

**AVX LIMITED PENSION SCHEME**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 5 APRIL 2024**  
Scheme Registration Number: 10023435

**AVX Limited Pension Scheme**

**Annual Report for the year ended 5 April 2024**

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## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Trustees, Principal Employer and Advisers**

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##### **Trustees**

###### **Employer-nominated Trustees**

M H McCann - Chair  
N Birkett - Deputy Chair  
Dalriada Trustees Limited  
R J Lawrence

###### **Member-nominated Trustees**

S H Cunday  
P Fenwick  
W McIlmoyle

##### **Principal Employer**

Kyocera AVX Components Limited

##### **Scheme Actuary**

Simon Hall, F.I.A.  
Mercer Limited

##### **Independent Auditor**

Cooper Parry Group Limited

##### **Administrators**

Aptia UK Limited (from 1 January 2024)  
Mercer limited (until 31 December 2023)

##### **Investment Manager**

Mercer Global Investments

##### **Investment Custodian**

State Street Custodial Services (Ireland) Limited

##### **Additional Voluntary Contribution (AVC) Providers**

Prudential Assurance  
Phoenix Life and Pensions Limited  
Aviva Life & Pensions UK Limited

##### **Bank**

HSBC Bank plc

##### **Legal Adviser**

Burges Salmon

## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Trustees, Principal Employer and Advisers**

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#### **Contact for further information and complaints about the Scheme**

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## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Trustees' Report**

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##### **Introduction**

The Trustees of AVX Limited Pension Scheme (the Scheme) are pleased to present their report together with the audited financial statements for the year ended 5 April 2024. The Scheme is a defined benefit scheme.

The Scheme was closed to new entrants with effect from 1 April 1997. With effect from 30 September 2013 the defined benefit section of AVX Retirement Plan merged into AVX Limited Pension Scheme.

##### **Constitution**

The Scheme was established on 16 November 1987 and is governed by a definitive trust deed dated 20 September 1991, with subsequent amendments.

The Scheme is an occupational pension scheme established in the United Kingdom under trust and according to the law of England.

The registered address of the Scheme is Kyocera AVX Components Limited, Prospect House, 6 Archipalego, Lyon Way, Frimley, Surrey, GU16 7ER.

##### **Management of the Scheme**

###### **Trustees**

In accordance with the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006, members have the option to nominate and vote for Member-nominated Trustees.

The three Member-nominated Trustees (2023: three), as shown on page 1, are nominated by the members under the rules notified to the members of the Scheme to serve for a period of five years. They may be removed before the end of their five year term only by agreement of all the remaining Trustees, although their appointment ceases if they cease to be members of one of the pension plans of the Principal Employer, Kyocera AVX Components Limited.

In accordance with the trust deed, the Principal Employer, Kyocera AVX Components Limited, has the power to appoint and remove the other Trustees of the Scheme.

The current directors of Dalriada Trustees Limited are: S Ahmad, SL Ballantyne, AK Banister, L Coomber, GM Farmer, J Fish, RD Fogarty, JA Jones, B Galvin, AB Kennet, T Lukic, T Perrella, CJ Roberts, C Sidebottom, KS Stafford, V Vassou and CC Ward. BD Spence resigned with effect from 29 February 2024. B Galvin was appointed with effect from 1 March 2024. S Ahmad, SL Ballantyne, AK Banister, L Coomber, GM Farmer, J Fish, JA Jones, T Perrella, C Sidebottom and CC Ward were appointed with effect from 12 August 2024.

The directors of Dalriada Trustees Limited were appointed in accordance with that company's Memorandum and Articles of Association

The Trustees have met twice during the year (2023: two times).

###### **Statement of Trustees' Responsibilities**

The Statement of Trustees' Responsibilities is set out on page 17 and forms part of this Trustees' Report.

###### **Governance and risk management**

The Trustees have in place a business plan which sets out their objectives in areas such as administration, investment and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustees run the Scheme efficiently and serves as a useful reference document.

The Trustees have also focused on risk management. A risk register has been put in place which sets out the key risks to which the Scheme is subject along with the controls in place to mitigate these. This register is regularly reviewed and updated by the Trustees.

## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Trustees' Report**

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##### **Trustee knowledge and understanding**

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with scheme documentation. In March 2024, the Pensions Regulator published their new General Code of Practice to assist trustees on these matters, combining ten existing codes and introducing new obligations not covered by the existing codes, intending to improve scheme governance and administration.

##### **Principal Employer**

The Scheme is provided for all eligible employees of the Principal Employer whose registered address is Kyocera AVX Components Limited, Prospect House, 6 Archipalego, Lyon Way, Frimley, Surrey, GU16 7ER.

Following a merger, from 1 October 2021, AVX Limited changed its name in the UK to Kyocera AVX Components Limited, there will be no change to the Scheme name. Kyocera AVX Components Limited is a manufacturer and supplier of electronic components.

##### **Scheme Administrator**

On 1 January 2024, the Mercer Limited UK pension administration business was acquired by Aptia UK Limited. As a result, Aptia UK Limited is now the pension administration service provider for the Scheme.

##### **Financial development**

The financial statements on pages 21 to 32 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund decreased from £102,893,043 at 5 April 2023 to £97,626,377 at 5 April 2024.

The decrease shown above comprised net withdrawals from dealings with members of £4,279,285 together with net returns on investments of (£987,381).

**AVX Limited Pension Scheme**

**Annual Report for the year ended 5 April 2024**

**Trustees' Report**

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**Report on actuarial liabilities**

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

The most recent full actuarial valuation of the Scheme was carried out as at 5 April 2021. Updated valuations were performed on 5 April 2022 and 5 April 2023. These showed:

	Actuarial Valuation 5 April 2021	Actuarial Update 5 April 2022	Actuarial Update 5 April 2023
The value of Technical Provision was	£128.4 million	£122.4 million	£88.1 million
The value of assets was	£145.0 million	£141.5 million	£102.0 million
Percentage of Technical Provisions	112.9%	115.6%	115.8%

Note the actuarial updates as at 5 April 2022 and 5 April 2023 are an estimate only, and were prepared in advance of audited asset information being available. The figures calculated are not as accurate as those that would arise from a full actuarial valuation as some approximations have been made and individual member data has not been used (it is based on the membership data supplied for the 5 April 2021 actuarial valuation). An actuarial valuation as at 5 April 2024 is currently in progress.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles).

**Method**

The actuarial method to be used in the calculation of the technical provisions is the Accrued Benefit Method.

**Significant actuarial assumptions**

Principal actuarial assumptions for valuation as at 5 April 2021	
Discount interest rate:	1.35% p.a.
Future Retail Price inflation:	3.55% p.a.
Future Consumer Price inflation:	RPI less 1% pre 2030/ in line with RPI thereafter.
Pension increases in payment:	Derived from the RPI/CPI inflation assumptions above with adjustment for the caps and collars in place.
Mortality:	S3PA YoB tables ("standard" table for males and "middle" table for females) with CMI 2020 projection model with 1.75% p.a. long term improvements (Sk of 7.5).

## AVX Limited Pension Scheme

### Annual Report for the year ended 5 April 2024

#### Trustees' Report

#### Report on actuarial liabilities (continued)

The derivation of these key assumptions and an explanation of the other assumptions to be used in the calculation of the technical provisions are set out below.

Derivation of actuarial assumptions for valuation as at 5 April 2021	
Discount interest rate:	The discount rate used is a term structure derived from the yields on UK Government conventional gilt stocks appropriate to the date of each future cashflow (extrapolated for cash flows beyond the longest available yields) plus an additional 0.15% p.a. to reflect the allowance the Trustees have agreed for additional investment returns based on the investment strategy.
Future Retail Price inflation:	The assumption for the rate of increase in the Retail Price Index (RPI) will be a term structure derived from the difference between the yield on conventional and index-linked UK Government bonds at the date of each future cash flow (extrapolated for cashflows beyond the longest available bonds).
Future Consumer Price inflation:	The assumption for the rate of increase in the Consumer Price Index (CPI) will be derived from the RPI inflation assumption with an appropriate adjustment to recognise the difference between expectations of future RPI increases and future CPI increases. The adjustment will be reviewed at each valuation at the 5 April 2021 valuation the adjustment was a deduction of 1% p.a. until 2030 and in line with the RPI assumption thereafter.
Pension increases in payment:	Increases to pensions are assumed to be in line with the RPI/CPI inflation assumptions described above subject to caps/collars applying to the benefits as set out in the Scheme's governing documentation.
Mortality:	The mortality assumptions will be based on up-to-date information published by the Continuous Mortality Investigation (CMI) and National Statistics, making allowance for future improvements in longevity and the experience of the Scheme. The mortality tables are S3PA Year of Birth tables ("standard" tables for males and "middle" tables for females) with improvements based on the CMI 2020 projections model with a long term improvement rate of 1.75% p.a. and a smoothing parameter (sk) of 7.5. No weight is placed on 2020 data and the initial addition to mortality improvements parameter is 0.

#### GMP Equalisation

The High Court judgment on 26 October 2018 in respect of the equalisation of GMPs for the Lloyds Banking Group could have accounting implications for defined benefit pension schemes with unequal GMPs for members who were contracted out between 17 May 1990 and 5 April 1997. The ruling clarifies and confirms a legal obligation on scheme trustees to equalise GMPs through other scheme benefits. Equalisation includes backdating of benefit adjustments and related interest to 17 May 1990, subject to scheme rules which may have time limits on backdating. In November 2020, the High Court determined that historical transfers out are within the scope of GMP equalisation. Consequently, schemes are required to revisit individual transfer payments made since 17 May 1990 to check if any additional value is due as a result of GMP equalisation. Under FRS 102 and the Pension SORP the obligation in respect of backdating benefits and related interest should be recognised as a liability in pension scheme financial statements where material and it can be measured reliably (SORP:3.6.3). Details of the impact of this for the Scheme are detailed in note 23 on page 32 of the financial statements.

**AVX Limited Pension Scheme****Annual Report for the year ended 5 April 2024****Trustees' Report****Membership**

The membership movements of the Scheme for the year are given below:

	Pensioners	Members With Preserved Benefits	Total
At 6 April 2023	555	383	938
Adjustments	(1)	(1)	(2)
Retirements	23	(23)	-
Deaths	(18)	-	(18)
Spouses and dependants	5	-	5
Pensions commuted for cash	(1)	-	(1)
At 5 April 2024	<u>563</u>	<u>359</u>	<u>922</u>

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

Pensioners include 96 beneficiaries (2023: 96) receiving a pension.

The above pensioners include 6 (2023: 6) annuitants receiving a pension payment.

The adjustments included in the table above are membership movements that relate to the previous year but were not finalised until after the previous year end.

**Pension increases**

The following pension increases are disclosed as at 6 April 2023, as these reflect the pensions in payment during the year:

As at 6 April 2023, all pensions in payment to Tantalum members of the Scheme were increased as follows:

- 3.0% on pre 97 excess over Guaranteed Minimum Pension;
- 3.0% on post 1988 Guaranteed Minimum Pension;
- 5% on the post 1997 pension; and
- 2.5% on the post 6 April 2006 pension.

As at 6 April 2023, all pensions in payment to Varelco members of the Scheme were increased as follows:

- 5.0% on pre 97 excess over Guaranteed Minimum Pension;
- 3.0% on post 1988 Guaranteed Minimum Pension;
- 5.0% on the post 1997 pension; and
- 2.5% on the post 6 April 2006 pension.

As at 6 April 2023, all pensions in payment to ex-Retirement Plan members were increased as follows:

- 0.0% on benefits earned before 6 April 1997;
- 5% on the post 1997 pension; and
- 2.5% on the post 6 April 2006 pension.

No discretionary pension increase was awarded during the year.

**Calculation of transfer values**

Transfer values paid during the year were calculated and verified in the manner required by the Regulations made under Section 97 of the Pension Schemes Act 1993 and do not include discretionary benefits. None of the transfer values paid was less than the amount provided by the Regulations.

## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Trustees' Report**

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## **Investment management**

### **General**

The Trustees have delegated day-to-day management of the AVX Limited Pension Scheme's ("the Scheme") assets (excluding AVCs) to Mercer Limited ("Mercer"). The Scheme's assets are invested in multi-client collective investment schemes ("Mercer Funds"), domiciled in Ireland and managed by a management company (Mercer Global Investments Management Limited ("MGIM")). MGIM has appointed Mercer Global Investments Europe Limited ("MGIE") as investment manager of the Mercer Funds. MGIE is responsible for the selection, appointment, removal and monitoring of the underlying investment managers. The underlying investment managers have full discretion to buy and sell investments on behalf of the Scheme subject to constraints Mercer have agreed with the managers.

Mercer has been managing the Scheme's assets since 10 February 2016. On 18 May 2016, the Trustees implemented a de-risking strategy whereby the level of investment risk inherent in the Scheme's investment arrangements reduces as the Scheme's funding level improves. The Trustees agreed the way in which the investment risk should be reduced and have delegated the implementation of the de-risking strategy to Mercer. Mercer constructs portfolios of investments that are expected to maximise the return given the targeted level of risk. Following a review of the Scheme's investment strategy in March 2018, the Trustees implemented a diversified portfolio of equities in the Scheme's Growth Portfolio which included investments in Passive Global Equity (Hedged), Passive Global Equity - Fundamental Indexation (Hedged), Global Low Volatility Equity (Hedged), Global Small Cap Equity and Passive Emerging Markets Equity. This revised Growth Portfolio was implemented in July 2018. In December 2019, the Trustees transferred the allocation to Global Small Cap Equity into a currency hedged share class.

### **Investment principles**

The Trustees have produced a Statement of Investment Principles (the "SIP") to comply with the requirements of the Pensions Act 1995 and associated legislation including the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). The SIP is available at the following website:

[https://avxlimitedpensionscheme.com/pdfs/AVX\\_SIP-September\\_2023.pdf](https://avxlimitedpensionscheme.com/pdfs/AVX_SIP-September_2023.pdf)

The Trustees understand that taking some investment risk, with the support of the Sponsor, is necessary to improve the Scheme's current and ongoing solvency funding positions. The Trustees recognise that equity investment will bring increased volatility to the funding level, but in the expectation of improvements in the Scheme's funding level through equity outperformance of the liabilities over the long term.

The Trustees' objective is to invest the Scheme's assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest in the sole interest of the members and beneficiaries. Within this framework the Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed. The Trustees' primary objectives are as follows:

- To restore/retain the funding position of the Scheme on an ongoing basis to at least 100%.
- To ensure that it can meet its obligation to the beneficiaries of the Scheme.
- To pay due regard to the Company's interest in the size and incidence of contribution payments.
- To achieve a return on the total Scheme assets which is compatible with the level of risk considered appropriate.

The Trustees have set up a secondary objective of achieving full funding on a gilts +0.15% p.a. basis over a period of 10 years.

### **ESG, Stewardship, and Climate Change**

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

As noted above, the Trustees have appointed Mercer to act as discretionary investment manager in respect of the Scheme's assets and such assets are invested in a range of Mercer Funds managed by MGIE. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the 'investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.



## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Trustees' Report**

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#### **ESG, Stewardship, and Climate Change (continued)**

The United Nations' Sustainable Development Goals (SDGs) inform Mercer's long term investment beliefs and direct Mercer's and the Trustees thinking when it comes to converting systemic risks into transformational investment opportunities as outlined in Mercer's.

The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's and MGIE's investment processes and those of the underlying asset managers in the monitoring process. Mercer and MGIE are expected to provide reporting to the Trustees on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios.

The Trustees have also considered the Sponsors responsible investment policy, and note the alignment with Mercer's commitment to a target of net-zero absolute carbon emissions by 2050 for UK, European and Asian clients with discretionary portfolios and the majority of its multi-client, multi asset funds domiciled in Ireland.

Mercer undertake climate scenario modelling and stress testing on the Mercer multi sector funds used by the Plan, in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations. The results of the latest climate scenario modelling are within the TCFD compliant Climate Change Management Report. The findings of the modelling are integrated into the asset allocation and portfolio construction decisions, with portfolios increasingly aligned with a 2°C scenario, where consistent with investment objectives and for consistency with the Paris Agreement on Climate Change.

The Trustees recognise the conflict of interest which may arise in the context of responsible investment. Mercer and MGIE make investment decisions with the aim of improving long-term risk adjusted returns and assesses whether selected sub-investment managers have policies and procedures that manage conflicts in relation to stewardship. Sub-investment managers are required to report on any conflicts of interest and demonstrate that they have adhered to their conflicts of interest policies and reported any breaches.

#### **Member views**

Member views are currently not taken into account in the selection, retention and realisation of investments. However, the Trustees believe that the delegation of portfolio construction to mercer will lead to ESG considerations that are in the best interests of the Scheme as a whole.

#### **Implementation statement**

There is a requirement for most trust-based pension schemes to produce an annual Implementation Statement which covers the Scheme year. The Implementation Statement sets out how, and the extent to which, the Trustee has followed their SIP during the year, as well as details of any review of the SIP and an explanation of any changes made to the SIP during the year. The Scheme's Implementation Statement, covering the period 6 April 2023 to 5 April 2024, is set out in the appendices on pages 36 - 48 and from part of this Trustees' Report.

#### **Code of Best Practice**

The principles set out in the Code of Best Practice are high level principles which aid trustees in their investment and governance decision making. While they are voluntary, pension scheme trustees are expected to consider their applicability to their own scheme and report on a 'comply or explain' basis how they have used them.

The principles emphasise the essentials of investment governance, notably the importance of effective decision making, clear investment objectives and a focus on the nature of each scheme's liabilities. The principles also require that trustees include a statement of the scheme's policy on responsible ownership in the Statement of Investment Principles and report periodically to members on the discharge of these responsibilities.

The Trustees consider that their investment policies and their implementation are in keeping with these principles.

## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Trustees' Report**

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#### **Investment Report**

##### **Trustees' Policies With Respect To Arrangements With, and Evaluation Of The Performance and Remuneration of, Asset Managers and Portfolio Turnover Costs**

When engaging Mercer as discretionary investment manager to implement the Trustees' investment strategy outlined in section 3 of the SIP, the Trustees are concerned that, as appropriate and to the extent applicable, Mercer is incentivised to align its strategy and decisions with the profile and duration of the liabilities of the Scheme, in particular, long-term liabilities.

As Mercer manages the Scheme's assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, the Trustees accept that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds but the Trustees expect Mercer to manage the assets in a manner that is consistent with the Trustees' overall investment strategy as outlined in section 3 of the SIP. The Trustees have taken steps to satisfy themselves that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review.

Should Mercer fail to align its investment strategies and decisions with the Trustees' policies, it is open to the Trustees to disinvest some or all of the assets invested managed by Mercer, to seek to renegotiate commercial terms or to terminate Mercer's appointment.

As part of its review and appointment process, Mercer and MGIE assesses whether selected underlying assets managers have policies and procedures that are designed to manage conflicts in relation to stewardship. Asset managers are required to report on any conflicts of interest and demonstrate that they have adhered to their conflicts policy and reported any breaches.

To evaluate performance, the Trustees receive, and consider, investment performance reports produced on a quarterly basis, which presents performance information and commentary in respect of the Scheme's funding level and the Mercer Funds in which the Trustees are invested. Such reports have information covering fund performance for the previous three months, one-year, three years and since inception. The Trustees review the absolute performance and relative performance against a portfolio's and underlying investment manager's benchmark (over the relevant time period) on a net of fees basis. The Trustees' focus is on the medium to long-term financial and non-financial performance of Mercer and the Mercer Funds.

Neither Mercer nor MGIE make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by MGIE to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustees are, however, able to consider Mercer's and MGIE's assessment of how each underlying third party asset manager embeds ESG into their investment process and how the manager's responsible investment philosophy aligns with the Trustees' own responsible investment policy. This includes the asset managers policies on voting and engagement.

Section 9 of the SIP provides further details of the steps taken, and information available, to review the decisions made by managers, including voting history and the engagement activities of managers to identify decisions that appear out of line with a Mercer Fund's investment objectives or the objectives/policies of the Scheme.

Engagement activities will generally occur when Mercer, MGIE or the underlying asset managers have identified underperformance by a company, where the company has failed to meet accepted corporate practice, or where the company's conduct places in doubt its reputation and value. The issues addressed will generally focus on material ESG factors or business strategy issues — for example, mergers and acquisitions, capital structure and capital allocation, remuneration, climate change risk management and workforce management, including workforce diversity.

The asset managers are incentivised as they will be aware that their continued appointment by MGIE will be based on their success in meeting MGIE's expectations. If MGIE is dissatisfied then it will, where appropriate, seek to replace the manager.

The Trustees are long-term investors and are not looking to change their investment arrangements on an unduly frequent basis. However, the Trustees do keep those arrangements under review, including the continued engagement of Mercer using, among other things, the reporting described above.



## AVX Limited Pension Scheme

### Annual Report for the year ended 5 April 2024

#### Trustees' Report

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##### Trustees' Policies With Respect To Arrangements With, and Evaluation Of The Performance and Remuneration of, Asset Managers and Portfolio Turnover Costs (continued)

The Trustees monitor, and evaluate, the fees it pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives as outlined in section 3 of the SIP. Mercer's, and MGIE's, fees are based on a percentage of the value of the Scheme's assets under management which covers the design and annual review of the de-risking strategy, and investment management of the assets. In addition, the underlying third party asset managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance.

MGIE reviews the fees payable to third party asset managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Scheme. Mercer's, MGIE's, and the third party asset managers', fees are outlined in a quarterly investment strategy report prepared for the Trustees, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.

Details of all costs and expenses are included in the Mercer Funds' Supplements, the Report & Accounts and within the Scheme's annualized, MiFID II compliant Personalised Cost & Charges statement. The Scheme's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds

The Trustees do not have an explicit targeted portfolio turnover range, given the de-risking mandate, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.

#### Market Background

The second quarter of 2023 saw the orderly resolution of the second largest bank failure in US history and further distress among US regional banks, ongoing economic resilience, declining inflation, an equity rally led by seven stocks, and increased geopolitical tensions, including an attempted coup in Russia. Developed market central bank actions were mixed over the quarter, with some deciding to pause hiking interest rates, and others continuing to increase interest rates, but rhetoric remained hawkish. Headline inflation continued to slow and core inflation fell in most regions apart from the UK. Inflation expectations also continued to decline over the quarter. Inflation expectations also continued to decline over the quarter. US GDP growth estimates appear to have accelerated in the second quarter of 2023. China's economy expanded, largely due to favourable base effects but overall, the momentum has been weak, indicating subdued demand. The Japanese economy saw the strongest growth since the last quarter of 2020, on the back of strong exports growth. GDP growth has been modest for the Eurozone in Q2 2023. UK GDP is estimated to have increased in the second quarter of 2023.

US GDP growth accelerated in the third quarter of 2023. China's economy grew 4.9% (year-on-year) in Q3. Chinese policy makers remain committed to supporting the Chinese economy. Quarter on quarter GDP growth contracted in the eurozone in Q3 2023. UK GDP growth is estimated to have declined 0.1% in the third quarter of 2023.

The fourth quarter of 2023 started off with low expectations due to high long-term interest rates and renewed geopolitical tensions in the Middle East. Markets reached their lows near the end of October due to risk-off sentiment. However, in November, slowing inflation in the US and other regions raised hopes that interest rates may have peaked, thereby boosting investor confidence. Over the quarter, the US Federal Reserve kept rates unchanged, shifting towards a dovish tone. Inflation expectations also continued to decline over the quarter.

The first quarter of 2024 was characterised by a repricing of interest rate expectations, especially for developed market (DM) central banks. The timing of potential interest rate cuts by the US Federal Reserve, European Central Bank and Bank of England were pushed back to the second half of 2024 as growth and inflation data surprised to the upside. Despite rising bond yields, equity markets continued to rally driven by AI enthusiasm and strong corporate earnings. Japanese equities outperformed its peers on the back of solid earnings growth and a weaker yen. Emerging Market equities were held back by weakness in China, although Chinese equities did rally in the second half of the quarter.

#### Equity Markets

At a global level, developed markets as measured by the FTSE World index, returned 22.5%. Meanwhile, a return of 6.2% was recorded by the FTSE All World Emerging Markets index.

At a regional level, European markets returned 13.8% as indicated by the FTSE World Europe ex UK index. At a country level, UK stocks as measured by the FTSE All Share index returned 8.4%. The FTSE USA index returned 27.3% while the FTSE Japan index returned 22.3%. The considerable outperformance of UK equities is attributed to the index's large exposure to oil, gas and basic materials.

Equity market total return figures are in Sterling terms over the year 31 March 2024.

## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Trustees' Report**

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##### **Market background (continued)**

###### **Bonds**

UK Government Bonds as measured by the FTSE Gilts All Stocks Index, returns were flat, while long dated issues as measured by the corresponding Over 15 Year Index had a return of -4.6% over the year. Yields at the longer end of the nominal yield curve rose less than the shorter end but this was offset by the duration impact on the longer-dated gilt returns. The yield for the FTSE Gilts All Stocks index rose over the year from 3.7% to 4.2% while the Over 15 Year index yield rose from 3.8% to 4.3%.

The FTSE All Stocks Index-Linked Gilts index returned -5.0% with the corresponding over 15-year index exhibiting a return of -11.9%. The combination of falling inflation expectations and increasing nominal yields led to a sharp rise in real yields and underperformance of index-linked gilts relative to nominal gilt.

Corporate debt as measured by the ICE Bank of America Merrill Lynch Sterling Non-Gilts index returned 6.1%.

Bond market total return figures are in Sterling terms over the year to 31 March 2024.

###### **Property**

Over 12-month period to 31 March 2024, the MSCI UK All Property Index returned 0.3% in Sterling terms. Within the three main sectors of the UK Property market Retail and Industrial recorded positive returns over the period (retail: 1.1% ; industrial 5.8%) while office sector saw negative returns of -11.5%.

###### **Commodities**

The price of Brent Crude Oil rose 9.6% from \$79.76 to \$87.42 per barrel over the one-year period. Over the same period, the price of Gold rose 12.0% from \$ 1976.50 per troy ounce to \$2214.30.

The S&P GSCI Commodity Spot Index returned -0.7% over the one-year period to 31 March 2024 in Sterling terms.

###### **Currencies**

Over the 12-month period to 31 March 2024, Sterling appreciated by 2.2% against the US Dollar from \$1.24 to \$1.26. Sterling appreciated by 16.2% against the Yen from ¥ 164.56 to ¥ 191.19. Sterling appreciated against the Euro by 2.8% from €1.14 to €1.170 per the same period.

**AVX Limited Pension Scheme****Annual Report for the year ended 5 April 2024****Trustees' Report****Investment Performance to 31 March 2024**

Growth Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	Target (% p.a.)	Portfolio (% p.a.)	Target (% p.a.)	Portfolio (%)	Target (%)
Total Growth <sup>(a)</sup>	08/05/2016	9.7	10.3	6.6	6.9	19.9	21.6-

Matching Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (%)	B'mark (%)
Tailored Credit I <sup>(b)</sup>	08/03/2019	-1.3	-	-6.3	-	6.0	-
UK Long Gilts	22/09/2020	-15.7	-15.7	-14.6	-14.6	-4.7	-4.6
Inflation-Linked Bonds	08/03/2019	-5.9	-5.9	-12.2	-12.1	-6.8	-6.8
Nominal LDI Bonds	18/05/2016	1.7	1.8	-	-	-	-
UK Cash	31/01/2023	-	-	-	-	-	-

Total Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (%)	B'mark (%)
Total (Net of Fees) <sup>(c)</sup>	18/05/2016	1.5	-0.2	-8.4	-9.1	1.7	-2.3
Comparator	-	-	-	-	-	-	-
Composite Fund Benchmark	18/05/2016	1.1		-10.2		3.1	

Performance provided by State Street Fund Services (Ireland) Limited, Mercer estimates and Refinitiv.

Performance is in £ terms using unsprung returns for the underlying Mercer portfolios; gross of Mercer and net of underlying manager fees; gross of hedging fees (where applicable); net of all other expenses including custody and administration costs.

Where the since inception track record is less than one year, performance shown is cumulative and not annualize.

Total returns use official (sprung) prices. Where applicable, it includes performance of terminated mandates.

(a) Target is measured against Diversified equity benchmark.

(b) The portfolio is not managed relative to a benchmark index and instead aims to generate income sufficient to meeting investors' long dated liabilities by minimising the number of defaults and downgrades of underlying securities.

(c) Total returns are net of Mercer and of underlying manager fees; net of hedging fees (where applicable); net of all other expenses including custody and administration costs. Benchmark shown is the change in value of liabilities. Composite fund benchmark is a composite of relevant comparators for the underlying funds.

## AVX Limited Pension Scheme

### Annual Report for the year ended 5 April 2024

#### Trustees' Report

#### Asset Allocation as at 5 April 2024

The Scheme's assets allocations are listed in the tables below, which are divided between a "Growth" and a "Matching Portfolio".

Portfolio	Actual Asset Allocation				Target as at 5 April 2023
	Start of Year	End of Year	Start of Year	End of Year	
	(£m)	(£m)	(%)	(%)	
Total Growth	15.1	15.3	14.8	15.8	15.0
Total Matching	86.9	81.7	85.2	84.2	85.0
<b>Total</b>	<b>102.0</b>	<b>97.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Mercer. Based on official (swung) prices.

#### Growth Portfolio

Portfolio	Actual Asset Allocation			
	Start of Year	End of Year	Start of Year	End of Year
	(£m)	(£m)	(%)	(%)
Passive Global Equity (Hedged)	3.8	3.8	25.3	24.9
Passive Global Equity - Fundamental Indexation (Hedged)	3.8	4.0	25.2	26.0
Global Low Volatility Equity (Hedged)	3.1	3.0	20.6	19.9
Global Small Cap Equity (Hedged)	1.5	1.5	9.7	9.9
Passive Emerging Markets Equity	2.9	2.9	19.2	19.2
<b>Total Growth</b>	<b>15.1</b>	<b>15.3</b>	<b>100.0</b>	<b>100.0</b>

Source: Mercer. Based on official (swung) prices.

#### Matching Portfolio

Portfolio	Actual Asset Allocation			
	Start of Year	End of Year	Start of Year	End of Year
	(£m)	(£m)	(%)	(%)
UK Long Gilts	18.3	15.9	21.0	19.4
Inflation-Linked Bonds	35.2	34.4	40.5	42.1
Nominal LDI Bonds	0.3	-	0.4	
Tailored Credit I	30.6	30.5	35.2	37.3
Short Dated UK Gilts		1.0		1.2
UK Cash <sup>(a)</sup>	2.5		2.9	
<b>Total Matching</b>	<b>86.9</b>	<b>81.7</b>	<b>100.0</b>	<b>100.0</b>

Source: Mercer. Based on official (swung) prices.

(a) The Sub-Fund is authorised under the Money Market Fund Regulation as a VNAV Money Market Fund and is classified as a Standard Money Market Fund.

#### Custodial arrangements

State Street Custodial Services (Ireland) Limited is the custodian and administrator of the pooled Mercer funds that the Scheme invests in order to implement its investment strategy.

Where the Mercer funds invest in pooled funds, the portfolio of securities and cash which underlie the pooled fund units issued by the underlying investment managers are held by independent corporate custodians and are regularly audited by external auditors.

The custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodians' nominee companies, in line with common practice for pension scheme investments.

HSBC Bank plc was appointed by the Trustees as custodian of the cash held in connection with the administration of the Scheme.

## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Trustees' Report**

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##### **Basis of investment manager's fees**

The fee payable by the Scheme to Mercer Global Investments will, in aggregate, amount to 0.15% p.a. The Scheme will also pay variable sub-investment manager fees. These fees will be deducted from the account.

State Street Global Advisors charges fees quarterly based on an annual fixed charge of £1,000 plus variable rates bands of 0.100% to 0.275% on investment fund balances.

##### **The Pensions Regulator**

The Statutory body that regulates occupational pension schemes is the Pensions Regulator and it can be contacted at:

The Pensions Regulator  
Telecom House  
125 - 135 Preston Road  
Brighton  
BN1 6AF

Telephone: 0345 600 0707  
Email: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)  
Website: [www.thepensionregulator.gov.uk](http://www.thepensionregulator.gov.uk)

##### **Pensions tracing**

A pension tracing service is carried out by the Department for Work and Pensions. This service can be contacted as follows:

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

##### **The Money and Pensions Service**

The Money and Pensions Service can give you information about matters relating to workplace and personal pensions.

Money and Pension Services  
Hoborn Centre  
120 Holborn  
London  
EC1N 2TD  
Telephone: 01159 659570  
Email: [contact@maps.org.uk](mailto:contact@maps.org.uk)  
Website: <https://maps.org.uk>

##### **Pensions Ombudsman**

Any concerns connected with the Scheme should be referred to Helen McCann, Kyocera AVX Components Limited, Hillman's Way, Coleraine, Co Derry, BT52 2DA, who will try to resolve the problem as quickly as possible. Members and beneficiaries of pension schemes who have problems concerning their scheme which are not satisfied by the information or explanation given by the administrators or the Trustees can consult with the Pensions Ombudsman for them to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The address is:

The Office of the Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU  
Telephone: 0800 917 4487  
Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)  
Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

**AVX Limited Pension Scheme**

**Annual Report for the year ended 5 April 2024**

**Trustees' Report**

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**The Pension Protection Fund**

The Pension Protection Fund (PPF) was established to pay compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover PPF levels of compensation. The pension protection levy is one of the ways that the PPF funds the compensation payable to members of schemes that transfer to the PPF.

**Further information**

Further information about the Scheme is given in the explanatory booklet, dated April 1999, which is issued to all members.

**Approval**

The Trustees' Report on pages 3 to 16, and the Implementation Statement on pages 36 to 48, were approved by the Trustees and signed on their behalf by:

Signed by:

  
C866A9BB85AE40B.....

..... Trustee

DocuSigned by:

  
D710FD9DEB94CC.....

..... Trustee

31 October 2024

Date: .....

## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Statement of Trustees' Responsibilities**

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The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (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 the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

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

The Trustees are responsible under pensions legislation for preparing, maintaining 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 the Members.



**AVX Limited Pension Scheme****Annual Report for the year ended 5 April 2024****Independent Auditor's Report to the Trustees**

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**Independent Auditor's Report to the Trustees of AVX Limited Pension Scheme****Opinion**

We have audited the financial statements of the AVX Limited Pension Scheme for the year ended 5 April 2024 which comprise the fund account, the statement of net assets and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 5 April 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon and our auditor's statement about contributions. The Trustees are responsible for the other information contained within the annual report.

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



## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Independent Auditor's Report to the Trustees**

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#### **Other information (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 17, the Scheme's 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.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

Our assessment focussed on key laws and regulations the Scheme has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Pensions Act 1995 and United Kingdom Generally Accepted Accounting Practice.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Scheme and how the Scheme is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Scheme's control environment and how the Scheme has applied relevant control procedures, through discussions and sample testing of controls;
- obtaining an understanding of the Scheme's risk assessment process, including the risk of fraud;
- reviewing Trustee meeting minutes throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing the appropriateness of journal entries and other adjustments made.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

**AVX Limited Pension Scheme**  
**Annual Report for the year ended 5 April 2024**  
**Independent Auditor's Report to the Trustees**

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Use of our report**

This report is made solely to the 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.



COOPER PARRY GROUP LIMITED  
Statutory Auditor  
Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

01 November 2024  
Date: .....

**AVX Limited Pension Scheme****Annual Report for the year ended 5 April 2024****Financial Statements****Fund Account**

	<b>Note</b>	<b>2024 Total £</b>	<b>2023 Total £</b>
Employer contributions	4	<b>230,000</b>	230,000
Other income	5	<b>37,909</b>	14,207
		<b><u>267,909</u></b>	<b><u>244,207</u></b>
Benefits paid or payable	6	<b>(4,331,222)</b>	(3,826,376)
Payments to and on account of leavers	7	<b>-</b>	(234,203)
Administrative expenses	8	<b>(215,972)</b>	(216,162)
		<b><u>(4,547,194)</u></b>	<b><u>(4,276,741)</u></b>
<b>Net withdrawals from dealings with members</b>		<b><u>(4,279,285)</u></b>	<b><u>(4,032,534)</u></b>
<b>Returns on investments</b>			
Investment income	9	<b>3,411,512</b>	4,527,894
Change in market value of investments	10	<b>(4,542,670)</b>	(40,298,271)
Investment management expenses	11	<b>143,777</b>	184,643
<b>Net returns on investments</b>		<b><u>(987,381)</u></b>	<b><u>(35,585,734)</u></b>
<b>Net decrease in the fund during the year</b>		<b>(5,266,666)</b>	(39,618,268)
<b>Net assets at 6 April</b>		<b>102,893,043</b>	142,511,311
<b>Net assets at 5 April</b>		<b><u>97,626,377</u></b>	<b><u>102,893,043</u></b>

The notes on pages 23 to 32 form part of these financial statements.

**AVX Limited Pension Scheme**

**Annual Report for the year ended 5 April 2024**

**Financial Statements**

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**Statement of Net Assets available for benefits**

	Note	2024 Total £	2023 Total £
<b>Investment assets</b>			
Pooled investment vehicles	13	97,004,396	101,960,527
AVC investments	14	68,236	64,999
Other investment balances	15	283,420	646,726
<b>Total investments</b>	10	97,356,052	102,672,252
<b>Current assets</b>	20	504,430	465,084
<b>Current liabilities</b>	21	(234,105)	(244,293)
<b>Net assets at 5 April</b>		97,626,377	102,893,043

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 5 to 6 of the annual report and these financial statements should be read in conjunction with this report.

The notes on pages 23 to 32 form part of these financial statements.

The financial statements on pages 21 to 32 were approved by the Trustees and signed on their behalf by:

Signed by:

Helen McLann

C866A0B8B5AE40B.....

Trustee

DocuSigned by:

D110FBFDEDB946C.....

Trustee

31 october 2024

Date: .....

## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Notes to the Financial Statements**

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#### **1. Identification of the financial statements**

The Scheme is established as a trust under English law.

The Scheme was established to provide retirement benefits to certain groups of employees of Kyocera AVX Components Limited. The address of the Scheme's principal office is Prospect House, 6 Archipalego, Lyon Way, Frimley, Surrey, GU16 7ER.

The Scheme is a defined benefit scheme.

Enquiries should be addressed to the Trustees at the address shown on page 2.

#### **2. Basis of preparation**

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

The financial statements have been prepared on the going concern basis which the Trustees believe to be appropriate based on their expectations for a 12 month period from the date of approval of these financial statements which indicate that sufficient funds should be available to enable the Scheme to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due. Since the year end the employer has continued to make the required contributions as set out in the Schedule of Contributions.

#### **3. Accounting policies**

The principal accounting policies are set out below. Unless otherwise stated, they have been applied consistently year on year.

##### **3.1 Accruals concept**

The financial statements have been prepared on an accruals basis.

##### **3.2 Currency**

The Scheme's functional currency and presentational currency is Pounds Sterling (GBP).

##### **3.3 Contributions**

Employer additional contributions are accounted for in accordance with the agreement under which they are payable or, in the absence of an agreement, on a receipts basis.

##### **3.4 Transfers**

Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.

##### **3.5 Other income**

Income is accounted for in the period in which it falls due on an accruals basis.

##### **3.6 Payments to members**

Pensions in payment are accounted for in the period to which they relate.

Other benefits, and any associated tax liabilities, are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for on the later of the date of leaving, retirement or death and the date on which any option or notification is communicated to the Trustees. If there is no choice, they are accounted for on the date of retirement or leaving.

**AVX Limited Pension Scheme**

**Annual Report for the year ended 5 April 2024**

**Notes to the Financial Statements**

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**3.7 Administrative and other expenses**

Administrative expenses are accounted for in the period in which they fall due on an accruals basis.

Investment management expenses are accounted for in the period in which they fall due on an accruals basis.

**3.8 Investment income**

Income from pooled investment vehicles is accounted for when declared by the investment manager.

Receipts from annuity policies are accounted for as investment income on an accruals basis.

**3.9 Change in market value of investments**

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

**3.10 Valuation of investments**

Investments are included at fair value as follows:

The market value of pooled investment vehicles is based on the bid price operating at the year end, as advised by the investment manager.

The AVC investments include policies of assurance. The market value of these policies has been taken as the surrender values of the policies at the year end, as advised by the AVC providers.

**4. Contributions**

	2024 Total £	2023 Total £
<b>Employer contributions:</b>		
Additional	<u>230,000</u>	<u>230,000</u>

The Employer will pay an allowance of £230,000 p.a. to cover the administrative and other expenses incurred by the Trustees in the running of the Scheme. The contributions shall be paid monthly.

**5. Other income**

	2024 Total £	2023 Total £
Interest on cash deposits held by the Trustees	<u>37,909</u>	<u>14,207</u>

**6. Benefits paid or payable**

	2024 Total £	2023 Total £
Pensions	3,544,984	3,403,911
Commutation of pensions and lump sum retirement benefits	764,516	398,174
Lump sum death benefits	21,722	24,291
	<u>4,331,222</u>	<u>3,826,376</u>

**AVX Limited Pension Scheme****Annual Report for the year ended 5 April 2024****Notes to the Financial Statements****7. Payments to and on account of leavers**

	<b>2024</b>	2023
	<b>Total</b>	Total
	<b>£</b>	£
Individual transfers out to other schemes	<u>-</u>	<u>234,203</u>

**8. Administrative expenses**

	<b>2024</b>	2023
	<b>Total</b>	Total
	<b>£</b>	£
Administration fees	<b>87,545</b>	100,674
Pension consultancy and actuarial	<b>109,078</b>	93,211
Trustee fees	<b>11,200</b>	11,200
Scheme levies	<b>7,445</b>	10,377
Bank charges paid	<b>660</b>	660
Miscellaneous expenses	<b>44</b>	40
	<u><b>215,972</b></u>	<u>216,162</u>

The audit fees of £9,000 for 2024 (2023: £8,350) are met by the Employer. Pension consultancy and actuarial fees have increased during the year as compared to prior year due to an increase in monthly invoices.

**9. Investment income**

	<b>2024</b>	2023
	<b>Total</b>	Total
	<b>£</b>	£
Income from pooled investment vehicles	<b>3,389,448</b>	4,504,340
Annuity income	<b>22,064</b>	23,554
	<u><b>3,411,512</b></u>	<u>4,527,894</u>

Income from pooled investment vehicles includes distribution income from the Mercer UK Credit Fund, Mercer Tailored Credit Fund I and the Mercer Sterling Nominal LDI Bond Fund.

**10. Reconciliation of investments**

	Market value at 6 April 2023 £	Cost of investments purchased £	Proceeds of sales of investments £	Change in market value £	Market value at 5 April 2024 £
Pooled investment vehicles	101,960,527	13,801,740	(14,211,964)	(4,545,907)	<b>97,004,396</b>
AVC investments	64,999	-	-	3,237	<b>68,236</b>
	<u>102,025,526</u>	<u>13,801,740</u>	<u>(14,211,964)</u>	<u>(4,542,670)</u>	<u><b>97,072,632</b></u>
Other investment balances	646,726			-	<b>283,420</b>
	<u>102,672,252</u>			<u>(4,542,670)</u>	<u><b>97,356,052</b></u>

**10.1 Transaction costs**

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

**AVX Limited Pension Scheme****Annual Report for the year ended 5 April 2024****Notes to the Financial Statements****11. Investment management expenses**

	<b>2024</b>	2023
	<b>Total</b>	Total
	<b>£</b>	£
Fee rebates	<b>(143,777)</b>	(184,643)

The total of the negative fee rebates £143,777 (2023: £184,643) relates to the investments managed by Mercer Global Investments.

**12. Taxation**

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

**13. Pooled investment vehicles**

	<b>2024</b>	2023
	<b>Total</b>	Total
	<b>£</b>	£
Equities	<b>15,288,020</b>	15,101,817
Bonds	<b>81,716,376</b>	84,366,932
Cash	<b>-</b>	2,491,778
	<b>97,004,396</b>	101,960,527

The pooled investments are held in the name of the Scheme. Income generated by these units are not distributed, but reflected in the market value of the units, with the exception of the income distributions received for the Mercer UK Credit Fund, Mercer Tailored Credit Fund I and the Mercer Sterling Nominal LDI Bond Fund, as detailed in note 9.

The company managing the pooled investments is registered in the United Kingdom.

**14. AVC investments**

The Trustees hold assets which are separately invested from the main fund in the form of individual policies of assurance. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to 5 April each year, confirming the amounts held to their account and the movements during the year.

The total amount of AVC investments at the year end is shown below:

	<b>2024</b>	2023
	<b>Total</b>	Total
	<b>£</b>	£
Prudential Assurance	<b>37,516</b>	35,762
Phoenix Life and Pensions Limited	<b>8,489</b>	7,840
Aviva Life & Pensions UK Limited	<b>22,231</b>	21,397
	<b>68,236</b>	64,999

**15. Other investment balances**

	<b>Assets</b>	<b>Liabilities</b>	<b>2024</b>	<b>Assets</b>	<b>Liabilities</b>	<b>2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investment income receivable	<b>283,420</b>	<b>-</b>	<b>283,420</b>	646,726	<b>-</b>	646,726



**AVX Limited Pension Scheme****Annual Report for the year ended 5 April 2024****Notes to the Financial Statements****16. Fair value hierarchy**

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

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities which the reporting entity can access at the assessment dates.
Level 2	Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs which reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.
Level 3	Unobservable inputs for the asset or liability. Unobservable inputs are inputs which reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

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

The Scheme's investment assets fall within the above hierarchy as follows:

	<b>2024</b>	<b>2024</b>	<b>2024</b>	<b>2024</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Pooled investment vehicles	-	97,004,396	-	97,004,396
AVC investments	-	-	68,236	68,236
Other investment balances	283,420	-	-	283,420
	<u>283,420</u>	<u>97,004,396</u>	<u>68,236</u>	<u>97,356,052</u>

Analysis for the prior year end is as follows:

	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Pooled investment vehicles	-	101,960,527	-	101,960,527
AVC investments	-	-	64,999	64,999
Other investment balances	646,726	-	-	646,726
	<u>646,726</u>	<u>101,960,527</u>	<u>64,999</u>	<u>102,672,252</u>

## AVX Limited Pension Scheme

### Annual Report for the year ended 5 April 2024

#### Notes to the Financial Statements

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#### 17. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Scheme is exposed at the end of the reporting period: this is set out in the revised Statement of Recommended Practice (SORP), published in July 2018.

All risk disclosures are based on Mercer's interpretation of guidance issued by the Pensions Research Accountants Group (PRAG). For further information on all Mercer funds, please refer to the audited fund financial statements.

The risks set out by FRS 102 for disclosure are as follows:

**Market risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, each of which is further detailed as follows:

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

**Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Scheme has exposure to the above risks through the assets held to implement its investment strategy. The investment strategy has been designed to balance the risk and return while allowing the Scheme to achieve its objectives.

The Trustees have taken the step to reduce investment risk within their portfolio by implementing a de-risking strategy whereby the level of investment risk inherent in the Scheme's investment arrangements will reduce further as the Scheme's funding level improves. The Trustees agreed the way in which the investment risk should be reduced and have delegated the implementation of the de-risking strategy to Mercer. The de-risking strategy comprises funding level triggers which are monitored daily by Mercer. When a pre agreed trigger level is breached, Mercer opportunistically switches the assets from the Growth Portfolio to the Matching Portfolio. Mercer constructs portfolios of investments that are expected to maximise the return given the targeted level of risk.

The investment objectives and risk limits of the Scheme are further detailed in the SIP. Further information on the Trustees' approach to risk management, credit and market risk is set out below.

##### (i) Investment Strategy

The investment objective of the Scheme 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 Scheme payable under the Trust Deed and Rules as they fall due. The investment strategy is agreed by the Trustees, taking into account considerations such as the strength of the Employer covenant, the long-term liabilities of the Scheme and the Recovery Plan agreed with the Employer. The key decision is the split between the Growth and Matching Portfolios in the investment strategy. More details on the investment strategy are set out in the SIP.

The Scheme's current target investment strategy is as follows:

- 85.0% in investments that share characteristics with the long-term liabilities of the Scheme, referred to as the Matching Portfolio. The Matching Portfolio is invested in assets including government and corporate bonds as well as funds incorporating derivative instruments to hedge the impact of interest rate movements and inflation expectations on the long term liabilities.
- 15.0% in investments that seek to generate a return above the liabilities, referred to as the Growth Portfolio. The Growth Portfolio is currently invested in global developed market and emerging market equities.
- 80.0% currency hedge ratio within the Growth Portfolio. This is achieved through a currency hedging policy using currency hedging derivatives such as forwards and swaps within the various Growth Portfolio's Mercer Funds held. Please note that additional currency risk may arise when underlying managers take active currency positions or from allocations to fixed income assets denominated in non-sterling currencies.

## AVX Limited Pension Scheme

### Annual Report for the year ended 5 April 2024

#### Notes to the Financial Statements

#### 17. Investment risks (continued)

The actual allocations will vary from the above due to market price movements, dynamic asset allocation decisions, trigger breaches and intervals between rebalancing the portfolio.

##### Financial Risk Breakdown

The following table summarises the extent to which the various asset classes of investments are affected by financial risks. Since the assets are all invested in pooled funds as opposed to being held on a direct basis, the risks are referred to as indirect:

Fund	Portfolio	Indirect Currency Risk	Indirect Interest Rate Risk	Indirect Credit Risk	Indirect Other Price Risk
Passive Global Equity CCF (Hedged)	Growth	X	X		X
Passive Global Equity - Fundamental Indexation (Hedged)	Growth	X	X		X
Global Low Volatility Equity	Growth	X	X		X
Global Small Cap Equity	Growth	X	X		X
Passive Emerging Markets Equity	Growth	X	X		X
Tailored Credit I	Matching		X	X	
UK Long Gilts	Matching		X		
Inflation-Linked Bonds	Matching		X		X
Nominal LDI Bonds	Matching		X		
UK Cash	Matching		X	X	

Growth Portfolio				
	Type of risk	( £ m )	% Growth	% Total Assets
Start of Year	Indirect Currency Risk	15.1	100.0%	14.8%
	Indirect Interest Rate Risk	15.1	100.0%	14.8%
	Indirect Credit Risk	0.0	0.0%	0.0%
	Indirect Other Price Risk	15.1	100.0%	14.8%
End of Year	Indirect Currency Risk	15.3	100.0%	15.8%
	Indirect Interest Rate Risk	15.3	100.0%	15.8%
	Indirect Credit Risk	0.0	0.0%	0.0%
	Indirect Other Price Risk	15.3	100.0%	15.8%

Matching Portfolio				
	Type of Risk	( £ m )	% Matching	% Total Assets
Start of Year	Indirect Currency Risk	0.0	0.0%	0.0%
	Indirect Interest Rate Risk	86.9	100.0%	85.2%
	Indirect Credit Risk	33.1	38.1%	32.4%
	Indirect Other Price Risk	35.2	40.5%	34.5%
End of Year	Indirect Currency Risk	1.0	1.2%	1.0%
	Indirect Interest Rate Risk	81.7	100.0%	84.2%
	Indirect Credit Risk	31.4	38.5%	32.4%
	Indirect Other Price Risk	35.4	43.3%	36.5%

## AVX Limited Pension Scheme

### Annual Report for the year ended 5 April 2024

#### Notes to the Financial Statements

#### 17. Investment risks (continued)

##### (ii) Market risk

##### a. Currency risk

Indirect currency risk arises from the Scheme's investment in sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currency. To control this risk, a strategic target currency hedge ratio of 80.0% has been set for the Growth portfolio. Currency risk is not undertaken where the costs of hedging are excessive or the currency exposure is expected to be rewarded by return.

##### b. Interest rate risk

The Scheme's Growth and Matching Portfolios are subject to indirect interest rate risk because some of the Scheme's investments are held in pooled funds which comprise bonds, Gilt repurchase agreements and cash.

The Trustees hold assets under Matching portfolio as part of their LDI investment strategy. Under this strategy, Indirect interest rate risk exposures within the Growth portfolio are expected to be rewarded with return. Indirect interest rate risk within the Matching portfolio is used to protect the Scheme against the interest rate risk inherent in the Scheme's liabilities and thus help control funding volatility.

##### c. Other price risk

Other price risk arises principally in relation to the Scheme's Growth Portfolio and, specifically, the equity risk premium, and also in relation to the Matching portfolio which is exposed to inflation risk. The equity risk premium is expected to be rewarded with return whilst the inflation risk is used to protect the Scheme against the inflation risk inherent in the Scheme's liabilities. The benchmark set for investment in Growth Portfolio was 15.0% of the total investment portfolio as at 5 April 2024.

##### (iii) Credit risk

The Scheme's Growth and Matching Portfolio are subject to indirect credit risk.

Indirect credit risk largely relates to the Scheme holding of bond assets held within both the Growth and Matching portfolios. This credit risk is expected to be rewarded with an additional return over risk-free bond assets. Credit risk is managed diversification and active management of the bond assets.

The Scheme's holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustees manage and monitor the credit risk arising from its pooled investment arrangements by considering the nature of the pooled fund vehicles, the legal structure and regulatory environment.

Mercer is responsible to manage credit risk within the Scheme's Matching Portfolio and the Trustees review this periodically.

A summary of the pooled investment vehicles by type of arrangement is set out below.

Arrangement type	Start of Year (£m)	End of Year (£m)
Open ended investment companies	94.3	89.2
Common Contractual Funds	7.6	7.8
<b>Total</b>	<b>102.0</b>	<b>97.0</b>

#### 18. Concentration of investments

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

	2024		2023	
	£	%	£	%
Mercer UK Inflation-Linked Bond Fund	34,393,167	35.2	35,205,098	34.2
Mercer Tailored Credit Fund	30,450,205	31.2	30,559,875	29.7
Mercer UK Long Gilt Fund	15,890,980	16.3	18,258,099	17.7

#### 19. Employer-related investments

There was no employer-related investment as at 5 April 2024 (2023: £Nil).

**AVX Limited Pension Scheme****Annual Report for the year ended 5 April 2024****Notes to the Financial Statements**

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**20. Current assets**

	<b>2024</b>	2023
	<b>Total</b>	Total
	<b>£</b>	£
Contributions due from the employer in respect of:		
- Employer	<b>19,167</b>	-
Pensions paid in advance	<b>40,718</b>	-
Cash deposits held	<b>444,545</b>	465,084
	<b>504,430</b>	465,084

The cash deposits held as at 5 April 2024 represent the balance held with the HSBC Bank plc.

**21. Current liabilities**

	<b>2024</b>	2023
	<b>Total</b>	Total
	<b>£</b>	£
Reimbursement of pensions received in advance	<b>1,495</b>	570
Lump sums on retirement payable	-	90,873
Death benefits payable	-	811
Taxation payable	<b>51,350</b>	38,896
Administrative expenses payable	<b>181,260</b>	113,143
	<b>234,105</b>	244,293

**22. Related party transactions****(a) Key management personnel of the Scheme or its parent (in aggregate)**

R J Lawrence, P Fenwick, S H Cunday and W McIlmoyle were pensioners of the Scheme during the year.

R J Lawrence, P Fenwick and S H Cunday are being paid for services as Trustees. This is because they are Employer-nominated and Member-nominated Trustees who are no longer employed by the Company. The fees are met by the Scheme: S H Cunday £2,600 (2023: £2,600); P Fenwick £2,600 (2023: £2,600); and R J Lawrence 6,000 (2023: £6,000).

Dalriada Trustees Limited are paid for services as a Trustee. The fees for the year ended 5 April 2024 are met by the Employer £22,649 (2023: £21,551).

During the year the Employer paid out directly £9,000 as audit fees for the year ended 5 April 2024 (2023: £8,350).

**(b) Other related parties**

The Trustees and the Guarantor, AVX Corporation, have agreed that the Scheme will have the benefit of a guarantee from the Guarantor in respect of the liabilities of AVX Limited to the Scheme.

**AVX Limited Pension Scheme****Annual Report for the year ended 5 April 2024****Notes to the Financial Statements**

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**23. GMP Equalisation**

As explained on page 6 of the Trustees' report, on 26 October 2018, the High Court judgment on 26 October 2018 in respect of the equalisation of GMPs for the Lloyds Banking Group could have accounting implications for defined benefit pension schemes with unequal GMPs for members who were contracted out between 17 May 1990 and 5 April 1997. The ruling clarifies and confirms a legal obligation on scheme trustees to equalise GMPs through other scheme benefits. Equalisation includes backdating of benefit adjustments and related interest to 17 May 1990, subject to scheme rules which may have time limits on backdating. In November 2020, the High Court determined that historical transfers out are within the scope of GMP equalisation. Consequently, schemes are required to revisit individual transfer payments made since 17 May 1990 to check if any additional value is due as a result of GMP equalisation. Under FRS 102 and the Pension SORP the obligation in respect of backdating benefits and related interest should be recognised as a liability in pension scheme financial statements where material and it can be measured reliably (SORP:3.6.3). Based on an initial assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.



## **AVX Limited Pension Scheme**

### **Annual Report for the year ended 5 April 2024**

#### **Independent Auditor's Statement about Contributions to the Trustees**

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## **Independent Auditor's Statement about Contributions to the Trustees of AVX Limited Pension Scheme**

We have examined the Summary of Contributions to the AVX Limited Pension Scheme in respect of the Scheme year ended 5 April 2024 which is set out on page 34.

### **Qualified Statement about Contributions payable under the Schedule of Contributions**

In our opinion, except for the effects of the departure from the Schedule of Contributions referred to below, contributions for the Scheme year ended 5 April 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 01 February 2022

### **Basis for qualified Statement about Contributions**

The employer additional contributions due in respect of July 2023 was paid later than the due date stipulated in the Schedule of Contributions. Per the Schedule of Contributions, the contribution should have been received by the Scheme on or before the 19th of the following month to which it relates. The contribution was received on 24 August 2023. As such, this contribution was received 5 days later than the due date stipulated in the Schedule of Contributions.

### **Scope of work on Statement about Contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the 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 statement 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, made under the Pensions Act 1995. Our work on contributions has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in such 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 Schemes Trustees, as a body, for our work on contributions, for this statement, or for the opinions we have formed.



COOPER PARRY GROUP LIMITED  
Statutory Auditor  
Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

01 November 2024  
Date: .....

**AVX Limited Pension Scheme**  
**Annual Report for the year ended 5 April 2024**  
**Summary of Contributions**

During the year ended 5 April 2024, the contributions payable to the Scheme by the Employer were as follows:

	2024 Total £
Contributions payable under the Schedule of Contributions:	
Employer contributions:	
Additional	230,000
Contributions payable under the Schedule of Contributions (as reported on by the Scheme Auditor) and reported in the financial statements	230,000

Approved by the Trustees and signed on their behalf by:

Signed by:  
..... *Helen McLann* ..... Trustee  
C866A9B8B57E240B...

DocuSigned by:  
..... *[Signature]* ..... Trustee  
D110FDFDEDB94CC...

31 october 2024  
Date: .....



**AVX Limited Pension Scheme**  
**Annual Report for the year ended 5 April 2024**  
**Actuarial Certificate**

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**Certification of Schedule of Contributions**

**Adequacy of rates of contributions**

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions was met on 05 April 2021 and the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected on 5 April 2021 to continue to be met over the period covered by this Schedule of Contributions.

**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 January 2022.

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

Signature	<div>Simon Hall</div>
Scheme Actuary	<div>Simon Hall</div>
Qualification	<div>Fellow of the Institute and Faculty of Actuaries</div>
Date of signing	<div>1 February 2022</div>
Name of employer	<div>Mercer Limited</div>
Address	<div>Clarendon House 23 Clarendon Road Belfast BT1 3BG</div>

# Engagement Policy Implementation Statement for the Year Ended 5 April 2024

## AVX Limited Pension Scheme (“the Scheme”)

### 1. INTRODUCTION

The Engagement Policy Implementation Statement (known as the Statement) presents the Trustees' assessment of their adherence to their engagement policy and their policy concerning the exercise of rights (including voting rights) attaching to the Scheme's investments throughout the one-year period ending 5 April 2024 (the “Scheme Year”). The Trustees' policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in June 2023 in order to reflect the three year monitoring of the SIP as per regulations, but also the addition for the new investment strategy given the last funding level trigger was achieved in January 2023. A copy of the Trustees' SIP is available online and on request [here](#).

This Statement has been prepared in accordance with the *Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019* and the guidance published by the Department for Work and Pensions.

The Trustees have appointed Mercer Limited (Mercer) as the discretionary investment manager and the Scheme's assets are invested in a diverse range of specialised pooled funds (known as the Mercer Funds). The management of each of the Mercer Fund's assets is carried out by a Mercer affiliate, namely Mercer Global Investments Europe Limited (MGIE).

The relevant Mercer affiliate is responsible for the appointment and monitoring of a suitably diversified portfolio of specialist third party investment managers for the assets of each Mercer Fund.

Under these arrangements, the Trustees acknowledge that they do not possess direct authority over the engagement or voting policies and arrangements of the Mercer Funds' managers. Mercer's publicly available [Sustainability Policy](#) outlines how it addresses sustainability risks and opportunities, incorporating Environmental, Social and Corporate Governance (ESG) factors into the decision making across process. The [Stewardship Policy](#) provides further details on Mercer's beliefs and implementation of stewardship practices.

Mercer's Client Engagement Survey aims to integrate the Trustees' perspectives on specific themes by evaluating the alignment between Mercer's engagement priority areas and those of the Trustees. Additionally, the survey highlights areas of focus that hold importance to the Trustees. The Trustees regularly review reports from Mercer regarding the engagement and voting activities conducted within the Mercer Funds to assess the alignment of these with their own.

Section 2 of this Statement outlines the Trustees' engagement policy and evaluates the extent to which it has been followed during the Scheme Year.

Section 3 sets out the Trustees' policy regarding the exercising of rights (including voting rights) attached to the Scheme's investments. This Section also provides detailed information on the voting activities undertaken by third-party investment managers appointed within the Mercer Funds during the Scheme Year.

Considering the analysis presented in Sections 2 to 3, the Trustees believe that their policies with regard to engagement and the exercise of rights attaching to investments have been successfully followed during the Scheme Year.

## 2. TRUSTEES' POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE

### Policy Summary

The Trustees' ESG beliefs are outlined in Section 9 of the Scheme's SIP.

The Trustees regularly review Stewardship and Sustainability policies noted above. If the Trustees find that the relevant policies of Mercer, MGIE or the third party asset managers do not align with their own beliefs they will notify Mercer and consider disinvesting some or all of the assets held in the Mercer Funds. They may also seek to renegotiate commercial terms with Mercer.

The Pension Schemes Act 2021 introduced legislation requiring specified pension schemes to have effective governance, strategy, risk management, and accompanying metrics and targets for the assessment and management of climate risks and opportunities. This requirement is aligned with the Task Force on Climate-related Disclosures (TCFD) framework. The TCFD framework is a set of recommendations developed by an international task force established by the Financial Stability Board (FSB). The framework provides guidance for organizations to disclose climate-related financial information in a consistent and decision-useful manner. Occupational pension schemes with £5 billion or more in assets must comply with these requirements from 1 October 2021. Occupational pension schemes with £1 billion or more in assets must comply with these requirements from 1 October 2022.

In November, the Investment Consultant provided the Trustees with ESG training as part of the investment update.

### How the Policy has been implemented over the Scheme Year

The following work was undertaken during the year relating to the Trustees' policy on ESG factors, stewardship and climate change.

<p>The Trustees regularly review how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers within the Mercer Funds, in the monitoring process. Mercer, and MGIE, provide reporting to the Trustees on a regular basis.</p> <p>The <u>Mercer Sustainability Policy</u> is reviewed regularly. In August 2023 the governance section was updated, and the climate scenario modelling section is now detailed in the standalone Task Force on Climate Related Financial Disclosures (TCFD) <u>report</u>.</p>	<p>Mercer and the Trustees believe climate change poses a systemic risk, with financial impacts driven by two key sources of change:</p> <ol style="list-style-type: none"> <li>1. The physical damages expected from an increase in average global temperatures</li> <li>2. The associated transition to a low-carbon economy</li> </ol> <p>Each of these changes presents both risks and opportunities to investors. Mercer therefore considers the potential financial impacts at a diversified portfolio level, in portfolio construction within asset classes, and in investment manager selection and monitoring processes.</p>	<p>Stewardship and active ownership form an important part of Mercer's ratings framework applied during the manager research process.</p>
<p>In line with the requirements of the EU Shareholder Rights Directive II (SRD II), Mercer has implemented a standalone <u>Stewardship Policy</u> to specifically address the requirements of SRD II. SRD II is a regulatory framework aimed at enhancing shareholder rights and improving corporate governance within the European Union.</p>	<p>In early 2021, Mercer announced its aim to achieve net-zero absolute portfolio carbon emissions by 2050 for UK, European and Asian discretionary portfolios, and for the majority of its multi-client, multi-asset funds domiciled in Ireland. To achieve this, Mercer also established an expectation that portfolio carbon emissions intensity would reduce by 45% from 2019 baseline levels and is on track to achieve this. Mercer's approach to managing climate change risks is consistent with the framework recommended by the Financial Stability Board's Task Force on Climate related Financial Disclosures (TCFD), as described in the <u>Mercer Investment Solutions Europe - Responsible Investment website</u>.</p>	<p>These ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustees.</p>
<p>The most recent <u>UN Principles of Responsible Investment</u> results (based on 2022 activity) awarded Mercer with 4 out of 5 stars for Policy Governance and Strategy. The United Nations Principles for Responsible Investment (UN PRI) is a global initiative that provides a framework for incorporating environmental, social, and governance (ESG) factors into investment practices.</p>	<p>As of 31 December 2023, Mercer are on track to meet our long-term net zero portfolio carbon emissions expectation. There has been a notable 33% reduction over the 4 years since 2019 baseline levels for our Model Growth Portfolio used by most</p>	

signatory to the UK Stewardship Code, which represents best practice in stewardship.

of Mercer's DB client base, bringing the 45% baseline-relative reduction by 2030 well within range.

Approach to Exclusions

Mercer and MGIE's preference is to emphasise integration and stewardship approaches, however, in a limited number of instances, exclusions of certain investments may be necessary based on Mercer's Investment Exclusions Framework. Controversial weapons and civilian firearms are excluded from active equity and fixed income funds, and passive equity funds. In addition, tobacco companies and nuclear weapons are excluded from active equity and fixed income funds. Some funds have additional exclusions as outlined on the Mercer Investment Solutions Europe - Responsible Investment website.

In addition, Mercer and MGIE monitors for high-severity breaches of the UN Global Compact (UNGC) Principles that relate to human rights, labour, environmental and corruption issues.

Diversity

Mercer's ambition to promote diversity extends beyond its own business through to the managers it appoints. This is partly assessed within the manager research process and documented in a dedicated section within research reports.

Mercer considers broader forms of diversity in decision-making, but currently report on gender diversity. As of 1 April 2023, 35% of the Key Decision Makers (KDM's) within Mercer Investment Solutions team are non-male, and Mercer's long term target is 50%.

Within the Fixed Income universe, the average fund has 13% non-male KDM's and within the EMEA Active Equity universe, the average is 17%. Figures relating to Mercer Fixed Income and Active Equity Funds are currently slightly ahead or aligned, at 15% and 17%.

In Q3 2022, MGIE became a signatory of the UK Chapter of the 30% Club and helped to establish the Irish Chapter over 2023. The 30% Club is a business-led initiative that aims to increase gender diversity on corporate boards and in senior leadership positions



Engagement

**Engagement is an important aspect of Mercer's stewardship activities on behalf of the Trustees.** The 2023 Stewardship Report highlights the engagement objectives which have been set, examples of engagement and the escalation process. Mercer also participates in collaborative initiatives related to stewardship.

Mercer conducts an annual Global Manager Engagement Survey on sustainability and stewardship topics. The survey was distributed to over 200 managers appointed by the Mercer Funds. The survey aims to gather information on managers' broad approach to stewardship as part of their investment integration. It also seeks insights and examples of voting and engagement activities. The results from the survey serve as an important source of information for tracking and measuring the managers' stewardship efforts, assessing effectiveness and identifying potential areas for improvement.

The results and insights from the survey will be shared in Mercer's Annual Stewardship Report. This report is available on request to the Trustees which would provide them with valuable information on the managers' stewardship activities and their alignment with Mercer's objectives.

3. TRUSTEES' POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO SCHEME INVESTMENTS

The Trustees' policy is as follows:

- Delegation of Investment Management: The Trustees delegate responsibility for the discretionary investment management of Scheme assets to Mercer. The Scheme's assets are invested in a range of Mercer Funds for which MGIE or relevant Mercer affiliate acts as investment manager.
- Reporting of Engagement and Voting: In order for the Trustees to fulfil their obligations regarding voting and engagement, they require reporting on the engagement and voting activities undertaken within the Mercer Funds. This reporting helps the Trustees assess whether the policies align with their own delegation of Voting Rights: Voting rights that apply to the underlying investments attached to the Mercer Funds are ultimately delegated to the third-party investment managers appointed by MGIE. MGIE accepts that these managers are typically best placed to exercise voting rights and prioritise particular engagement topics, given their detailed knowledge of the governance and operations of the invested companies. However, Mercer plays a pivotal role in monitoring the stewardship activities of those managers and promoting more effective stewardship practices, including attention to more strategic themes and topics.

- **Proxy Voting Responsibility:** Proxy voting responsibility is given to listed equity investment managers with the expectation that all shares are voted<sup>1</sup> in a timely manner and in a manner deemed most likely to protect and enhance long-term value. Mercer and MGIE carefully evaluates each sub-investment manager's capability in ESG engagement and proxy voting as part of the selection process, ensuring alignment with Mercer's commitment to good governance and the integration of sustainability considerations. Managers are expected to take account of current best practice such as the UK Stewardship Code, to which Mercer is a signatory. As such the Trustees do not use the direct services of a proxy voter.

A summary of the voting activity for a range of Mercer Funds in which the Scheme's assets are invested in is provided for the year ending 5 April 2024. This may include information in relation to funds that the Scheme's assets were no longer invested in at the year end. The statistics are drawn from the Glass Lewis system (via the custodian of the Mercer Funds). Glass Lewis is a leading provider of governance and proxy voting services.

Mercer considers that votes exercised against management can indicate a thoughtful and active approach, particularly when votes are exercised to escalate engagement objectives.

Fund	Total Proposals		Vote Decision			For/Against Mgmt		Meetings	
	Eligible Proposals	Proposals Voted On	For	Against	No Action	Other	For	Against	No. Against
Mercer Global Small Cap Equity Fund	6,310	6,032	85%	8%	0%	4%	92%	8%	531 41%
Mercer Low Volatility Equity Fund	8,239	7,860	85%	7%	0%	4%	92%	8%	476 39%
Mercer Fundamental Indexation Global Equity CCF	3,261	2,696	71%	9%	0%	17%	87%	13%	225 66%
Mercer Passive Global Equity CCF	21,341	18,067	73%	9%	0%	15%	85%	15%	1466 65%
Mercer Passive Emerging Markets Equity Fund	22,915	21,686	79%	16%	1%	4%	82%	18%	2808 52%

- “Eligible Proposals” reflect all proposals of which managers were eligible to vote on over the period
- “Proposals Voted On” reflect the proposals managers have voted on over the period (including votes For and Against, and any frequency votes encompassed in the “Other” category)”
- Vote Decision may not sum to 100 due to rounding. “No Action” reflects instances where managers have not actioned a vote. MGIE may follow up with managers to understand the reasoning behind these decisions, and to assess the systems managers have in place to ensure voting rights are being used meaningfully.
- “Other” refers to proposals in which the decision is frequency related (e.g. 1 year or 3 year votes regarding the frequency of future say-on-pay).
- “Meetings No.” refers to the number of meetings the managers were eligible to vote at.
- “Meetings Against” refers to the no. of meetings where the managers voted at least once against management, reported as a % of the total eligible meetings.

<sup>1</sup> There are a number of limited circumstances where voting rights may not be exercised relating to, for example, conflicts of interest, share-blocking markets, power of attorney (POA) markets etc.

**Significant Votes:** The Trustees have based the definition of significant votes in line with the requirements of the Shareholder Rights Directive (SRD) II and on Mercer's Global Engagement Priority themes, The *most* significant proposals reported below relate to the three companies with the largest weight in each fund (relative to other companies in the full list of significant proposals).

## Most Significant Votes

Fund	Company (Holding Weight)	Meeting Date: Proposal Text (Significance Category)	Manager Vote Decision (Intention to vote against management communicated – Rationale, if available)	Proposal Outcome (Next steps to report, if any)
Mercer Fundamental Indexation Global Equity CCF	Apple Inc (3.1%)	28/02/2024: Shareholder Proposal Regarding EQUAL EMPLOYMENT OPPORTUNITIES (EEO) Policy Risk Report (Social)	Against (N/A – The company's EEO policy states Apple's commitment to equal employment opportunity, diversity, and inclusion. Its Business Code of Conduct states that it does not tolerate discrimination or harassment. The company discloses detailed information on its diversity and inclusion initiatives and metrics. The company appears to be providing shareholders with sufficient disclosure to evaluate its diversity and inclusion efforts and non-discrimination policies, and including ideology and viewpoint in EEO policies does not appear to be a standard industry or market practice at this time. As such, shareholder support for this proposal is not warranted.)	1.3% Support Proposal did not pass. (The Manager will continue to support reasonable shareholder resolutions that request increased disclosure in terms of gender and racial pay equity, particularly if this is a practice already carried out by Apple in one of their jurisdictions.)
			For (No – Apple does not publish for its U.S. or global workforce the same gender pay gap statistic as it publishes in the UK. The median pay gap statistic provides benefits such as transparency and comparability across time and organizations and serves as one measure of representation of women and racial and ethnic minorities in senior positions. Because it is expressing a gap, it also carries an implied goal of eliminating the gap. As the company discloses for its U.K. workforce, investors would benefit from a report concerning the median pay gap data for its U.S. or its global workforce as a means of allowing them to better gauge how well the company is advancing opportunities for women globally and racial and ethnic minorities in the U.S. and mitigating risks relating to increasing public scrutiny on gender and racial/ethnic pay equity issues. Therefore, shareholder support for this proposal is warranted.)	30.9% Support Proposal did not pass. (The Manager will continue to support reasonable shareholder resolutions that request increased disclosure in terms of gender and racial pay equity, particularly if this is a practice already carried out by Apple in one of their jurisdictions.)
	Apple Inc (3.1%)	28/02/2024: Shareholder Proposal Regarding Congruency Report on Privacy and Human Rights Policies (Governance)	Against (N/A – Apple provides shareholders with sufficient disclosure through its Supplier Code of Conduct and Supplier Responsibility Standards and Transparency Report, among other available documents, to assess its management of risks related to its operations in high-risk markets and to have policies and oversight mechanisms in place that seem to address human rights concerns and how the company aligns with its mission to protect human	1.6% Support Proposal did not pass. (None to report.)



		rights raised by the proponent. As such, shareholder support for the proposal is not warranted at this time.)	
Microsoft Corporation (2.6%)	07/12/2023 : Shareholder Proposal Regarding EEO Policy Risk Report (Social)	<p>Against</p> <p>(N/a - A vote against this proposal was warranted, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint.</p> <p>The company's EEO Policy prohibits discrimination on the basis of political affiliation and there do not seem to be allegations of workforce discrimination.</p> <p>A vote against this proposal was warranted, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint.</p>	<p>1% Support</p> <p>Proposal did not pass.</p> <p>(This was an example of a shareholder proposal with clear political intention but without any material evidence for the alleged political discrimination inside the company. The current EEO policy currently prohibits discrimination on the basis of political affiliation, therefore the request of the resolution was redundant.)</p>
Microsoft Corporation (2.6%)	07/12/2023 : Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern (Social)	<p>For</p> <p>(No - A vote in favour of this proposal was warranted, as shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries such as Saudi Arabia.</p> <p>Microsoft appears to be embarking on a large build out of its data centre operations, with increasing demand for cloud computing services. The shareholder resolution proponents brought up legitimate concerns over potential complicity with human rights violations in high-risk countries, which could increase reputational, legal, and workforce risks to the company. As the company builds more data centres, additional disclosure on the company's human rights due diligence process for siting its data centres would help shareholders better evaluate the company's management of related risks. The language of the resolved clause was also relatively flexible and not overly burdensome</p>	<p>33% Support</p> <p>Proposal did not pass.</p> <p>(Data privacy and human rights concerns are significant risks for any technology company. Siting in countries with significant human rights concerns such as Saudi Arabia exposes Microsoft to significant legal and reputational risk. It is in the best interest of shareholders that these projects are carried out with proper consideration of the risks involved. The manager will continue supporting resolutions that aim to prevent country-risk from companies' operations in high-risk regions.)</p>
Microsoft Corporation (2.6%)	07/12/2023 : Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options (Environmental)	<p>For</p> <p>(No - A vote in favour of this resolution was warranted. While the company offers an option to employees that want to invest more responsibly, it is unclear how well employees understand the retirement plans available to them.</p> <p>The information requested in the report would not only complement and enhance the company's existing commitments regarding climate change, but also allow shareholders to better evaluate the company's strategies and management of related risks.</p>	<p>8% Support</p> <p>Proposal did not pass.</p> <p>(While the resolution received relatively low support, the manager believes the proposal would have allowed the company to better align with their climate change commitments. The managers seeks consistency between the operations and activities of companies and their climate commitments in a number of areas such as lobbying and capital expenditure. For this reason, this report could have aided the company's climate efforts.)</p>

	Unitedhealth Group Inc (2.5%)	05/06/2023 : Shareholder Proposal Regarding Racial Equity Audit (Governance)	For (No - A vote FOR this resolution is warranted, as additional disclosure could help shareholders assess the impacts of the company's policies and practices on racial and ethnic minority communities.)	20% Support Proposal did not pass. (None to report)
	Denny's Corp. (0.3%)	17/05/2023 : Shareholder Proposal Regarding Paid Sick Leave (Social)	Against (N/a - The manager voted against this proposal, supportive of company management's argument that due to its highly franchised business model, the Company's direct control over the compensation and benefits arrangements is limited to the team members employed in its 66 Company-operated restaurants and corporate support functions, and that dictating employment practices could expose the Company to greater liability)	10% Support Proposal did not pass. (None to report)
Mercer Global Small Cap Equity Fund	Bloomin' Brands (0.2%)	18/04/2023 : Shareholder Proposal Regarding GHG Targets and Alignment with Paris Agreement (Environmental)	For (No - The manager supported this proposal, as setting GHG emissions targets will help the company manage climate change- and deforestation-related risks.)	43% Support Proposal did not pass. (Given the proponent also tabled this proposal in 2021, and received a majority vote in support, it was tabled again this year due to lack of progress and insufficient response from company management. The manager will monitor the company's response in light of this.)
	Texas Roadhouse Inc (0.0%)	11/05/2023 : Shareholder Proposal Regarding GHG Targets and Alignment with the Paris Agreement (Environmental)	For (No - The manager supported this proposal, as setting GHG emissions targets will help the company manage climate change- and deforestation-related risks.)	40% Proposal did not pass. (None to report)
	Alphabet Inc (3.3%)	02/06/2023 : Shareholder Proposal Regarding Human Rights Impact Assessment (Social)	Split - (No - For (2): Managers who voted FOR this proposal were supportive as an independent Human Rights Impact Assessment would help shareholders better assess Alphabet's management of risks related to human rights Against (1): The manager who voted against felt this proposal did not merit support as the company's disclosures pertaining to the item are already reasonable.)	18% Support Proposal did not pass. (None to report)
Mercer Low Volatility Equity Fund	Alphabet Inc (3.3%)	02/06/2023 : Shareholder Proposal Regarding Lobbying Activity Alignment with Climate Commitments and the Paris Agreement (Environmental)	Split - (No - For (2): Managers who voted FOR this proposal were supportive, as additional reporting on the company's direct and indirect lobbying practices, policies, and expenditures would benefit shareholders in assessing its management of related risks. Against (1): The manager who voted against felt this proposal did not merit	14% Support Proposal did not pass. (None to report)

		support as the company's disclosures pertaining to the item are already reasonable.)	
Microsoft Corporation (2.9%)	07/12/2023 : Shareholder Proposal Regarding EEO Policy Risk Report (Social)	<p>Against (No - Managers voted against this proposal, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint. In particular, one manager noted Microsoft includes "political affiliation" in its anti-discrimination policy and provides some information about policies and practices that it takes to ensure it does not discriminate against people based on personal characteristics and to foster a culture of merit-based promotion. There do not seem to be allegations of workforce discrimination. The company reports on its diversity and inclusion initiatives and has initiatives in place to increase diverse hiring. Microsoft prohibits discrimination based on protected class and seeks to promote a culture based on equal opportunity)</p> <p>Split For (3): (No - Managers who supported this proposal were supportive, as shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries)</p> <p>Against (1): The manager who voted against this proposal noted Microsoft has made public commitments to manage human rights risks in line with best practices. The company discloses government and law enforcement requests for content removal and conducts Human Rights Impact Assessments in collaboration with stakeholders to identify risks. Microsoft also published a human rights report which includes information on risks and mitigating actions. The manager acknowledged there is an opportunity for Microsoft to consolidate and strengthen disclosures on specific processes aimed at mitigating country specific risks (through updates to its human rights report last published in 2021), however they ultimately felt current disclosures are adequate and a new report on data operations in human rights hotspots is redundant.)</p> <p>Against (No - Managers did not support this proposal as the company's retirement plan is managed by a management-level committee and employees who are looking for more climate-risk-free investments are offered a self-directed option.)</p> <p>Against (N/a - Managers voted against this proposal, noting the company has taken positive steps towards racial equity. One manager also noted they have been engaging with the company on</p>	<p>1% Support Proposal did not pass. (None to report)</p> <p>33% Support Proposal did not pass. (None to report)</p> <p>9% Support Proposal did not pass. (None to report)</p> <p>20% Support Proposal did not pass. (None to report)</p>
Microsoft Corporation (2.9%)	07/12/2023 : Shareholder Proposal Regarding Report on Sitting in Countries of Significant Human Rights Concern (Social)		
Microsoft Corporation (2.9%)	07/12/2023 : Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options (Environmental)		
Unitedhealth Group Inc (1.0%)	05/06/2023 : Shareholder Proposal Regarding Racial Equity Audit (Governance)		

			environmental topics, and raised this as part of their discussions around the company's strategy.)	
Mercer Passive Global Equity CCF	Alphabet Inc (2.7%)	02/06/2023 : Shareholder Proposal Regarding Human Rights Impact Assessment (Social)	For (No - A vote FOR this proposal is warranted because an independent human rights assessment would help shareholders better evaluate the company's management of risks related to the human rights impacts of its targeted advertising policies and practices.)	18% Support Proposal did not pass. (Support for this resolution at 20% was lower than last year, however still high enough to indicate some investors feel this is a significant unaddressed risks for Alphabet. The manager will continue to support resolutions and initiatives aimed at social media companies to ensure action is taken to mitigate this significant systemic risk.)
	Alphabet Inc (2.7%)	02/06/2023 : Shareholder Proposal Regarding Lobbying Activity Alignment with Climate Commitments and the Paris Agreement (Environmental)	For (No - A vote FOR this proposal is warranted, as shareholders would benefit from greater transparency of the company's framework for addressing misalignments between its climate goals and direct and indirect lobbying, and how the company would plan to mitigate any risks that might be identified.)	14% Support Proposal did not pass. (Paris Agreement-aligned lobbying is one of the managers's engagement and voting priorities for ensuring their portfolios reach Net Zero. The manager will continue monitoring the company's reporting developments.)
	Apple Inc (4.0%)	28/02/2024: Shareholder Proposal Regarding Congruency Report on Privacy and Human Rights Policies (Social)	Against (N/A - Apple provides shareholders with sufficient disclosure through its Supplier Code of Conduct and Supplier Responsibility Standards and Transparency Report, among other available documents, to assess its management of risks related to its operations in high-risk markets and to have policies and oversight mechanisms in place that seem to address human rights concerns and how the company aligns with its mission to protect human rights raised by the proponent. As such, shareholder support for the proposal is not warranted at this time.)	1.6% Support Proposal did not pass. (None to report)
	Apple Inc (4.0%)	28/02/2024: Shareholder Proposal Regarding Equal Employment Opportunities (EEO) Policy Risk Report (Social)	Against (N/A - The company's EEO policy states Apple's commitment to equal employment opportunity, diversity, and inclusion. Its Business Code of Conduct states that it does not tolerate discrimination or harassment. The company discloses detailed information on its diversity and inclusion initiatives and metrics. The company appears to be providing shareholders with sufficient disclosure to evaluate its diversity and inclusion efforts and nondiscrimination policies, and including ideology and viewpoint in EEO policies does not appear to be a standard industry or market practice at this time. As such, shareholder support for this proposal is not warranted.)	1.3% Support Proposal did not pass. (None to report)
	Apple Inc (4.0%)	28/02/2024 : Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report (Governance)	For (No - Apple does not publish for its U.S. or global workforce the same gender pay gap statistic as it publishes in the UK. The median pay gap statistic provides benefits such as transparency and comparability across time and organizations and serves as one measure of representation of women and racial and ethnic minorities in senior positions. Because it is expressing a gap, it also carries an implied goal of eliminating the gap. As the company discloses for its U.K. workforce, investors would benefit	30.9% Support Proposal did not pass. (Manager will continue to support reasonable shareholder resolutions that request increased disclosure in terms of gender and racial pay equity, particularly if this is a practice already carried out by Apple in one of their jurisdictions.)

		from a report concerning the median pay gap data for its U.S. or its global workforce as a means of allowing them to better gauge how well the company is advancing opportunities for women globally and racial and ethnic minorities in the U.S. and mitigating risks relating to increasing public scrutiny on gender and racial/ethnic pay equity issues. Therefore, shareholder support for this proposal is warranted.)	
Microsoft Corporation (4.7%)	07/12/2023 : Shareholder Proposal Regarding EEO Policy Risk Report (Social)	<p>Against</p> <p>(N/a - A vote against this proposal was warranted, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint.</p> <p>The company's EEO Policy prohibits discrimination on the basis of political affiliation and there do not seem to be allegations of workforce discrimination.</p> <p>A vote against this proposal was warranted, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint. )</p> <p>Against</p> <p>(No - The proponent is requesting that the company publish a report on median compensation and benefits gaps across gender as they address reproductive and gender dysphoria care. The proponent argues that by providing women employees travel and lodging reimbursements to receive abortion procedures the company is subsidizing women who opt to have abortions with a subsidy and disincentivizing those that opt to raise their children by providing no subsidy.</p> <p>Microsoft discloses information on its pay equity analysis and data. It also discloses its median unadjusted pay analysis and data. The company also provides information on the health and wellness related benefits it offers employees. These benefits include leave for new parents and family caregiver leave, adoption assistance, parenting classes and family support programs, as well as subsidized and discounted childcare and back-up care for children, adults, and elders.</p> <p>In contrast to the proponent's assertions, the company seems to provide significant support to women employees that opt to raise children. Overall, the company appears to provide sufficient information for investors to be able to gauge how the company is managing pay equity and health and wellness benefits related risks. Therefore, support for this proposal is not warranted at this time.)</p>	<p>1% Support</p> <p>Proposal did not pass.</p> <p>(This was an example of a shareholder proposal with clear political intention but without any material evidence for the alleged political discrimination inside the company. The current EEO policy currently prohibits discrimination on the basis of political affiliation, therefore the request of the resolution was redundant.)</p>
Microsoft Corporation (4.7%)	07/12/2023: Shareholder Proposal Regarding Report on Median Compensation and Benefits Related to Reproductive and Gender Dysphoria Care (Social)	<p>1% Support</p> <p>Proposal did not pass.</p> <p>(None to report.)</p>	

	Microsoft Corporation (4.7%)	07/12/2023 : Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options (Environmental)	<p>For</p> <p>(No - A vote in favour of this resolution was warranted. While the company offers an option to employees that want to invest more responsibly, it is unclear how well employees understand the retirement plans available to them.</p> <p>The information requested in the report would not only complement and enhance the company's existing commitments regarding climate change, but also allow shareholders to better evaluate the company's strategies and management of related risks.)</p>	<p>9% Support</p> <p>Proposal did not pass.</p> <p>(While the resolution received relatively low support, the manager believes the proposal would have allowed the company to better align with their climate change commitments. The managers seeks consistency between the operations and activities of companies and their climate commitments in a number of areas such as lobbying and capital expenditure. For this reason, this report could have aided the company's climate efforts.)</p>
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