4 2021 these levels once again dipped.

Fund AVCs

4.12. The AVC policy was provided by Aegon during the reporting period. The Trustee has delegated the administrative oversight of the AVC arrangements to Buck. Buck were unable to provide a valuation of the Aegon policy at 31 March 2022 although all members with AVCs had received a benefit statement in accordance with the disclosure regulations. As a result, a prior year value, adjusted for withdrawals, was adopted for accounting purposes. However, the Trustee will be obtaining a current valuation from Aegon for their records going forward.

4.13. There are no formal SLAs in place with the AVC providers, however Buck reports to the Trustee as part of the Trustee's meetings with any specific issues relating to the administration of the AVC policy.

Trustee view of core financial transactions

4.14. The Trustee believes that these measures enable it to effectively monitor the promptness and accuracy of core financial transactions of the Fund's administration for its DC and AVC arrangements. Whilst acknowledging the issues experienced, due to the very low number of Protected Rights members during the Fund year that were DC in nature, the Trustee is confident that all related core financial transactions over the reporting period have been processed promptly and correctly.

5. Charges and transaction costs

5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:

5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).

Chair's Statement (Cont)

5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

5.2. All administration, communication and other costs associated with running the Fund (other than administering the AVC arrangements) are met by the sponsoring employer.

5.3. The Trustee approached the CCIF's and Fund Portfolio's investment managers to obtain details of the member-borne charges and transaction costs incurred over the Fund year. Details are provided below.

Charges in relation to Fund Portfolio

5.4. The TER for the Fund Portfolio for the Fund year was 0.170% p.a.

5.5. The additional transaction costs incurred within the Fund Portfolio over the Fund year was 0.073% p.a.

Charges in relation to AVCs

5.6. The following tables provide details of the charges and transaction costs for each of the investment options provided through each AVC arrangement over the Fund year.

Aegon

5.7. Members that hold AVC benefits with Aegon are invested in one, or a combination, of the funds detailed in the table below alongside details of the charges and transaction costs quoted by Aegon for these funds:

Investment option	TER (p.a.)	Transaction costs (year to 31 March 2022)	Average transaction costs (p.a.)
Aegon BlackRock LifePath Capital 2034-2036 (BLK)	0.41%	0.0337%	0.0438%*
Aegon BlackRock LifePath Capital 2031-2033 (BLK)	0.41%	0.0300%	0.0393%*
Aegon BlackRock LifePath Capital 2028-2030 (BLK)	0.41%	0.0393%	0.0466%*
Aegon BlackRock LifePath Capital 2025-2027 (BLK)	0.41%	0.0294%	0.0307%*
Aegon BlackRock LifePath Capital 2022-2024 (BLK)	0.41%	0.0233%	0.0230%*
Aegon BlackRock Cash (BLK)	0.33%	0.0157%	0.0138%*
Aegon BlackRock Long Gilt (BLK)	0.30%	-0.0382%**	-0.0300%**
Aegon BlackRock Index-Linked Gilt (BLK)	0.30%	0.0048%	-0.0035%**
Aegon BlackRock American Growth (BLK)	0.90%	0.1040%	0.1617%
Aegon BlackRock 50/50 Global Equity Index Tracker (BLK)	0.67%	0.0854%	0.1191%
Aegon BlackRock Balanced Growth (BLK)	0.76%	0.1119%	0.1443%
Aegon BlackRock 50/50 Global Growth (BLK)	0.75%	0.1357%	0.1793%
Aegon BlackRock Strategic Accumulation (BLK)	0.75%	0.1299%	0.1760%

*These funds only became available within the Aegon AVC arrangement following the transfer of Utmost AVCs in July 2020. As a result, we only report average transactions costs over a two-year period as opposed to a three-year period.

Chair's Statement (Cont)

** in certain circumstances the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes the price of the asset being traded down, whilst the transaction was in progress, resulting in the asset being purchased for a lower price than when the trade was initiated.

Impact of costs and charges

5.8. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustee has produced illustrations and these are set out in the appendix.

Value for members

The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value. These member borne deductions cover the cost of providing the investment management services for the Protected Rights funds and also the administration services and communications for the AVC provider.

5.9. The CCIF had its own Board of Trustees which was supported by Barnett Waddingham as Investment Consultant and subject to Investment Monitoring and Operational Governance Reports. From 1 March 2022 the Trustee was supported in the same manner in relation to the Fund Portfolio.

5.10. The CCIF regularly reported to the Trustee on the performance of the fund. Barnett Waddingham now report directly to the Trustee on the performance of the Fund Portfolio.

5.11. The Trustee was satisfied with the performance of both the CCIF and Fund Portfolio during the Fund year. Having considered the charges the members bear, the Trustee believes that this represents good value for its members, although it notes that administrative difficulties continued somewhat during the Fund year.

6 Disclosure of net investment returns

6.1. The Trustee is required to disclose returns, net of charges and transaction costs, for each investment strategy and fund that members are able, or were previously able, to select and in which members' assets were invested during the Fund Year. As all Fund benefits (except AVCs) are invested in line with the Fund's DB strategy, noting the changes under 3.3, the Trustee has provided a blended return of the Fund's assets held under the CCIF up until 1 March 2022 and the Plan's Portfolio for the remainder of the Fund year. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

Investment fund	Annualised Return –1 year to 31 March 2022	Annualised Return – 5 years to 31 March 2022
Fund Portfolio	-2.7%	5.3%

7. Trustee knowledge and understanding

The Trustee Board

7.1. The Trustee Board comprises seven trustee directors, 3 of whom are nominated by the members.

7.2. One of the appointed trustee directors, Brian McGowan, is the chair.

Trustee knowledge and understanding requirements

7.3. Trustee directors are required to be conversant with the Fund's main documents, and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension plans and investment of Fund assets and other matters to enable them to exercise their functions

Chair's Statement (Cont)

as trustee directors properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 07. The comments in this section relate to the Trustee as a body in dealing with the whole Fund and are not restricted to DC benefits.

Approach

7.4. The Trustee has put in place arrangements for ensuring that trustee directors take personal responsibility for keeping themselves up-to-date with relevant developments and carry out a self-assessment of training needs to identify knowledge gaps and training needs in relation to emerging legislation, Fund changes and upcoming matters in the Fund's business plan.

7.5. The Secretary to the Trustee reviews the self-assessments and arranges for training to be made available to individual trustee directors or to the full Trustee board as appropriate.

7.6. All of the existing trustee directors have completed the Pension Regulator's Trustee Toolkit and new trustee directors are required to complete this within six months of taking up office. During the Fund year three new trustee directors were appointed, two of whom were nominated by members. The new trustee directors are in the process of completing the Pension Regulator's Trustee Toolkit.

7.7. In addition, the Trustee received advice from professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the trustee directors on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Fund's documents, attending Trustee meetings and often in the delivery of training at these meetings. The relevant skills and experience of those advisers is a key criterion when evaluating advisor performance or selecting new advisers.

7.8. The Trustee aims to remain conversant with the Fund's Trust Deed & Rules and the following Trust documents and policies, having reviewed them in the Fund year:

- 7.8.1. Statement of Investment Principles (SIP)
- 7.8.2. General Data Protection Regulation policies and procedures
- 7.8.3. Member Nominated Trustee selection process
- 7.8.4. Terms of Reference for each of the Administration, Legislative Compliance and Pensioner Buy-in & Data Cleanse Sub-Committees
- 7.8.5. Conflicts of Interest Policy

Activities during the Fund year

7.9. The Trustee received the following training from their professional advisers and service providers during the Fund year:

- 7.9.1. Cyber Security
- 7.9.2. TPR's DB Code of Practice
- 7.9.3. Buck's Data Journey Plan

7.10. During the period covered by this statement, the Trustee undertook a review and received professional advice on the following aspects of DC Fund governance:

- 7.10.1. The withdrawal from the CCIF and setup of the Fund Portfolio
- 7.10.2. Fund De-risking Strategy
- 7.10.3. Buck's operational review of its administration services and subsequent recovery plan
- 7.10.4. Buck's Cyber Security controls

Chair's Statement (Cont)

7.10.5. The calculation that determines the benefits payable for DB members with a DC Underpin

Assessment

7.11. The Trustee considers that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their trustee functions in the following ways:

7.11.1. The Trustee is able to challenge and question advisers, service providers and other parties effectively

7.11.2. The Trustee's decisions are made in accordance with the Fund rules and in line with trust law duties

7.11.3. The Trustee's decisions are not compromised by such things as conflicts or hospitality arrangements

This Chair's statement regarding the governance of defined contribution arrangements was approved by the Trustee and signed on its behalf by:

....	1st June 2023
Brian McGowan, Chair of the Trustee	Date

Chair's Statement (Cont)

Appendix – Illustrations on the impact of cost and charges

A1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the Fund membership. For the illustration, the savings pot has been projected twice; firstly to allow for the assumed investment return gross of the costs and charges of the fund the member is invested in and then again, but adjusted for the cumulative effect of the costs and charges of the fund.

Parameters used for the illustrations

A2. Whilst no members held DC assets during the Fund year, to determine the parameters used in the illustration, the Trustee has analysed the membership from the previous Fund year and ensured that the illustration takes into account the following:

A2.1. Protected Rights funds are fully invested in the Fund Portfolio

A2.2. Using the median pot size of those who hold Protected Rights funds as a representative pot size

A2.3. The approximate duration that the youngest member using the Fund Portfolio would take to reach NRA.

A3. The Trustee has determined not to include any illustrations for AVCs as it would be disproportionately burdensome given the amounts of money held in each of the individual AVC funds:

The Fund Portfolio

A4. All Protected Rights funds are invested in the Fund Portfolio.

Years of membership	Age: 55 Starting pot size £1,500	
0	£1,500	£1,500
1	£1,491	£1,488
3	£1,474	£1,463
5	£1,457	£1,439
10	£1,414	£1,381

A5. Notes to costs and charges illustrative example:

A5.1. Note on how to read this table: If a Protected Rights member had £1,500 invested in this option on 31 March 2022, when they came to retire in 10 years, the savings pot could reduce to £1,414 in today's terms if no charges are applied or to £1,381 in today's terms with charges applied.

A5.2. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. It is for this reason some funds show negative real growth.

A5.3. Inflation is assumed to be 2.5% each year

A5.4. No further contributions are assumed to be paid

A5.6. Values shown are estimates and are not guaranteed

A5.7 Charges for the Fund Portfolio used in the illustration are those outlined in this statement

A5.8. The projected growth rates for the Fund Portfolio is 1.90% p.a. which is in line with those produced for the Fund's 2021 Statutory Money Purchase Illustrations (SMPI)

A5.9 The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. As we have data for the last year only, the figures are based on a one-year average.

Implementation Statement

Chubb Security Pension Fund (CSPF)

Purpose of this statement

This Implementation Statement (the "Statement") has been produced by the Trustee of the **Chubb Security Pension Fund ("the Fund")** to set out the following information over the year to **31 March 2022**:

- The extent to which the policies set out in the Statement of Investment Principles (SIP) have been followed during the period, as well as describing and explaining the review of the SIP that took place in October 2021;
- How the Trustee's policies on exercising rights (including voting rights) and engagement have been followed over the year; and
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year.

The Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

How voting and engagement policies have been followed

The Fund invests using pooled funds and segregated portfolios. Assets with voting rights attached are invested entirely in pooled funds and, as such, the Trustee delegates responsibility for carrying out voting and engagement activities to the fund managers.

The Trustee reviews the fund managers' strategies and processes for exercising rights and conducting engagement activities periodically, this is quarterly in line with their meeting cycle and annually alongside the preparation of the Statement. The Trustee will engage with the investment managers to the extent that any issues or questions are identified.

Having reviewed the above in accordance with their policies, the Trustee is comfortable that the actions of the fund managers are in alignment with the Fund's stewardship policies.

Additional information on the voting and engagement activities carried out for the Fund's investments are provided on the following pages.

The Trustee of Chubb Security Pension Fund (CSPF)

October 2022

How the SIP has been followed over the year

The Fund's SIP was updated in October 2021.

Reviews of the Fund's investment strategy were undertaken during 2021 principally to reduce risk by reducing the allocation to growth seeking assets and increasing hedging via the Liability Driven Investment (LDI) mandate. Based on the advice of the investment advisers and having regard to the suitability and diversification of the investments, which were diverging from those of the other participant in the Chubb Common Investment Fund, the Trustee planned to restructure its investments to be held directly in the name of the Trustee of the Chubb Security Pension Fund.

In the Trustee's view, taking into account the changes described above, the SIP has been followed over the year. Some of the key reasons for that opinion are given below, albeit excluding comments on voting and engagement that are considered in more detail later in this Statement.

Implementation Statement (Cont)

Policy on financially material considerations

The Trustee believes that Environmental, Social, and Governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. This includes an appreciation for climate risk.

The Trustee is satisfied that its fund managers acted in accordance with this view, subject to the terms of their mandates and including the stewardship activities considered later in this Statement.

Investment objectives

The Trustee is satisfied that the Fund's investments performed in line with expectations during the period, which included significant market volatility amidst the pandemic.

Investment monitoring

The Trustee monitors the suitability of the fund managers and how the investment strategy has performed relative to its objectives on a quarterly basis in conjunction with the Trustee's Investment Consultant, Barnett Waddingham.

Implementation Statement (Cont)

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Fund's Growth Portfolio on behalf of the Trustee over the year to 31 March 2022. The cash, gilts and bonds with Insight and BlackRock has no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	LGIM			
Fund name	Asia Pacific (ex Japan) Developed Index (both GBP hedged and unhedged share classes);	Europe (ex UK) Equity Index (both GBP hedged and unhedged share classes);	Japan Equity Index (both GBP hedged and unhedged share classes);	North America Equity Index (both GBP hedged and unhedged share classes);
Structure	Pooled			
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.			
No. of eligible meetings	499	549	512	663
No. of eligible votes	3,457	9,447	6,109	8,181
% of resolutions voted	100.0	99.8	100.0	99.7
% of resolutions abstained	0.2	0.7	0.0	0.1
% of resolutions voted with management[1]	73.4	82.2	86.6	70.4
% of resolutions voted against management[1]	26.4	17.1	13.3	29.5
Proxy voting advisor employed	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.			
% of resolutions voted against proxy voter recommendation	16.6	8.5	10.4	23.4

[1] As a percentage of the total number of resolutions voted on

Implementation Statement (Cont)

Manager	LGIM		Ruffer	BlackRock Investment Management
Fund name	UK Equity Index	World Emerging Markets Equity Index Fund	Ruffer Absolute Return Fund	BlackRock BIJF Dynamic Diversified Growth Fund
Structure	Pooled			
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.			
No. of eligible meetings	772	4,087	96	965
No. of eligible votes	10,813	34,237	1,307	12,458
% of resolutions voted	100.0	99.8	100.0	100.0
% of resolutions abstained	0.0	2.2	1.8	1.0
% of resolutions voted with management[1]	93.1	81.1	91.7	93.0
% of resolutions voted against management[1]	6.9	16.7	6.4	6.0
Proxy voting advisor employed	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.		Ruffer considers research and recommendations provided by Institutional Shareholder Services (ISS). However, Ruffer do not delegate stewardship activities and retain ultimate discretion in line with their own guidelines.	BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply their proxy
% of resolutions voted against proxy voter recommendation	5.4	6.3	6.8	0.0

[1] As a percentage of the total number of resolutions voted on

Implementation Statement (Cont)

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote, so for this Statement the Trustee has asked the investment managers to determine what they believe to be a "significant vote". LGIM, Ruffer and BlackRock have provided a numerous selection of votes which they believe to be significant, and in the interest of concise reporting the tables below show three of these votes for each fund.

Please note that the Fund disinvested fully from the LGIM equity funds during the period and therefore was not invested throughout the entire period. However, the Trustee has included votes over the entire period as it believes that they provide a meaningful representation of the activities during the period of investment. A summary of the significant votes provided is set out below.

LGIM, Asia Pacific (ex-Japan) Developed Equity Index Fund (currency hedged and unhedged)

	Vote 1	Vote 2	Vote 3
Company name	WH Group Limited	United Overseas Bank Limited (Singapore)	Suntec Real Estate Investment Trust
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.21	0.73	0.07
Summary of the resolution	Elect Wan Long as Director	Elect Wong Kan Seng as Director	Adopt Report of the Trustee, Statement by the Manager, and Audited Financial Statements and Auditors' Report
How the manager voted	Against (against management)	Against	Against
Rationale for the voting decision	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they are voting against all combined board chair/CEO roles.	As part of their efforts to influence investee companies on having greater gender balance, they expect all companies in which they invest globally to have at least one woman on their board. Please note they have stronger requirements in the UK, North American, European and Japanese markets, in line with their engagement in these markets.	The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.
Outcome of the vote	75.2% of shareholders supported the resolution.	86.0% of shareholders supported the resolution.	98.6% of shareholder supported the resolution.
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		LGIM will continue to engage with the company and monitor progress.
Criteria on which the vote is considered "significant"	Escalation of their vote policy on the topic of the combination of the board chair and CEO.	LGIM views gender diversity as a financially material issue for their clients.	LGIM considers this vote to be significant as it is applied under the Climate Impact

Implementation Statement (Cont)

LGIM, Europe (ex UK) Equity Index Fund (currency hedged and unhedged)

	Vote 1	Vote 2	Vote 3
Company name	Total SE	FinecoBank SpA	Volkswagen AG
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.25	0.12	0.52
Summary of the resolution	Re-elect Patrick Pouyanne as Director	Accept Financial Statements and Statutory Reports	Approve Discharge of Management Board and Supervisory Board members
How the manager voted	Against the resolution (against management)	Against	Against
Rationale for the voting decision	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they are voting against all combined board chair/CEO roles.	The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.	Whilst LGIM notes the progress made by the company in its strategy towards the transition to a lower emission world, they remain concerned regarding the handling of the diesel emissions scandal of 2015 by the management and supervisory boards and the overall governance structure of the company. In particular, LGIM note a lack of transparency regarding the handling of the crisis, including any lessons learnt by the boards, how sufficient internal control mechanisms have been put in place, and any progress made around improvement of corporate culture.
Outcome of the vote	77.4% of shareholders supported the resolution.	99.0% of shareholders supported the resolution.	99.5% of shareholders supported the resolution.
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to monitor and engage with the company.
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.	A vote against the discharge of responsibility of both the management and supervisory boards is a rare step in LGIM's escalation policy.

Implementation Statement (Cont)

LGIM, Japan Equity Index Fund (currency hedged and unhedged)

	Vote 1	Vote 2	Vote 3
Company name	Mitsubishi UFJ Financial Group, Inc.	Shin-Etsu Chemical Co., Ltd.	Recruit Holdings Co., Ltd.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.57	1.52	1.52
Summary of the resolution	Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement	Elect Director Saito, Yasuhiko	Amend Articles to Allow Virtual Only Shareholder Meetings
How the manager voted	For	Against the resolution (against management)	Against
Rationale for the voting decision	A vote in favour of this shareholder proposal is warranted as LGIM expects companies to be taking sufficient action on the key issue of climate change. While they positively note the company's recent announcements around net-zero targets and exclusion policies, they think that these commitments could be further strengthened, and they believe the shareholder proposal provides a good directional push.	For 10 years, they have been using their position to engage with companies on this issue. As part of their efforts to influence their investee companies on having greater gender balance and following a campaign on gender diversity in Japan in 2019, they decided to escalate their voting policy. In 2020 and 2021 they announced they would be expanding the scope of their policy voting against all companies in the large-cap TOPIX 100 index and TOPIX Mid 400 respectively that do not have at least one woman on their board.	A vote against this proposal is warranted because: Japanese companies are able to hold virtual meetings using temporary regulatory relief (without amending articles) for two years, but the passage of this proposal will authorize the company to hold virtual meetings permanently, without further need to consult shareholders, even after the current health crisis is resolved; The proposed language fails to specify situations under which virtual meetings will be held, raising concerns that meaningful exchange between the company and shareholders could be hindered.
Outcome of the vote	22.7% of shareholders supported the resolution.	90.7% of shareholders supported the resolution.	83.8% of shareholders supported the resolution.
Implications of the outcome	LGIM will continue to engage on this important ESG issue.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage on this important ESG issue.
Criteria on which the vote is considered "significant"	LGIM views climate change as a financially material issue for their clients, with implications for the assets they manage on their behalf. This was also a high-profile proposal in Japan, where climate-related shareholder proposals are still rare.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	This was a high-profile vote where the company proposed a change in articles to allow virtual-only AGMs beyond the temporary regulatory relief effective for 2 years from June 2021.

Implementation Statement (Cont)

LGIM, North America Equity Index Fund (currency hedged and unhedged)

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Microsoft Corporation	Amazon.com, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.22	5.72	3.79
Summary of the resolution	Report on Civil Rights Audit	Elect Director Satya Nadella	Elect Director Jeffrey P. Bezos
How the manager voted	For	Against	Against
Rationale for the voting decision	A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they are voting against all combined board chair/CEO roles.
Outcome of the vote	53.6% of shareholders supported the resolution.	94.7% of shareholders supported the resolution.	95.1% of shareholders supported the resolution.
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
Criteria on which the vote is considered "significant"	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	A vote linked to an LGIM engagement campaign, in line with the Investment Stewardship team's five-year ESG priority engagement themes	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

Implementation Statement (Cont)

LGIM, UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Informa Plc	The Sage Group Plc	JD Sports Fashion Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.34	0.30	0.18
Summary of the resolution	Approve Remuneration Report	Re-elect Drummond Hall as Director	Re-elect Peter Cowgill as Director
How the manager voted	Against (against management recommendation).	Against	Against
Rationale for the voting decision	The company's prior three Remuneration Policy votes each received high levels of dissent, with 35% or more of votes cast against. Due to consistent problems with the implementation of the company's Remuneration Policy, LGIM has voted against the Chair of the Remuneration Committee for the past three years. Given the company has implemented plans that received significant dissent from shareholders without addressing persistent concerns, LGIM has taken the decision to escalate their vote further to all incumbent Remuneration Committee members.	A vote against was applied because of a lack of progress on gender diversity on the board. LGIM expects boards to have at least one-third female representation.	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.
Outcome of the vote	38.3% of shareholders supported the resolution.	94.4% of shareholders supported the resolution.	84.8% of shareholders supported the resolution.
Implications of the outcome	LGIM will continue to seek to engage with the company and monitor progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	
Criteria on which the vote is considered "significant"	LGIM consider this vote to be significant as LGIM took the rare step of publicly pre-declaring it before the shareholder meeting. They decided to pre-declare their vote intention for a few reasons, including as part of their escalation strategy, where they consider the vote to be contentious, or as part of a specific engagement programme.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

Implementation Statement (Cont)

LGIM, World Emerging Markets Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Alibaba Group Holding Limited	Housing Development Finance Corporation Limited	Industrial Bank Co., Ltd.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.76	0.76	0.07
Summary of the resolution	Resolution 1.1 - Elect Director Joseph C. Tsai	Resolution 1.a & 1.b - Accept Financial Statements and Statutory Reports	Resolution 11.8 Elect Chen Xinjian as Non-Independent Director
How the manager voted	Against	Against	Against (management recommendation: for)
Rationale for the voting decision	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles	The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. For 10 years, LGIM have been using their position to engage with companies on this issue. As part of their efforts to influence investee companies on having greater gender balance, they expect all companies in which they invest globally to have at least one woman on their board. Please note they have stronger requirements in the UK, North American, European and Japanese markets, in line with their engagement in these markets.
Outcome of the vote	73.6% of shareholders supported the resolution	98.9% of shareholders supported the resolution	99.3% of shareholders supported the resolution
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

Implementation Statement (Cont)

Ruffer, Absolute Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell	Ambev	Centene
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.33	1.07	1.24
Summary of the resolution	Vote on management resolution relating to the company's climate transition plan	Vote on remuneration policy	Vote on election of independent director
How the manager voted	For	Against	Against
Rationale for the voting decision	The decision was made in the context of the progress Shell has made as a result of engagement and the commitment of the company leadership to continue to meaningfully engage on the remaining areas of Climate Action 100+.	The company asked to increase its annual remuneration cap by 11.2%. The company only used 64% of its cap in 2020 and 75% of its cap in 2019. Ruffer did not believe approving the increase would be warranted.	Ruffer voted against the re-election of non-executive directors - Frederick Eppinger and David Steward - whom, due to their tenure on the board, Ruffer no longer considered to be independent.
Outcome of the vote	The resolution passed with 88.7% votes in favour.	The resolution passed with 86.5% votes in favour.	Re-election proposals passed with a 93.2% and 98.8% shareholder approval for votes respectively.
Implications of the outcome	Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives.	Ruffer will continue to vote against remuneration policies that they deem to be inappropriate in the context of the circumstances of the company.	Ruffer will continue to vote against the re-election of directors where they have concerns about their independence.
Criteria on which the vote is considered "significant"	The management resolutions aimed to increase the transparency of the company's climate transition planning and outcomes.	The vote against management was in the context of engagement with the company and the result of extensive internal discussions.	Votes against the election of directors for material holdings are significant.

Implementation Statement (Cont)

BlackRock, Dynamic Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Delta Air Lines, Inc.	BP Plc	Johnson & Johnson
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Not provided	Not provided	Not provided
Summary of the resolution	Report on climate lobbying	Approve shareholder resolution on climate change targets	Adopt policy on bonus banking
How the manager voted	Against	For	Against
Rationale for the voting decision	The company already has policies in place to address the request being made by the proposal or is already enhancing its relevant policies.	We recognise the company's efforts to date but believe that supporting the proposal may accelerate the company's progress on climate risk management and/or oversight.	Executive compensation matters should be left to the board's compensation committee, which can be held accountable for its decisions through the election of directors.
Outcome of the vote	Pass	Fail	Fail
Implications of the outcome	Not provided	Not provided	Not provided
Criteria on which the vote is considered "significant"	Not provided	Not provided	Not provided

Implementation Statement (Cont)

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Fund's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM	Ruffer	BlackRock	Insight
Fund name	Passive Equity Index Funds (currency hedged and unhedged) Matching Core LDI funds Active Corporate Bond Fund – All Stocks Sterling Liquidity Fund	Absolute Return Fund	BIJF Dynamic Diversified Growth Fund	Buy & Maintain Bonds (incl. a GBP Liquidity Fund); and Liability Driven Investment (LDI).
Number of engagements undertaken on behalf of the holdings in this fund in the year	Not provided	26	825	157
Number of entities engaged on behalf of the holdings in this fund in the year	Not provided	39	Not provided	981*
Number of engagements undertaken at a firm level in the year	696	41	3,456	4,527*

*Insight did not provide data as at 31 March 2022, data displayed is over the year to 31 December 2021.

Examples of engagement activity undertaken over the year to 31 March 2022

LGIM

No fund level examples were provided but an example of LGIM's engagement as a firm is shown below.

LGIM has been engaging the European Commission (EC) on various ESG policy related topics. For example, they have collaboratively engaged with other investors on the EU Taxonomy, particularly in relation to the agricultural sector, alignment on net zero, and ensuring that the original independent scientific-based recommendations are not weakened through political processes.

Implementation Statement (Cont)

Ruffer, Absolute Return Fund

Ruffer engaged with Carrefour on governance issues including board composition and remuneration.

Ruffer expressed their view that the remuneration scheme is poorly designed and administered with too much discretion. Ruffer also expressed their view that the policy and structure needs to be more robust and transparent.

Ruffer subsequently voted against the remuneration policy, and the Chair of the Remuneration Committee, at the AGM and informed management of their vote.

BlackRock

BlackRock engage in numerous activities including governance structure, board composition and effectiveness, corporate strategy, human capital management and climate risk management.

Their largest number of engagements came in climate risk management , board composition and effectiveness and remuneration.

Insight

For the corporate credit Buy and Maintain portfolio: The 3 largest engagements (in terms of % holding as at 31 March 2022) were with UK Gilts, HSBC Bank Plc and National Grid Electricity Transmission PLC (11.47%, 2.49% and 2.22% holdings respectively).

These specific engagements related to environmental, social, governance, climate change and financial policy issues.

For the LDI portfolio, examples of companies and organisations engaged with for this portfolio over Q1 2022 were Barclays Bank, Lloyds Bank, Goldman Sachs, and NatWest.

Appendix I – Chubb Common Investment Fund Report & Financial Statements