

**CONSUMERS' ASSOCIATION  
PENSION & EMPLOYEE BENEFIT SCHEME**

**TRUSTEES' ANNUAL REPORT &  
FINANCIAL STATEMENTS**

**For the year ended  
31 March 2024**

Scheme Registration No: 10001670

**Consumers' Association Pension and Employee Benefit Scheme**  
**Annual Report Year Ended 31 March 2024**

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## **Chair's Review**

Welcome to the Scheme's Annual Report and Financial Statements for the year ended 31 March 2024.

The global economy experienced notable developments over the year leading up to 31 March 2024. Key trends over the year included moderated inflation, steady but slow growth, and regional divergences in economic performance. Global growth was relatively stable due to resilience in major economies like the US and China. This growth, while steady, remained below the pre-pandemic average of 3.8%, due to high central bank interest rates and low productivity gains.

Inflation rates showed significant improvement, falling faster than expected as supply-side constraints eased and monetary policies remained restrictive. Global headline inflation is expected to fall further during 2024.

The year was however marked by significant geopolitical risks including the ongoing war in Ukraine, the conflict between Israel and Iran escalating to unprecedented levels and Houthi attacks on shipping in the Red Sea.

The geopolitical landscape was further complicated by the strategic competition between the US and China, particularly in areas such as advanced technology and military capabilities. This rivalry led to increased efforts aimed at reducing dependencies on each other, with significant implications for global trade and investment. Many countries face internal challenges to democratic governance, experiencing deteriorations in political stability, which could trigger broader political and economic risks. Overall, these geopolitical dynamics underscore the complexity and volatility of the global landscape.

The Bank of England continued with a base rate rise in June 2023 to 5% and then a further rise to 5.25% in August 2023 in a continuing effort to reduce inflation, although headline inflation in the UK has reduced, the Bank has yet to reduce interest rates as other economic news remains mixed.

Long term interest rates, which affect the value that we place on future pension obligations and therefore the funding position of the Scheme, remained volatile during the year. The Scheme's liability driven investment ('LDI') strategy is designed to protect the Hybrid Section's funding level against volatility in the rate of inflation and interest rates using hedging. The Trustees actions during the year included divestment from M&G's Property Fund, an agreement to set pre-defined target hedge ratio triggers as part of the Scheme's hedging policy and an investment in Federated Hermes Absolute Return Credit Fund. This investment has since been terminated due to a key individual to the strategy leaving the firm, and the Trustees have appointed M&G's Sustainable Total Return Credit Investments (STRCI) Fund to replace Federated Hermes in their place, following advice from their investment consultants. Lothbury Investment Management terminated their property fund on 30 May 2024 following an unsuccessful attempt to merge the Fund with the UBS Triton Fund. The resulting investment strategy changes are covered in greater detail in the investment report starting on page 14.

The actuarial valuation of the Hybrid Section as of 31 March 2024 is underway and the results are expected later this year. The results of the Actuarial Reports on 31 March 2022 and 31 March 2023, which is a roll forward of the 2021 valuation, are shown on page 9.

You will see a significant drop in the Hybrid section assets over the year, but the funding update shows that there is no cause for concern as the reduction in assets is due to the Trustees' hedging of interest rates and inflation and there is a similar fall in the value of the liabilities.

The Trustees monitor the cash flow requirements of the Scheme for benefit outflow from the Hybrid Section which is largely met from the Employer's deficit contributions and divestments from the Prudential Assurance Company Limited ('Prudential') With-profits policy. The assets of the Hybrid Section are mostly liquid and realisable.

The Consumers' Association decided to close the DC Section to future contributions from 31 December 2023 and employees were enrolled in the Consumers' Association Retirement Savings Plan section of the Aviva Master Trust from 1 January 2024 for future contributions. The Trustees worked with the Consumers' Association on a project to transfer the accumulated accounts invested with Legal & General of members in the DC Section to the Aviva Master Trust and following investment and legal advice, the bulk transfer took place on 20 March 2024. The Trustees also decided, following investment and legal advice, to transfer

## **Consumers' Association Pension and Employee Benefit Scheme Annual Report Year Ended 31 March 2024**

the Additional Voluntary Contributions accounts invested for Hybrid members in Legal & General, Utmost Life and Clerical Medical to the Aviva Master Trust.

Members of our DC Section saw savings in Pension Accounts increase over the period to 20 March 2024 due to market conditions. The Trustees conducted a review of the value offered to members in the DC Section, with the help of our professional advisers. Our assessment is that the Scheme continued to deliver good value for members until the bulk transfer took place. My annual Chair's Statement about the DC Section can be found on page 45.

We regularly review the Employer covenant and have no reason to believe that Consumers' Association and its trading subsidiary, Which? Limited are not going concerns. The Trustees are not aware of any plan or proposal to wind up the Scheme within the next 12 months.

Following the year end, four Trustees retired. Julian Edwards retired from 31 May 2024 after 16 years' service on the Trustee Board, eight of which he served as Chair of the Trustees. Ron Lam, who served as a Trustee for seven years also retired from 31 May 2024, Dominic Lindley who retired from 30 June 2024 who served for three years and had a previous period as a Trustee where he served for 12 years, and Alastair Reed who retired from 30 June 2024, who served for four years.

I would like to thank these Trustees for their considerable contribution to the governance of the Scheme on behalf of members.

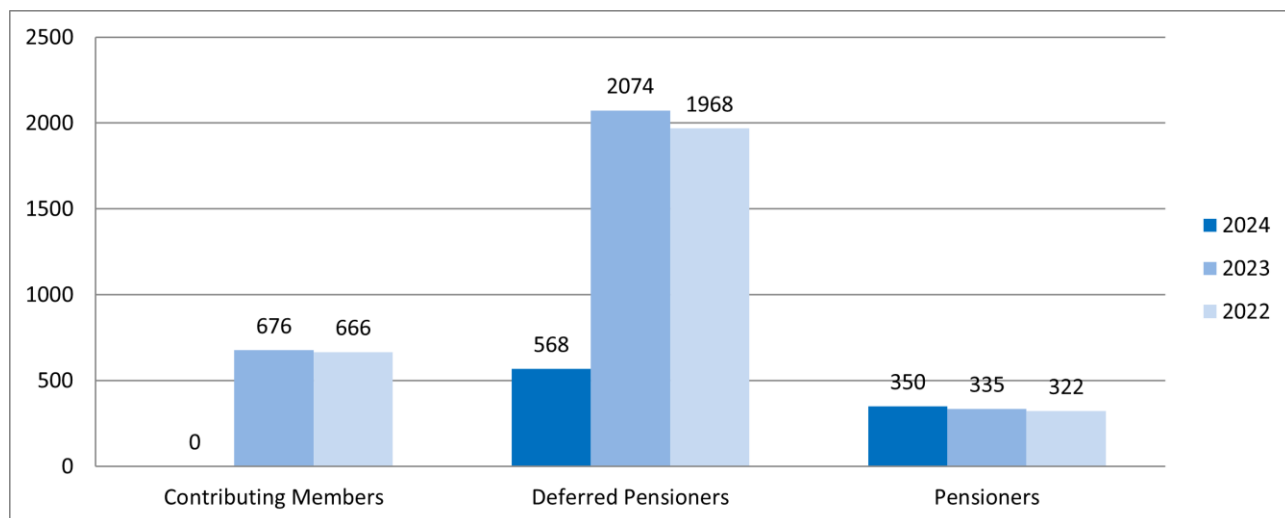
Four new Trustees have been appointed, Natasha Dunling and Mehraah Morgan as Employer Nominated Trustees from 1 June 2024, and Helen Parker and Teresa Fritz who were selected following a nomination process by the members from 1 July 2024.

Throughout this year of considerable change for the Scheme, we have relied heavily on the expert support and guidance of our Scheme Secretary, Karen MacKenzie, and on behalf of the Trustees past and present, I would like to record our appreciation.

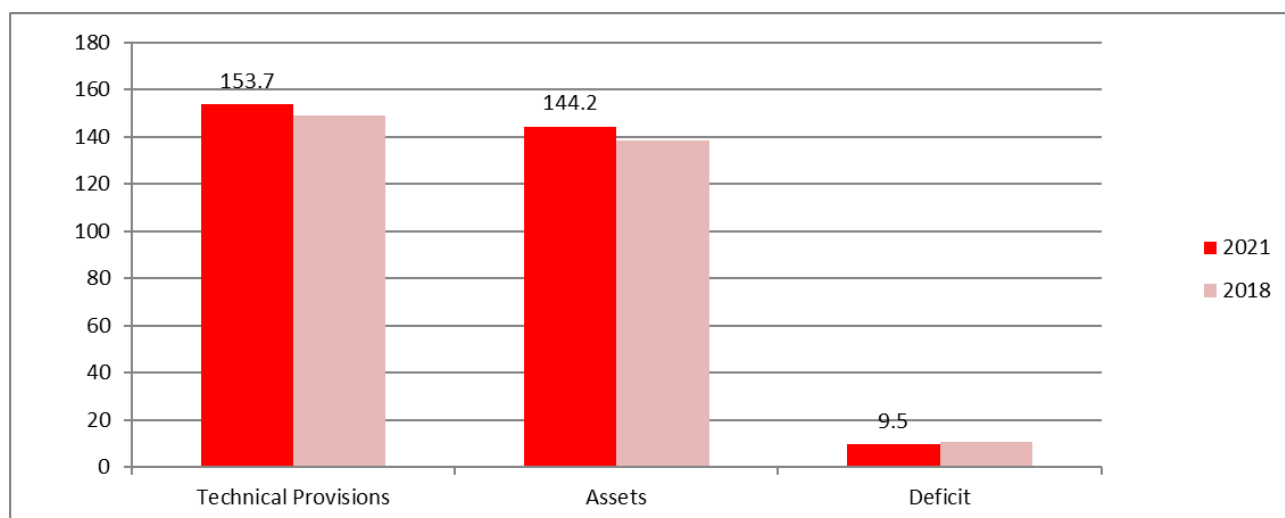
Alison Bostock  
Chair of the Trustees

**Consumers' Association Pension and Employee Benefit Scheme  
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## **The Year in Numbers**



**Scheme Membership on 31 March each year – this includes both the Hybrid and DC Sections – see page 8 for more detail**



**Hybrid Section Funding Level in £m – Actuarial valuations 2018 and 2021 – see pages 9 to 12.**

<b>DC Section: Annualised return over</b>	<b>1 year</b>	<b>3 years</b>
<b>Fund A</b>	<b>19.5%</b>	<b>7.2%</b>
Trustees' Target	7.4%	11.0%
<b>Fund B</b>	<b>15.7%</b>	<b>4.5%</b>
Trustees' Target	6.4%	10.0%
<b>Fund C</b>	<b>11.7%</b>	<b>3.2%</b>
Trustees' Target	5.4%	8.9%
<b>Gilts</b>	<b>-4.7%</b>	<b>-14.9%</b>
<b>Cash</b>	<b>5.0%</b>	<b>2.3%</b>

**DC Section Investment Return – see page 16.**

**Consumers' Association Pension and Employee Benefit Scheme  
Annual Report Year Ended 31 March 2024**

**Trustees and advisers for the year ended 31 March 2024**

<b>Employers Participating in the Scheme</b>	<b>Principal Employer</b>	Consumers' Association
	<b>Participating Employers</b>	Which? Limited Research Institute for Disabled Consumers (RiDC)
<b>Trustees</b>	<b>Employer appointed</b>	ZEDRA Governance Ltd represented by Alison Bostock (Independent Professional Trustee)
	<b>Employer appointed</b>	Julian Edwards (Pensioner Member), until 31 May 2024
	<b>Employer appointed</b>	Rebecca Fearnley (Deferred Member)
	<b>Employer appointed</b>	Ron Lam (Deferred Member), until 31 May 2024
	<b>Member nominated</b>	Dominic Lindley (Deferred Member), until 30 June 2024
	<b>Member nominated</b>	Alastair Reed (Active Member), until 30 June 2024
	<b>Employer appointed</b>	Mehraah Morgan from 1 June 2024
	<b>Employer appointed</b>	Natasha Dunling from 1 June 2024
	<b>Member nominated</b>	Helen Parker (Deferred Member) from 1 July 2024
	<b>Member nominated</b>	Teresa Fritz (Pensioner Member) from 1 July 2024
<b>Secretary to the Trustees:</b>	Karen MacKenzie (Scheme Secretary & Pensions Manager)	
<b>Scheme administrator:</b>	Consumers' Association	
<b>Scheme Actuary:</b>	Alan Wilkes FIA, XPS Pensions Group	
<b>Independent auditors:</b>	Nortons Assurance Limited (appointed 31 May 2023) PricewaterhouseCoopers LLP (resigned 20 June 2023)	
<b>Legal advisers:</b>	Travers Smith LLP Sackers & Partners LLP	

**Consumers' Association Pension and Employee Benefit Scheme  
Annual Report Year Ended 31 March 2024**

**Trustees and advisers for the year ended 31 March 2024 (continued)**

<b>Investment managers:</b>	Federated Hermes (from 7 February 2024 to 1 July 2024) Legal & General Investment Management Limited Lothbury Investment Management Limited M&G Investment Management Limited (to 31 May 2023) Prudential Assurance Company Limited Schroders Investment Management Limited TwentyFour Asset Management LLP Federated Hermes Investment Funds PLC (from 1 March 2024)
<b>Custodians</b>	J P Morgan (for Schroders Investment Management Limited)
<b>Investment advisers:</b>	Schroders Solutions, (formerly River and Mercantile Solutions, a division of River and Mercantile Group) - DC Section  Redington Limited – Hybrid Section  Barnett Waddingham – Bulk Transfer to Aviva (3 April 2023 to 20 March 2024)
<b>AVC managers:</b>	Prudential Assurance Company Limited Legal & General Investment Management Limited (to 20 March 2024) Clerical Medical Insurance Company (to 20 March 2024) Utmost Life (to 20 March 2024)
<b>Bankers:</b>	Barclays Bank plc - DC Section HSBC Bank plc – Hybrid Section
<b>Enquiries</b>	Karen MacKenzie Consumers' Association Pension and Employee Benefit Scheme 2 Marylebone Road London NW1 4DF Tel: 0207 770 7055; Email: pensions@which.co.uk

## **Consumers' Association Pension and Employee Benefit Scheme Annual Report Year Ended 31 March 2024**

### **Trustees' Report for the year ended 31 March 2024**

The Trustees of the Consumers' Association Pension and Employee Benefit Scheme (the 'Scheme') present their annual report together with the investment report; actuarial statements and certificates; Summary of Contributions; members' information; and financial statements for the year ended 31 March 2024.

#### **Principal employer and the participating companies**

The Principal Employer is Consumers' Association, and the Scheme provides benefits for its employees.

Which? Limited and the Research Institute for Consumer Affairs (known as the Research Institute for Disabled Consumers RiDC) were Participating Employers during the year. The Scheme also provides benefits for their employees. The Research Institute for Consumer Affairs ceased to participate in the Scheme for future accrual from 31 March 2019 but remain liable for deficit contributions in respect of accrued Hybrid Section benefits.

Throughout this Report, the Principal Employer and Participating Employers are referred to collectively as "Which?"

The addresses of the above employers are available on request from the Scheme Secretary, whose contact details are shown on page 4.

#### **Scheme Constitution and Management**

The Scheme started in 1974 and there have been changes over the years. It is an occupational pension scheme, governed by a Trust Deed and Rules, effective 29 March 2004, which amended and replaced the existing Deeds and Rules. The Scheme has: a Hybrid Section, providing a pension which is the better of a defined benefit based on a member's pensionable service and salary near to retirement, and the pension that can be provided by a money purchase account which builds up from part of the employer and employee contributions. The money purchase accounts are invested separately for the benefit of named individuals rather than held in a common fund of assets which relate to the defined benefits.

The Hybrid Section was closed to new entrants on 1 April 2004, but existing members continued to accrue benefits until 31 March 2019 when the Council of the Consumers' Association closed it. The affected Hybrid members joined the Defined Contribution Section from 1 April 2019.

A Defined Contribution Section, which opened on 1 April 2004 was open to new members until 31 December 2023 as an auto-enrolment scheme by the employers. From 1 January 2024 contributions for employees have been paid to the Consumers' Association Retirement Savings Plan, part of the Aviva Master Trust. A bulk transfer of members' accounts, other than AVCs invested in the Prudential With-Profits Fund, was made to the Aviva Master Trust on 20 March 2024.

An individual's benefits from the DC Section were defined by the contributions made in respect of the member plus investment return. Whilst the corresponding investments remained under the legal ownership of the Trustees, they are segregated and cannot be used to pay benefits for anyone other than the member (or other beneficiaries of the member). The designation of these assets to individual DC Section members is recorded by the Scheme administrator.

The benefits of each section were summarised in a specific Scheme Booklet given to all members, according to the section of the Scheme to which they belonged. Information about the Scheme is available to active members on the internal intranet and for deferred members of the Hybrid Section at <https://www.which.co.uk/pension-scheme>. Members of the DC Section who have had their benefits transferred to the Consumers' Association Retirement Savings Plan can find information about this Scheme here: <https://workplace.aviva.co.uk/CARSP/>

Scheme members who retain a deferred benefit in the Scheme are sent an Annual Benefit Statement which shows how their benefits are building up

The Scheme is a Registered Pension Scheme under the Finance Act 2004. It was not contracted out of the State Second Pension (S2P).



## **Trustees' Report for the year ended 31 March 2024 (continued)**

### **Trustees**

The Trustees are responsible for the administration of benefits and the investment strategy of the Scheme. The Trustee Board meets at least 4 times a year to discuss reports received from their professional advisers and to monitor the investment strategy of both Sections. Under the terms of the Trust Deed, resolutions are passed on a simple majority of those voting.

The Scheme rules contain provisions for the appointment and removal of Trustees. The Trustee Board consists of four Trustees appointed by the Principal Employer and two appointed following a nomination process among all the Scheme members and a selection panel appointed by the Trustees. The names of the current Trustees are shown on page 4. The Principal Employer may remove Employer-appointed Trustees.

The Trustees met nine times during the Scheme year, three of which were remote meetings to discuss the issue of the bulk transfer of the DC Section to the Aviva Master Trust. All appointed Trustees were present at the meetings, with one exception.

The Trustees have an agreed three-year rolling business plan to support their governance of the Scheme. This includes regular reviews of registers of risks and conflict of interests, internal controls to ensure that appropriate controls are in place and remain effective, the effectiveness of advisers, and the day-to-day administration of the Scheme.

### **Scheme advisers**

There are written agreements in place between the Trustees and each of the Scheme advisers listed on page 4, and also with the Principal Employer. Following an Audit tender, PwC resigned as the Scheme Auditors effective 20 June 2023. Nortons Assurance Limited were appointed as the new Scheme Auditor during the year on 31 May 2023. PwC confirmed they had no issues that they wished to raise as outgoing auditor.

### **Risk Management**

The Trustees have overall responsibility for internal controls and risk management. They are committed to identifying, evaluating and managing risk and to implementing and maintaining control procedures to reduce significant risks to an acceptable level. To meet this responsibility, the Trustees have adopted a risk policy. The objective of this policy is to limit the exposure of the Trustees and the assets that they are responsible for safeguarding to business, financial, operational, compliance and other risks, where possible.

The Trustees have established and keep under review a Risk Register. The purpose of the Risk Register is:

- to highlight risks to which the Scheme is exposed from the Trustees' perspective.
- to rank those risks in terms of likelihood and impact; and
- to identify management actions that are either currently being taken, or that should be taken, to mitigate those risks.

### **Trustee Training**

The Trustees are expected to study and pass the Pensions Regulator's E-Learning Toolkit as a minimum standard. Their training plan is on-going and includes subjects that are topical and relate to the work of the Trustees at a given time. All Trustees are provided with training opportunities through both internal and external courses. During the year the Trustees received training on the Pensions Regulator's Draft Code of Practice and draft Funding Code, trustee responsibilities during bulk transfer exercises and the stewardship regulations. Some Trustees have also passed the Pensions Management Institute's examination 'Award in Pensions Trusteeship'. Trustees are provided with periodic information about webinars offered by the pensions industry.

**Consumers' Association Pension and Employee Benefit Scheme**  
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## **Trustees' Report for the year ended 31 March 2024 (continued)**

### **Membership**

The change in the membership of the Scheme is shown below: -

	<b>Hybrid</b>	<b>DC</b>	<b>TOTAL</b>
<b>Contributing Members at 01/04/2023</b>	<b>-</b>	<b>676</b>	<b>676</b>
New members	-	59	59
Members leaving with a deferred pension	-	(67)	(67)
Members transferring out	-	(2)	(2)
Members who took full commutation or retired	-	(4)	(4)
Death in Service	-	-	-
Transferred to Aviva Master Trust	-	(662)	(662)
<b>Contributing Members at 31/03/2024</b>	<b>-</b>	<b>-</b>	<b>-</b>

New members joining are stated net of auto-enrolment opt-outs where contributions were never remitted to the Scheme.

	<b>Hybrid</b>	<b>DC</b>	<b>TOTAL</b>
<b>Deferred Pensioners at 01/04/2023</b>	<b>591</b>	<b>1,483</b>	<b>2,074</b>
Adjustment – counted as Transfer Out prematurely	-	1	1
New deferred members	-	67	67
Members who took a refund	-	(3)	(3)
Members who transferred out	(1)	(33)	(34)
Members who took a full commutation	-	(11)	(11)
Members who retired	(24)	(1)	(25)
Members who re-joined	-	(3)	(3)
Members who forfeited unclaimed benefits	-	(12)	(12)
Death in deferment	(1)	(1)	(2)
Transferred to Aviva Master Trust	-	(1,487)	(1,487)
Members with AE91 AVCs only	-	3	3
<b>Deferred Pensioners at 31/03/2024</b>	<b>565</b>	<b>3</b>	<b>568</b>

Members who chose to defer taking benefits from their AVC funds on retirement are counted as new pensioners, but also as a (new) deferred member.

	<b>Hybrid</b>	<b>DC</b>	<b>TOTAL</b>
<b>Pensioners at 01/04/2023</b>	<b>335</b>	<b>-</b>	<b>335</b>
New pensioners from deferred membership	24	-	24
New dependent pensioners	3	-	3
Ex-dependent child	(1)	-	(1)
Pensioners who died	(11)	-	(11)
<b>Pensioners at 31/03/2024</b>	<b>350</b>	<b>-</b>	<b>350</b>

Pensioners include **43 dependants** (cf. 46 in 2023) of members who are receiving pensions from the Scheme

<b>TOTAL MEMBERS at 31/03/2024</b>	<b>915</b>	<b>3</b>	<b>918</b>
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### **Contributions**

The Employer and Employee contribution rates, and the date from which the contribution rate will apply, are agreed at actuarial valuations. The recent history of rates is shown in the table on the next page.

**Consumers' Association Pension and Employee Benefit Scheme  
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**Trustees' Report for the year ended 31 March 2024 (continued)**

<b>Employer</b>	<b>Scheme Section</b>	<b>Employer Contribution as a % of Pensionable Salary</b>	<b>Employee Contribution as a % of Pensionable Salary</b>
<b>Consumers' Association and Which? Limited</b>	Defined Contribution Section	From 1 <sup>st</sup> April 2019: 6% in first 12 months, rising to 11% from month 13 of membership  For ex-Hybrid Section members from 1 <sup>st</sup> April 2019: 20% for 5 years and then 11% from month 61	From 1 <sup>st</sup> July 2010: 3%

**Pension increases**

The Trust Deed and Rules of the Scheme provide for reviews of pensions in payment and in deferment.

Since 1 October 1994 all new entrants to the Hybrid Section of the Scheme have been entitled under the Scheme Rules to pension increases during retirement in line with Retail Prices Index (RPI) up to 6% pa, and 50% of RPI above 6% if the annual increase in RPI is between 6% and 12%, giving a maximum potential total increase of 9% pa. Some Hybrid Section active members, when offered the choice in 1994, opted for pension benefits with 5% fixed pension increases instead of the RPI increases described above.

Pension increases effective from 1 April 2023 were granted in accordance with the Scheme Rules. The increase for those who have increases in line with RPI was 9% (2023: 6.92%).

Deferred pensions are re-valued each year in line with the increase in the Consumer Prices Index (CPI) capped at 5%. From January 2011 the index to be used was amended by statute from the RPI to the CPI.

No discretionary increases have been granted since 1 April 1990.

**Transfer values**

Cash equivalents paid during the Scheme year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include the value of discretionary benefits.

**Review of financial development of the Scheme**

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

**Report on actuarial liabilities**

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 222 of the Pensions Act 2004, every scheme with defined benefits, such as the Hybrid Section of the Scheme, is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its "technical provisions". These represent the value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustees and Which? and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

## **Trustees' Report for the year ended 31 March 2024 (continued)**

The last triennial valuation of the Scheme was carried out as of 31 March 2021 (the valuation date) and used the Projected Unit Method. The results are shown in the table below with the 2018 valuation results as a comparison. A triennial valuation as of 31 March 2024 is in progress and the results will be published in next year's Annual Report and Financial Statements.

<b>Valuation Date: 31 March</b>	<b>2021 £m</b>	<b>2018 £m</b>
Value of technical provisions of the Hybrid Section	153.7	149.0
Value of assets available in the Hybrid Section to meet technical provisions	144.2	138.3
Past service deficit	9.5	10.7
Assets as a percentage of technical provisions liabilities	94%	93%

Although there are no current plans to buy out the liabilities of the Hybrid Section with an insurance company, the Trustees also consider the level of funding relative to the estimated costs of such a buy-out (known as "solvency liabilities"). Equivalent information on this basis is shown in the table below.

<b>Valuation Date: 31 March</b>	<b>2021 £m</b>	<b>2018 £m</b>
Value of solvency liabilities of the Hybrid Section	191.2	193.1
Value of assets available in the Hybrid Section to meet technical provisions	121.3	117.0
Solvency deficit	69.9	76.1
Assets as a percentage of solvency liabilities	63%	61%

The funding level on the solvency basis is much lower than the basis used to calculate the Scheme's Technical Provisions. This is due to the assumed loss of the terminal bonuses from the Prudential With-profits policy and the different assumptions used to reflect the difference between the anticipated cost of providing the benefits from the Scheme on an ongoing basis and the cost of securing those benefits through the purchase of insurance policies.

The cost of meeting pension obligations calculated using the technical provisions is based on Pensionable Service to the valuation date and prudent assumptions about various factors that will influence the Scheme in the future, such as the levels of investment return, pay increases, when members will retire and how long members will live. The method and main actuarial assumptions used in the calculations are:

**Discount interest rate:** term dependent rates set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date plus an addition of 1.75% per annum to reflect that the Scheme is not wholly invested in fixed interest gilts for pre-retirement liabilities and an addition of 0.25% per annum for post-retirement liabilities.

**Future Retail Price Inflation:** term dependent rates derived from the Bank of England fixed interest and index-linked gilt curves at the valuation date. From 2030 onwards this is reduced by 0.075% per annum

**Future Consumer Price Inflation:** term dependent rates derived from future retail price inflation less an adjustment equal to 0.8% per annum. From 2030 onwards this will be equal to the RPI assumption.

## **Trustees' Report for the year ended 31 March 2024 (continued)**

**Pension increases:** derived from term dependent rates for future retail price inflation allowing for caps and floors on pension increases according to the Scheme's rules.

**Mortality:** for the period prior to retirement, PNA00 tables, and for the period in retirement, 95% of standard tables S3PA base tables projected from 2013 in line with the CMI 2020 projections with the default smoothing parameter of 7.0, long term improvement rates of 1.5% for males and 1.25% for females, an initial addition of 0.2% and a w2020 parameter of 15%.

### **Recovery Plan**

As summarised in the table above, the valuation carried out as of 31 March 2021 showed that the funding position had improved from the previous valuation in 2018 and subsequent annual updates.

The main reasons for the improvement were: -

- The changes in financial conditions underlying the actuarial assumptions used to value the liabilities have placed a higher value on the liabilities and hence have increased the deficit.
- Returns on the Scheme's investments were higher than expected, which partially offset the increase in deficit.
- Contributions over the period, including deficit reduction contributions, were higher than the cost of accrual, and the Scheme closed to future accrual during the period, both of which also acted to offset the deficit.

A Recovery Plan was agreed between the Trustees and Which? to address the deficit on 20 June 2022. Under the Recovery Plan, the participating employers increased the deficit contributions from £104,167 per month (£1.25m per annum) to £116,667 per month (£1,400,004 per annum) from 1 June 2022 plus a one-off contribution of £175,000 paid in June 2022. Based on conditions prevailing on 1 April 2021, the Scheme funding deficit is expected to be eliminated by 31 March 2026.

These arrangements were formalised in a schedule of contributions which the Scheme Actuary certified on 20 June 2022. The Actuary's report was published on 28 June 2022.

### **Next actuarial valuation**

The next triennial valuation is due on 31 March 2024.

### **Actuarial Report**

In the intervening years between actuarial valuations, the Scheme Actuary prepares an Actuarial Report which enables the Trustees and the Employer to review whether the Recovery Plan is on track. If after taking actuarial advice the Trustees consider that the Recovery Plan is not on track, they may initiate an earlier actuarial valuation or negotiate a revised Recovery Plan with the Employer. The Actuarial Report as of 31 March 2023 showed that although the Scheme's shortfall had decreased from £9.5m to £4.2m since the valuation date of 31 March 2021, the fund level had deteriorated slightly to 96%.

<b>Valuation Date: 31 March</b>	<b>2023 £m</b>	<b>2022 £m</b>
Value of technical provisions of the Hybrid Section	112.1	152.2
Value of assets available in the Hybrid Section to meet technical provisions	107.9	147.1
Past service deficit	4.2	5.1
Assets as a percentage of technical provisions liabilities	96%	97%

## **Trustees' Report for the year ended 31 March 2024 (continued)**

The reasons for the improvement in the funding level since the 2021 valuation were contributions towards the shortfall and changes in market conditions.

The Trustees concluded that a valuation earlier than 31 March 2024 was not required.

### **Next actuarial valuation**

The next triennial valuation due on 31 March 2024 will be reported on in the Scheme's Annual Report and Financial Statements for the year to 31 March 2025.

## **Trustees' Report for the year ended 31 March 2024 (continued)**

### **Member's Information**

#### **Registrar of Occupational and Personal Pension Schemes (the Pensions Regulator)**

The Registrar's main purpose is to provide a tracing service for members (and their dependants) of previous employers' Schemes, who have lost touch with earlier employers and Trustees. The information provided includes details of the address at which the Trustees of a pension Scheme may be contacted. To trace a benefit entitlement under a former employer's Scheme, enquiries should be addressed to:

The Pension Service  
Post Handling Site A  
Wolverhampton  
WV98 1AF                      Telephone: 0800 731 0193

Website: [www.gov.uk/find-pension-contact-details](https://www.gov.uk/find-pension-contact-details)

This Scheme has been registered with the Registrar.

#### **Money Helper**

MoneyHelper provides pension & money guidance and debt advice. MoneyHelper can be contacted at:

MoneyHelper  
Borough Hall  
Cauldwell Street  
Bedford  
MK42 9AP              Tel: 0800 011 3797

Email: [pensions.enquiries@moneyhelper.org.uk](mailto:pensions.enquiries@moneyhelper.org.uk)

Website: [www.moneyhelper.org.uk](https://www.moneyhelper.org.uk)

#### **Pensions Ombudsman**

The Pensions Ombudsman formally investigates complaints of injustice caused by maladministration and disputes of law with the Trustees, administrator or employer.

The Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU                      Tel: 0800 917 4487

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

Website [www.pensions-ombudsman.org.uk](https://www.pensions-ombudsman.org.uk)

#### **The Pensions Regulator (tPR)**

The Pensions Regulator can intervene if they consider that a Scheme's Trustee, advisers, or the employer are not carrying out their duties correctly. The address for The Pensions Regulator is:

Telecom House  
125-135 Preston Road  
Brighton BN1 6AF              Tel: 0345 600 0707

Email: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

Website: [www.thepensionsregulator.gov.uk](https://www.thepensionsregulator.gov.uk)

## **Trustees' Report for the year ended 31 March 2024 (continued)**

### **Investment management**

#### **Investment strategy and principles**

The Trustees are responsible for determining the Scheme's investment strategy. In accordance with section 35 of the Pensions Act 1995, the Trustees have agreed a statement of investment principles ("SIP"). The Statement of Investment Principles which was updated in September 2020 starts on page 71.

The Trustees' investment strategy considers the Scheme's investments in the following groupings:

- **Return-seeking assets:** Predominantly equities, diversified funds and properties, where the objective is to achieve growth within the constraints of the risk profile set by the Trustees.
- **Liability-driven assets:** Predominantly bonds, where the objective is to secure fixed or inflation-adjusted cash flows in future, and where the investments are generally expected to be held to maturity.
- **DC assets:** The Trustees combined different types of investments with the aim of meeting the investment return targets they had set, but without taking an undue risk of under-performing for a significant period.

#### **Management and custody of investments**

The Trustees have delegated management of investments to professional investment managers (listed on page 4). These managers are regulated by the Financial Conduct Authority in the United Kingdom and manage the investments within the restrictions set out in investment management agreements which are designed to ensure that the objectives and policies set out in the SIP are followed.

Full details of the Trustees' policies on financial and non-financial matters and stewardship are given in the SIP, which starts on page 71.

#### **Custodial arrangements**

The assets underlying the units of the fund managers are held by independent custodians, appointed by the fund managers, with the exception of Schroders, where the Trustees have appointed JP Morgan. For other investments which are in the form of insurance policies, the master policy documents are held by the Trustees.

#### **Hybrid Section – Investment Strategy Implementation**

The Trustees objective is to reach a funding level where the Hybrid Section of the Scheme will be self-sufficient and no longer requiring contributions from the Employer. When this funding level is reached, the Trustees will be able to invest in low-risk assets that provide a sufficient level of return to pay all benefits as they fall due, until the Hybrid Section is either able to buy out liabilities with an insurance company or the last beneficiary dies.

The Trustees recognise that certain risks pose a threat to a long-term funding plan, such as lower long-term interest rates, higher inflation and volatile investment markets and have interest rate and inflation hedges in place to help protect the funding level against adverse market movements through a liability driven investment 'LDI' strategy. The Trustees took advice from their investment advisers and have arranged for a higher proportion of the Scheme's assets to be liquid to replenish the liquidity buffer, which is required by the LDI strategy.

In October 2022 the Trustees issued instructions to M&G to divest half of the assets in the M&G Secured Property Income Fund. M&G issued a deferral notice because of the number of divestment requests they had received from investors following the September 2022 financial crisis. The Scheme received £1m in May 2023 from M&G and £2.97m in July 2023 following a sale via the secondary market.

The Trustees also issued a partial redemption request to Lothbury Investment Management in December 2022 and Lothbury also issued a deferral notice for the same reason as M&G. The Scheme received £2.2 million in July 2023. In October 2023 Lothbury issued a notice that due to the level of redemption requests, which were in respect of 97% of the Lothbury Property Trust Fund, the Fund would be terminating.

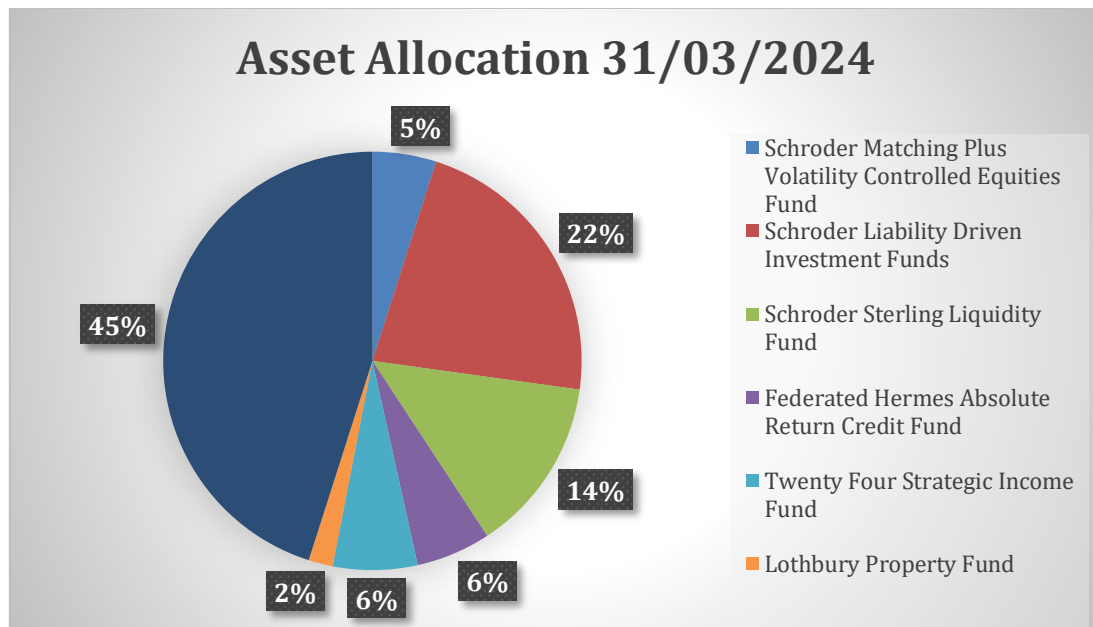


## **Trustees' Report for the year ended 31 March 2024 (continued)**

Lothbury pursued a proposed merger with the UBS Triton Fund, and the Trustees decided to accept units in the Triton Fund if the merger was successful and then redeem units from there. However, in May 2024 Lothbury issued a notice that it had not been possible to conclude the merger transaction and therefore the Lothbury Property Trust would terminate on 30<sup>th</sup> May 2024. The Scheme received £860k in an initial distribution of the Scheme's full redemption request in June 2024, and the units that remain will be divested by Lothbury as the Fund properties are sold. Lothbury's property valuers issued a material uncertainty clause in the valuation of the student accommodation properties because of failure to meet the post-Grenfell disaster fire regulations, and this material uncertainty is mirrored in the Scheme's asset valuation.

In February 2024 the Trustees invested £6m in Federated Hermes Absolute Return Credit Fund. This investment has since been terminated following advice from the Trustees' investment consultants, due to a key individual to the strategy leaving the firm. The Trustees have chosen M&G's Sustainable Total Return Credit Investments (STRCI) Fund to replace Federated Hermes, following advice from their investment consultants.

The graphic below shows the asset allocation at the year end.



The Trustees will start work on a review of the Hybrid Section investment strategy following the conclusion of the 2024 actuarial valuation.

### **Transfer of Additional Voluntary Contributions to the Aviva Master Trust**

The Trustees had been disappointed with the investment returns for some time for those Hybrid Section members who had contributed to AVCs with Utmost Life (formerly Equitable Life) and Clerical Medical. Following independent advice from Barnett Waddingham about whether the Aviva My Future Focus Funds were a suitable replacement for these AVCs, the Trustees decided to make a bulk transfer of these AVCs, without member consent, to the Aviva Master Trust. The Trustees also decided to make a bulk transfer of the Legal & General AVCs made by Hybrid Section members. Members were given the opportunity to transfer their AVCs to an external arrangement of their choice before the bulk transfer was made.

## **Trustees' Report for the year ended 31 March 2024 (continued)**

Barnett Waddingham advised the Trustees that for members who were more than 3 years away from age 65 were transferred to the Aviva My Future Focus Default strategy and members with fewer than 3 years to age 65 were transferred in line to the Aviva Master Trust fund strategy that best matched the nature of their AVC holdings, which would be to the My Future Focus Target Annuity fund, the My Future Focus Target Cash fund or the My Future Focus Default Strategy, depending on the nature of the member's chosen de-risking pathway.

### **DC Section - Investment Strategy**

The Trustees reviewed the DC Section investment strategy at the end of September 2022 and in June 2023 and concluded that no changes be made to the investment strategy. The investment consultants were comfortable with the asset allocation when compared against the Scheme's strategic target allocation, and in the light of the proposal to transfer the DC Section to a master trust, the Trustees did not undertake a further review of the Scheme's investment strategy but took independent advice from Barnett Waddingham about whether the Aviva My Future Focus Funds were a suitable replacement for the Scheme's investment strategy for members. Members with more than 3 years away from their Selected Retirement Age were transferred to the Aviva My Future Focus Default strategy and members with fewer than 3 years to their Selected Retirement Age were transferred in line with the following:

- Members who had selected the 'Invest into Retirement' strategy were transferred to the My Future Focus Default strategy.
- Members who had selected the 'Cash' strategy were transferred to the My Future Focus Target Cash Lump Sum strategy.
- Members who had selected the 'Secured Income' strategy were transferred to the My Future Focus Target Annuity strategy.

### **Investment performance**

The Trustees assess the performance of the Scheme's investments in the following groupings consistent with the overall strategy:

- **Hybrid Section return-seeking assets** all assets are actively managed and are assessed by reference to benchmarks and performance targets agreed with each manager.
- **Hybrid Section liability-driven assets** are actively managed funds and the Trustees' main concern is security of cash flows and therefore growth in these assets (which is normally linked to growth in Scheme liabilities, or vice versa) is less relevant.
- **DC assets** are invested in a mix of passively managed funds assessed by reference to the indices tracked by the fund managers and actively managed funds where the fund managers have discretion to buy and sell the underlying assets. Performance information is provided to members as part of the annual benefit statement.

The Trustees receive monthly reports from their investment managers (other than the AVC fund managers and Prudential, who report annually), showing actual performance by fund. The Trustees receive quarterly updates from their investment advisers who report on the investment manager's performance and compliance with their agreements. DC Section members were provided with an annual summary of the performance of their investment choices and monthly performance information was published on the Scheme's website

**Consumers' Association Pension and Employee Benefit Scheme**  
**Annual Report Year Ended 31 March 2024**

## Trustees' Report for the year ended 31 March 2024 (continued)

Performance of the Scheme's investments over short and longer periods is summarised in the table below.

Annualised return over	1 year	3 years	Allocation
<b>Hybrid Section</b>			
<b>Return seeking assets (excluding Prudential and Federated Hermes)</b>	<b>11.2%</b>	<b>-0.3%</b>	<b>19%</b>
Benchmark	15.4%	6.7%	
<b>Liability driven assets (excluding Prudential)</b>	<b>-15.8%</b>	<b>-32.1%</b>	<b>36%</b>
Benchmark	-17%	-28.2%	
<b>Prudential</b>	<b>5.7%</b>	<b>7.0%</b>	<b>45%</b>
<b>Total</b>	<b>-0.4%</b>	<b>-7.8%</b>	<b>100%</b>

<b>Defined Contribution Section</b>				
-	1 year (as at 20/03/2024)	1 year (as at 31/03/2024)	3 year p.a. (as at 31/03/2024)	Allocation
- <b>Fund A</b>	<b>17.7%</b>	<b>19.5%</b>	<b>7.2%</b>	<b>n/a</b>
- - Trustees' Target	-	7.4%	11.0%	n/a
- - <b>Fund B</b>	<b>14.3%</b>	<b>15.7%</b>	<b>4.5%</b>	<b>n/a</b>
- - Trustees' Target	-	6.4%	10.0%	n/a
- - <b>Fund C</b>	<b>10.6%</b>	<b>11.7%</b>	<b>3.2%</b>	<b>n/a</b>
- - Trustees' Target	-	5.4%	8.9%	n/a
- - <b>Gilts</b>	<b>-5.4%</b>	<b>-4.7%</b>	<b>-14.9%</b>	<b>n/a</b>
- - <b>Cash</b>	<b>4.9%</b>	<b>5.0%</b>	<b>2.3%</b>	<b>n/a</b>

Source: LGIM (data), ONS (CPI data), Schroders Solutions (calculations, June 2024). Performance net of fees. **Past performance is not a reliable indicator of future performance.**

Federated Hermes is excluded from the performance in the Hybrid Section because it was in place for less than a full quarter before 31 March 2024.

Despite the underperformance of the return seeking assets in the Hybrid Section over the 3-year period, compared to the benchmark, the Trustees remain confident in the long-term ability of these strategies to achieve the Scheme's investment objective.

The Prudential With-profits fund guarantees an annual return of 4.75% for those contributions made in the Scheme years prior to 1 April 1996, 2.5% for contributions made between 1 April 1996 and 31 March 2003, reducing to 0.01% for contributions made thereafter. Therefore, members' policy values are not directly affected by the gross performance of the underlying assets in this year, as Prudential smooths the returns to deliver the guarantees.

In 2023, the Trustees made the decision to transfer the assets of the DC Section of the Scheme to Aviva Master Trust. This transition was completed on 20 March 2024. The information provided in this report represents member experience to the date of transition. However, due to limited data availability and for comparison reasons, we have used data as of 31 March 2024.

The Trustees have considered the nature, disposition, marketability, security and valuation of the Scheme's investments and consider 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.

### Employer-related investment

There were no employer-related investments during the year or at the year-end (2023: nil). A ban on self-investment is incorporated within the Trust Deed and Rules.

## **Trustees' Report for the year ended 31 March 2024 (continued)**

### **Statement of Trustees' responsibilities**

#### **The trustees' responsibilities in respect of the financial statements**

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

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

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

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

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

The trustees are also responsible for the maintenance and integrity of the [www.which.co.uk/pension-scheme](http://www.which.co.uk/pension-scheme) website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **The trustees' responsibilities in respect of contributions**

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

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

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

The Trustees' Report on pages 6 to 18 was approved by the Trustees on 16<sup>th</sup> October 2024 and signed on their behalf by:

Signed

Date 16<sup>th</sup> October 2024

## **Independent Auditors' report to the Trustees of the Consumers' Association Pension and Employee Benefit Scheme**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of the Consumers' Association Pension and Employee Benefit Scheme for the year ended 31 March 2024, which comprise the fund account, the statement of net assets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2024, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

#### **Reporting on other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information

## **Consumers' Association Pension and Employee Benefit Scheme Annual Report Year Ended 31 March 2024**

and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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 in this regard.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the trustees for the financial statements**

As explained more fully in the Trustees' Responsibilities Statement on page 18, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Scheme or to cease operations, or have 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 Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities including fraud:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Scheme through discussions with the Trustees and other management, and from our knowledge and experience of pension schemes;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Scheme, including the Pensions Act 1995;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the Trustees and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Scheme's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of the Trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud: and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

## **Consumers' Association Pension and Employee Benefit Scheme Annual Report Year Ended 31 March 2024**

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Trustees meetings;
- enquiring of the Trustees as to actual and potential litigation and claims; and
- reviewing correspondence with the Pensions Regulator and the Scheme's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's Report.

### **Use of this report**

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

### **Nortons Assurance Limited**

Statutory Auditor

2<sup>nd</sup> Floor  
NOW Building  
Thames Valley Park  
Reading  
RG6 1RB

Date: 16<sup>th</sup> October 2024

**Consumers' Association Pension and Employee Benefit Scheme**  
**Annual Report Year Ended 31 March 2024**

**Fund account for the year ended 31 March 2024**

	Note	2024 Hybrid £'000	2024 DC £'000	2024 Total £'000	2023 Hybrid £'000	2023 DC £'000	2023 Total £'000
<b>Contributions and benefits</b>							
Employer contributions	4	1,400	3,268	4,668	1,550	4,003	5,553
Employee contributions		-	435	435	-	442	442
<b>Total contributions</b>	4	<b>1,400</b>	<b>3,703</b>	<b>5,103</b>	1,550	4,445	5,995
Transfers in from other plans	5	-	82	82	-	24	24
Other income	4/6	18	-	18	22	184	206
		<b>1,418</b>	<b>3,785</b>	<b>5,203</b>	1,572	4,653	6,225
Benefits	7	(4,042)	(402)	(4,444)	(3,797)	(182)	(3,979)
Payments to and on account of leavers	8	(548)	(75,673)	(76,221)	(307)	(1,400)	(1,707)
Other Payments	9	(27)	(169)	(196)	(25)	(38)	(63)
		<b>(4,617)</b>	<b>(76,244)</b>	<b>(80,861)</b>	(4,129)	(1,620)	(5,749)
<b>Net (withdrawals)/ additions from dealings with members</b>		<b>(3,199)</b>	<b>(72,459)</b>	<b>(75,658)</b>	(2,557)	3,033	476
<b>Returns on investments</b>							
Investment income	10	2,248	-	2,248	6,939	-	6,939
Change in market value of investments	11	(2,877)	9,778	6,901	(46,217)	(3,854)	(50,071)
Investment management expenses		(126)	-	(126)	(120)	-	(120)
<b>Net returns on investments</b>		<b>(755)</b>	<b>9,778</b>	<b>9,023</b>	(39,398)	(3,854)	(43,252)
<b>Net decrease in the fund</b>		<b>(3,954)</b>	<b>(62,681)</b>	<b>(66,635)</b>	(41,955)	(821)	(42,776)
<b>Net assets of the Scheme</b>							
<b>Opening net assets</b>		<b>111,429</b>	<b>62,044</b>	<b>173,473</b>	153,384	62,865	216,249
Transfers between sections		(1,585)	1,585	-	-	-	-
<b>Closing net assets</b>		<b>105,890</b>	<b>948</b>	<b>106,838</b>	111,429	62,044	173,473

The notes on pages 24 to 41 form part of these financial statements.



**Consumers' Association Pension and Employee Benefit Scheme**  
**Annual Report Year Ended 31 March 2024**

**Statement of net assets available for benefits as at 31 March 2024**

<b>Investment assets</b>	<b>Note</b>	<b>2024 Hybrid £'000</b>	<b>2024 DC £'000</b>	<b>2024 Total £'000</b>	<b>2023 Hybrid £'000</b>	<b>2023 DC £'000</b>	<b>2023 Total £'000</b>
Pooled investment vehicles	10-14	<b>58,027</b>	<b>931</b>	<b>58,958</b>	61,131	59,421	120,552
Insurance policies	10-14	<b>47,295</b>	<b>-</b>	<b>47,295</b>	47,357	-	47,357
AVC investments	11, 13-14	<b>-</b>	<b>18</b>	<b>18</b>	1,962	2,612	4,574
Cash	10-14	<b>48</b>	<b>(4)</b>	<b>44</b>	50	1	51
		<b>105,370</b>	<b>945</b>	<b>106,315</b>	110,500	62,034	172,534
Current assets	16	<b>595</b>	<b>3</b>	<b>598</b>	995	36	1,031
Current liabilities	17	<b>(75)</b>	<b>-</b>	<b>(75)</b>	(66)	(26)	(92)
<b>Total net assets available for benefits</b>		<b>105,890</b>	<b>948</b>	<b>106,838</b>	111,429	62,044	173,473

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Report on actuarial liabilities on pages 9 to 12 of the annual report for the Hybrid Section, and these financial statements should be read in conjunction with this report.

These financial statements on pages 22 to 41 were approved by the Trustees on.

Signed on behalf of the Trustees by:

Alison Bostock, Trustee

Date: 16<sup>th</sup> October 2024

## **Notes to the financial statements for the year ended 31 March 2024**

### **1. General Information**

The Consumers' Association Pension and Employee Benefit Scheme (the "Scheme") is an occupational pension scheme established under trust.

The Scheme was established to provide retirement benefits to employees of the Consumers' Association, Which? Limited, the Research Institute for Disabled Consumers "RiDC" and Which? Financial Services Limited. The address of the Scheme's principal office is 2 Marylebone Road, London, NW1 4DF.

The Scheme has two sections: a Hybrid Section which was closed to new entrants on 1 April 2004, but existing members continued to accrue benefits until 31 March 2019 when the Council of the Consumers' Association closed it. Affected Hybrid members joined the Defined Contribution Section from 1 April 2019. The Defined Contribution Section opened on the 1 April 2004 and was open to new members until 31 December 2023 as an auto-enrolment scheme by the employers. Contributions from employees from 1 January 2024 were paid into the new Employer Scheme, Consumers' Association Retirement Savings Plan 'CARSP', which is part of the Master Trust run by Aviva. All existing funds in the DC Section were transferred to CARSP on 20 March 2024, along with Hybrid members' AVC funds invested with Legal and General Investment Management, Utmost Life and Clerical Medical.

The Scheme is a Registered Pension Scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief and income and capital gains earned by the Scheme receive preferential tax treatment.

### **2. Basis of Preparation**

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

### **3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **(a) Currency**

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

#### **(b) Contributions**

Normal and additional voluntary contributions, both from members and employers, are generally accounted for on an accruals basis in the payroll period to which they relate. In the case of member contributions this is when deducted from pay. However, contributions in respect of members in the first 30 days following auto-enrolment are accounted for when their right to opt-out has expired, unless remitted to the Scheme earlier.

All contributions payable under salary sacrifice arrangements are classified as employer contributions. Employers' augmentation contributions are accounted for in accordance with the agreement under which they are paid, or in the absence of such an agreement, when received.

Employers' deficit funding contributions are accounted for on the due dates set out in the schedule of contributions, or on receipt if earlier, with the agreement of the employer and the Trustees.

## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

### **(c) Transfers from and to other plans**

Transfer values represent the capital sums either receivable in respect of members from other pension plans of previous employers or payable to the pension plans of new employers, or pension arrangements of members who have left the Scheme. They are accounted for on an accruals basis on the date the trustees of the receiving plan accept the liability. In the case of individual transfers, this is normally when the payment of the transfer value is made.

### **(d) Benefits and payments to and on account of leavers**

Pensions in payment are accounted for in the period to which they relate. Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate. Refunds and opt-outs are accounted for when the Trustees are notified of the member's decision to leave the Scheme.

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

### **(e) Administrative and other expenses**

Administrative expenses and premiums for term insurance policies, other than those disclosed in Note 9, are paid by the Principal Employer.

### **(f) Investment income and expenditure and change in market value**

Income from pooled investment vehicles which distribute income is accounted for on an accruals basis on the date when the distribution is declared.

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 and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income net of withholding tax, which is reinvested in the fund.

Terminal bonus is awarded on the Prudential With-profits fund when individual member accounts are redeemed. The terminal bonus is accounted for on an accruals basis in the period when the account is redeemed.

Pensions paid are included in pension payments, are accounted for on an accruals basis and are shown separately.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within investment returns.

### **(g) Valuation and classification of investments**

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

The methods of determining fair value for the principal classes of investments are:

- Pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.

## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

- Insurance policies (including those held as AVC investments) are reported at the policy value provided by the insurer based on cumulative reversionary bonuses declared and the current terminal bonus.

### **(h) Critical accounting estimates and judgements**

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgments on a reasonable and prudent basis. For the Scheme, the Trustees believe 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 investments and, in particular, those classified in Level 3 of the fair-value hierarchy.

#### **4. Contributions**

	<b>2024 Hybrid £'000</b>	<b>2024 DC £'000</b>	<b>2024 Total £'000</b>	<b>2023 Hybrid £'000</b>	<b>2023 DC £'000</b>	<b>2023 Total £'000</b>
<b>Employers</b>						
Normal	-	<b>3,268</b>	<b>3,268</b>	-	3,990	3,990
Augmentation	-	-	-	-	13	13
Deficit repair	<b>1,400</b>		<b>1,400</b>	1,550	0	1,550
	<b>1,400</b>	<b>3,268</b>	<b>4,668</b>	1,550	4,003	5,553
<b>Employees</b>						
Normal	-	<b>24</b>	<b>24</b>	-	42	42
Additional voluntary	-	<b>411</b>	<b>411</b>	-	400	400
	-	<b>435</b>	<b>435</b>	-	442	442
Total contributions	<b>1,400</b>	<b>3,703</b>	<b>5,103</b>	1,550	4,445	5,995

Employers' augmentations are paid in respect of certain benefits to individuals. Employer normal contributions include contributions in respect of salary sacrifice arrangements made available to certain members by the Employer.

Deficit funding contributions of £116,667 per month were paid by the Employer to the Hybrid Section of the Scheme in accordance with the recovery plan dated 20 June 2022.

The Employer also paid the Pension Protection Fund levy of £17,541 (2023: £22,347).

#### **5. Transfers From Other Plans**

	<b>2024 Hybrid £'000</b>	<b>2024 DC £'000</b>	<b>2024 Total £'000</b>	<b>2023 Hybrid £'000</b>	<b>2023 DC £'000</b>	<b>2023 Total £'000</b>
Transfers from other plans	-	<b>82</b>	<b>82</b>	-	24	24

## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

### **6. Other income**

	<b>2024 Hybrid £'000</b>	<b>2024 DC £'000</b>	<b>2024 Total £'000</b>	2023 Hybrid £'000	2023 DC £'000	2023 Total £'000
Amounts received from insurance companies in respect of death benefits	-	-	-	-	184	184
Amounts received from Employer for other expenses	<b>18</b>	-	<b>18</b>	22	-	22
	<b>18</b>	-	<b>18</b>	22	-	206

### **7. Benefits**

	<b>2024 Hybrid £'000</b>	<b>2024 DC £'000</b>	<b>2024 Total £'000</b>	2023 Hybrid £'000	2023 DC £'000	2023 Total £'000
Pensions	<b>(3,339)</b>	-	<b>(3,339)</b>	(3,042)	-	(3,042)
Commutation and lump sum benefits	<b>(703)</b>	<b>(271)</b>	<b>(974)</b>	(749)	(166)	(915)
Death benefit lump sums	-	<b>(129)</b>	<b>(129)</b>	(6)	(16)	(22)
Taxation where Lifetime or Annual Allowance exceeded	-	<b>(2)</b>	<b>(2)</b>	-	-	-
	<b>(4,042)</b>	<b>(402)</b>	<b>(4,444)</b>	(3,797)	(182)	(3,979)

### **8. Payments to and on account of leavers**

	<b>2024 Hybrid £'000</b>	<b>2024 DC £'000</b>	<b>2024 Total £'000</b>	2023 Hybrid £'000	2023 DC £'000	2023 Total £'000
Refunds to members leaving service	-	<b>(7)</b>	<b>(7)</b>	-	-	-
Individual transfers out to other plans	<b>(548)</b>	<b>(1,655)</b>	<b>(2,203)</b>	(307)	(1,400)	(1,707)
Bulk transfer to Aviva Master Trust	-	<b>(74,011)</b>	<b>(74,011)</b>	-	-	-
	<b>(548)</b>	<b>(75,673)</b>	<b>(76,221)</b>	(307)	(1,400)	(1,707)

## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

### **9. Other Payments**

Other than those noted below, the administration and management of the Scheme is provided by the Principal Employer. The direct costs of employees involved in administration and management are not recharged to the Scheme.

	<b>2024 Hybrid £'000</b>	<b>2024 DC £'000</b>	<b>2024 Total £'000</b>	2023 Hybrid £'000	2023 DC £'000	2023 Total £'000
Bank Charges	<b>(2)</b>	-	<b>(2)</b>	(2)	-	(2)
Pension Protection Fund Levy	<b>(18)</b>	-	<b>(18)</b>	(23)	-	(23)
Expenses met by the Scheme	<b>(7)</b>	-	<b>(7)</b>	-	(38)	(38)
Miscellaneous	-	<b>(169)</b>	<b>(169)</b>	-	-	-
	<b>(27)</b>	<b>(169)</b>	<b>(196)</b>	(25)	(38)	(63)

### **10. Investment Income**

	<b>2024 Hybrid £'000</b>	<b>2024 DC £'000</b>	<b>2024 Total £'000</b>	2023 Hybrid £'000	2023 DC £'000	2023 Total £'000
Income from insurance policies	<b>2,100</b>	-	<b>2,100</b>	6,572	-	6,572
Income from pooled investment vehicles	<b>125</b>	-	<b>125</b>	343	-	343
Interest on cash deposits	<b>23</b>	-	<b>23</b>	24	-	24
	<b>2,248</b>	-	<b>2,248</b>	6,939	-	6,939

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**11. Reconciliation of net investments**

**Hybrid section**

	Value at 1 April 2023	Purchases at cost	Sales proceeds	Transfers	Change in market value	Value at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Pooled investment vehicles	<b>61,131</b>	<b>34,852</b>	<b>(35,182)</b>	<b>387</b>	<b>(3,161)</b>	<b>58,027</b>
Insurance policies	<b>47,357</b>	<b>2,100</b>	<b>(2,233)</b>	-	<b>71</b>	<b>47,295</b>
AVC Investments	<b>1,962</b>	<b>146</b>	<b>(1,934)</b>	<b>(387)</b>	<b>213</b>	-
	<b>110,450</b>	<b>37,098</b>	<b>(39,349)</b>	-	<b>(2,877)</b>	<b>105,322</b>
Cash	<b>50</b>					<b>48</b>
<b>Total Hybrid Section net investment assets</b>	<b>110,500</b>					<b>105,370</b>

The pooled investment vehicles are not assigned to individual members. The insurance policies and AVC investments are assets allocated to individual members. The transfer from AVC investments to the pooled investment vehicles was to correct miss-allocations of assets that were not assigned to individual members that had occurred in prior years. Indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment.

**Prudential**

The Hybrid Section provides a pension which is the better of a defined benefit based on a member's pensionable service and salary near to retirement, and the pension that can be provided by a money purchase account, which built up from part of the employer and employee contributions. The money purchase accounts are invested separately for the benefit of named individuals in the Prudential With Profits policy, rather than held in the common fund of assets that relate to the defined benefits.

Prudential must pay out 100% of asset values to policyholders over time and the annual bonus reflects a prudent proportion of future expected returns. A final bonus, which is not guaranteed, makes up the difference between guaranteed benefits and the overall smoothed claim value.

The Prudential policy provides a guaranteed annual return of 4.75% for those contributions made in the Scheme years prior to 1 April 1996, 2.5% for contributions made between 1 April 1996 and 31 March 2003 reducing to 0.01% for contributions made thereafter.

The investment funds are managed by companies registered in the UK. Interest and bonus earned on the With-profits insurance policy held with Prudential are shown in Note 11 and the reinvestment of these amounts is included within purchases at cost above.

## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

### **DC section**

<b>Net investment assets</b>	<b>Value at 1 April 2023</b>	<b>Purchases at cost</b>	<b>Sales proceeds</b>	<b>Transfers</b>	<b>Change in market value</b>	<b>Value at 31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Pooled Investment Vehicles	<b>59,421</b>	<b>7,677</b>	<b>(75,587)</b>	<b>14</b>	<b>9,406</b>	<b>931</b>
AVC investments	<b>2,612</b>	<b>658</b>	<b>(3,610)</b>	<b>(14)</b>	<b>372</b>	<b>18</b>
	<b>62,033</b>	<b>8,335</b>	<b>(79,197)</b>	<b>-</b>	<b>9,778</b>	<b>949</b>
Cash in transit	<b>1</b>					<b>(4)</b>
<b>Total DC Section net investment assets</b>	<b>62,034</b>					<b>945</b>

The transfer from AVC investments to the pooled investment vehicles was to correct miss-allocations of assets that were not assigned to individual members that had occurred in prior years.

### **Concentration of Investments**

Investments exceeding 5% of the value of net assets are detailed below:

	<b>2024 £'000</b>	<b>2024 %</b>	<b>2023 £'000</b>	<b>2023 %</b>
<b>Insurance Policies</b>				
Prudential With-profits Policy	<b>47,295</b>	<b>44.3</b>	47,357	27.3
<b>Pooled Investment Vehicles</b>				
Schroder Sterling Liquidity Fund	<b>14,229</b>	<b>13.3</b>	13,043	7.5
Schroder Life Matching Plus Synthetic Nominal Gilt Fund (2038-2057)	<b>7,023</b>	<b>6.6</b>	-	-
TwentyFour Asset Management Global Unconstrained Bond Fund	<b>6,853</b>	<b>6.4</b>	10,135	5.8
Federated Hermes Absolute Return Credit Fund	<b>6,049</b>	<b>5.7</b>	-	-
Which? Mixed Investment Fund A	-	-	38,288	22.1
Which? Mixed Investment Fund B	-	-	16,627	9.6



## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

### **AVC investments**

AVCs provide money purchase benefits and are invested separately to secure additional benefits on a money purchase basis for those members who elect to pay additional voluntary contributions.

The AVC provider is Prudential Assurance Company Limited (With-profits).

### **Investment Transaction Costs**

Indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustees to quantify such indirect transaction costs.

#### **12. Pooled investment vehicles**

<b>By Type</b>	<b>2024 Hybrid £'000</b>	<b>2024 DC £'000</b>	<b>2024 Total £'000</b>	<b>2023 Hybrid £'000</b>	<b>2023 DC £'000</b>	<b>2023 Total £'000</b>
Equity	<b>5,461</b>	<b>601</b>	<b>6,062</b>	<b>2,397</b>	<b>41,762</b>	<b>44,159</b>
Bond	<b>12,956</b>	<b>175</b>	<b>13,131</b>	<b>10,135</b>	<b>13,305</b>	<b>23,440</b>
Liability Driven Investment	<b>23,365</b>	<b>-</b>	<b>23,365</b>	<b>27,046</b>	<b>-</b>	<b>27,046</b>
Property	<b>2,014</b>	<b>93</b>	<b>2,107</b>	<b>8,510</b>	<b>3,119</b>	<b>11,629</b>
Cash	<b>14,229</b>	<b>61</b>	<b>14,290</b>	<b>13,044</b>	<b>1,235</b>	<b>14,279</b>
<b>Total</b>	<b>58,025</b>	<b>930</b>	<b>58,995</b>	<b>61,132</b>	<b>59,421</b>	<b>120,553</b>

#### **13. Fair value of investments**

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

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.	Level 1
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 2
Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability.	Level 3

## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

The Trustees' assessment is shown in the table below. Although Which? Mixed Investment Funds A, B and C are daily priced, pooled investment vehicles, they are white label funds available only to the Scheme members, run on the Trustees' behalf by Legal & General Investment Management and constructed from their underlying pooled investment vehicles available to institutional investors.

<b>Level</b>	<b>1 £'000</b>	<b>2 £'000</b>	<b>3 £'000</b>	<b>2024 Total £'000</b>
<b>Hybrid Section Investment Assets</b>				
Pooled Investment Vehicles	-	55,668	1,972	57,640
Insurance Policies	-	-	47,295	47,295
AVC investments	-	-	385	385
Other investment balances	48	-	-	48
<b>Total</b>	<b>48</b>	<b>55,668</b>	<b>58,025</b>	<b>105,368</b>
<b>DC Section Investment Assets</b>				
Pooled Investment Vehicles	-	917	-	917
AVC investments	-	-	32	32
Cash in transit	(4)	-	-	(4)
<b>Total</b>	<b>(4)</b>	<b>917</b>	<b>32</b>	<b>945</b>

Analysis at the prior year end is as follows:

<b>Level</b>	<b>1 £'000</b>	<b>2 £'000</b>	<b>3 £'000</b>	<b>2023 Total £'000</b>
<b>Hybrid Section Investment Assets</b>				
Pooled Investment Vehicles	-	52,621	8,510	61,131
Insurance Policies	-	-	47,357	47,357
AVC investments	-	1,962	-	1,962
Other investment balances	50	-	-	50
<b>Total</b>	<b>50</b>	<b>54,583</b>	<b>55,867</b>	<b>110,500</b>
<b>DC Section Investment Assets</b>				
Pooled Investment Vehicles	-	59,421	-	59,421
AVC investments	-	2,594	18	2,612
Cash in transit	1	-	-	1
<b>Total</b>	<b>1</b>	<b>62,015</b>	<b>18</b>	<b>62,034</b>

Valuations of level 3 pooled investment vehicles and AVCs are at closing bid price where bid and offer prices are published and closing single price where a single price is published.

The valuation of the level 3 insurance policy (the Prudential With-profits policy) is the valuation provided by Prudential. The Prudential state that the value is a fair value of the assets backing the policy.

## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

### **14. Investment Risks**

FRS 102 requires disclosure of information in relation to certain investment risks.

- Credit Risk – the risk that one party to a financial instrument will cause financial loss to the other by failing to discharge an obligation
- Market risk - the risk that the fair value or future cash flows of a financial asset will fluctuate because of:
  - Currency risk – changes in foreign exchange rates
  - Interest rate risk - changes in market interest rates
  - Other price risk – changes in market prices (other than because of currency risk or interest rate risk) and whether the changes affect all similar financial instruments traded in the marketplace or a particular financial instrument.

The Trustees determine their investment strategy after taking advice from their professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the Scheme's investment strategy.

#### **Hybrid Section Investment Strategy**

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

The Trustees set the investment strategy for the Hybrid Section after consideration of the strength of the employer covenant, the long-term liabilities of the Hybrid Section and the funding agreed with the Employer. The investment strategy is set out in the Trustees' Statement of Investment Principles ("SIP") a copy of which is available to Scheme members on request.

The following table summarises whether the various classes of investments are affected by financial risks. Risks are classified as "Direct" if they relate to an investment held directly by the Scheme, or "Indirect" if they relate to an investment held by one of the pooled underlying funds.

**Notes to the financial statements for the year ended 31 March 2024**  
**(continued)**

	Credit Risk		Market Risk (all indirect)			2024 Total	2023 Total
	Direct	Indirect	Currency Risk	Interest Rate Risk	Other price risk	£'000	£'000
<b>Hybrid Section Investment Assets</b>							
Pooled Investment Vehicles							
Schroder Matching Plus Volatility Controlled Equities Fund		✓	✓		✓	<b>5,172</b>	2,397
Schroder Liability Driven Investment Funds		✓		✓	✓	<b>23,365</b>	27,046
Schroder Sterling Liquidity Fund	✓					<b>14,229</b>	13,043
Federated Hermes Absolute Return Credit Fund	✓	✓	✓	✓		<b>6,049</b>	-
TwentyFour Asset Management Global Unconstrained Bond Fund	✓	✓	✓	✓		<b>6,853</b>	10,135
Lothbury and M&G Property Funds	✓				✓	<b>1,972</b>	8,510
Prudential With-profits Fund	✓	✓		✓	✓	<b>47,295</b>	47,357
AVC investments	✓	✓	✓	✓	✓	-	1,962
<b>Total Hybrid Section investments</b>						<b>104,935</b>	110,450

## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

<b>Total Risk</b>				
	<b>2024</b>		<b>2023</b>	
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>%</b>
Total direct credit risk	<b>76,398</b>	<b>69</b>	81,007	73
Total indirect credit risk	<b>88,734</b>	<b>80</b>	88,897	80
Total currency risk	<b>18,074</b>	<b>16</b>	14,494	13
Total interest rate risk	<b>83,562</b>	<b>76</b>	86,500	78
Total other price risk	<b>77,804</b>	<b>70</b>	87,272	79

In general, these risks are managed as follows:

- The diversified portfolio of investments helps manage concentration of these risks.
- The Trustees are in the process of developing a risk budget which is set taking into account the Scheme's investment objectives. The Trustees will use this to manage investment risks, including credit risk and other price risk.
- The investment objectives and risk budget are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

Further information on the Trustees' approach to various financial risks is set out below.

### **(i) Credit risk**

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environment in which the pooled managers operate and diversification of investments amongst several pooled arrangements. The Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an on-going basis, monitor any changes to the operating environment of the pooled manager.

A summary of the pooled investment vehicle type by arrangement is shown on the next page.

## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

<b>Pooled arrangement</b>	<b>Legal nature of the pooled arrangement</b>	<b>2024 Total £'000</b>	<b>2023 Total £'000</b>
Schroder Matching Plus Volatility Controlled Equities Fund	SICAV	<b>5,172</b>	2,397
Schroder Liability Driven Investment Funds	SICAV	<b>23,365</b>	27,046
Schroder Sterling Liquidity Fund	ICAV	<b>14,229</b>	13,043
Federated Hermes Absolute Return Credit Fund	UCITS	<b>6,049</b>	-
TwentyFour Asset Management Global Unconstrained Bond Fund	SICAV	<b>6,853</b>	10,135
Lothbury Property Trust	Authorised unit trust	<b>1,972</b>	4,487
M&G Secured Property Income Fund	Authorised unit trust	-	4,023
Prudential With-profits Fund	With-profits insurance contract	<b>47,295</b>	47,357
		<b>104,935</b>	108,488

A 'UCITS' is a collective investment vehicle and UCITS stands for Undertakings for the Collective Investment in Transferable Securities. This refers to a regulatory framework that allows for the sale of cross-Europe mutual funds. A 'SICAV' is a collective investment vehicle, SICAV being acronym in French for 'société d'investissement à capital variable', which can be translated as 'investment company with variable capital'. An 'ICAV' is an Irish collective asset-management vehicle. These structures are common investment vehicles.

In the year, the Hybrid Section of the Scheme was subject to direct credit risk in the Schroder Sterling Liquidity Fund. The Hybrid Section of the Scheme was also subject to indirect credit risk via its holdings in the Schroder Matching Plus Volatility Controlled Equities Fund, the Schroder Liability Driven Investment Fund, corporate bonds in TwentyFour Asset Management's Global Unconstrained Bond Fund, through the Prudential With-profits Fund and Invesco's Global Targeted Returns Fund. These funds may use over the counter traded collateralised instruments including derivatives and repos.

The Trustees consider financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch or rated at BAA3 or higher by Moody's.

### **(ii) Currency risk**

The Hybrid Section of the Scheme is exposed to indirect currency risk on overseas equity holdings held in the Schroder Matching Plus Volatility Controlled Equities Fund. The Scheme is subject to indirect currency risk because some of the Scheme's pooled investment vehicles invest in overseas markets.

This exposure specifically arises from exposure to global equities and global bonds. Where currency risk is deemed to be clearly risk additive the asset managers may hedge currency risk at the pooled investment vehicle level.

### **(iii) Interest rate risk**

In the year, the Trustees sought to hedge some of the interest rate risk arising from the Scheme's liabilities by investing in a Liability Driven Investment portfolio. The Scheme is subject to indirect interest rate risk because some of its investments are held in bonds and synthetic bonds which are sensitive to interest rates.

## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

### **(iv) Other price risk**

Other price risk arises principally in relation to the equity holdings, property holdings, inflation, derivatives and leverage used by the pooled fund managers and in relation to the Prudential With-profits Fund. The Trustees investments in the Liability Driven Investment portfolio include synthetic index linked gilts which partially offset the inflation risk arising from the Scheme's liabilities. The Trustees have taken steps to diversify the return-seeking allocation to reduce the overall reliance on markets to generate returns.

### **DC Section Investment Strategy**

The Trustees' objective for Members' Pension Accounts was to grow their accounts, over the long term, by more than the rate of inflation. The investment strategy used white label funds in a lifestyle strategy that gradually moves from higher risk, higher volatility assets to those with lower risk and lower volatility as the member approaches their selected retirement age. The white label funds were provided by Legal & General Investment Management. These funds were specifically created for the Scheme and were invested in a range of funds available through Legal & General Investment Management but with more beneficial pricing arrangements. The three white label funds and the Trustees' return objectives were:

- Which? Mixed Investment Fund A; long term return target CPI +4%.
- Which? Mixed Investment Fund B; long term return target CPI +3%; and
- Which? Mixed Investment Fund C; long term return target CPI +2%.

The strategy also used Legal & General Investment Management's Over 15-year Gilt Index Fund and Cash Index Fund in the three years prior to a member's Selected Retirement Age, depending on the decumulation option selected by the member.

The investment strategy is set out in the Trustees' Statement of Investment Principles ("SIP") a copy of which starts on page 71.

The Trustees have an investment management agreement in place with Legal & General Investment Management which sets out the benchmarks for the underlying asset allocation for investments held within the white label funds. When the Trustees made changes to the asset allocation members were informed by a newsletter.

The DC Section of the Scheme were subject to various types of risks, but member level risk exposures were not dependent on the member funds invested in by members. The main types of risks included (but were not limited to) credit risk and market risk, arising from the underlying investments in the underlying funds. Market risk is composed of currency risk, interest rate and other price risk. While the Trustees governed the underlying funds individually, they considered that the risks at a member fund level to be more important, recognising the benefit of diversification and offsetting risks within the investment funds.

The main risk exposures of each of the member funds within the investment strategy are shown on the next page.

## Notes to the financial statements for the year ended 31 March 2024 (continued)

	Credit Risk		Market Risk (all indirect)			2024 Total	2023 Total
	Direct	Indirect	Currency Risk	Interest Rate Risk	Other price risk	£'000	£'000
DC Section Investment Assets – Pooled Investment Vehicles							
Which? Mixed Investment Fund A, B & C	✓	✓	✓	✓	✓	<b>878</b>	61,151
Cash Index Fund	✓			✓		<b>53</b>	508
Ethical Equity UK Index Fund (AVCs)	✓				✓	-	358
Prudential With-profits Fund (AVCS)	✓	✓		✓	✓	<b>18</b>	18
<b>Total DC Section investments</b>						<b>949</b>	63,029

Total Risk				
	2024		2023	
	£'000	%	£'000	%
Total direct credit risk	<b>949</b>	<b>100</b>	62,034	100
Total indirect credit risk	<b>896</b>	<b>94</b>	60,285	97
Total currency risk	<b>878</b>	<b>93</b>	61,151	99
Total interest rate risk	<b>949</b>	<b>100</b>	61,676	99
Total other price risk	<b>896</b>	<b>94</b>	61,526	99

These risks are managed as follows:

### (i) Credit risk

All assets of the DC Section of the Scheme are subject to direct credit risk in relation to Legal & General Assurance (Pensions Management) Limited ('PMC') (who delegate investment management of the assets to Legal & General Investment Management Limited 'LGIM') through the Scheme's holding in unit linked insurance funds provided by PMC. Direct credit risk relates to insolvency of PMC, or the custodians used by the underlying managers to hold fund assets. PMC is authorised by the Prudential Regulation Authority, regulated by the Financial Conduct Authority and the Prudential Regulation Authority and maintains capital for its policyholders.

A summary of the pooled investment vehicle type by arrangement is shown on the next page.



## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

<b>Pooled arrangement</b>	<b>Legal nature of the pooled arrangement</b>	<b>2024 Total £'000</b>	<b>2023 Total £'000</b>
LGIM Funds	Unit linked insurance contract	<b>931</b>	62,015
Prudential Assurance Company Limited With-profits Fund	With-profits insurance contract	<b>18</b>	18

Direct credit risk in the underlying funds operated by the underlying manager is mitigated by the underlying investments being ring-fenced from those of the underlying manager. In the event of default by PMC, policyholders will be able to enact a floating charge over all the assets, rights and benefits of PMC to recover their funds.

The Trustees of the Scheme are also able to apply for compensation from the Financial Services Compensation Scheme ("FSCS") to cover any shortfall following this process (the amount that can be claimed from the FSCS will depend on the structure of the underlying fund).

In the event of a custodian becoming insolvent, the level of asset recovery will depend on the custody agreement in place between the underlying manager and the custodian.

The Trustees carry out due diligence checks on the appointment of investment managers and, on an ongoing basis, monitors any changes to the regulatory and operating environments of both.

The Scheme is also subject to indirect credit risk arising on the underlying investments held by the underlying funds. Credit risk is mitigated by utilising investment managers whose mandate includes one or more of the following:

- investment in government bonds where the credit risk is minimal.
- investment in corporate bonds which are rated at least investment grade.
- diversification of the underlying investments.

### **(ii) Currency risk**

Some member funds are subject to indirect currency risk because some of the underlying investments are held in overseas markets via pooled investment vehicles. The Trustees regard currency risk as one which can, in some cases, add value and manage this risk through advice from their investment adviser.

There is no direct exposure to currency risk. All member and underlying funds are priced in GBP and no foreign denominated assets are held directly.

### **(iii) Interest rate risk**

Some member funds are subject to indirect interest rate risk because some of the underlying investments are held in bonds or cash through pooled vehicles. If interest rates fall, the value of these investments will rise (all else being equal) and vice versa.

The Scheme manages this risk through the following:

- diversification, where appropriate, to reduce the impact of a change in interest rates; or
- allowing the risk, where appropriate, in recognition that a change in interest rates will likely be correlated with a change in annuity rates and therefore this degree of "matching" is desirable.

No assets are subject to this risk as no interest rate sensitive investments are held directly.

### **(iv) Other price risk**

All assets are subject to indirect other price risk. Other price risk arises in relation to risks not mentioned above, such as those affecting equity markets, property and non-investment grade bonds.

## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

The Scheme managed this risk by making available member funds with a diverse portfolio of investments across various markets, designed to minimise the overall price risk. Members could also invest in funds with a higher degree of overall price risk, should they choose, by extending their Selected Retirement Age.

No assets are subject to direct other price risk as no price sensitive investments are held directly.

### **15. Employer-related investment**

There were no employer-related investments during the year or at the year-end (2023: nil). A ban on self-investment is incorporated within the Trust Deed and Rules.

### **16. Current assets**

	<b>2024 Hybrid £'000</b>	<b>2024 DC £'000</b>	<b>2024 Total £'000</b>	2023 Hybrid £'000	2023 DC £'000	2023 Total £'000
Prepayments and other debtors	<b>245</b>	-	<b>245</b>	<b>302</b>	-	<b>302</b>
Employer contributions	-	-	-	-	<b>1</b>	<b>1</b>
Due from Fund Managers	-	-	-	-	<b>4</b>	<b>4</b>
Current account and short-term deposits	<b>350</b>	<b>3</b>	<b>353</b>	<b>693</b>	<b>31</b>	<b>724</b>
	<b>595</b>	<b>3</b>	<b>598</b>	<b>995</b>	<b>36</b>	<b>1,031</b>

All contributions due to the Scheme by 31 March 2023 relate to March 2023 respectively and were paid in full to the Scheme in accordance with the Schedules of Contributions covering the year, and therefore do not count as employer-related investments.

Current assets of the DC Section are designated to members.

### **17. Current liabilities**

	<b>2024 Hybrid £'000</b>	<b>2024 DC £'000</b>	<b>2024 Total £'000</b>	2023 Hybrid £'000	2023 DC £'000	2023 Total £'000
Expense accrual	<b>(75)</b>	-	<b>(75)</b>	(105)	(25)	(130)
Tax Liability	-	-	-	39	(1)	38
	<b>(75)</b>	-	<b>(75)</b>	(66)	(26)	(92)

Current liabilities of the DC Section are designated to members.

## **Notes to the financial statements for the year ended 31 March 2024 (continued)**

### **18. Related party transactions**

Related party transactions and balances comprise:

#### **Key management personnel**

Contributions in note 4 include amounts in respect of one Trustee to 31 December 2023 when contributions to the Scheme, other than deficit contributions ceased. Pensions paid in note 7 include pension paid to one Trustee who served during the year and up to the date of this report, and one Trustee who was appointed from 1 June 2024.

Where Trustees are paid, the Employer bears the expense of the arrangement from its own resources. The total amount paid in 2024 was £55,237 (2023: £52,699).

#### **Employer and other related parties**

Which? provides administrative services including the provision of the Secretary of the Trustees without recharge to the Scheme.

Other than those items disclosed elsewhere in the financial statements, there were no other related party transactions.

### **19. Contingent liabilities and contractual commitments**

In the opinion of the Trustees the Scheme had no contingent liabilities on 31 March 2024 (2023: nil).

### **20. Subsequent events**

There are no subsequent events to report.

## Independent Auditors' Statement about Contributions to the Trustees of the Consumers' Association Pension and Employee Benefit Scheme

We have examined the summary of contributions payable to the Consumers' Association Pension and Employee Benefit Scheme for the Scheme year ended 31 March 2024 to which this statement is attached.

### Statement about contributions payable under the Schedule of contributions

In our opinion, contributions for the Scheme year ended 31 March 2024 as reported in the summary of contributions and payable under the Schedule of contributions have, in all material respects, been paid at least in accordance with the Schedule of Contributions certified by the Scheme actuary on 20 June 2022.

### Scope of work on Statement about Contributions

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

### Respective responsibilities of Trustees and the auditor

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

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

### Use of our report

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

### Nortons Assurance Limited

Statutory Auditor

2<sup>nd</sup> Floor  
NOW Building  
Thames Valley Park  
Reading  
RG6 1RB

Date: 16<sup>th</sup> October 2024

**Consumers' Association Pension and Employee Benefit Scheme**  
**Annual Report Year Ended 31 March 2024**

**Summary of Contributions payable for the year ended 31 March 2024**

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

	<b>Employee £'000</b>	<b>Employer £'000</b>	<b>Total £'000</b>
<b>Required by the schedule of contributions</b>			
Deficit repair	-	1,400	<b>1,400</b>
Normal contributions – DC	24	3,273	<b>3,297</b>
<b>Total</b>	<b>24</b>	<b>4,673</b>	<b>4,697</b>
<b>Other contributions payable</b>			
AVCs	411	411	<b>411</b>
Augmentation	-	(5)	<b>(5)</b>
<b>Total</b>	<b>411</b>	<b>406</b>	<b>406</b>
<b>Total Contributions included in the financial statements</b>	<b>435</b>	<b>5,079</b>	<b>5,103</b>

Signed on behalf of the Trustees:

Alison Bostock, Trustee

Date: 16<sup>th</sup> October 2024

## **Actuary's Certificate of the Schedule of Contributions 2022**

# Actuary's certification of schedule of contributions

### Consumers' Association Pension and Employee Benefit Scheme

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#### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2021 to be met by the end of the period specified in the recovery plan dated 20 June 2022.

#### Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 20 June 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 scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

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Signature

*Alan Wilkes*

Date

20 June 2022

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Name

Alan Wilkes

Qualification

Fellow of the Institute  
and Faculty of Actuaries

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Address

Albion  
Fishponds Road  
Wokingham  
RG41 2QE

---

Employer

XPS Pensions

**Chair's Annual Statement Regarding DC Governance for the year ending 31 March 2024**

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## **CHAIR'S WELCOME**

Welcome to the annual governance statement for the year ending 31 March 2024. Governance requirements apply to defined contribution ("DC") pension arrangements, to help members achieve a good outcome from their pension savings. The Trustees of the Consumers' Association Pension and Employee Benefit Scheme (the "Scheme") are required to produce a yearly statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to:

- the investment options in which members' funds are invested (this means the "default arrangement" and other funds members can select or have assets in, such as AVC funds);
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a 'value for members' assessment; and
- Trustee knowledge and understanding.

This statement covers the period from 1 April 2023 to 31 March 2024. On 20 March 2024 members' DC Pension accounts and AVCs invested with Legal & General, Utmost Life and Clerical Medical were transferred to the Aviva Master Trust.

The Trustee Board's aim is to ensure that the Scheme is run in the best interests of the members and helps deliver better outcomes for members at retirement.

As a Trustee Board, we recognise that good scheme governance is central to achieving this. This statement focuses on several specific areas of scheme governance required by the Regulations, however, further information about the Scheme and the governance standards we adopt in other areas of scheme management, can be found on the Scheme website: - [www.which.co.uk/pension-scheme](http://www.which.co.uk/pension-scheme).

On behalf of the Trustee Board and based on a review of the systems and controls in place, I believe that the Scheme met the requirements on governance standards during the period and helps to deliver better outcomes for members at retirement.

Alison Bostock  
Chair, Consumers' Association Pension and Employee Benefit Scheme

Date: 16<sup>th</sup> October 2024



## GOVERNANCE

### Structure of the Scheme

The Consumers' Association Pension and Employee Benefit Scheme is a multi-employer pension scheme that provides pension benefits for current and past employees of the participating employers and their dependants. At 20 March 2024 the participating employers were:

- Consumers' Association (also the Principal Employer);
- Which? Limited;
- Research Institute for Consumer Affairs (known as the Research Institute for Disabled Consumers RiDC).

The Research Institute for Consumer Affairs withdrew from the Scheme for future service on 31 March 2019. Consumers' Association and Which? Limited withdrew from the Scheme for future service on 31 December 2023.

The Scheme started in 1974 and there have been changes over the years. It is an occupational pension scheme, governed by a Trust Deed and Rules, effective 29 March 2004, which amended and replaced the existing Deeds and Rules. The Scheme is a Registered Pension Scheme under the Finance Act 2004. It was not contracted out of the State Second Pension (S2P).

The Scheme has two sections:

Hybrid Section	Defined Contribution Section
<p>This Section provides a pension which is derived from the better of a defined benefit based on a member's pensionable service and salary near to retirement, and a notional pension value that can be provided by an account notionally allocated to a member based in part on the employer and employee contributions.</p> <p>The member accounts are invested separately for the benefit of named individuals rather than held in a common fund of assets which relate to the defined benefits.</p> <p>The Hybrid Section closed to new entrants on 1 April 2004, but existing members continued to accrue benefits until 31 March 2019 when the Council of the Consumers' Association decided to close it. All affected Hybrid members joined the Defined Contribution Section from 1 April 2019.</p> <p>The Hybrid Section retains accrued rights of former active members who will, on retirement, become entitled to their benefits in accordance with the Scheme rules. The Section's assets continue to be invested in accordance with Scheme policy and the relevant employers continue to make contributions to address the Section's funding deficit to achieve the Section's funding objectives.</p>	<p>This Section opened on 1 April 2004. This section was open to new employees until 31 December 2023 and was used as a Qualifying Scheme for auto enrolment by the employers. Members of this Section accrued benefits on a money purchase basis.</p> <p>Each member had a Pension Account which records the value of their contributions and those made by the Employer on their behalf. Those contributions were invested in accordance with Scheme policy and, where relevant, member selections, and the performance of those investments was attributed to the member's Pension Account.</p> <p>On retirement, the Pension Account was applied in accordance with the Scheme rules and, where relevant, at the direction of the member, outside of the Scheme to provide the member with pension benefits.</p>

## **Consumers' Association Pension and Employee Benefit Scheme Annual Report Year Ended 31 March 2024**

Active members could make additional voluntary contributions 'AVCs' to the Defined Contribution Section up until 31 December 2023, when the Scheme closed to new entrants and for contributions, to increase their retirement benefits. Prior to the closure of the Hybrid Section on 31 March 2019, active members of that Section were able to make AVC contributions to that Section.

Following the announcement by the Consumers' Association that it would close the DC Section to future contributions from 31 December 2023 and enrol employees in the Consumers' Association Retirement Savings Plan section of the Aviva Master Trust from 1 January 2024 for future contributions, the Trustees were asked to work with the Consumers' Association on a project to transfer the accumulated accounts invested with Legal & General of members in the DC Section to the Aviva Master Trust. Following investment and legal advice, the Trustees agreed to the request and a bulk transfer took place on 20 March 2024.

### **The Trustee Board**

The Trustee Board governs the Scheme in accordance with the Rules and relevant legislation. The Principal Employer determines the number of Trustees on the Trustee Board, which is currently six.

The Trustee Board consists of four Trustees appointed by the Principal Employer and two appointed following a nomination process among all the Scheme members and a selection panel appointed by the Trustees. This is to ensure that members and the employers can make their views on matters relating to the Fund known to the Trustees.

## TRUSTEE KNOWLEDGE AND UNDERSTANDING

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's General Code.

The Trustees take these requirements very seriously.

When first appointed, the Secretary to the Trustees provides an induction to pensions and the Scheme.

There were no new Trustees during the year. The induction programme, as well as the ongoing training provided to the Trustees, covers:

- the law relating to pensions and trusts;
- the provisions of the Scheme's governing documents, including the trust deed and rules, statement of investment principles, statement of funding principles and all other documents in relation to the administration of the Scheme;
- roles and responsibilities of the individuals and bodies involved in funding, governing and administering the Scheme;
- the principles of funding;
- the principles of investment;
- actuarial valuation of the Hybrid Section of the Scheme;
- the principles of contributions and investment for the Hybrid Section and the Defined Contribution Section of the Scheme;
- the Scheme's benefit structure;
- the Scheme's administration arrangements;
- retirement options available to members;
- leaving service benefits;
- death benefits; and
- the Trustees' current investment strategies for each section.

The Trustees also attend external courses from time to time.

After initial training, Trustees receive training at their meetings which are specific to the matters that they are dealing with and the decisions that they are required to make, including in relation to the matters listed above. Training at these meetings is provided by the Scheme's adviser.

The Trustees' training records during the year are set out below.

<b>Trustee</b>	<b>Training</b>	<b>Date</b>	<b>delivered by</b>
Alison Bostock	Achieved professional trustee accreditation from 1 July 2020, and this requires 25 hours per year of Continuing Professional Development.		
Alison Bostock, Alastair Reed, Dominic Lindley, Julian Edwards, Rebecca Fearnley	Funding and Investment Strategy Regulations	06/03/24	XPS
Alison Bostock, Alastair Reed, Dominic Lindley, Julian Edwards, Rebecca Fearnley	Aligning Stewardship with DWP Guidance	06/03/24	Redington
Alison Bostock, Alastair Reed, Dominic Lindley, Ron Lam, Rebecca Fearnley	Trustees power to make a bulk transfer, protected pension ages	12/02/24	Travers Smith

**Consumers' Association Pension and Employee Benefit Scheme  
Annual Report Year Ended 31 March 2024**

<b>Trustee</b>	<b>Training</b>	<b>Date</b>	<b>delivered by</b>
All Trustees	Absolute Return Credit	12/09/23	Redington
Rebecca Fearnley	Achieved the Certificate in Pension Trusteeship	17/04/23	Pensions Management Institute

Attendance at training is recorded in the Trustees' training register. Trustees are required to complete the relevant modules of the Pensions Regulator's Trustee Toolkit or pass the Pensions Management's Institute's examination Certificate in Pension Trusteeship. All Trustees have either completed the Toolkit or passed the examination. In addition, Alison Bostock holds the Pensions Management Institute's Certificate in DC Governance.

In addition to receiving the training detailed above, the Trustees take personal responsibility for ensuring that they continue to have a working knowledge of the Scheme's documents for both the DC and Hybrid Sections, including: -

- the Trust Deed and Rules;
- the Statement of Funding Principles;
- the Statement of Investment Principles;
- the last actuarial valuation of the Scheme and any actuarial reports commissioned since;
- the audited Annual Report and Financial Statements;
- the Scheme's member booklets; and
- the Trustees' policies for administering the Scheme.

The Trustees have online access to the Scheme's key documents and can access these when required to make decisions or exercise their discretion. Trustees request the input of their legal adviser where necessary.

The Trustees receive briefings from the Scheme's advisers, the Pensions Regulator and the Scheme Secretary, which they use to keep themselves up to date with relevant developments and identify their evolving responsibilities. The Trustees regularly receive advice from their professional advisors.

To identify gaps in their knowledge, the Trustees carry out an annual self-assessment using a questionnaire, which includes questions about their training needs. The Secretary and the Trustee Board review the self-assessment responses and arrange for training to be made available to individual Trustees or to the whole Trustee Board as appropriate.

The Chair of the Trustees is an independent professional trustee who was a former Scheme Actuary to the Scheme and has a detailed understanding of the Scheme's documentation, and its operation from an actuarial and investment perspective.

The Trustees believe their combined knowledge and understanding and that of their advisers enables the Trustee Board to run the Scheme properly.

The Chair of Trustees engages with individual Trustees to ensure they are provided with sufficient opportunities for their skills and knowledge to be kept up to date. Taking into account the experience, knowledge and understanding of individual Trustees, and the professional advice and other resource that is available to them, the Chair is confident that the Trustee Board has the right mix of skills and competencies to ensure the Fund is well governed and properly managed.

## **ADMINISTRATION**

### **Processing Core Financial Transactions**

The Trustees have a duty to ensure that the core transactions have been processed promptly and accurately during the scheme year.

Core financial transactions include, but are not limited to:

- the investment of contributions to the Scheme;
- the transfer of pension scheme assets relating to members into and out of the Scheme; and
- the transfer of assets relating to members between different defined contribution/money purchase investments; and payments from the Scheme to, or in respect of, members.

The Trustees recognise that these core financial transactions must be processed promptly and accurately to help deliver better outcomes for Scheme members.

The Trustees are confident that the processes and controls are robust, that corrective measures are taken where necessary and that the core financial transactions were processed promptly and accurately during the Scheme year.

The administration of the Scheme is delegated to Consumers' Association. The Trustees have a service level agreement in place with Consumers' Association which defines target times for processing the core financial transactions (as detailed below), individual case work and regular administration tasks. The Trustees monitor reports from the administrator provided at each Trustee Board meeting, held at least quarterly, which includes actual performance compared to expected performance. The Trustees annually review the internal controls of the administration and from time to time, the Consumers' Association carries out internal audits of the administration. Internal audit reports are presented to the Trustees and actions to address any issues agreed.

To keep track of their compliance with the agreed targets, the administrators:

- keep a case log that monitors the progress of individual member case work and regular administration tasks;
- monitor and reconcile bank accounts on a weekly basis;
- monitor and reconcile employee and employer contributions coming into the Scheme on a monthly basis;
- reconcile the investment manager's reports of the Defined Contribution Section assets to the total assets recorded on the members' records at least monthly and more frequently than monthly depending on the number of transactions processed; and
- reconcile the Hybrid Section money purchase investment manager's annual report for the Hybrid Section annually.

Financial instructions require a two-step process to peer review for accuracy, security and to prevent fraud, one administrator to set up the instruction and one to authorise the instruction when making a bank payment, investing contributions, divesting investments or switching investments.

As noted above, the Trustees review the administrators' reports of these items at each Trustee Board meeting.

### **Investment of contributions to the Scheme**

The Principal Employer pays contributions directly to the investment manager on behalf of all the Participating Employers and the instruction on where to invest the money is sent using 'straight through processing', a method which improves the processing time by allowing the investment transactions to be processed without manual intervention. The target for investing the contributions is the month end following the date when contributions are deducted from members' salaries, which is the 15<sup>th</sup> of the month or nearest working day.

During the year the Principal Employer paid the contributions for the DC Section directly to the investment manager, prior to the statutory deadline of the 19<sup>th</sup> of the month following deduction from pay, as follows: -

**Consumers' Association Pension and Employee Benefit Scheme  
Annual Report Year Ended 31 March 2024**

<b>Contribution Month</b>	<b>Investment Date</b>
December 2023	16 January 2024
November 2023	08 December 2023
October 2023	17 November 2023
September 2023	10 October 2023
August 2023	15 September 2023
July 2023	11 August 2023
June 2023	13 July 2023
May 2023	26 May 2023
April 2023	28 April 2023

The Trustees are aware that although contributions were invested within the statutory deadline, this was later than their target time agreed with the administrator in 8 of the 10 months. The Trustees receive a regular update about the contribution investment date and noted that signatories to authorise investments were not always available.

Each year the Scheme administrators carry out a check of the accuracy of the contributions received from the Defined Contribution Section. If errors are found, and the member is found to be worse off, the Employer will put the member into the position they would have been in had the contribution been correctly deducted and paid to the Scheme at the right time.

In the Scheme Years 2021-22, 2022-23 plus the period April 2023 to December 2023 (33 months in total), there were 28,509 contributions recorded. Of these, 61 (0.21%) were found to be either an overpayment (left as a member windfall) or underpayment (units made up in member's favour).

**Transfer of pension scheme assets relating to members into and out of the Scheme**

Current members of the Scheme can transfer pension benefits from other pension arrangements into the Scheme. The agreed service level for the transfer-in to be invested is three working days from the point that cleared funds are available in the Trustees' bank account, the member has been identified and the member's investment choice has been received.

During the year four out of the six transfers into the DC Section were invested within the agreed service level. In the other two cases, it was confirmed that the delay benefitted the member.

The agreed service level to pay a transfer out is within 10 days of the last piece of information required to process the transfer-out having been received.

During the year 41 members transferred out of the DC Section of the Scheme and eight were paid later than 10 days after receipt of the information required, four around the Christmas period. All transfers paid were the full value of the member's divested fund. One member transferred out of the Hybrid Section of the Scheme, just short of her 75<sup>th</sup> birthday.

**The transfer of assets relating to members between different defined contribution investments**

Members' Pension Accounts in the DC Section are invested in a lifestyle strategy, which gradually moves from higher risk funds to medium risk funds and then to lower risk funds as they approach their Selected Retirement Age, when they may wish to access their Pension Accounts. Members can change their Selected Retirement Age by giving one month's notice to the Scheme's administrator and so speed up or postpone the de-risking process.

Rebalancing is carried out quarterly, and the service level agreement is for the process to be completed in the months of March, June, September and December. Rebalancing cannot take place while monthly contributions investment is in progress. During the year the rebalancing was carried out as follows: -

**Consumers' Association Pension and Employee Benefit Scheme  
Annual Report Year Ended 31 March 2024**

<b>Quarter ending</b>	<b>Completion Date</b>
June 2023	14 June 2023
September 2023	4 October 2023
December 2023	21 December 2023
February 2024	28 February 2024

There is only rebalancing in the Hybrid Section members' AVC accounts where they are invested in the Scheme's lifestyle strategy.

**Payments from the Scheme to, or in respect of, members**

When a member requests payment of their pension benefits from the Scheme, the agreed service level is that the payment is made in the next available payroll run, following receipt of the last piece of information required.

During the year all members who accessed their pension benefits were paid within the service level.

The agreed service level for an annuity purchase is within 10 days of the receipt of the last piece of information required.

During the year, no annuities were purchased.

The agreed service level for payment of a lump sum following the death of a member is 5 days following receipt of the last piece of information required.

The agreed service level for payment of pension benefits to a member's dependant is for the payment to be made in the next available payroll run following receipt of the last piece of information required.

During the year all lump sums were paid and dependant's pensions set up within the agreed service level.

## **INVESTMENT**

### **Statement of Investment Principles**

The Trustees are responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's default arrangement. Details of the objectives and the Trustees' policies regarding the default arrangement can be found in a document called the 'Statement of Investment Principles' ("SIP"). The Scheme's SIP covering the default arrangement is attached to this annual statement regarding governance – see Appendix 1 to this document.

The Defined Contribution Section's lifestyle funds, forming the lifestyle strategy, is the Scheme's default arrangement.

### **Defined Contribution Section - Aims and Objectives**

The Trustees recognise that members have differing investment needs and that these may change during the course of members' working lives. They also recognise that members have different attitudes to risk. The Trustees regard their duty as creating a robust default fund focused on members' needs and outcomes.

The Trustees' overarching aims and objectives are therefore:

- To provide members with a robust default solution which makes available vehicles designed to focus on members' needs by aiming to:
  - Optimise the value of members' assets at retirement;
  - Maintain the purchasing power of members' savings; and
  - Protect the value of accumulated assets as members approach retirement.
- To avoid over-complexity in investment to keep administration costs and member understanding to a reasonable level.

The contributions for members of the DC section of the Scheme are invested in a single lifestyle strategy where the Trustees' objective is to grow the members' Pension Accounts by more than the rate of inflation (measured by the Consumer Prices Index) as follows:

- By 4% p.a. more than inflation when a member is more than 20 years from their Selected Retirement Age (SRA). The investment fund used in this phase of the strategy is the Which? Mixed Investment Fund A.
- The Trustees then gradually reduce the risk taken in the investment strategy and aim to grow members' account by 3% p.a. more than inflation when the member is between 20 and 10 years from SRA. During the first 5 years of this phase, the member's Pension Account is gradually and automatically moved from Which? Mixed Investment Fund A to Which? Mixed Investment Fund B where it remains invested until the member reaches 10 years from their SRA.
- By 2% p.a. more than inflation when between 10 and 3 years from the SRA. During the first 5 years of this phase, the member's Pension Account is gradually and automatically moved from Which? Mixed Investment Fund B to Which? Mixed Investment Fund C where the focus is more on capital protection.

The investment target in the final three years before the SRA depends on the decision the member makes when three years away from their SRA, when they are offered the choice of the following three strategies:

1. A strategy that targets a mix of 25% cash and 75% Which? Mixed Investment Fund C by SRA, or
2. a strategy which targets 25% cash/75% conventional gilts by SRA, or
3. a strategy which targets a 100% cash position.

Option 1 is the default strategy, should a member fail to make a choice when invited to do so three years prior to their SRA. Prior to February 2022, the default strategy was Option 3.



## Consumers' Association Pension and Employee Benefit Scheme Annual Report Year Ended 31 March 2024

### Defined Contribution Section – Investment Funds

The lifestyle funds, which form the lifestyle strategy of the Defined Contribution Section and is also the Section's default arrangement (for the avoidance of doubt, as the default arrangement is the sole arrangement for the Defined Contribution Section, references in this document to the Defined Contribution Section are addressing the default arrangement), invests in a range of funds managed by LGIM. The majority of funds are managed passively and expect to return within 0.1% of the relevant benchmark indices for each class of assets included.

By investing in this manner, the Trustees expect to deliver growth over the member's lifetime within the Scheme without excessive risk taking, with an increased focus in the final ten years of reducing volatility to enable members approaching retirement to make financial plans for the period after retirement. The Trustees consider this approach to be in the best interests of members and relevant beneficiaries and keep this approach under annual review.

### Default Strategy Asset Allocation as of 31 March 2024

From 1 October 2023, the Trustees are required to disclose the underlying percentage of assets allocated to each of the asset classes shown below in their default arrangement, at different stages of the lifestyle process:

Asset Class (%)	25-year-old member	45-year-old member	55-year-old member	65-year-old member (1 day prior to State Pension Age)
Cash	0.0	0.0	2.5	31.2
Corporate bonds, UK government bonds and overseas government bonds.	15.0	15.0	34.6	37.5
Listed equities	70.7	70.7	50.2	23.4
Private equity	2.9	2.9	3.1	1.1
Infrastructure	0.0	0.0	0.0	0.0
Other property/real estate	11.4	11.4	9.6	6.8
Other private debt/credit	0.0	0.0	0.0	0.0
Any other assets	0.0	0.0	0.0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Schroders Solutions (calculations as of June 2024).

### Member experience by age for lifestyle strategies

The information set out below shows the net performance for members at different age cohorts over the last one, three and five years. The Trustee has taken account of the 2021 Guidance when preparing this section of the Chair's Statement and determined 5 years p.a. of historical data is sufficient to reflect a longer time horizon of investment.

**Consumers' Association Pension and Employee Benefit Scheme**  
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**Default Lifestyle Strategy**

Age of member in 2024 Return (%) → ↓ (years)	1 Year	3 Years p.a.	5 Years p.a.
25	19.5	7.2	8.8
45	19.5	7.2	8.8
55	15.7	4.5	6.4

Source: LGIM (data), Schroders Solutions (calculations as of June 2024). Performance net of fees.

**Defined Contribution Section – Review of the Investment Funds**

The principles described in Aims and Objectives, as well as the performance of the funds, were reviewed by the Trustees in September 2022 as part of the Trustees' annual review of the DC Section investment strategy and performance against the Trustees' investment targets. The Trustees' investment advisers:

1. reviewed the strategic changes implemented in February 2022
2. provided a performance update for the Mixed Investment Funds A, B and C compared to a peer group
3. compared the historic asset allocation ranged and compared those to a new central allocation which would allow the long-term targets to be maintained, looked at the impact of changing the Trustees' investment return objective and provided views on what this could mean for the Scheme

After taking advice from their investment consultants in the 2022/23 Scheme year, the Trustees concluded that markets remained too volatile to implement changes to the Fund's asset allocations when taking a medium term (12 month) view.

The Trustees concluded that it would not be in members' interest for changes to be made to the asset allocation in view of the time horizon to the bulk transfer because members' pension accounts would be invested differently in the Aviva Master Trust.

For completeness, the table below shows the changes in detail that were made in February 2022, with the revised allocations shown in the column headed 'New %':-

Asset Class	Region	Fund Name	TER (%)	Mixed Fund A		Mixed Fund B		Mixed Fund C	
				Current (%)	New (%)	Current (%)	New (%)	Current (%)	New (%)
Equity	UK	LGIM UK Equity	0.100	2.7	<b>2.7</b>	1.8	<b>1.8</b>	1.1	<b>1.1</b>
	Global	LGIM Global Small Cap	0.250	3.0	<b>3.0</b>	2.1	<b>2.1</b>	1.2	<b>1.2</b>
		LGIM Developed World (ex-UK) Equity Index	0.180	7.7	<b>0.0</b>	5.4	<b>0.0</b>	3.1	<b>0.0</b>
		LGIM Developed World (ex-UK) Equity Index - GBP Hedged	0.203	7.7	<b>0.0</b>	5.4	<b>0.0</b>	3.1	<b>0.0</b>
		LGIM Future World Developed (ex-UK) Equity Index	0.225	0.0	<b>11.55</b>	0.0	<b>8.36</b>	0.0	<b>6.1</b>
		LGIM Future World Developed (ex-UK) Equity Index - GBP Hedged	0.250	0.0	<b>11.55</b>	0.0	<b>8.36</b>	0.0	<b>6.1</b>
	Europe	LGIM European Equity	0.250	0.4	<b>0.4</b>	0.3	<b>0.3</b>	0.1	<b>0.1</b>
		LGIM European Equity – GBP Hedged	0.275	5.2	<b>5.2</b>	3.6	<b>3.6</b>	2.1	<b>2.1</b>
	North America	LGIM North American Equity	0.200	10.8	<b>10.8</b>	7.5	<b>7.5</b>	4.3	<b>4.3</b>
		LGIM North American Equity – GBP Hedged	0.225	15.7	<b>13.2</b>	11.0	<b>9.5</b>	6.4	<b>5.1</b>
	Asia Pacific (excl. Japan)	LGIM Asia Pacific (ex-Japan) Equity	0.275	1.1	<b>1.1</b>	0.8	<b>0.8</b>	0.4	<b>0.4</b>
		LGIM Asia Pacific (ex-Japan) Equity – GBP Hedged	0.300	1.7	<b>1.7</b>	1.2	<b>1.2</b>	0.7	<b>0.7</b>
	Japan	LGIM Japan Equity – GBP Hedged	0.250	3.2	<b>3.2</b>	2.2	<b>2.2</b>	1.3	<b>1.3</b>
	Emerging	LGIM World Emerging Market Equity	0.450	5.8	<b>6.3</b>	4.0	<b>4.5</b>	2.4	<b>2.7</b>

**Consumers' Association Pension and Employee Benefit Scheme**  
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	Market								
	<b>Total Equity</b>			65.0	<b>70.7</b>	45.3	<b>50.2</b>	26.2	<b>31.2</b>
<b>Bonds</b>		LGIM Active Corporate Bond All Stocks	0.260	-	-	12.5	<b>7.5</b>	12.5	<b>7.5</b>
		LGIM EM Passive Local Government Bond	0.350	7.5	<b>6.25</b>	5.0	<b>5.0</b>	2.5	<b>2.5</b>
		LGIM EM Passive USD Government Bond – GBP Hedged	0.275	-	-	2.5	<b>2.5</b>	5.0	<b>5.0</b>
		LGIM High Income – GBP Hedged	0.400	10.0	<b>8.75</b>	10.0	<b>10.0</b>	10.0	<b>10.0</b>
	<b>Total Bonds</b>			17.5	<b>15.0</b>	30.0	<b>25.0</b>	30.0	<b>25.0</b>
<b>Alternatives</b>		LGIM Infrastructure Index	0.350	-	-	-	-	-	-
		LGIM Private Equity Passive Index	0.550	2.9	<b>2.9</b>	3.1	<b>3.1</b>	1.5	<b>1.5</b>
		LGIM Global Real Estate Investment Trust	0.350	5.7	<b>5.7</b>	4.8	<b>4.8</b>	4.5	<b>4.5</b>
		LGIM Managed Property (UK)	0.720	5.7	<b>5.7</b>	4.8	<b>4.8</b>	4.5	<b>4.5</b>
	<b>Total Alternatives</b>			14.3	<b>14.3</b>	12.7	<b>12.7</b>	10.5	<b>10.5</b>
<b>Gilts</b>		LGIM Index Linked Gilt All Stocks Fund	0.100	-	-	-	-	12.5	<b>0.0</b>
		LGIM 5-15 Year Gilts	0.100	3.2	<b>0.0</b>	9.6	<b>9.6</b>	15.8	<b>10.0</b>
		LGIM Under 5 Year Index Linked Gilts	0.100	0.0	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>15.0</b>
		LGIM 0-5 Year Gilts	0.100	-	-	-	-	-	-
	<b>Total Gilts</b>			3.2	<b>0.0</b>	9.6	<b>9.6</b>	28.3	<b>25.0</b>
<b>Cash</b>		LGIM Cash	0.125	-	-	2.5	<b>2.5</b>	5.0	<b>8.3</b>
<b>Total</b>				100	<b>100</b>	100	<b>100</b>	100	<b>100</b>
<b>Total Expense Ratio % (TER):</b>				0.263	<b>0.268</b>	0.255	<b>0.257</b>	0.223	<b>0.224</b>

These changes did not affect the Trustees' long term growth targets for the Funds.

### Hybrid Section - Aims and objectives

Prior to the end of 31 March 2019 (when the Hybrid Section closed to future accrual), active members of the Hybrid Section paid contributions of 4.8% of pensionable salary in total. Of the combined employer/member contribution, a contribution of 7% of pensionable salary is invested in a with-profits policy with Prudential. This policy provides a guaranteed annual return of 4.75% for those contributions made in the Scheme years prior to 1 April 1996, 2.5% for contributions made between 1 April 1996 and 31 March 2003, reducing to 0.01% for contributions made thereafter.

The manager's objective is providing a smoothed return with an expected return of 6.0% pa gross of fees over the long term.

When a member retires, the Scheme pays the higher of the pension that can be provided from their final salary pension, or the member account allocated to that member. Therefore, the key objective of the Prudential policy, in which member accounts are invested, is to act as an underpin to the value of a member's Hybrid Section pension.

### Hybrid Section – Investment Fund

The Prudential With-profits fund is actively managed and invests in a wide range of assets, decided by the manager.

The Prudential must pay out 100% of asset values to policyholders over time and the annual regular bonus reflects a prudent proportion of future expected returns.

A final bonus known as the terminal bonus, which is not guaranteed, makes up the difference between guaranteed benefits and the overall smoothed claim value.

### Hybrid Section – Review of the Investment Fund

The Trustees review the With-profits fund performance with their advisers annually when Prudential publish their returns. Due to the guarantees provided in the Prudential With-profits policy, the Trustees considered

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that this policy remained a suitable investment in respect of Hybrid Members' benefits during the year. The Trustees will keep the policy under review.

The performance of the underlying assets in the Prudential With-profits fund during the year against the manager's long-term objective of 6% per annum gross was 7.8%.

The regular bonus declared in 2024 meant that:

- members' investment accounts (or part thereof) that attract the 4.75% minimum regular bonus increased by 4.75% at the close of the scheme year ending 31 March 2024.
- members' investment accounts (or part thereof) that attract the 2.50% minimum regular bonus increased by 2.50% at the close of the scheme year ending 31 March 2024.
- the rest of the members' investment accounts increased by 2.5%.

The terminal bonuses declared are related to the year in which contributions were paid and are not guaranteed.

### Additional Voluntary Contributions

During the period to 31 December 2023, current members were able to make AVCs to:

- the Scheme's Defined Contribution funds, and
- LGIM's Ethical UK Equity Index Fund. The performance over the period to 20 March 2024, the return on investments, after deduction of any charges or transaction costs relating to those investments was 2.56%.

Some deferred members of the Hybrid Section had AVCs in Utmost Life's Managed Fund; the return on investments, after deduction of any charges or transaction costs relating to those investments over the period to 20 March 2024 was 7.35%.

Some deferred members of the Hybrid Section have AVCs in a range of funds offered by Clerical Medical.

FUND	Return on investments, after deduction of any charges or transactions costs relating to those investments in the period to 20 March 2024 was: -
Balanced Managed Fund	7.33%
Ethical Fund	20.41%
Halifax Fund	0%
Lifestyle Non-Equity Fund	3.59%
Retirement Protection Fund	-7.87%
UK Equity Tracker Fund	5.06%
Lifestyle – UK Growth Fund	6.55%
Lifestyle – Cautious	4.26%

## COSTS AND CHARGES

### Defined Contribution Section – Costs and Charges

#### Charges paid by members

The Employer pays the day-to-day cost of administering the Scheme.

There are two 'charges' paid by the members: -

- the investment manager's administration charges and
- transaction costs

These charges are deducted by the investment manager from the funds in which members' benefits are invested.

The charges differ between the investment funds that are available.

The total expense ratio for each fund is the investment manager administration charges and the transaction costs. The total expense ratios are shown on page 62 together with an illustrative example of the cumulative effect over time of the application of these charges on the value of a member's Pension Account.

The Trustees are required to calculate the charges and transaction costs paid by members during the assessment period and assess the extent to which these charges and transaction costs represent good value for members.

#### Transaction Costs

Transaction costs are a complicated issue as they are associated with different member, Trustees or manager actions. Transaction costs can be split into three areas: -

##### 1. Transaction costs incurred as part of changes to the asset allocation following review of Mixed Funds A, B and C

Following a review of the asset class allocation within Mixed Funds A, B and C in 2023, the Trustees decided to maintain the current allocations and, as such, no transaction costs related to asset allocation changes were incurred over the year.

Subsequently in 2023, the Trustees made the decision to transfer the assets of the Scheme to Aviva Master Trust. This transition was completed on 20 March 2024. The costs were covered by the Trust provider, meaning the Scheme members did not have to bear any expenses.

##### 2. Transaction costs incurred by members buying and selling funds as part of a lifestyle strategy

A member in the default lifestyle is required to buy and sell assets when automatically switching between funds within the lifestyle strategy. We estimate that over a member's life, the cost of switching between funds for each £1 of income invested in the lifestyle strategy is c. 0.58% (or 0.58p) in a worst-case scenario. This also applies to members with AVCs invested in the lifestyle strategy. This equates to an average of 0.01% per annum, as of 31 March 2024.

#### Breakdown of switching between funds in the Lifestyle Strategy

A breakdown of the cost estimate on a worst-case basis is provided in the table below. Our calculations do not take account of netting trades between the funds. It also assumes that a member pays a cost of "bid-mid" unit prices for any sale of assets and "mid-offer" unit prices for any purchase of assets (i.e., a worst-case scenario).

Members will experience varying levels of cost depending on their position within the lifestyle strategy and their choice of investment strategy in the final 3 years before they reach their Selected Retirement Age. Actively contributing members would have experienced at least one source of transaction cost on the contributions they made over the year. Deferred members may or may not

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have experienced transaction costs of this nature, depending on if they switched between funds or not. These costs will continue in the future at a level expected to be similar to the costs set out in the table below.

Life-styling is carried out automatically for members who are invested in the lifestyle strategy. Market conditions are considered in the context of deciding on the composition of the funds in the lifestyle strategy, but not when automatically switching members between funds

The funds are priced on a "single swinging basis", meaning they may be priced at bid or offer on any day, depending on the net cashflow (from all investors in/out of the fund) that day. Therefore, in practice, the cost incurred is unlikely to be the full amount below and may even provide an uplift, should fund prices swing favourably. Members will also experience varying levels of costs depending on their position within the lifestyle strategy. Therefore, it is not practical to split out the actual costs incurred by each member.

The table below sets out the worst-case transaction costs for each Lifestyle fund covering the period 01/04/2023 to 31/03/2024.

Movement between funds	Lifestyle Strategy worst case cost		
	Invest into Retirement	Secured Income	Cash
Buy Mixed Fund A	0.38%	0.38%	0.38%
Mixed Fund A -> Mixed Fund B	0.05%	0.05%	0.05%
Mixed Fund B -> Mixed Fund C	0.02%	0.02%	0.02%
Mixed Fund C -> Final Position	0.03%	0.13%	0.13%
Sell Final Position	0.11%	0.00%	0.00%
<b>Total</b>	<b>0.58%</b>	<b>0.58%</b>	<b>0.58%</b>
<b>Total p.a.</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>

*Schroders Solutions (calculations, June 2024). LGIM (spreads data, as of 31 March 2024).*

Assumption: (1) members join the scheme aged 25, and retire aged 65  
(2) price swings are all unfavourable to member  
(3) no investment return

### Breakdown of actual costs incurred by LGIM

Scheme specific costs of dealing in units as provided by LGIM which includes netting of trades between LGIM clients over the period are estimated as 0.07% of the assets traded.

Movement between funds	Cost of scheme specific trading during the 2023/24 Scheme year (GBP)		
	Total Transactions £	Total Dealing Costs £	Average dealing Costs %
<b>Q2 2023</b>	3,274,975	471	0.01
<b>Q3 2023</b>	1,925,612	1,734	0.09
<b>Q4 2023</b>	6,960,470	3,226	0.05
<b>Q1 2024</b>	76,644,070	106,016	0.14
<b>Total</b>	<b>88,805,127</b>	<b>111,447</b>	<b>0.07</b>

*Source: LGIM (data, as of 31 March 2024).*

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**3. "Frictional costs" incurred by members due to funds internally buying and selling underlying assets (e.g. stocks or bonds)**

As part of day-to-day trading activities, the funds may incur "frictional costs". Frictional costs are categorised as explicit costs and implicit costs. Explicit costs are directly observable, and, in most cases, managers are in position to report them. Examples of explicit costs include broker fees, transaction taxes and custody fees. Implicit costs cannot be observed in the same way but do have an impact on fund performance. Examples of implicit costs include bid-offer spreads and market impact.

These costs would be incurred every time a fund manager makes a trade within that fund and are intended to improve investment returns, reduce risk, or contribute to the smooth running of a fund. The table below sets out the total transaction costs for each fund within the lifestyle strategy covering the four-year period from 01/04/2019 to 31/03/2024.

	Fund	Total transaction cost
Default Lifestyle Funds	Mixed Fund A	0.062%
	Mixed Fund B	0.054%
	Mixed Fund C	0.046%
	Cash	0.032%

*Source: LGIM (data, as of 31 March 2024) Underlying fund managers. Schroders Solutions calculations as at June 2024.*

**Property Expense Ratio (PER) for the LGIM Managed Property fund**

In addition to the Total Expense Ratio (TER) borne by members, the LGIM Managed Property Fund discloses a frictional cost called the Property Expense Ratio (PER). The PER covers all non-recoverable expenditure associated with the management and operation of the property portfolio, including the day-to-day property management and rent collection. The PER is borne by members. It is not counted within the TER, nor is it invoiced directly, but it is reflected in the fund price.

Items captured in the PER include:

- Service charge shortfalls and holding costs, such as empty rates and security
- Rent review and lease renewal costs
- Maintenance and repairs (not improvements)
- Property insurance costs / rebates
- Aborted transaction costs where appropriate

The PER varies from quarter to quarter. Annualised fees for the Scheme year to date are shown below: -

Quarterly Property Expense Ratio (annualised %)	
Q2 2023	0.73%
Q3 2023	0.81%
Q4 2023	0.83%
Q1 2024	0.90%
<b>Average</b>	<b>0.82%</b>

*Source: LGIM (data, as of 31 March 2024)*

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### Total Expense Ratios

The Total Expense Ratios 'TERs' applicable to the funds underlying the lifestyle strategy as of 31 March 2024 are set out in the table:

	Fund	TER
Default Lifestyle Funds	Mixed Fund A	0.268%
	Mixed Fund B	0.257%
	Mixed Fund C	0.224%
	Cash	0.110%

Source LGIM (data, as of March 2024)

Below is an illustrative example of the cumulative effect over time of the application of charges and costs on the value of a member's Pension Account. The example outlines the effects of fund charges (the TERs above) and transaction costs (also above) across the different sections of the Scheme. The example has been produced in accordance with DWP guidance.

Projected Pension Account, in today's terms						
Years	Default Lifestyle (Which? Consumers Association)		Default Lifestyle (Which? Financial Services)		Default Lifestyle (Hybrid Switchers)	
	Gross of all charges	Net of TER and life-styling costs	Gross of all charges	Net of TER and life-styling costs	Gross of all charges	Net of TER and life-styling costs
1	£2,800	£2,800	£2,800	£2,800	£7,300	£7,300
3	£12,400	£12,400	£11,100	£11,000	£17,200	£17,200
5	£22,300	£22,100	£19,600	£19,400	£27,400	£27,300
10	£50,000	£49,200	£43,500	£42,800	£56,000	£55,300
15	£82,900	£80,800	£71,700	£69,900	£90,000	£88,000
20	£121,700	£117,600	£105,100	£101,600	£130,100	£126,100
25	£163,800	£156,900	£141,300	£135,300	£173,500	£166,600
30	£207,900	£197,300	£179,200	£170,100	£218,800	£208,200
35	£251,600	£236,800	£216,800	£204,000	£263,600	£248,700
40	£293,100	£273,700	£252,500	£235,700	£306,100	£286,500

### Notes:

- Values shown are estimates and are not guaranteed.
- Transaction costs are reflected as of 31 December 2023.
- Projected pension account values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Assumes inflation of 2.5% per annum.
- Assumes charges in future years are equal to charges today (transaction costs are shown in the table above).
- Assumes a member is aged 25 years old now and stops contributing at age 65.
- Assumes an overall contribution rate of:
  - 9% of annual salary in the first year, and 14% thereafter for Consumers Association' and Which? Limited members
  - 23% of annual salary until 31/03/2024, and 14% thereafter for 'Hybrid Switchers' the £ amount of which will increase in line with assumed salary inflation for each case above.
- Assumes a member salary of £31,315 in Year 0, increasing with inflation.
- The accumulation rates used, are set out overleaf:



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	<b>Fund</b>	<b>Real accumulation rate per annum (gross of charges)</b>
Default Lifestyle Funds	Mixed Fund A	3.5%
	Mixed Fund B	2.5%
	Mixed Fund C	1.5%
	Cash	-2.7%

*Source: XPS, Schroders Solutions Calculations as of June 2023*

The above illustration has been prepared with due regard to the Department for Work and Pensions' guidance ("Cost and charge reporting: guidance for trustees and managers of occupational schemes"), published in February 2018.

The Scheme makes no charge for members who purchase annuities at retirement with their Pension Account, transfer to an income drawdown provider or withdraw their Pension Account as a single lump sum.

The Scheme enables members to make one withdrawal from their Pension Account in a tax year. There is no charge for the first withdrawal, but in the second and subsequent years, there is an administration charge of £100 per withdrawal, deducted from the withdrawal before it is paid. No charge is made if there is no withdrawal.

In return for these charges, the benefits received by members of the Scheme include:

- High quality and highly engaged administration services.
- A sophisticated investment strategy which the Trustee Board monitor at each meeting and review with their advisers annually, or more frequently if circumstances change.
- High quality governance and oversight by the Trustee Board.
- Clear communications that reinforce important messages for members to achieve a good outcome at retirement.
- Communication when about to enter the next phase in the investment strategy, enabling members to speed up their move into lower risk assets, or postpone, according to their individual choice.
- Clear communications regarding options before, at and during retirement.
- A dedicated scheme website.
- Flexibility in how and when members use their Pension Account at and during retirement.

### **Hybrid Section – Costs and Charges**

Prudential report that the administration charge that they assume will be paid by members when they set the bonuses on their With-profits fund is about 1% pa. This charge is not guaranteed. Prudential also report that the With-profits fund pays transaction costs of 0.05% per annum. The transaction costs are in addition to the administration charge paid by members.

The investment return is reduced by the management charges which are allowed for in the annual bonus declaration. There are no explicit charges made on investment of contributions.

Prudential pay two types of bonuses: a regular bonus, which they expect to pay every year during the term of a member's participation in the policy, which once added, cannot be removed, and a terminal bonus, which they expect to pay at the time a member retires at their normal retirement date, or on their earlier death. The terminal bonus is not guaranteed and may be reduced or removed by Prudential at their discretion.

If a member's money purchase fund is taken out at any time except on death or on the normal retirement date, Prudential may reduce the amount paid out to reflect the current market value of the underlying investments. This is known as the Market Value Reduction (MVR). One MVR was applied to a member's AVC fund transferred in the Scheme year-ending 31 March 2024.

Prudential provided the following information of the cumulative effect, over time, of the relevant costs and charges on the value of members' benefits: -

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### Prudential: Effects of charges and costs

#### About this Illustration

The figures shown in the table are examples only and aren't guaranteed. They're not minimum or maximum amounts that you might expect to get back with the level of investment shown. The figures follow the AS TM1 standards/rules and have been calculated as of July 2022.

As the prices of everyday things go up, your money won't stretch as far as the same amount would now. This is called inflation. The figures have been adjusted to allow for inflation using an assumed inflation rate of 2.5% per year. Actual inflation could be more or less than this.

#### What you might get back depends on a number of factors including:

- how much is paid in
- how long investments are held for
- charges and costs
- performance of the investment

For this illustration we show the annual costs as an average of the expected costs which apply over the term of the investment. You will see both the costs and the growth figures clearly shown in the table. More information on the funds you can invest in is available at [pru.co.uk/funds](http://pru.co.uk/funds). The charges and costs you pay for the funds may vary depending on your scheme conditions. We might change our charges in the future. The value of investments can go down as well as up so you might get back less than you put in. For With-Profits funds the actual percentage charged depends on the performance of the With-Profits Fund and may vary over time. These charges cover the costs of any expenses, any profits, implicit costs and other adjustments.

#### The basis for our calculations

##### Pot size and assumptions

Projected pension pot values are in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of £20,000.
- No regular contributions.
- The term of the investment is from age 38 to age 65.

#### Charges and costs

Projected pension pot in today's money (£s)		
Years	With-Profits Cash Accumulation Fund	
	Growth rate (after inflation):	4.9%
	Yearly Costs*:	1.26%
	Before Charges	After Charges
1	£20,900	£20,700
5	£25,200	£23,800
10	£31,900	£28,300
15	£40,300	£33,700
20	£50,900	£40,100
25	£64,300	£47,300
27	£70,600	£50,200

\*Growth rates for the funds have allowed for the effects of inflation.

#### Additional Voluntary Contributions – Costs and Charges

Members may also have AVCs invested in: -

- Prudential' Assurance Company Limited With-profits fund,

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- the Scheme's Defined Contribution lifestyle funds,
- Legal & General's Ethical UK Equity Index Fund,
- Utmost Life's Managed Fund
- Clerical Medical's:
  - Balanced Managed Fund,
  - UK Equity Tracker Fund,
  - Ethical Fund and
  - the Halifax Fund
  - Retirement Protection Fund
  - Lifestyle Balanced Fund
  - Lifestyle Non-Equity Fund
  - Lifestyle – UK Growth Fund.

Costs and charges for Prudential With-profits fund are shown above, and the Scheme's Defined Contribution Funds are set out on previous pages.

### **Legal & General Ethical UK Equity Index Fund**

The annual management charge for Legal & General's Ethical UK Equity Index Fund is 0.20% per annum.

### **Defined Contribution Members Prudential With-Profits Fund**

Defined Contribution members who invest their AVCs in the Prudential With-profits fund do so to a newer version With-profits policy. Prudential's information about costs and charges are shown on the previous page and the cumulative effect, over time, of the costs and charges on the value of members' benefits are shown on pages 64.

### **Utmost Life's Managed Fund**

The annual management charge for Utmost Life's Managed Fund is 0.75% per annum, and the total charge including transaction costs is 0.87% per annum. These costs were reported as of 28 March 2024.

Utmost Life have provided the following information of the cumulative effect, over time, of the relevant costs and charges on the value of members' benefits: -

<b>Term</b>	<b>Managed Fund Before Charges</b>	<b>Managed Fund After Costs and Charges Deducted</b>
<b>1</b>	1,010	1,002
<b>3</b>	1,031	1,006
<b>5</b>	1,052	1,010
<b>10</b>	1,107	1,020
<b>15</b>	1,165	1,030
<b>20</b>	1,226	1,041
<b>25</b>	1,290	1,051
<b>30</b>	1,358	1,061
<b>35</b>	1,429	1,072
<b>40</b>	1,503	1,083

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**Notes:**

- 1) Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- 2) The starting pot size is assumed to be £1000
- 3) Inflation is assumed to be 2.5% p.a.
- 4) Values shown are estimates and are not guaranteed
- 5) The projected growth rate for the Managed Fund is 4.5% p.a.

**Clerical Medical**

Clerical Medical's management charge paid by members is 1.0% per annum. Clerical Medical have provided the following information about transaction costs in the year to 31 March 2021.

Fund Identifier	Fund Name	Transaction Costs (in bps)	Asset Coverage		Reporting Period		Notes
			Assets Reported (%)	Reason not Obtained (if > 10%)	Start	End	
GB0005001242	Clerical Medical PP UK Equity Tracker Pension	0bps	100%		01/02/2020	31/01/2021	Transaction costs calculated using slippage methodology.
GB0002273604	Clerical Medical Ethical Pension	5bps	100%		01/03/2020	28/02/2021	Transaction costs calculated using slippage methodology.
GB0002042116	Clerical Medical UK Growth Pension	39bps	100%		01/02/2020	31/01/2021	Transaction costs calculated using slippage methodology.
GB0002039955	Clerical Medical Balanced Pension	44bps	100%		01/04/2020	31/03/2021	Transaction costs calculated using slippage methodology.
GB0002677531	Clerical Medical Halifax Pension	0bps	100%		01/04/2020	31/03/2021	This fund invests in bank deposits only so incurs no transaction costs.
GB0002109626	Clerical Medical Managed Retirement Protection Pension	8bps	100%		01/04/2020	31/03/2021	Transaction costs calculated using slippage methodology.
GB0008525916	Clerical Medical Non-Equity Pension	5bps	100%		01/04/2020	31/03/2021	Transaction costs calculated using slippage methodology.

'bps': basis points where 100 bps = 1%

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**Definitions:**

<i>Fund Identifier</i>	<i>Where possible the identifier used will be the ISIN.</i>
<i>Fund Name</i>	<i>The fund name held by SW.</i>
<i>Transaction costs (in bps)</i>	<i>This is the total transaction cost figure for the fund (i.e., for Buy &amp; Sell transactions and Lending &amp; Borrowing transactions). For lower-level detail we can provide the industry standard Defined Contributions Pensions Template (DCPT) on request.</i>
<i>Assets Reported (%)</i>	<i>The percentage of assets where transaction costs have been obtained.</i>
<i>Reason not Obtained (if &gt; 10%)</i>	<i>Where the percentage of investments for which transaction costs has not been obtained exceeds 10% of the overall holdings, an explanation as to why the transaction costs have not been obtained will be provided.</i>
<i>Reporting Period Start/End</i>	<i>Date of the first and last day of the reporting period to which the data refers. Data for the most recent calculated reporting period is provided. This period will vary by fund.</i>
<i>Notes</i>	<i>Any relevant supporting information such as calculation methodology used or additional information on holdings.</i>

The transaction costs are in addition to the management charge paid by members. As in previous years, Clerical Medical believe that they are not required to provide illustrations of the cumulative effect, over time, of the relevant costs and charges on the value of members' AVC benefits. The Trustees remain disappointed with this response but note that, as at the end of the year, no members have any AVCs invested with Clerical Medical and therefore it would be disproportionate to commission these illustrations from another source.

## **VALUE FOR MEMBERS' ASSESSMENT**

Each year the Trustees carry out an assessment of the extent to which investment managers' administration charges and transaction costs borne by the Scheme's members, together with the services that members receive, represent good value. It is widely accepted that value for members is difficult to assess and while there is guidance on suggested items to cover, there is no prescribed method for assessment.

To assist with this assessment the Trustees receive information from the Scheme's investment advisers about investment services that are paid for by members, and carry out their own assessment of administration, communications, governance and management factors, which are paid for by the Employer.

### **DC Section**

On average, members in the Scheme's lifestyle investment strategy paid investment management administration charges and transaction costs of 0.26% per annum, throughout their working lifetime (assuming the member joins the Scheme at age 25 and retires at age 65).

This is significantly lower than both the maximum allowed of 0.75%, and the estimated average charge for DC schemes across the UK, and the Trustees are satisfied that the Scheme is priced competitively, taking account of the current asset size and expected growth.

Within the fee of 0.26% for the lifestyle funds, members received the following investment related benefits:

- - Access to an investment strategy that makes active decisions on asset allocation annually at a competitive cost.
  - Asset allocation within the default strategy aimed at controlling risk (specifically permanent loss of capital) whilst generating long term growth.
  - Implementation primarily through passive funds via LGIM, which has a strong and consistent record for tracking market indices effectively.
  - Investment performance:
    - The default strategy performance - which tests against long term objectives - have underperformed their respective long-term benchmarks over most time periods assessed in this year's review. This was driven by a combination of poor market performance across most asset classes (particularly in equity, credit and bonds) and multi-decade high levels of inflation (which amplified the inflation related benchmarks)
    - Members have received more in investment growth than paid in charges for all of the time periods assessed; and
    - Investment options have delivered the risk management that members have paid for, across the default funds.
  - Risk management – the investment strategy takes account of membership needs, and controls risks as member pot sizes grow and the need for protection increases.
  - Internal controls and operations of the investment manager – these cover business continuity plans, external audit of funds, consistent index-tracking abilities and transition management.

Scheme members also had the advantage over many UK DC schemes in that the Employer paid for administration, communication, governance and transaction costs when the assets in the lifestyle investment strategy are changed. This helped to keep the overall charge paid by members well within the charge cap set by legislation of 0.75%. It also means Scheme charges compared favourably with "bundled" schemes where members pay for administration and communication services.

Before deciding to agree to the Employer's request to make a bulk transfer of members' DC Pension Accounts, the Trustees took independent advice from Barnett Waddingham about whether the Aviva My Future Focus Funds were a suitable replacement for the Scheme's investment strategy for members.

Barnett Waddingham advised that the risk/return and glidepath characteristics of the Aviva My Future Focus Default was a suitable replacement for the DC Section investment strategy for members.

Members with more than 3 years away from their Selected Retirement Age were transferred to the Aviva My Future Focus Default strategy and members with fewer than 3 years to their Selected Retirement Age were transferred in line with the following:

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- Members who had selected the 'Invest into Retirement' strategy were transferred to the My Future Focus Default strategy.
- Members who had selected the 'Cash' strategy were transferred to the My Future Focus Target Cash Lump Sum strategy.
- Members who had selected the 'Secured Income' strategy were transferred to the My Future Focus Target Annuity strategy.

Aviva's bundled fee for the Aviva My Future Focus Default was 0.22% pa, which included investment management, transaction costs, governance, administration and communication services.

The Trustees carried out an assessment, with the help of their advisers, of whether the Trustees' investment strategy had delivered value for members. The assessment used quantitative tests which asked the following questions: -

### Default Lifestyle Strategy

1. Have members received more in investment growth than they paid in charges? *Yes.*

*This was assessed by comparing average net returns against a cash index (used as a proxy for putting the money in the bank with no investment charges).*

2. Have the investment options performed as members have been led to expect? *Yes.*

*This was assessed by comparing average net returns against inflation related return targets.*

3. Have the investment options delivered the risk management promised and paid for by members? *Yes.*

*This was assessed by comparing average fund volatility against prescribed target volatility.*

The above tests were based on the average of rolling three-year periods ending on 20 March 2024, using month-end unit prices.

The Trustees concluded that having assessed the services covered by the fund charges paid by members, they viewed the overall charges as *below* average relative to the market for the type of investment strategy and the quality of the services provided to members as *above* average relative to the market.

**The Trustees assessment is that during the year the members received value from the Scheme.**

### Hybrid Section

Members entitled to benefits from the Hybrid Section receive a pension that is the better of a defined benefit based on a member's pensionable service and salary near to retirement, and the pension that can be provided by a money purchase account that builds up from part of the employer and employee contributions (and is invested in Prudential's With-profits fund). As such, members do not pay directly for the administration or investment services that are used to deliver the benefits. The value for money of this section has therefore been assessed proportionately in light of the benefit structure.

Within this context, the investment manager's administration charges and transaction costs levied by Prudential are expected to provide value for members as they benefit from potential retirement income upside from a higher level of annuity, but downside is limited to the value of their defined benefit arrangement. It is unlikely for a similar arrangement (or one that provides better value) to be negotiated with another provider at a lower fee level.

Prudential is differentiated amongst large life offices by its continued active support of With-profits and the fund is highly rated by AKG, who are the leading independent assessor of with-profits funds.

### Additional Voluntary Contributions

The Trustees' assessment of value for members in the DC Section also applies to members with AVCs in the Scheme's lifestyle investment strategy. The Trustees assess Legal & General's Ethical UK Equity Index Fund as providing value for members for the same reasons. However, these AVCs were included in the bulk transfer to the Aviva Master Trust on 20 March 2024.

### Prudential

The Trustees consider that Prudential AVC options offer value for those members seeking the guarantees offered by the With-Profits plan for the reasons outlined above. These AVCs have been retained in the Scheme, as they have valuable attaching guarantees, although members have been informed that they have the option to transfer them out.

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**Utmost Life and Clerical Medical**

The Trustees lost confidence in Equitable Life, now Utmost Life, following the difficulties Equitable Life faced when they closed to new business in December 2000.

The Trustees also lost confidence in Clerical Medical as investment managers following a period of poor performance and, as the stewards of members' money, they closed the Clerical Medical AVC options to future contributions with effect from 31<sup>st</sup> March 2007.

The Trustees did not consider that Utmost Life or Clerical Medical AVC options offered value for members. Accordingly, these AVCs were included in the bulk transfer to the Aviva Master Trust.



## **Statement of Investment Principles**

# **Consumers' Association Pension and Employee Benefit Scheme**

## **Statement of Investment Principles**

### **1 Introduction**

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 and 36 of the Pensions Act 1995 and the Pensions Act 2004 for the Consumers' Association Pension & Employee Benefit Scheme ('the Scheme'). It describes the investment policy being pursued by the Trustees of the Scheme and follows the Government's voluntary code of conduct for Institutional Investment in the UK ("the Myners Principles"). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

The Scheme Actuary is Alan Wilkes of XPS Pensions Group, the Investment Advisers are Redington Limited for the Hybrid Section and River and Mercantile Solutions for the DC Section, and the Legal Advisers are Travers Smith and Sackers (collectively termed 'the Advisers').

The Trustees confirm that, before preparing this SIP, they have consulted with Consumers' Association ('the Company') and the Scheme Actuary and have obtained and considered written advice from the Investment Advisers. The Trustees believe the Advisers to be qualified by holding appropriate qualifications and by their ability and practical experience of financial matters; and to have appropriate knowledge of the investment arrangements that the Scheme requires.

The Hybrid Section of the Scheme provides primarily retirement pension benefits which are the better of those calculated with reference to the member's money-purchase fund, which is invested in the Prudential Assurance Company Limited With-profits fund, and that based on the member's salary effectively earned over a short period prior to retirement or earlier withdrawal. The Scheme's liabilities are therefore to some extent dependent upon the performance of the Scheme's Prudential With-profits holdings.

From 1 April 2004 the Hybrid Section of the Scheme was closed to new entrants and a new Defined Contribution Section (the "DC Section") opened. The Hybrid Section was closed to future accrual on 31 March 2019.

The DC Section of the Scheme provides primarily a money purchase fund arising from member and employer contributions with which the member is able to purchase retirement benefits.

The Trustees are responsible for the investment of the Scheme's assets and arrange administration of the Scheme. Where they are required to make an investment decision, the Trustees always receive advice from the relevant Advisers first and they believe that this ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000 ('FSMA'), the Trustees set general investment policy but have delegated the day-to-day investment of the Scheme's assets to professional Investment Managers. The Investment Managers are authorised under the FSMA and provide the expertise necessary to manage the investments of the Scheme.

## **2 Declaration**

The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have implemented for the Scheme. The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.

**Signed**                      **Date 14<sup>th</sup> September 2020**

**For and on behalf of**  
**The Trustees of the Consumers' Association Pension & Employee Benefit Scheme**

### **3 Scheme Governance**

The Trustees are responsible for the governance and investment of the Scheme's assets. The Trustees consider that the governance structure set out in this SIP is appropriate for the Scheme as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Managers or the Advisers as appropriate. The responsibilities of each of the parties involved in the Scheme's governance are detailed in Section 9.6.

## **4 Hybrid Section**

### **4.1 Objectives**

The principal objective of the Trustees is to invest the assets of the Scheme to meet its liabilities when they fall due.

The Trustees maintain a diversified portfolio of assets which seeks to maintain a balance between expected investment return and volatility of returns. The Trustees also seek to manage the Scheme's exposure to interest rate and inflation risk whilst keeping expected returns at an appropriate level.

The Trustees may review this objective from time to time.

### **4.2 Choosing Investments**

#### ***4.2.1 Process for Choosing Investments***

The Trustees are responsible for the investment of the Scheme's assets. Where the Trustees are required to make an investment decision, they always receive written advice from the Advisers first and they believe that this, together with their own collective expertise, ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000, the Trustees are responsible for setting the general investment policy, but the responsibility for all day-to-day investment management decisions has been delegated to the Investment Managers authorised under the Act.

#### ***4.2.2 Investment Strategy***

Having considered advice from the Advisers, the Trustees have set the investment policy with respect to the Scheme's liabilities and funding level. The Trustees have set an investment strategy to achieve the principal funding objective within an acceptable risk budget and an acceptable timeframe.

The above objective and the risk budget are set out in the Scheme's Pension Risk Management Framework (PRMF). The risk budget is defined by the Scheme's aim to have a level of protection against interest rate and inflation risk to minimise the volatility of the funding level to these market factors whilst maintaining an appropriate level of expected returns. The level of such protection is regularly discussed with the sponsor in the light of their views and alternative protection methodologies which may be available.

Objectives have been set with a view to supporting the long-term sustainability of the Scheme. The objectives will be reviewed alongside each actuarial valuation to ensure they remain relevant and appropriate. Progress against objectives is monitored and reviewed by the Trustees on a regular basis.

The Scheme's assets are invested in line with these objectives and the risk budget as detailed in the PRMF.

In consultation with the Employer and having considered advice from the Advisers and also having due consideration for the objectives and attitude to risk of the Trustees and the liability profile of the Scheme, the Trustees run an investment strategy whereby the portfolio is split into two elements: a member's money-purchase fund, which is invested in the Prudential With-profits fund and a portfolio consisting of return-seeking assets and liability-hedging assets.

The Trustees are responsible for reviewing both the asset allocation and the investment strategy of the Scheme in conjunction with each actuarial valuation in consultation with the Advisers. The Trustees may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where they deem it appropriate.

### **4.2.3 Investment Manager Policy**

This section applies to both the Hybrid Section and Defined Contribution Section of the Scheme.

In accordance with the Financial Services & Markets Act 2000 ('FSMA'), the Trustees set general investment policy but have delegated the day-to-day investment of the Scheme's assets to professional Investment Managers. The Investment Managers are authorised under the FSMA and provide the expertise necessary to manage the investments of the Scheme.

Due to the cost benefits and ease of implementation, it is the Trustees' preference to invest in pooled investment vehicles. The Trustees recognise that due to the collective nature of these investments, there is less scope to directly influence how the investment manager invests. However, the Trustees' Investment Adviser ensures the investment objectives and guidelines of the manager are consistent with that of the Trustees where practicable.

When relevant, the Trustees requires its investment managers to invest with a medium to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes. For some asset classes, the Trustees do not expect the respective investment managers to make decisions based on long-term performance. These may include investments that provide risk reduction through diversification or through hedging, consistent with the Trustees' strategic asset allocation.

The performance targets, benchmark indices and restrictions placed on each manager have been discussed with them and the managers are satisfied that no restrictions have been placed on them which limit their ability to meet the Trustees' requirements.

Managers are paid a fee based on the value of the assets they manage, for a defined set of services as well as additional performance fees, where these have been previously agreed with a manager in repayment for performance above a specified benchmark. The Trustees review the fees regularly to confirm they are in line with market practices.

The Trustees review the portfolio transaction costs and portfolio turnover range with managers, where the data is disclosed and available. The Trustees will then determine whether the costs incurred were within reasonable expectations.

## **4.3 Diversification and Risk Control**

Given the size and nature of the Scheme, the Trustees have decided to invest on a pooled fund basis; any such investment is given effect through a direct agreement with an Investment Manager and/or through an insurance contract. Having received advice from the Investment Adviser, the Trustees are satisfied that the range of pooled vehicles in which the Scheme's assets are invested provides adequate diversification.

The Trustees acknowledge that it is not possible to monitor all the risks the Scheme is exposed to at all times. However, it seeks to take on those risks which it expects to be rewarded for over time, in the form of excess returns, in a diversified manner, and to hedge out an element of those risks that are not expected to be rewarded. The Trustees recognise a number of risks involved in the investment of the assets of the Scheme: -

<b>Risk</b>	<b>Description</b>
Market risk	<ul style="list-style-type: none"><li>• Arises from the exposure of the Scheme's portfolio to market risk factors (for example equities, credit spreads, interest rates and inflation).</li><li>• Measured at least quarterly by means of an Asset Liability Matching ("ALM") modelling exercise.</li><li>• Currently managed by investing with regard to liability-matching assets and diversification within the growth portfolio of the Scheme.</li><li>• In addition to the risks mentioned above, the Scheme is also exposed to currency risks via its exposure to overseas assets within its Diversified Growth Fund.</li><li>• Currency risks arising from exposures in the Diversified Growth Funds and Multi-Class Credit mandates are managed by the</li></ul>

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	respective investment managers through diversification across different regions and areas and by hedging foreign currency exposure back to sterling.
Liquidity risk	<ul style="list-style-type: none"> <li>Measured by the level of cash flow required by the Scheme over a specified period to pay benefits managed by investing a proportion of the assets in liquid assets, which allows the Scheme to easily divest cash as and when required. The Scheme also receives cash recovery contributions from the Employer, which provide liquidity and payments from the Prudential With-profits fund when members reach age 75.</li> </ul>
Sponsor risk	<ul style="list-style-type: none"> <li>Measured by the level of ability and willingness of the Employer to support the continuation of the Scheme. Sponsor risk is measured by several factors, including the creditworthiness of the Employer, the size of the pension liability relative to the Employer's earnings and other commitments / debts, the size of the deficit in the Scheme and Value at Risk, the level of cash made available to the Scheme relative to other stakeholders.</li> <li>Managed by monitoring the impact the Scheme has on the Employer's business.</li> </ul>
Manager risk	<ul style="list-style-type: none"> <li>Measured and managed by quarterly monitoring and reviewing the performance of the manager relative to the risk and return objectives set out in the Investment Manager's mandate.</li> </ul>
Counterparty risk	<ul style="list-style-type: none"> <li>Arises from the Scheme's derivative exposure in its liability-matching asset portfolio. The Scheme only invests in derivatives via pooled fund vehicles, and it has therefore no direct exposure to derivatives counterparties.</li> <li>The pooled fund manager manages the counterparty risk via diversification, as well as via daily collateralisation of positions.</li> </ul>
Collateral risk	<ul style="list-style-type: none"> <li>The Scheme is exposed to collateral calls from its leveraged liability-matching asset portfolio, depending on market movements in the underlying derivatives.</li> <li>The Scheme manages this risk by retaining a level of cash and liquid assets that can be turned into cash for collateral purposes. The Trustees monitor the liquidity position on a quarterly basis.</li> </ul>
Mismanagement risk	<ul style="list-style-type: none"> <li>The Scheme is exposed to the risk of unsuitable investment activity by the Investment Managers. This is addressed in the agreements with the Investment Managers which contain a series of restrictions. The activity of the managers and their processes are monitored regularly by the Investment Advisers on behalf of the Trustees.</li> </ul>
Organisational risk	<ul style="list-style-type: none"> <li>Arises from inadequate internal processes leading to problems for the Scheme. This is addressed through regular monitoring of the Investment Managers and Adviser.</li> </ul>
Transition risk	<ul style="list-style-type: none"> <li>The Scheme is exposed to the risk of paying unnecessary costs or being at increased risk of adverse market movements, when transitioning assets from one manager or asset class to another. This risk is mitigated by organising transitions in a structured fashion with the advice of the Advisers or by using a specialist transition manager, if appropriate.</li> </ul>
Environmental, Social and Governance Factors 'ESG'	<ul style="list-style-type: none"> <li>the risk of adverse performance due to ESG related factors including climate change. This is addressed by ESG assessment at the point of investment with the Manager where applicable, or by requesting information on the ESG policies, adopted by the Investment Manager</li> </ul>

### ***4.3.1 Risk management policy***

The 2021 Actuarial Valuation results have been agreed and an Integrated Risk Management Framework will be agreed with the Sponsor. A risk budget can then be formally defined. This will be documented in the Pension Risk Management Framework. Within this risk budget, the Trustees will aim to diversify risks across a range of exposures and to focus on risks that they view as well rewarded in terms of outperforming the liabilities.

The following measures have been implemented to reduce the risks associated with making investments: -

#### **Risk versus the Liabilities**

The value of the Scheme's liabilities is sensitive to changes in inflation and interest rates. The Trustees have therefore decided to invest a proportion of the Scheme's portfolio into assets whose sensitivity to these rate movements mirrors that of the liabilities as this will help protect the Scheme's funding position.

The Trustees measure this mismatching risk with reference to the liabilities of the Scheme and examine how the investment strategy and asset allocation impacts on this exposure. The Trustees, in conjunction with the Advisers, will monitor the risk versus the liabilities on a regular basis.

#### **Range of Assets**

The Trustees have selected an investment strategy which contains assets suitable for the Scheme's funding and risk objectives. The Trustees review the investment strategy and consider investment in other asset classes at least after every valuation but more frequently than that if deemed necessary.

The Investment Managers will hold a mix of investments that correspond to the strategic asset allocation. Within each major market each manager will maintain a diversified portfolio of stocks or funds through pooled vehicles.

## **4.4 Compliance**

### ***4.4.1 Changes to the Statement of Investment Principles (SIP)***

The Trustees are obliged to consult with the Employer when changing the SIP.

### ***4.4.2 Frequency of Review***

The Trustees will review this SIP annually, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Employer if deemed appropriate. There will be no obligation to change this SIP, any Investment Manager or Adviser as part of such a review.

### ***4.4.3 Professional Advice***

The Trustees receive written advice from the Advisers to help review the investment strategy.

### ***4.4.4 Additional Voluntary Contributions ("AVCs")***

The Scheme provides a facility for members to pay AVCs to enhance their benefits at retirement. The Trustees have full discretion as to the appropriate investment vehicles made available to members of the Scheme for their AVCs. Only investment vehicles normally considered suitable for voluntary contributions will be considered by the Trustees, having taken appropriate written advice from properly qualified and authorised financial advisers.

Members are offered the following funds in which to invest their AVC payments: -

- The Scheme's Lifestyle programs
- LGIM Ethical UK Equity Tracker Fund (DC Members Only)

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- Prudential With-profits fund (Hybrid Members Only)

In selecting this range of funds offered the Trustees have taken advice from their professional advisers on: -

- the risks faced by members in investing in defined contribution funds, and
- the Trustees' responsibilities in the selection and monitoring of the investment options offered.

The Trustees will continue to manage AVC arrangements having taken professional advice on these matters.



## 5 Defined Contribution Section, Investment Strategy and Objective

### 5.1 Default Lifestyle Strategy

The Trustees, in conjunction with the Investment Adviser have developed a Default Lifestyle strategy for members of the DC Section of the Scheme. The Default Lifestyle strategy is the DC Section's default arrangement.

#### ***5.1.1 Aims and Objectives of the default strategy***

The Trustees recognise that members have differing investment needs and that these may change during members' working lives. They also recognise that members have different attitudes to risk. The Trustees regard their duty as creating a robust default fund offering to cater for the proportion of the workforce who do not wish to actively manage their pension investments. This default should be focused on members' needs and outcomes.

The Trustees' overarching aims, and objectives are therefore:

- To provide members with a robust default solution which makes available vehicles designed to focus on members' needs by aiming to:
  - Optimise the value of members' assets at retirement.
  - Maintain the purchasing power of members' savings; and
  - Protect the value of accumulated assets as members approach retirement.
- To avoid over-complexity in investment in order to keep administration costs and member understanding to a reasonable level.

More specific investment objectives for each of the Which? Mixed Investment Funds are contained in the Investment Policy Implementation document under Section 2.

#### ***5.1.2 Trustees' Policies in relation to the default strategy***

##### ***The kinds of investments to be held***

The Trustees' policy relating to the kinds of investments held within the default strategy are summarised in Section 2.1 of the Investment Policy Implementation Document, titled "Which? Mixed Investment Fund A", "Which? Mixed Investment Fund B" and "Which? Mixed Investment Fund C" respectively.

##### ***The balance between different kinds of investments***

The Trustees' policy relating to balance between different investments within the default strategy is shown in Section 2.1 of the Investment Policy Implementation Document, titled "Default Strategy Lifestyle Profile".

##### ***Risks (including the ways in which risks are to be measured and managed)***

The Trustees' policy relating to risks applicable to the DC Section of the Scheme as a whole are shown in Section 6, titled "Risks". All the risks applicable to the DC Section, including how they are measured and managed are relevant to the default strategy.

##### ***Expected return on investment***

Target objectives for each fund used within the default strategy are shown in the Investment Policy Implementation Document Section 2.1, titled "Which? Mixed Investment Fund A", "Which? Mixed Investment Fund B" and "Which? Mixed Investment Fund C" respectively.

##### ***Realisation of investments***

The Trustees' policy relating to the realisation of investments is to make use of funds within the default strategy which are unitised, pooled, daily dealt funds. This allows the flexibility with regards to changing investments or realising cash to pay benefits.

***Exercise of rights (including voting rights) attached to the investments***

The Trustees' policy relating to the exercise of rights (including voting rights) in the Scheme as a whole is shown in Section 9. All the content of Section 9 is relevant to the default strategy.

***Financially material factors***

The Trustees' policy relating to financially material factors (including environmental, social, governance and climate change considerations) in the Scheme as a whole are shown in Section 9.1, titled "Financially Material Factors". All of the content of Section 9.1 is relevant to the default strategy.

***Non-Financially material factors***

The Trustees' policy relating to non-financially material factors (including ethical considerations) in the Scheme as a whole are shown in Section 9.2, titled "Non-Financially Material Factors". All of the content of Section 9.2 is relevant to the default strategy.

### ***5.1.3 Act in the best interests of members and beneficiaries***

Prior to offering the current default strategy, the Trustees carried out a comprehensive review in conjunction with the Investment Advisers, focussing on how best to deliver a good outcome for as many members as possible. As a result of the review, the Trustees selected the combination of aims and objectives within the default (as stated in Section 5.1.1), and their policies (as stated in Section 5.1.2 and the subsequent sections noted in Section 5.1.2) in order to achieve an investment strategy which, it believes is in the best interests of members and beneficiaries.

This belief is supplemented by undertaking regular (generally annual) investment strategy reviews of the default investment strategy, investment governance and annual value for members reviews.

## **5.2 Diversification**

The choice of investment options (including both the default and non-default arrangements) for members is designed to ensure that members can choose investments that are adequately diversified and suitable for their profile. The Trustees monitor the strategy regularly to ensure that they are comfortable with the choice of funds offered to members.

## **5.3 Suitability**

The Trustees have taken advice from the Advisers that the investment strategy offered to members (including both the default and non-default arrangements) is suitable.

## **6 Defined Contribution Section - Risks**

The Trustees recognise a number of risks for the members of the Defined Contribution Section of the Scheme (including both the default and non-default arrangement). Defined Contribution investors face these key risks: -

- i Inflation risk** – the risk that the purchasing power of their pension accounts is not maintained. To try and manage this risk, the strategy will aim to achieve a return above the rate of inflation.
- ii Pension purchase risk** – the risk that the value of pension benefits that can be purchased by a given defined contribution amount is not maintained. The Trustees have mitigated this risk by offering a Lifestyle Strategy which aims to broadly match annuity prices in the final three years of the strategy, thus maintaining the purchasing power of members' pension accounts.
- iii Capital risk** – the risk that the value of the element to provide a tax-free cash sum is not maintained. This could be due to the impact of any of the risks above and is addressed where possible in the same ways.
- iv Communication risk** – the risk that communication to members is misleading or unclear and leads to inappropriate decisions being made. This is addressed through the Trustees receiving advice from the Advisers and regular monitoring and updates, where appropriate, of member communications.
- v Inappropriate member decision** – the risk that members make inappropriate decisions regarding their investments. This is addressed by the Trustees offering a streamlined series of options for members of the DC Section.
- vi Liquidity risk** – the risk that members are not able to realise the value of their funds when required. The Trustees have addressed this risk by not offering funds which are considered illiquid.
- vii Value for members** – the risk that the Scheme fails to offer value for members. The Trustees have negotiated a competitive fee for members, which is kept under review, along with regular strategy, service and value for members reviews.
- viii Environmental, Social and Governance Factors 'ESG'** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by ESG assessment at the point of investment with the Manager where applicable, or by requesting information on the ESG policies adopted by the Investment Manager.

The importance of each risk varies with time. Inflation is important throughout the whole period to retirement whereas pension purchase risk and capital risk become significant as retirement approaches.

There is no single investment option that best manages all these risks. Of the major asset classes, equities have traditionally been used to provide the most effective means of managing inflation risk. Fixed interest and index-linked securities are most effective for managing pension purchase risk. Cash is effective at managing capital risk.

The varying nature of the risks faced by a defined contribution investor through time means that no single investment product will adequately meet the needs of the investor throughout the investing period. Therefore, suitable funds will need to be sought for effective management of the risks faced by defined contribution investors.

The Trustees will keep these risks and how they are measured and managed under regular review.

## **7 Monitoring**

### **7.1 Investment Managers**

As and when required, the Trustees meet with the Investment Managers to satisfy themselves that the Managers continue to carry out their work competently and have the appropriate knowledge and experience to manage the investments of the Fund.

The appointment of the Investment Managers will be reviewed by the Trustees from time to time, based on the recommendations of the Scheme's Investment adviser, and the results of their monitoring of performance and process. The Trustees will monitor the extent to which the Investment Managers give effect to the policies set out in it.

The Investment adviser provides quarterly updates of performance to assist in the reviews of the funds' and Investment Managers' performance against the benchmarks.

#### **Selection criteria**

The Trustees have identified the criteria by which Investment Managers should be selected (or deselected). These include:

- Past Performance
- Quality of the Investment Process (including the integration of ESG risk factors)
- Role Suitability: level of fees, reputation of the manager, familiarity with the mandate, internal objectives, and restrictions of any pooled funds
- Service: reporting, administration
- Team Proposed: the individual fund managers working for the Fund.

#### **De-selection criteria**

Investment Managers may be replaced, for example, if:

- They fail to meet the objectives of the mandate; and/or
- The Trustees believe that the manager is not capable of achieving the performance objectives in the future.
- The manager fails to comply with this Statement.

### **7.2 Advisers**

The Trustees will monitor the advice given by the Advisers on a regular basis.

### **7.3 Other**

The Trustees will review this SIP annually, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Company if deemed appropriate. There will be no obligation to change this SIP, any Investment Manager or Adviser as part of such a review.

## **8 Fees**

### **8.1 Investment Managers**

The Investment Manager fee policy is covered in Section 4.2.3 – “Investment Manager Policy”.

### **8.2 Advisers**

Fees paid to the Advisers are based either on actual time spent and hourly rates for relevant individuals, or on fixed fees agreed in advance for specifically defined projects.

### **8.3 Custodian**

The majority of custodianship arrangements are operated by the Investment Managers for all clients investing in their pooled funds. The Investment Managers are expected to provide a statement of the security of the underlying assets annually.

The Trustees have separately appointed JP Morgan to provide custodianship services for managing transition preparations and set-up of the Schroders investments.

### **8.4 Performance Measurer**

There is no performance measurer appointed by the Trustees.

### **8.5 Trustees**

All Trustees are paid.

## **9 Corporate Governance, Responsible Ownership and Stewardship**

These factors apply to both Sections of the Scheme.

### **9.1 Financially Material Factors**

The Trustees incorporate all financially material considerations into decisions on the selection, retention and realisation of investments through strategic asset allocation decisions and the appointment of investment managers, so far as possible. This includes considerations of what the Trustees believe to be financially material (whether ESG related or not) and is relevant for the Hybrid Section, and both default arrangement and non-default arrangements within the DC Section.

The Trustees believe that environmental, social and governance factors ‘ESG’ will be financially material over the time horizon of the Scheme and should be considered as part of the investment strategy and implementation decisions. The Trustees consider the time horizon for the Hybrid Section to be the length of time necessary for the funding of future benefits by the investments of the Scheme. The Trustees consider the time horizon for the DC Section (default and non-default) to be the future working lifetime of members. Both time horizons are long term. This will have varying levels of importance for different types of assets invested in by the Scheme.

When investing in new asset classes, the Trustees assess, with advice from their Advisers, the relevance of ESG-related risks and the most appropriate way to ensure that they are incorporated into the mandate. ESG factors and stewardship are considered in the context of long-term performance by the Trustees (in conjunction with their Advisers) as part of the manager selection criteria. This review occurs before funds are approved for investment. For invested funds, the Trustees monitor ongoing compliance with ESG and other factors (like Stewardship) as part of overall engagement and performance monitoring, based on reports from investment managers.

All references to ESG within this document relate to financially material ESG factors only. All references to ESG within this document also include climate change.

## **9.2 Non-financially material factors**

The Trustees' policy at present is to not to consider non-financially material factors (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions in relation to the Hybrid Section or to the DC Section default arrangement, as there is no likely common view on any ethical matters which members are likely to hold. This policy is reviewed periodically.

However, the Trustees recognise that members may have different beliefs and have made available a fund within the DC Section which invests based on certain ethical criteria. While not part of the default arrangement, members can invest additional voluntary contributions in this fund.

## **9.3 Corporate Governance and Stewardship**

The Trustees recognise that good stewardship practices, including engagement and voting activities are important as they help preserve and enhance asset owner value over the long-term.

Direct engagement with underlying companies (as well as other relevant persons) of which the Trustees own shares and debt is carried out by the Scheme's investment managers.

The Trustees expect their investment managers to practise good stewardship. This includes monitoring, engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to achieve the best possible long-term outcomes.

The Trustees Investment Advisers assess the ability of each investment manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustees on an annual basis covering how the investment managers have acted in line with this policy.

When selecting, monitoring and de-selecting investment managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.

Engagement with relevant persons includes the exercise of rights (including voting rights) attaching to the Scheme's equity investments, which are exercised by the investment managers of the Scheme. The Trustees monitor and discloses the voting records of its managers on a regular basis.

## **9.4 Myners Principles**

The original Myners review of "Institutional Investing in the UK" was published in March 2001. It included a set of 10 Principles that pension scheme trustees are recommended to use when considering their investment policy for final salary pension schemes and 11 Principles for money purchase schemes. The Government endorsed the report with some minor modifications on 2 October 2001. Pension scheme trustees were asked to comply with the Principles on a voluntary basis. The Myners Principles recommend that certain issues were included in the Statement of Investment Principles ("SIP").

The Myners Principles were subsequently reviewed in October 2008; the explicit requirement to include certain items in a strengthened SIP was removed and replaced with a requirement for trustees to act in a transparent and responsible manner. By making the following statements the Trustees believe that they are complying with the spirit of these principles.

## **9.5 Transparency and reporting**

The Trustees have discretion over the form of reporting they wish to undertake. This SIP provides the following details of the Trustees' investment approach: -

- i Who is taking which decisions and why has the structure been selected?
  - Details of the Trustees' decision-making structure are included in Section 4 and Section 5.
- ii The Trustees' investment objective.

- Details of the Trustees' investment objective are included in Section 4 for the Hybrid and Section 5 for the Defined Contribution Section, with the appointed managers' specific objectives in the Investment Policy Implementation Document.
- iii The Trustees' asset allocation strategy, including projected investment returns in each asset class, and how the strategy has been selected.
  - Details of the Trustees' asset allocation strategy are included in the Investment Policy Implementation Document. The strategies were constructed following consultation with the Investment adviser and included consideration of the likely range of returns from each asset class.
- iv The mandates given to all advisers and managers.
  - The responsibilities of the Trustees, Investment Manager and Investment adviser are outlined in Section 9.6, while the managers' mandates are specified in the Investment Policy Implementation Document.
- v The nature of the fee structures in place for all advisers and managers; and why this set of structures has been selected.
  - Details of the fees charged by the Investment Managers and Investment advisers are included in the Investment Policy Implementation Document. The Trustees have agreed these fees following consultation with their Investment Advisers, where appropriate, and believe they are reasonable for the services they receive.

## **9.6 Appointments and responsibilities**

### **Trustees**

The Trustees of the Scheme are responsible for, amongst other things: -

- i. Determining the investment objectives of the Scheme and reviewing these from time-to-time and following the results of each actuarial review, and/or asset liability modelling exercise, and/or significant changes to the Scheme's liabilities, or Scheme's investment policy, in consultation with their Advisers.
- ii. Agreeing an investment strategy designed to meet the investment objectives of the Scheme.
- iii. Reviewing annually the content of this SIP and modifying it if deemed appropriate, in consultation with the Advisers.
- iv. Reviewing the suitability of the investment policy following the results of each actuarial or investment review, in consultation with the Advisers.
- v. Reviewing the investment policy for the Defined Contribution Section including assessing the continued appropriateness of the range of funds (and structuring of funds) in which members funds are invested.
- vi. Assessing the quality of the performance and process of the Investment Managers by means of regular reviews, but not less than annual, of the investment results and other information, by way of meetings and written reports, in consultation with the Advisers.
- vii. Appointing and dismissing investment manager(s), custodian(s) and transition manager(s) in consultation with the Advisers.
- viii. Assessing the ongoing effectiveness of the Advisers.
- ix. Consulting with the Company when reviewing investment policy issues.
- x. Monitoring compliance of the investment arrangements with this SIP on an ongoing basis.
- xi. Monitoring risk and the way in which the Investment Managers have cast votes on behalf of the Trustees in respect of the Scheme's equity holdings.
- xii. Advising the Advisers of any changes to Scheme benefits and significant changes in membership.

### **Investment Managers**

The Investment Managers will be responsible for, amongst other things: -

- i. Investing assets in a manner that is consistent with the objectives set.
- ii. Ensuring that investment of the Scheme's assets is in compliance with prevailing legislation and within the constraints detailed in this SIP.
- iii. At their discretion, but within any guidelines given by the Trustees, implementing changes in the asset mix and selecting and undertaking transactions in specific investments within each asset class.
- iv. For the Defined Contribution Section, providing information to members and the Trustees in the agreed format.
- v. Informing the Trustees of any changes in the internal performance objective and guidelines of any pooled fund used by the Scheme as and when they occur.
- vi. Exercising voting rights on shareholdings in accordance with their general policy.

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- vii. Attending meetings with the Trustees as and when required.
- viii. Providing the Trustees with sufficient information each quarter to facilitate the review of its activities, including: -
  - a. A report of the strategy followed during the quarter.
  - b. The rationale behind past and future strategy.
  - c. A full valuation of the assets and a performance summary.
  - d. A transaction and a cash reconciliation report.
  - e. Corporate actions taken by the Investment Manager.
  - f. Any changes to the process applied to the portfolio.
  - g. Future intentions in the investment management of the Scheme's assets.
- ix. Informing the Trustees immediately of:
  - h. Any breach of this SIP that has come to their attention.
  - i. Any serious breach of internal operating procedures.
  - j. Any material change in the knowledge and experience of those involved in managing the Scheme's investments.
  - k. Any breach of investment restrictions agreed between the Trustees and the Investment Managers from time to time.
  - l. Any changes in the investment performance objective and guidelines of any pooled fund used by the Scheme as and when they occur.

### **Investment Adviser**

The Investment Adviser will be responsible for, amongst other things: -

- i. Participating with the Trustees in the preparation and reviews of this SIP.
- ii. Advising the Trustees how any changes within the Scheme's benefits, membership and funding position may affect the manner in which the assets should be invested.
- iii. Advising the Trustees of any changes in the Scheme's Investment Managers that could affect the interests of the Scheme.
- iv. Advising the Trustees of any changes in the investment environment that could either present opportunities or problems for the Scheme.
- v. Undertaking reviews of the Scheme's investment arrangements including reviews of the investment strategy, asset allocation policy and current Investment Managers, investment management structure, investment performance and selection of new managers as appropriate.
- vi. Providing training or education on any investment related matter as and when the Trustees see fit.
- vii. Monitoring and advising upon where contributions should be invested on a periodic basis.

### **Scheme Actuary**

The Scheme Actuary will be responsible for, amongst other things: -

- i. Liaising with the Investment Adviser on the suitability of the Scheme's investment strategy.
- ii. Performing the triennial (or more frequently as required) valuations and providing advice in respect of assumptions, deficits and contribution requirements
- iii. Commenting on the appropriateness of the investment strategy relative to the liabilities of the Scheme at the triennial valuations.
- iv. Advising the Trustees and Investment Adviser of any changes to contribution levels and funding level.

### **Legal Adviser**

The Legal Adviser will be responsible for, amongst other things: -

- i. Liaising with the Trustees to ensure legal compliance including, those in respect of investment matters.

### **Administrator**

The Scheme's pension administrator is the Employer.



## **Implementation Statement**

### **Introduction**

This Statement of Investment Principles ("SIP") Implementation Statement (the "Statement") has been prepared by the Trustees of the Consumer's Association Pension and Employee Benefits Scheme ("the Scheme").

This Statement has been produced by the Trustees as required by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. The regulations state that the Statement must:

- Describe any review of the SIP during the period covered by the Statement including an explanation of any changes to the SIP;
- Set out how, and the extent to which, in the opinion of the Trustees, the SIP has been followed during the year; and
- Describe the voting behaviour by, or on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) during the year and state any use of the services of a proxy voter during that year.

From 1st October 2022, further Department for Work and Pensions ("DWP") guidance on the reporting of stewardship activities through Implementation Statements came into effect. This Statement aims to incorporate this DWP guidance.

In March 2024, the Trustees approved the adoption of Climate Change and Market Abuse & Customer Treatment as key stewardship themes. Going forwards, the Scheme's appointed investment managers will be required to report annually on their Stewardship activities with a particular focus on the outcomes of their engagements in relation to the Trustees' two priority themes.

Based on regulatory requirements, the Statement will cover the period from 1<sup>st</sup> April 2023 to the end of the Scheme's financial year on 31<sup>st</sup> March 2024 (the "Reporting Period").

During the Reporting Period, the assets of members in the DC Section of the Scheme, and Hybrid members' Additional Voluntary Contributions ("AVC") assets (with the exception of the AVC policy invested in the Prudential With-Profits fund) were transferred to the Aviva Master Trust. The transition was completed by 20<sup>th</sup> March 2024.

The Statement is split into three sections:

1. An overview of the Trustees' actions and highlights during the period covered (including any reviews and changes to the SIP);
2. The policies set out in the Scheme's SIPs for both the Hybrid and DC sections and the extent to which they have been followed during the Reporting Period (or, in the case of the DC section and the Hybrid section relating to the AVC assets, until termination of these mandates on 20<sup>th</sup> March 2024); and
3. The voting behaviour and significant votes undertaken by the fund managers on behalf of the Scheme.

### **Overview of Trustees' Actions – Hybrid & DC**

#### ***SIP Updates***

There were no changes made to the SIP over the Reporting Period. Changes made to the SIP to update for the transfer of DC and AVC assets were made retrospectively after the Reporting Period.

#### ***Trustees' Policies for Investment Managers***

The Trustees rely on Investment Managers for the day-to-day management of the Scheme's assets but retain control over the Scheme's investment strategy.

The Scheme's assets, excluding cash in the Trustee Bank Account, are invested in pooled investment vehicles, which have standardised fund terms. Given no notifications were received from the relevant Investment Managers, the Trustees do not believe that any material changes were made to the pooled fund terms over the scheme year.

## Final Remarks

The actions the Trustees have undertaken during the Reporting Period reflect the policies within the Scheme's SIP.

The Trustees, without prejudice, delegate the responsibility for the stewardship activities that apply to the Scheme's investments to their Investment Managers. The Trustees expect the Investment Managers to exercise their voting powers with the objective of preserving and enhancing long-term shareholder value. The Trustees recognise that stewardship encompasses engagement with the companies in which the Scheme invests, as this can improve the longer-term returns of the Scheme's investments. The Trustees note that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability.

The Trustees are comfortable that the voting and engagement policies have all been adequately followed over the Scheme year. The Trustees have included disclosure regarding how the Scheme's investment managers have performed stewardship and engagement in this Statement, in alignment with the Scheme's Stewardship Policy.

## Review of SIP Policies – Hybrid & DC Sections

Policy	Has the policy been followed?	Evidence
<b>Scheme Governance (3)</b>		
The Trustees consider that the governance structure set out in this SIP is appropriate for the Scheme as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Managers or the Advisers as appropriate.	Yes, the Trustees are satisfied that this policy has been followed.	There were no issues experienced in relation to the governance structure as set out in the SIP during the Reporting Period.
<b>Investment Manager Policy (4.2.3)</b>		
The Trustees set general investment policy but have delegated the day-to-day investment of the Scheme's assets to professional Investment Managers.	Yes, the Trustees are satisfied that this policy has been followed.	The Trustees kept within their remit of general investment policy decision-making, while the Scheme's Investment Managers managed the day-to-day investment of the Scheme's assets over the Reporting Period.

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When relevant, the Trustees require its Investment Managers to invest with a medium to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes. For some asset classes, the Trustees do not expect the respective Investment Managers to make decisions based on long-term performance. These may include investments that provide risk reduction through diversification or through hedging, consistent with the Trustees' strategic asset allocation.	Yes, the Trustees are satisfied that this policy has been followed.	All of the Scheme's Investment Managers (excluding those managing the Liability-Driven Investments) implement a pre-defined investment strategy which adopts a medium to long-term time horizon. There were no material changes to the time horizon aspect of these strategies over the period.  Please refer to the "Overview of the Trustees' voting and engagement policies" section below for information on the Scheme's managers effecting better long-term outcomes.
Managers are paid an ad valorem fee for a defined set of services as well as additional performance fees, where these have been previously agreed with a manager in repayment for performance above a specified benchmark. The Trustees review the fees regularly to confirm they are in line with market practices.	Yes, the Trustees are satisfied that this policy has been followed.	All of the Scheme's Investment Manager fees are monitored by the Scheme's Investment Adviser to ensure they remain in line with market practices. Any divergence is reported to the Trustees. The Investment Adviser has confirmed there was no divergence from the agreed fees in the period.
The Trustees review the portfolio transaction costs and portfolio turnover range with managers, where the data is disclosed and available. The Trustees will then determine whether the costs incurred were within reasonable expectations.	Yes, the Trustees are satisfied that this policy has been followed.	The Trustees' Investment Adviser has confirmed portfolio transaction and turnover costs were in-line with market norms over the period.

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<b>Financially Material Factors (9.1)</b>		
<p>The Trustees incorporate all financially material considerations into decisions on the selection, retention and realisation of investments through strategic asset allocation decisions and the appointment of Investment Managers, so far as possible. This includes considerations of what the Trustees believe to be financially material (whether ESG related or not) and is relevant for the Hybrid Section, and both default arrangement and non-default arrangements within the DC Section.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>Investment Advisers for both the Hybrid and DC sections of the Scheme provide holistic advice to the Trustees that incorporates all financially material considerations, including ESG considerations.</p> <p>The Investment Advisers of the Hybrid section take ESG considerations into account when recommending and monitoring Investment Managers.</p> <p>The Hybrid Section Investment Adviser provides climate scenario analysis within their regular performance reporting.</p> <p>During the year the Trustees took part in stewardship training which was delivered by the Investment Adviser to the Hybrid Section.</p>
<p>The Trustees believe that environmental, social and governance factors 'ESG' will be financially material over the time horizon of the Scheme and should be considered as part of the investment strategy and implementation decisions.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>In February 2024, the Trustees invested in a sustainable absolute return credit mandate, managed by Federated Hermes.</p>
<p>When investing in new asset classes, the Trustees assess, with advice from their Advisers, the relevance of ESG-related risks and the most appropriate way to ensure that they are incorporated into the mandate.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	

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<p>ESG factors and stewardship are considered in the context of long-term performance by the Trustees (in conjunction with their Advisers) as part of the manager selection criteria. This review occurs before funds are approved for investment. For invested funds, the Trustees monitor ongoing compliance with ESG and other factors (like Stewardship) as part of overall engagement and performance monitoring, based on reports from Investment Managers.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>Investment Advisers for both the Hybrid and DC sections of the Scheme provide holistic advice to the Trustees that incorporates all financially material considerations, including ESG considerations.</p> <p>The Investment Adviser of the Hybrid section takes ESG considerations into account when recommending and monitoring Investment Managers and provide climate scenario analysis within their regular performance reporting.</p> <p>Details on the stewardship and engagement of the Scheme's Investment Managers over the period can be found in the final section of this Implementation Statement.</p> <p>During the year the Trustees took part in stewardship training which was delivered by the Investment Adviser to the Hybrid Section.</p> <p>No breaches of compliance by the Scheme's Investment Managers were reported during the Reporting Period.</p>
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<b>Non-financially material factors (9.2)</b>		
<p>The Trustees' policy at present is to not take into account non-financially material factors (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions in relation to the Hybrid Section or to the DC Section default arrangement, as there is no likely common view on any ethical matters which members are likely to hold. This policy is reviewed periodically.</p> <p>However, the Trustees recognise that members may have different beliefs and have made available a fund within the DC Section which invests based on certain ethical criteria. While not part of the default arrangement, members can invest additional voluntary contributions in this fund.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>No changes were made to this policy over the Reporting Period.</p>
<b>Corporate Governance and Stewardship (9.3)</b>		
<p>The Trustees expect their Investment Managers to practise good stewardship. This includes monitoring, engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to achieve the best possible long-term outcomes.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>Details on the stewardship and engagement of the Scheme's Investment Managers over the Reporting Period can be found in the final section of this Implementation Statement.</p> <p>During the year the Trustees took part in stewardship training which was delivered by the Investment Adviser to the Hybrid Section.</p>
<p>When selecting, monitoring and de-selecting Investment Managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	

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The Trustees monitor and disclose the voting records of its managers on a regular basis.	Yes, the Trustees are satisfied that this policy has been followed.	
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**Review of SIP Policies – DC Section**

<b>Policy</b>	<b>Has the policy been followed?</b>	<b>Evidence</b>
<b>Aims and Objectives of the default strategy (5.1.1)</b>		
The Trustees regard their duty as creating a robust default fund offering to cater for the proportion of the workforce who do not wish to actively manage their pension investments. This default should be focused on members' needs and outcomes.	Yes, the Trustees are satisfied that this policy has been followed.	<p>The Trustees did not review the DC Which? Mixed Investment Funds during the Reporting Period due to the decision to make a bulk transfer of the members DC Accounts to the Aviva Master Trust.</p> <p>Following recommendations from their Investment Adviser for the bulk transfer project, the Trustees chose to transfer members' DC accounts to the Aviva My Future Focus strategy which best matched the member strategy in the Scheme</p>
<b>Act in the best interests of members and beneficiaries (5.1.3)</b>		
This belief is supplemented by undertaking regular (generally annual) investment strategy reviews of the default investment strategy, investment governance and annual value for members reviews.	Yes, the Trustees are satisfied that this policy has been followed.	<p>The Trustees did not review the DC Which? Mixed Investment Funds during the Reporting Period due to the decision to make a bulk transfer of the members DC Accounts to the Aviva Master Trust.</p> <p>Following recommendations from their Investment Adviser for the bulk transfer project, the Trustees chose to transfer members' DC accounts to the Aviva My Future Focus strategy which best matched the member strategy in the Scheme</p>
<b>Diversification (5.2)</b>		
The Trustees monitor the strategy regularly to ensure that they are comfortable with the choice of funds offered to members.	Yes, the Trustees are satisfied that this policy has been followed.	The Trustees have continued to monitor the suitability of the investment strategy, and ensure that there is sufficient diversity of managers and funds.

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<b>Suitability (5.3)</b>		
The Trustees have taken advice from the Advisers that the investment strategy offered to members (including both the default and non-default arrangements) is suitable.	Yes, the Trustees are satisfied that this policy has been followed.	Investment strategy reviews conducted by the Trustees were supported by advice from their Investment Adviser, to ensure that they continue to meet the required risk and return needs of the Scheme's members.
<b>Risks (6)</b>		
The Trustees recognise a number of risks for the members of the Defined Contribution Section of the Scheme (including both the default and non-default arrangement). The Trustees will keep these risks and how they are measured and managed under regular review.	Yes, the Trustees are satisfied that this policy has been followed.	<p>All key risks were adequately managed during the Reporting Period.</p> <p>Over the Reporting Period, there were no material changes to how the Trustees measure and manage the key risks.</p>
<b>Investment Managers (7.1)</b>		
As and when required, the Trustees meet with the Investment Managers to satisfy themselves that the Managers continue to carry out their work competently and have the appropriate knowledge and experience to manage the investments of the Fund.	Yes, the Trustees are satisfied that this policy has been followed.	<p>The Trustees periodically monitor the performance of their Investment Managers.</p> <p>The Trustees were satisfied that their Investment Managers continued to carry out their work competently over the Reporting Period.</p>
The appointment of the Investment Managers will be reviewed by the Trustees from time to time, based on the recommendations of the Scheme's Investment Adviser, and the results of their monitoring of performance and process. The Trustees will monitor the extent to which the Investment Managers give effect to their policies as set out in the Scheme's SIP.	Yes, the Trustees are satisfied that this policy has been followed.	<p>The Trustees periodically monitor the performance of their Investment Managers in conjunction with their Investment Adviser.</p> <p>There was no change in the Trustees' view of the Investment Managers over the period.</p>



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<b>Advisers (7.2)</b>		
The Trustees will monitor the advice given by the Advisers on a regular basis.	Yes, the Trustees are satisfied that this policy has been followed.	The Trustees were satisfied that their Investment Adviser, Actuary, and Legal Adviser continued to carry out their work competently over the period.
<b>Other (7.3)</b>		
The Trustees will review this SIP annually, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Company if deemed appropriate. There will be no obligation to change this SIP, any Investment Manager or Adviser as part of such a review.	Yes, the Trustees are satisfied that this policy has been followed.	No updates to the Scheme's SIP were necessary over the Reporting period.  Following the Reporting Period, the Trustees have updated the SIP to primarily reflect the bulk transfer out of the DC Section of the Scheme. The Trustees consulted with the Employer before implementing these changes.

**Review of SIP Policies – Hybrid Section**

<b>Policy</b>	<b>Has the policy been followed?</b>	<b>Evidence</b>
<b>Objectives (4.1)</b>		
The Trustees maintain a diversified portfolio of assets which seeks to maintain a balance between expected investment return and volatility of returns.	Yes, the Trustees are satisfied that this policy has been followed.	The Hybrid Scheme's current portfolio includes seven funds of varying asset classes. Each of these funds provide diversification to the Scheme's asset portfolio. This portfolio is monitored on at least a quarterly basis to ensure the right balance of expected returns and risks are adequately balanced.
The Trustees also seek to manage the Scheme's exposure to interest rate and inflation risk whilst keeping expected returns at an appropriate level.	Yes, the Trustees are satisfied that this policy has been followed.	The Hybrid Scheme has a leveraged allocation to Liability-Driven Investments to help manage its exposure to interest rate and inflation risk.  The Scheme holds highly prudent levels of collateral to support the hedging position in a scenario where gilt yields increase significantly. The Scheme's collateral test is at least as prudent compared to those recommended by the Bank of England, the Pensions Regulator, and the Financial Conduct Authority.

<b>Process for Choosing Investments (4.2.1)</b>		
The Trustees are responsible for the investment of the Scheme's assets. Where the Trustees are required to make an investment decision, they always receive written advice from the Advisers first and they believe that this, together with their own collective expertise, ensures that they are appropriately familiar with the issues concerned.	Yes, the Trustees are satisfied that this policy has been followed.	Over the period, the Scheme sold its investment in M&G Secured Property Income Fund, and invested into the Hermes Absolute Return Credit Fund. The Scheme has also placed a full redemption request for its investment in the Lothbury Property Trust fund.  These adjustments were made under the advice of the Scheme's Investment Adviser, supported by the delivery of emails and presentation papers to the Trustees.
<b>Investment Strategy (4.2.2)</b>		
Having considered advice from the Advisers, the Trustees have set the investment policy with respect to the Scheme's liabilities and funding level.	Yes, the Trustees are satisfied that this policy has been followed.	The Trustees set and monitor the Scheme's investment strategy based on an agreed return objective. This objective was set and agreed based on the Scheme's liabilities and target funding level at a pre-determined time horizon.
The Trustees have set an investment strategy to achieve the principal funding objective within an acceptable risk budget and an acceptable timeframe.	Yes, the Trustees are satisfied that this policy has been followed.	Risk, return and several other metrics are monitored on at least quarterly basis via the Scheme's Pension Risk Management Framework ("PRMF").
The risk budget is defined by the Scheme's aim to have a level of protection against interest rate and inflation risk so as to minimise the volatility of the funding level to these market factors whilst maintaining an appropriate level of expected returns. The level of such protection is regularly discussed with the sponsor in the light of their views and alternative protection methodologies which may be available.	Yes, the Trustees are satisfied that this policy has been followed.	The Hybrid Scheme has a leveraged allocation to Liability-Driven Investments to help manage its exposure to interest rate and inflation.  During the period, the Hybrid Scheme's Actuary and Investment Advisers provided the Trustees with analysis to support an 'optimal' level of hedging for the Scheme to target. Subsequently, the Trustees approved a Hedging Policy document to reflect this approach.
The objectives will be reviewed alongside each actuarial valuation to ensure they remain relevant and appropriate. Progress against objectives is monitored and reviewed by the Trustees on a regular basis.	Yes, the Trustees are satisfied that this policy has been followed.	There was no actuarial valuation during the Reporting Period. The Trustees continue to monitor the objectives on a regular basis.

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<p>In consultation with the Employer and having considered advice from the Advisers and also having due consideration for the objectives and attitude to risk of the Trustees and the liability profile of the Scheme, the Trustees run an investment strategy whereby the portfolio is split into two elements: member's money-purchase fund, which is invested in the Prudential With-Profits Fund and a portfolio consisting of return-seeking assets and liability-hedging assets.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>There were changes to the Hybrid Scheme's portfolio to increase overall liquidity. These changes included:</p> <ul style="list-style-type: none"> <li>- Sale of M&amp;G Secure Property Income fund.</li> <li>- Appointment of Hermes Absolute Return Credit fund.</li> <li>- Full redemption of Lothbury Property Trust fund.</li> </ul>
<p>The Trustees are responsible for reviewing both the asset allocation and the investment strategy of the Scheme in conjunction with each actuarial valuation in consultation with the Advisers. The Trustees may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where they deem it appropriate.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>There was no actuarial valuation during the Reporting Period.</p> <p>No formal review of the strategic asset allocations took place in the Reporting Period, but the Trustees continue to monitor the suitability of the strategy given Scheme objectives and market context.</p> <p>Over the Reporting Period, the Scheme sold its investment in M&amp;G Secured Property Income Fund and invested in the Hermes Absolute Return Credit Fund. The Scheme has also placed a full redemption request for its investment in the Lothbury Property Trust fund.</p>
<p><b>Diversification and Risk Control (4.3)</b></p>		
<p>Having received advice from the Investment Adviser, the Trustees are satisfied that the range of pooled vehicles in which the Scheme's assets are invested provides adequate diversification.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Hybrid Scheme's current portfolio includes seven funds of varying asset classes. Each of these funds provide diversification to the Scheme's asset portfolio. This portfolio is monitored on at least a quarterly basis to ensure the right balance of expected returns and risks are adequately balanced.</p>

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<p>The Trustees acknowledge that it is not possible to monitor all the risks the Scheme is exposed to at all times. However, it seeks to take on those risks which it expects to be rewarded for over time, in the form of excess returns, in a diversified manner, and to hedge out an element of those risks that are not expected to be rewarded.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Hybrid Scheme's current portfolio includes exposure to various asset classes. Each investment has been selected to provide diversification to the Scheme's asset portfolio. The portfolio is monitored on at least a quarterly basis to ensure expected returns and risks are adequately balanced.</p> <p>In holding a diversified portfolio, this enables the Scheme to take on several rewarded risks in appropriate amounts.</p> <p>The Hybrid Scheme has a leveraged allocation to Liability-Driven Investments to help manage its exposure to interest rate and inflation.</p>
<p><b>Risk Management Policy (4.3.1)</b></p>		
<p>Within this risk budget, the Trustees will aim to diversify risks across a range of exposures and to focus on risks that they view as well rewarded in terms of outperforming the liabilities.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Hybrid Scheme's current portfolio includes seven funds of varying asset classes. Each of these funds provide diversification to the Scheme's asset portfolio. This portfolio is monitored on at least a quarterly basis to ensure the right balance of expected returns and risks are adequately balanced.</p> <p>In holding a diversified portfolio, this enables the Scheme to take on several rewarded risks in appropriate amounts.</p> <p>The Hybrid Scheme has a leveraged allocation to Liability-Driven Investments to help manage its exposure to interest rate and inflation.</p>
<p><b>Changes to the Statement of Investment Principles (SIP) (4.4.1)</b></p>		
<p>The Trustees are obliged to consult with the Employer when changing the SIP.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>No updates to the Scheme's SIP were necessary over the Reporting period.</p> <ul style="list-style-type: none"> <li>- Following the Reporting Period, the Trustees have updated the SIP to primarily reflect the bulk transfer out of the DC Section of the Scheme..</li> </ul>

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<b>Frequency of Review (4.4.2)</b>		
The Trustees will review this SIP annually, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Employer if deemed appropriate. There will be no obligation to change this SIP, any Investment Manager or Adviser as part of such a review.	Yes, the Trustees are satisfied that this policy has been followed.	No updates to the Scheme's SIP were necessary over the Reporting Period.  Following the Reporting Period, the Trustees have updated the SIP.
<b>Professional Advice (4.4.3)</b>		
The Trustees receive written advice from the Advisers to help review the investment strategy.	Yes, the Trustees are satisfied that this policy has been followed.	The Scheme's Investment Adviser, on a quarterly basis, provides the Trustees with written advice in relation to their investment strategy, outlining progress towards objectives and any recommended changes, where necessary. In between quarterly Trustee meetings, if necessary, the Investment Advisers may provide written advice in the form of emails to the Trustees.
<b>Additional Voluntary Contributions ("AVCs") (4.4.4)</b>		
The Trustees have full discretion as to the appropriate investment vehicles made available to members of the Scheme for their AVCs. Only investment vehicles normally considered suitable for voluntary contributions will be considered by the Trustees, having taken appropriate written advice from properly qualified and authorised financial advisers.	Yes, the Trustees are satisfied that this policy has been followed.	The Trustees reviewed the AVCs with Utmost Life (formerly Equitable Life), Clerical Medical and Legal & General. Following independent advice from Barnett Waddingham about whether the Aviva My Future Focus Funds were a suitable replacement for these AVCs, the Trustees made a bulk transfer of the AVCs to the Aviva Master Trust.
The Trustees will continue to manage AVC arrangements having taken professional advice on these matters.	Yes, the Trustees are satisfied that this policy has been followed.	The Trustees reviewed the AVCs with Utmost Life (formerly Equitable Life), Clerical Medical and Legal & General. Following independent advice from Barnett Waddingham about whether the Aviva My Future Focus Funds were a suitable replacement for these AVCs, the Trustees made a bulk transfer of the AVCs to the Aviva Master Trust.

## Overview of the Trustees' Voting and Engagement Policies

### Summary of Scheme Policies

The Trustees have delegated all aspects of monitoring the behavior of the investee companies to the individual Investment Managers who are, in the Trustees' opinion, best placed to make judgments and to engage in dialogue with the underlying issuers.

Stewardship refers to the responsible allocation and management of capital to create long-term value and sustainable benefits for the economy, the environment and society.

All investment managers' approaches to stewardship and engagement are considered as part of the appointment and ongoing review process.

The Trustees' stewardship policy includes:

- The Trustees expect their Investment Managers to practice good stewardship. This includes monitoring, engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.
- The Trustees' Investment Adviser assesses the ability of each Investment Manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustees on an annual basis covering how the Investment Managers have acted in line with this policy.
- When selecting, monitoring and de-selecting Investment Managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.
- Engagement with relevant persons includes the exercise of rights (including voting rights) attaching to the Scheme's equity investments, which are exercised by the Investment Managers of the Scheme. The Trustees monitor and disclose the voting records of its managers on a regular basis.

The Trustees' ability to influence Investment Managers' voting and stewardship activities will depend on the nature of the investments held. As the majority of the Scheme's assets are invested in pooled funds, where the Trustees hold units in a fund rather than having any direct ownership rights over the underlying assets, the Trustees have limited scope to influence managers' voting and stewardship activities. However, the Trustees do take stewardship into account when selecting, monitoring, and retaining their Investment Managers.

Following the Reporting Period, the Trustees have adopted an updated Stewardship Policy which outlines their approach to voting and engagement and the Trustees' key stewardship themes of Climate Change and Market Abuse & Consumer Treatment. Further detail can be found in the Scheme's SIP.

### ***Summary of how the Scheme's investment managers have voted***

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. As such, during the period, voting is only relevant for mandates held with Prudential in the Hybrid section, and LGIM in the DC section (note that given the Schroders Volatility Controlled Equity Fund consists of derivatives, the manager does not have voting rights). As the holdings are made via pooled funds, where the Investment Manager is responsible for voting and engagement on the underlying assets rather than the Trustees, the Trustees' ability to influence voting activities undertaken is limited.

### **Voting Behaviour**

The Scheme invests in pooled fund arrangements and, as such, it is not necessary for managers to consult with the Trustees before voting. However, as part of its wider due diligence of the implementation of investment strategies, the Trustees request the managers to produce information that demonstrate the manager is exercising good stewardship.

The Trustee's Investment Adviser circulated voting information templates to the Scheme's relevant Investment Managers, who then directly filled these in (unless explicitly stated otherwise). **References to "we", "us" and "our" in these sections refer to the relevant Investment Manager, rather than the Trustees.** Under the 'Most significant vote(s)' section for each manager below, only a maximum sample of three significant votes for the Hybrid section and one significant vote for the DC section have been included per fund, due to the large number of relevant funds the Scheme holds.

### **Hybrid Section**

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<b>Voting criteria</b>	<b>Prudential</b>
Value of trustees' assets (as at 31 <sup>st</sup> March 2023)	£47.2m
Number of holdings at period end	c.10,000
No of meetings eligible to vote during the period	5,771
No of resolutions eligible to vote during the period	65,638
% of resolutions voted	98%
% of resolutions voted with management	92%
% of resolutions voted against management	7%
% of resolutions abstained	1%
% of meetings with at least one vote against management	38%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	0.6%
Any use of proxy voting services during the period	Yes (ISS and Investment Association)

**Most significant votes**

**Prudential**

	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	Microsoft Corporation	Seven & i Holdings Co., Ltd.	Toyota Motor Corp.
Summary of resolution(s)	Report on Risks of Operating in Countries with Significant Human Rights Concerns.	1) Elect Director Isaka, Ryuichi 2) Elect Director Nominee Natori, Katsuya	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement
How manager voted	For	1) Against 2) Against	Against
Where manager voted against management, did the manager communicate intent to company ahead of vote?	No	No	No
Rationale (brief) for voting decision	Given the expansion of data centres, additional disclosures around human rights risks would benefit shareholders.	1) Concern over performance in the role 2) Dissident nominee not supported	Concern over enshrining requirement in the company's articles.
Outcome of vote	Failed	1) Passed 2) Failed	Failed

**Consumers' Association Pension and Employee Benefit Scheme  
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	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	Prudential were unable to provide any substantive comments.	Prudential were unable to provide any substantive comments	Prudential were unable to provide any substantive comments
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	Vote against management, size of holding in the fund/mandate.	Size of holding in the fund/mandate.	Vote related to Environmental/Social matters, size of holding in the fund/mandate.

### DC Section

The Scheme's DC assets are invested in a number of different blended funds which contain underlying LGIM equity funds. The following tables outline the voting statistics for each of these LGIM funds. There are 15 funds in total.

<b>Voting criteria</b>	<b>World (ex UK) Developed Equity Index Fund*</b>	<b>MSCI World Small Cap ESG Exclusions Fund</b>	<b>Global Real Estate Equity Index Fund</b>
Number of holdings at period end	2,376	3,996	359
No of meetings eligible to vote during the period	2,223	4,088	413
No of resolutions eligible to vote during the period	28,133	43,857	4,353
% of resolutions voted	99.83%	99.76%	99.66%
% of resolutions voted with management	76.82%	74.01%	78.58%
% of resolutions voted against management	23.04%	25.85%	21.42%
% of resolutions abstained	0.14%	0.13%	0.00%
% of meetings with at least one vote against management	82.00%	85.01%	70.46%



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% of resolutions where manager voted contrary to recommendation of proxy adviser?	16.83%	17.35%	16.60%
Any use of proxy voting services during the period	ISS's 'ProxyExchange'		

\*The Scheme is also invested in a GBP currency hedged share class of this fund which has identical voting data.

<b>Voting criteria</b>	<b>Private Equity Passive Fund</b>	<b>World Emerging Markets Equity Index Fund</b>	<b>Asia Pacific (ex Japan) Developed Equity Index Fund*</b>
Number of holdings at period end	63	1,795	525
No of meetings eligible to vote during the period	93	4,238	461
No of resolutions eligible to vote during the period	851	33,716	3,279
% of resolutions voted	100.00%	99.89%	100.00%
% of resolutions voted with management	75.44%	80.09%	74.93%
% of resolutions voted against management	24.56%	19.01%	25.07%
% of resolutions abstained	0.00%	0.90%	0.00%
% of meetings with at least one vote against management	73.12%	54.32%	74.40%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	14.81%	7.41%	16.10%
Any use of proxy voting services during the period	ISS's 'ProxyExchange'		

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\*The Scheme is also invested in a GBP currency hedged shareclass of this fund which has identical voting data.

<b>Voting criteria</b>	<b>Japan Equity Index Fund - GBP Currency Hedged</b>	<b>Europe (ex UK) Equity Index Fund*</b>	<b>North America Equity Index Fund*</b>
Number of holdings at period end	818	396	606
No of meetings eligible to vote during the period	514	542	645
No of resolutions eligible to vote during the period	6,103	9,556	8,731
% of resolutions voted	100.00%	99.73%	99.75%
% of resolutions voted with management	88.01%	80.62%	65.44%
% of resolutions voted against management	11.99%	18.97%	34.56%
% of resolutions abstained	0.00%	0.41%	0.00%
% of meetings with at least one vote against management	71.01%	81.89%	97.83%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	9.78%	10.71%	28.98%
Any use of proxy voting services during the period	ISS's 'ProxyExchange'		

\*The Scheme is also invested in a GBP currency hedged shareclass of this fund which has identical voting data.

<b>Voting criteria</b>	<b>UK Equity Index Fund</b>	<b>Ethical UK Equity Index Fund</b>
Number of holdings at period end	521	216

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No of meetings eligible to vote during the period	709	251
No of resolutions eligible to vote during the period	10,462	4,532
% of resolutions voted	99.80%	99.54%
% of resolutions voted with management	94.38%	94.86%
% of resolutions voted against management	5.59%	5.08%
% of resolutions abstained	0.03%	0.07%
% of meetings with at least one vote against management	40.03%	42.57%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	4.63%	4.28%
Any use of proxy voting services during the period	ISS's 'ProxyExchange'	

\*The Scheme is also invested in a GBP currency hedged shareclass of this fund which has identical voting data.

**Most significant votes**

**LGIM World (ex UK) Developed Equity Index Fund**

	Significant vote
Company name	JPMorgan Chase & Co.
Date	16-May-2023
Summary of resolution	Resolution 9 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets
How manager voted	For (Against Management Recommendation)

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	Significant vote
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
Rationale (brief) for voting decision	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
Outcome of vote	Fail
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with the company and monitor progress.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.

**LGIM World (ex UK) Developed Equity Index Fund- GBP Currency Hedged**

The currency hedged version of this fund has identical voting information as the non-currency hedged share class above.

**MSCI World Small Cap ESG Exclusions Fund**

	Significant vote
Company name	Nutanix, Inc.
Date	08-December-2023
Summary of resolution	Resolution 1b - Elect Director Steven J. Gomo
How manager voted	Against
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale (brief) for voting decision	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board.
Outcome of vote	Pass

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	Significant vote
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	Thematic - Diversity: LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

**LGIM Global Real Estate Equity Index Fund**

	Significant vote
Company name	Realty Income Corporation
Date	23-May-2023
Summary of resolution	Resolution 1h - Elect Director Michael D. McKee
How manager voted	Against (against management recommendation)
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale (brief) for voting decision	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Independence: A vote against is applied as LGIM expects the Chair of the Board to have served on the board for no more than 15 years and the board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
Outcome of vote	Pass
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with the company and monitor progress.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors.

**LGIM Private Equity Passive Fund**

	Significant vote
Company name	Chrysalis Investments Limited
Date	15-March-2024
Summary of resolution	Re-elect Anne Ewing as Director
How manager voted	For

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	Significant vote
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics
Rationale (brief) for voting decision	A vote for the re-election of Anne Ewing is warranted, although it is not without concern because: she is the Chair of the Nomination Committee who is considered to be accountable for board diversity. Currently, the Board does not meet the diversity targets of the revised Listing Rules and the Company has not directly addressed compliance in terms of the Listing Rules' diversity reporting targets. The main reason for support is her presence on the Board contributes to the Company's gender diversity at Board level.
Outcome of vote	Pass
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

**LGIM World Emerging Markets Equity Index Fund**

	Significant vote
Company name	Sasol Ltd.
Date	19-January-2024
Summary of resolution	Approve Climate Change Report
How manager voted	Against
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale (brief) for voting decision	Climate change: A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.
Outcome of vote	Pass
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

**Consumers' Association Pension and Employee Benefit Scheme  
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	Significant vote
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be “significant”?	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

**LGIM Asia Pacific (ex Japan) Developed Equity Index Fund**

	Significant vote
Company name	Westpac Banking Corp.
Date	14-December-2023
Summary of resolution	Resolution 5 - Approve Westpac Climate Change Position Statement and Action Plan
How manager voted	Against
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale (brief) for voting decision	Climate change: A vote AGAINST this proposal is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While we positively note the company's net-zero commitments and welcome the opportunity to voice our opinion on the bank's climate transition plan, we highlight some concerns with the scope of targets and disclosures. In particular, the bank has not committed to establish science-based targets; and the sector policies notably on certain fossil fuels (such as unconventional oil and gas) and existing business relationships remains limited in scope. More specifically, the company's position on power generation is quite high level and particularly narrow in scope.
Outcome of vote	Pass
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be “significant”?	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

**Consumers' Association Pension and Employee Benefit Scheme  
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**LGIM Asia Pacific (ex Japan) Developed Equity Index Fund – GBP Currency Hedged**

The currency hedged version of this fund has identical voting information as the non-currency hedged share class above.

**LGIM Japan Equity Index Fund - GBP Currency Hedged**

	Significant vote
Company name	Toyota Motor Corp
Date	14-June-2023
Summary of resolution	Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement
How manager voted	For (against management recommendation)
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
Rationale (brief) for voting decision	LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. We acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, we believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, we expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. We believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.
Outcome of vote	Fail
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with the company and monitor progress.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	Pre-declaration and Thematic - Lobbying: LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, we expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.

**LGIM Europe (ex UK) Equity Index Fund – GBP Currency Hedged**

	Significant vote
Company name	TotalEnergies SE
Date	26-May-2023
Summary of resolution	Resolution 14 - Approve the Company's Sustainable Development and Energy Transition Plan



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	Significant vote
How manager voted	Against (against management recommendation)
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale (brief) for voting decision	Climate change: A vote against is applied. We recognize the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, we remain concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory.
Outcome of vote	N/A
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

**LGIM Europe (ex UK) Equity Index Fund – Currency Hedged**

The currency hedged version of this fund has identical voting information as the non-currency hedged share class above.

**LGIM North America Equity Index Fund**

	Significant vote
Company name	Amazon.com, Inc.
Date	24-May-2023
Summary of resolution	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps
How manager voted	For (Against Management Recommendation)
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
Rationale (brief) for voting decision	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.

**Consumers' Association Pension and Employee Benefit Scheme  
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	Significant vote
Outcome of vote	Fail
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with the company and monitor progress.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

**LGIM North America Equity Index Fund – GBP Currency Hedged**

The currency hedged version of this fund has identical voting information as the non-currency hedged share class above.

**LGIM UK Equity Index Fund**

	Significant vote
Company name	Glencore Plc
Date	26-May-2023
Summary of resolution	Resolution 19: Shareholder resolution "Resolution in Respect of the Next Climate Action Transition Plan"
How manager voted	For (Against Management Recommendation)
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM co-filed this shareholder resolution and pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, there was regular communication with the company ahead of the meeting.
Rationale (brief) for voting decision	In 2021, Glencore made a public commitment to align its targets and ambition with the goals of the Paris Agreement. However, it remains unclear how the company's planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario. Therefore, LGIM has co-filed this shareholder proposal (alongside Ethos Foundation) at Glencore's 2023 AGM, calling for disclosure on how the company's thermal coal production plans and capital allocation decisions are aligned with the Paris objectives. This proposal was filed as an organic escalation following our multi-year discussions with the company since 2016 on its approach to the energy transition.
Outcome of vote	29.2% (Fail)
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with the company and monitor progress.

**Consumers' Association Pension and Employee Benefit Scheme  
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	Significant vote
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be “significant”?	Pre-declaration and Engagement: LGIM considers this vote to be significant as LGIM co-filed this shareholder resolution as an escalation of our engagement activity, targeting some of the world’s largest companies on their strategic management of climate change.

**LGIM Ethical UK Equity Index Fund**

	Significant vote
Company name	Aviva Plc
Date	04-May-2023
Summary of resolution	Resolution 3 - Approve Climate-Related Financial Disclosure
How manager voted	For (in line with management recommendation)
Where manager voted against management, did the manager communicate intent to company ahead of vote?	N/A
Rationale (brief) for voting decision	Climate: A vote FOR is warranted, having reviewed the disclosures we consider the report is aligned with LGIM's climate expectations.
Outcome of vote	N/A
Implications of outcome – eg manager’s lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be “significant”?	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.