BOOTS PENSION SCHEME

Pension Schemes Registry: Reference Number 10125195

Report and Statement

of Financial Statements

for the year ended 31 March 2024

BOOTS PENSION SCHEME

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BOOTS PENSION SCHEME

Trustee:
BOOTS PENSIONS LIMITED

Directors:
A BAKER, representing The Law Debenture Pension Trust Corporation PLC **(Chairman)
**full list of Directors available at Companies House

A C FARRELL* (resigned 1 July 2023)
M DONOVAN
R COUNSELL*
J WARD* (appointed 1 July 2023)
F WALTON-BATESON (appointed 1 April 2023)
A BROWN*
A CASSELL-WARD (resigned 31 August 2023)

Secretary:

S JONES

*Member Nominated

Actuaries	Aon Solutions UK Ltd "**Scheme Actuary"** - Mr J Coulthard (Appointed 3 May 2024) Verulam Point, Station Way Mr R Mellor (Resigned 3 May 2024) Hatfield Road, St Albans (as defined in the Pensions Act 1995) Hertfordshire AL1 5HE
Auditor	RSM UK Audit LLP 103 Colmore Row Birmingham B3 3AG
Banker	National Westminster Bank PLC 148-149 Victoria Centre Nottingham NG1 3QT
Administrator	Boots Management Services Ltd, 1 Thane Road West, Nottingham, NG2 3AA
Investment Committee	Mr A Baker (Chair) Mr A Clare (Walgreens Boots Alliance) to 31 January 2024 Mr A Brown
Valuation Committee	Mr A Baker (Chair) Mrs R Counsell Ms F Walton-Bateson
Ill Health Committee	Mrs R Counsell (Chair) Mrs J Rawson (Pensions Operations Manager, Boots UK Ltd) Mr M Donovan
Audit Committee	Mrs R Counsell (Chair) Mr J Ward Ms F Walton-Bateson
Corporate Events Committee	Mr A Baker (Chair) Mrs R Counsell Mr M Donovan

Bulk Annuity Provider	Legal & General Assurance Society Ltd, One Coleman Street, London, EC2R 5AA
Annuity Providers	Reassure, Aviva and Legal & General Assurance Society Ltd
Investment Managers (Bonds, Derivatives and Equities)	Legal & General Investment Management, One Coleman Street**.** London EC2R 5AA*
Investment Managers (Property)	Schroder Investment Management Ltd, 1 London Wall Place, London, EC2Y 5AU*
Investment Managers (Bonds, Derivatives)	Wellington Management International Ltd, Cardinal Place, 80 Victoria Street, London, SW1E 5JL* (resigned November 2023)
Investment Managers (Emerging Market Debt, Derivatives)	Goldman Sachs Asset Management International, River Court,120 Fleet Street, London, EC4A 2BE* (resigned November 2023)
Additional individual Pooled Investment Managers	Kennedy Lewis Management LP, 111 West 33rd Street, Suite 1910, New York, NY 10120, USA (resigned November 2023)
*Under direct Custodianship	Ownership Capital B.V. , Herengracht 105-107, 1015BE Amsterdam, The Netherlands (resigned December 2023)
	Basalt, PO Box 656, East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3PP (resigned December 2023)
	Leadenhall Capital Partners LLP, Level 15, 70 Mark Lane, London, EC3R 7NQ
	Mirova US, 888 Boylston Street, Suite 500, Boston, Massachusetts 02199-8197 (resigned September 2023)
Investment Custodian	The Northern Trust Company, 50 Bank Street, Canary Wharf, London, E14 5NT
Legal Advisers	Sacker & Partners LLP, 20 Gresham Street, London, EC2V 7JE
Covenant Advisers	EY Parthenon LLP, 1 More London Place, London, SE1 2AF
Investment Adviser	AON Investments Ltd, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN
Investment Advisors (Agricultural Property)	Savills (UK) Ltd, Olympic House, Doddington Road, Lincoln, LN6 3SE
Additional advisers appointed for the Pension Funding Partnership	Cushman & Wakefield 125 Old Broad Street London, EC2N 1AR Burness Paull 50 Lothian Road Festival Square Edinburgh EH3 9WJ Goodwin Proctor (UK) LLP 100 Cheapside London EC2V 6DY
Principal Sponsoring Employer	The Boots Company PLC 1 Thane Road West Nottingham NG2 3AA
Participating Employer	Boots UK Ltd 1 Thane Road West Nottingham NG2 3AA

On 24 November 2023, the investment arrangements of the Scheme underwent a significant change when the Trustee purchased a bulk annuity policy from Legal & General Assurance Society ("LGAS") (the transaction). The LGAS policy is designed to fund all members' defined benefit payments as they fall due. The purchase of the LGAS policy was funded through the transfer of certain assets to LGAS, the proceeds from the sale of certain assets (with these sales happening before and after the transaction) and additional contributions from the Principal Employer. Part of the premium payable to LGAS was deferred, with the Scheme having an obligation to repay the amounts due plus accrued interest by 31 December 2025. Further detail of this arrangement including the amount deferred is outlined later in this report.

At the same time as the transaction, the Trustee entered into an Agreement with the Principal Employer (The Boots Company PLC) and an updated Parent Company Guarantee with Weybright FSL Limited, which together provide the Scheme various protections in relation to matters including cashflow availability, liquidity, collateralisation, the payment of expenses, and what happens in the event that LGAS fail to fulfil their obligations. The Agreement also requires the Principal Employer to contribute the amounts required to repay certain costs and deferred premium amounts to the extent additional funds are required. A full data cleanse is underway and expected to be completed by the end of 2024. A true-up will be undertaken during 2025 which may require additional amounts needing to be paid to LGAS or received from LGAS. To the extent any further payments need to be made to LGAS, these are also covered under the Agreement and the supporting guarantee.

The Trustee presents its Annual Report on the affairs of the Boots Pension Scheme ("the Scheme"), in conjunction with the Financial Statements for the year ended 31 March 2024 which have been prepared in accordance with Regulations under 41 (1) and (6) of the Pensions Act 1995. This seeks to give Scheme members comprehensive details of the Scheme from which their benefits derive, whether those benefits are prospective or are already in payment. Members are invited to address any queries concerning the Report and Financial Statements, or the benefits payable under the Rules of the Scheme, to the Scheme Secretary.

1. **Tax Status**. The Scheme is a "registered pension scheme" under the Chapter 2, Part 4 of the Finance Act 2004 for tax purposes. The Trustee knows of no reason why this approval should be prejudiced or withdrawn.

2. **Trustee.** The affairs of the Scheme are overseen by a corporate trustee, Boots Pensions Limited (BPL), and all investments are held in the name, or on behalf, of BPL.

   The Pensions Act 2004 requires that at least one-third of the Directors of BPL are member nominated. The Directors have agreed with The Boots Company PLC (the Employer) that:

   - There will be six Directors of BPL, three of which will be nominated by the members. This exceeds the minimum one-third required by legislation.
   - When required, nominations will be sought from all categories of membership, although the legislation does not require this.
   - Member Nominated Directors will be selected by a Selection Panel established by the Directors and are expected to serve for a term of 5 years. Trustee Directors can be removed if they resign, or by a resolution passed unanimously by the remaining Directors.

   The three Company Nominated Directors are selected, appointed, and can be removed by The Boots Company PLC. Boots Company secretarial team advise Companies House of the appointments/removals, which are ratified and minuted at Board meetings of Boots Pensions Limited.

   The Directors of BPL generally meet four times per year, with additional meetings being convened as and when necessary. Several additional meetings took place during the year to deal with the transaction.

   During the year F Walton-Bateson was appointed, A C Farrell resigned and was replaced by J Ward, A Cassell-Ward resigned and is not expected to be replaced.

3. **Investment Committee.** With effect from May 2000, an Investment Committee was established by the Trustee and operates in accordance with formal Terms of Reference. Under the Terms of Reference, the Committee is required to advise the Trustee on the Scheme's investment strategy and monitor the suitability of the investments held by the Scheme. The Committee is also charged with monitoring the performance of the external investment managers and custodian. A report from the Investment Committee on the performance of the Scheme's investments appears on pages 9 to 10 of this Report.

4. **Valuation Committee.** With effect from 1 June 2010, a Valuation Committee was established by the Trustee to progress valuation discussions with the Employer between Trustee meetings. The Trustee agreed formal Terms of Reference for this Committee under which the Committee is required to advise the Trustee on valuation matters.

5. **Discretions Committee.** With effect from 28 January 2002, an Ill Health Committee was established by the Trustee under agreed Terms of Reference. The purpose of this Committee is to consider applications for immediate early retirement pensions from members with serious health problems and its remit was expanded to cover discretionary death benefits in May 2023, at which point it was renamed the Discretions Committee.

6. **Audit Committee.** With effect from 17 March 2009, an Audit Committee was established to ensure, on behalf of the Trustee, that appropriate disciplines and controls are in place. The Trustee agreed formal Terms of Reference for this Committee under which the Committee is required to advise the Trustee on the Scheme accounts, and other governance matters.

7. **Corporate Events Committee**. With effect from November 2019 a Corporate events Committee was established to consider any corporate events taking place within the Scheme's Principal Sponsoring Employer or Participating Employer.

8. **Scheme Rule Changes.** During the year under review the Scheme Rules were amended by a Deed of Amendment dated 24 November 2023, which had the effect of providing spouse's pensions as a right and removing the ability of the Trustee to provide discretionary unreduced pensions from age 60.

9. **Governance.**
The Scheme complies with the Pensions Regulator's Codes of Practice and keeps its procedures and controls under review to help maintain the good governance of the Scheme. The Codes set out the standards of conduct and practice that it expects Trustee Boards to meet in complying with their duties. The Codes have now been consolidated into a Single Code of practice and all policies and processes are being reviewed taking into account the Scheme's timescale to Buy-out work has begun on this exercise already. The key for the pension fund is to ensure that the correct benefits are paid at the correct time in accordance with the rules. A Governance management system has been installed to help with this process.

10. **Scheme Membership.** The movement in membership during the year was as follows:

	Deferred	Deferred Pensioners	Pensioners	Dependants	Total
Membership at 31/03/2023	**22,338**	**1,086**	**26,713**	**3,152**	**53,289**
Adjustment	-46	-7	28	18	-7
Revised Membership at 01/04/2023	22,292	1,079	26,741	3,170	53,282
Withdrawals					
Preserved Passing NRA	-295	295	-	-	0
Transferred	-12	-4	-	-	-16
Retired	-1,423	-121	1,544	-	0
New Dependants	-	-	-	243	243
Deceased	-33	-7	-674	-205	-919
Ceased	-	-	-	-3	-3
Full Commutation	-49	-9	-3	-37	-98
No Liability	-1				-1
Membership at 31/03/2024	**20,479**	**1,233**	**27,608**	**3,168**	**52,488**
Movements	-1,859	147	895	16	-801

The prior year adjustments above relate to members and pensioners who left the Scheme or took benefits during the previous year but whose details were updated after 31 March 2024.

Within the above figures there were 8 pension members (2023: 8) whose benefits were provided solely by annuities in the name of the Trustee. Since 1 July 2010, there have been no active members of the Scheme and the Scheme is closed to future accrual. Within the above figures there were 30,776 members with pension in payment (2023: nil) whose benefits are covered in the buy-in policy provided by Legal and General Assurance Society Limited.

11. **Transfers out of the Scheme.** Transfer values paid since 1 October 2008 have been in accordance with Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and include some allowance for discretionary benefits. There were no bulk transfer payments made during the year.

12. **Pensions in payment – annual review.** Pensions in payment are reviewed each year on 1 April and, if applicable, increased by the lower of 5% and the increase in the Retail Prices Index over the 12 months to the previous 30 September. As the movement in the Index over the year in question was 8.9%, pensions in payment were increased by 5% on 1 April 2024 (5% in 2023). Preserved pensions due increases related to RPI were similarly increased by 5% or, where such increases related to the CPI, the increase was 3% (subject to any overriding statutory requirements).

13. **Actuarial Valuation.** The 1 April 2021 valuation was completed in December 2022. Under the Pensions Act 2004 ("PA04") the Trustee and the Company decide the Technical Provisions, these being the target level of assets appropriate to meet the promised benefits. The Statutory Funding Objective under the PA04 is to hold sufficient and appropriate assets to meet the Technical Provisions.

The Trustee prepared a Statement of Funding Principles on 16 December 2022, as required by PA04, which sets out the Trustee's policy for meeting the Statutory Funding Objective.

The 2021 valuation showed a surplus of £205m which corresponded to a funding level of 103%. As a result, no ongoing contributions are due. The Buy-out deficit at that date was £2.1bn meaning that scheme was 77% funded.

The Actuarial Certification of the Schedule of Contributions, which is reproduced on page 12, certifies that the contributions outlined above are such that the Statutory Funding Objective is expected to continue to be met for the period the Schedule is in force and the contributions set out in the Schedule of Contributions are consistent with the Statement of Funding Principles dated 16 December 2022. As part of the transaction, additional contributions were paid by the Principal Employer as set out in Note 5 of the Financial Statements.

14. **Pension Funding Partnerships.** Under the Recovery Plan prepared on 28 June 2011, the Principal Sponsoring Employer made a contribution of £146m on 31 March 2011 which was immediately invested into a Pension Funding Partnership (PFP).

    Early payment of contributions of £29.2m and £120m from the 2010 valuation, due by August 2017 and discounted to a value of £127m, was received in March 2012 and immediately invested into a second PFP. Actual payments due to the Scheme under the two PFP are primarily backed by UK retail property assets giving the Scheme access to those assets in the event of non-payment of the annual payments.

    On 5 March 2024, in return for a contribution of £36.9 million from Boots UK Ltd, the Trustee agreed to give up its interest in PFP2. In order to address the shortfall in the value of the property held in PFP1 following the 31 March 2023 property valuation, the properties held within PFP2 were transferred to PFP1.

15. **Summary Funding Statement.** The Trustee issues a Summary Funding Statement to all members, this usually being included in the annual Trustee's Review. The latest report was completed on 25th April 2024.

16. **Investment Report.** During the year there has been a buy-in for £4,792,377,324. This took place on 24th November 2023. The Bulk Purchase Annuity Agreement (the "Annuity") is with Legal & General Assurance Society Limited ("LGAS"). The Annuity aims to wholly cover the benefits payable to all members of the Scheme.

17. **Guaranteed obligations**. All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally and in any capacity whatsoever) of the Companies to make payments to the Scheme up to a maximum amount equal to the lower of (a) the entire aggregate liability, on the date on which any liability under this Deed arises, of every employer (within the meaning set out in section 318 of the Pensions Act 2004 and regulations made thereunder) in relation to the Scheme, were a debt under Section 75(2) of the Pensions Act 1995 to have become due on that date; and (b) £600,000,000 (six hundred million pounds Sterling)(the "Cap") which following a contribution by the Company of £300m in November 2023 reduced to £300m. This was revised from the previous cap of £3,900,000,000 (three billion nine hundred million pounds Sterling) as part of entering into the transaction with LGAS.

    As at 31 March 2024, the Scheme's assets were split as follows:

%	
94.6	Annuity
2.6	Insurance Linked Securities
1.3	PFP's
1.5	Cash
100.0	

The scheme also had deferred obligations relating to the purchase of the Bulk Annuity which are fully disclosed in the financial statements.

The Investment Committee is responsible for reviewing the Scheme's long-term strategy, in consultation with the Employer.

During the year, the Investment Committee monitored the performance of the portfolios regularly against funding levels and benchmarks. Northern Trust acted as custodian for the majority of assets held prior to the purchase of the annuity policy with LGAS. The custodian's internal controls and procedures are subject to an annual review by their external auditors, as required under ISAE3402.

The Scheme was invested in two pooled funds, one Global Equity, one Global Bonds, both of which have their own custodians appointed. The Scheme is invested in accordance with the Occupational Pension Schemes (Investment) Regulations 2005.

The position on self-investment is set out in Note 15 on page 34.

At 31 March 2024, the market value of the Scheme was £4,742.70m
At 31 March 2024, the 6 largest individual investments held by the Scheme were:

Description	**Bid/Mid value**
	£m
LGAS Insurance Policy	4,992.0
LEADENHALL VALUE INSURANCE LINKED INVESTMENT FUND PLC CLASS H5 GBP	105.2
PENSION FUND PARTNERSHIP 1	68.0
LGIM LQDTY FDS PLC LGIM STERLING LIQUIDITY 1	57.0
LEADENHALL VALUE INSURANCE LINKED INVESTFD PLC CL H5 USD SP 5	16.3
LEADENHALL VALUE INSURANCE LINKED INVESTMENTS FUND PLC CLASS H5 USD SP 4	8.0

The performance of the assets over 1,3 & 5 years (where available), compared to the expected target return, is shown below.

	Returns 1 year (%)		**Returns 3 years (% p.a.)**		**Returns 5 years**	
	Fund	**Bench mark**	**Fund**	**Bench mark**	**Fund**	**Benchmark**
Growth Assets						
Schroders – Property (to 30.9.23)	(10.04)	(14.34)	3.63	3.18	2.31	1.76
Ownership Capital (to 29.9.23)	(8.3)	5.0	(7.2)	10.0	-	-
Mirova (to 11.9.23)	3.8	6.6	n/a	n/a	-	-
	n/a	n/a	n/a	n/a	-	-
Basalt	n/a	n/a	n/a	n/a	-	-
Leadenhall	15.7	10.1	3.2	7.5	-	-
GSAM BSLP	n/a	n/a	n/a	n/a	-	-
Matching Assets						
LGIM – Passive Bonds (to 6.5.21)	n/a	n/a	n/a	n/a	1.63	n/a
LGIM – Private Bonds (to 29.11.23)	(1.46)	n/a	(7.66)	n/a	(0.46)	n/a
LGIM – Active UK Bonds (to 29.11.23)	1.89	2.38	(6.81)	(7.28)	(1.79)	(2.89)
LGIM – Swaps (to 29.11.23)	(16.69)	n/a	(52.05)	n/a	(48.78)	n/a
LGIM – Global Corporate Bond (to 15.9.23)	(0.55)	(0.71)	(4.69)	(4.69)	n/a	n/a
Wellington – Global credit (to 29.9.23)	2.14	3.14	(4.64)	(4.47)	1.03	0.79
GSAM – Emerging Market Debt (to 1.1.24)	(0.94)	(0.53)	18.82)	(19.4)	1.65	(0.01)
PFP	n/a	n/a	n/a	n/a	n/a	n/a

The Scheme's return was (£330.1m) on an opening investment value of £4,883.0m.

A copy of the Statement of Investment Principles ("SIP"), dated May 2024, as required by Section 35 of the Pensions Act 1995 is available along with the Trustee report and accounts at https://www.wba-boots-pensions.co.uk/boots-pension-scheme/login/. There was a departure from the SIP during the year, due to the Buy-in, which resulted in a new SIP being prepared in May 2024 which the investments are now in line with. The implementation statement is outlined on pages 38 to 49 and forms part of the Trustees report.

The Financial Stability Board ("FSB") created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks related to climate change. In September 2024 the Trustee approved its third TCFD report which covers the period from 1 April 2023 to 31 March 2024. A copy of the report can be viewed and downloaded at https://www.wba-boots-pensions.co.uk/boots-pension-scheme/login/ .The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to a range of carefully selected and monitored fund managers through written contracts. When choosing investments, the Trustee and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in The Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The fund managers' duties also include:

- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- Voting and corporate governance in relation to the Scheme's assets.

The Trustee periodically monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustees' policies, including those on non-financial matters. This includes, where possible and appropriate, monitoring the extent to which investment managers:

- Make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity.
- Engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee receives regular reports and verbal updates from its investment adviser on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme's objective and will typically assess the investment managers over 3-year periods.

The Trustee will typically only appoint investment managers who offer full cost transparency to manage assets of the Scheme. This will be reviewed before the appointment of any new managers, and the Trustee will review on a case by case basis any existing managers that do not comply.
The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends. Where the Trustees' monitoring identifies a lack of consistency the mandate will be investigated and reviewed. Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year.

The Trustee undertakes analysis of the Scheme's costs and performance on an annual basis by receiving benchmarking analysis comparing the Scheme's specific costs and performance of the underlying managers relative to those of the wider market. This is in line with the Trustee's policies on reviewing the kinds and balance of investments to be held.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers, and regular monitoring of investment managers' performance and investment strategy, is in most cases sufficient to incentivise the investment managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long term financial and non-financial performance.

Additional Voluntary Contributions. The Scheme holds AVCs with Phoenix Life Assurance Ltd and Legal & General Investment Management Limited outside the bulk annuity purchase. The Trustee Board continually reviews the suitability of the current investment options.

18. **Regulatory Matters.** Details relating to the Scheme have been registered with the Pensions Regulator. The Pensions Regulator is based at:

Napier House
Trafalgar Place
Brighton
BN1 4DW
Telephone: 0345 600 7060

The Pension Tracing Service can be contacted at:

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

The address of MaPS, The Money and Pensions Service and that of the Pensions Ombudsman, is.

Money and Pension Service (MaPS)
120 Holborn
London
EC1N 2TD
Telephone 0800 011 3797

Pensions Ombudsman
10 South Colonnade
Canary Wharf
E14 4PU
Telephone 0800 917 4487

MaPS is available at any time to assist members and beneficiaries of pension schemes in connection with any pensions query they may have; or difficulty which they have failed to resolve with the trustee or administrators of the scheme. The Pensions Ombudsman, in turn, may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme.

To the extent that members of the Scheme already have access to a formal disputes procedure, it is hoped that an approach to MaPS or the Ombudsman would need to be made only as a last resort. Members are invited to address any enquiries or concerns to the Scheme Secretary at 1 Thane Road West, Nottingham, NG2 3AA or by emailing Group.pensions@boots.co.uk

19. Scheme Actuary

Due to plans to retire after the year end the scheme Actuary, Mr Mellor, resigned as Scheme Actuary. Mr Coulthard was appointed in his place to ensure consistency throughout the Actuarial valuation process. In accordance with Regulation 5(4) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, Mr Mellor declared that he knows of no circumstances connected with his resignation which, in his opinion, significantly affect the interests of the members or prospective members of, or beneficiaries under, the Scheme.

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

Name of Scheme: Boots Pension Scheme

Adequacy of rates of contributions
I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 1 April 2021 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles
I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 16 December 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 wound up.

Signature:

Date: 16 December 2022

Name: Robert Mellor Qualification: Fellow of the Institute and Faculty of Actuaries

Address: 3 The Embankment
Sovereign Street
Leeds
West Yorkshire
LS1 4BJ

Name of employer: Aon Solutions UK Ltd

Boots Pension Scheme - Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every pension 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 in the Scheme. This is assessed using the assumptions agreed between the Trustee and the Company and set out in the Statement of Funding Principles dated 16 December 2022, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 1 April 2021. This showed that on that date:

The value of the technical provisions was: £6,945 million.

The value of the assets was: £7,150 million.

The signing of the valuation was delayed as a result of the strategic review of the business carried out by WBA during the valuation process, which had the potential to materially affect the Trustee's assessment of the Company's covenant. This was reported to the Pension Regulator.

The most recent actuarial report of the Scheme, which is required in years where a full actuarial valuation is not carried out, was carried out as at 1 April 2023. The results of the 2023 update are set out in the table below, alongside the 2022 review for comparison:

	1 April 2022	1 April 2023
Value of Technical Provisions (£M)	6,784	4,808
Market value of assets (£M)	7,103	4,916

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 used in the calculation of the technical provisions is the Current Unit Method.

Significant financial assumptions

Discount interest rate: Term dependent rates set by reference to the fixed interest gilt yield curve at the valuation date plus an addition of 1.6% p.a. at each term in the period before 31 March 2034 and 0.5% p.a. at each term thereafter.

Future Retail Prices Index inflation: Term dependent rates derived from the fixed interest and index-linked gilt yield curves at the valuation date.

Future Consumer Prices Index inflation: Term dependent rates derived from the assumption for future retail price inflation less an adjustment equal to 0.75% p.a. before 1 February 2030 and 0.1% p.a. thereafter.

Deferred pension increases: Derived from underlying RPI inflation assumption allowing for the maximum of 5% per annum and the minimum of 0% per annum.

Pensions are subject to a minimum of the statutory requirements with future rates of increases for benefits in excess of GMPs in line with the CPI inflation assumption.

Pensions in payment increases: For pensions in excess of GMPs, derived from the underlying RPI inflation assumption allowing for the maximum of 5% per annum and the minimum of 0% per annum.

For post 88 GMPs, derived from the underlying CPI inflation assumption allowing for the maximum of 3% per annum and the minimum of 0% per annum.

Expenses: Allowance made for future administration expenses of the Scheme (including the provision of IFA advice for members at retirement). For the 1 April 2021 valuation, an addition of £67M was made to the technical provisions.

GMP equalisation: A loading of 0.4% of liabilities accrued to the valuation date is included in the technical provisions for potential GMP equalisation costs.

Significant demographic assumptions

Post-retirement mortality: Standard tables SAPS S3 "All" for males and SAPS S3 "Heavy" for females, with scaling factors as set out in the table below:

Category	Sex	Base table	Equivalent single scaling factor
Deferreds	Males	SAPS S3 "All"	108%
	Females	SAPS S3 "Heavy"	102%
Non-dependant pensioners	Males	SAPS S3 "All"	102%
	Females	SAPS S3 "Heavy"	101%
Dependant pensioners	Males	SAPS S3 "All"	118%
	Females	SAPS S3 "Heavy"	96%

An allowance for improvements in mortality in line with the CMI 2020 Core Projections with a smoothing parameter S_k = 7.0, an "A" parameter A = 0.25 and a long term annual rate of improvement in mortality rates of 1.5% per annum.

Early retirement: *80% of members are assumed to retire at age 60 with an unreduced pension (except those members who do not benefit from the discretionary early retirement terms), with the balance at age 65.*

Cash commutation: Each member is assumed to take 74% of the permitted maximum lump sum on retirement based on commutation factors in force at 1 April 2021.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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 Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the 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 a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

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

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

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

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

The Trustee is responsible for the maintenance and integrity of the pension and financial information included on the Boots Pension Scheme website.

On behalf of the Trustee on 11/10/24 2024

Alan Baker, Director for The Law Debenture Pension Trust Corporation PLC

Law Debenture Pension Trust Corporation PLC on behalf of Boots Pensions Ltd

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE BOOTS PENSION SCHEME

Opinion

We have audited the financial statements of the Boots Pension Scheme for the year ended 31 March 2024 which comprise Fund Account, Net Assets Statement (available for benefits) 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 FRS 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 31 March 2024, and of the amount and disposition at that date of its assets and liabilities, other than the 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 Scheme's Trustee 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 Scheme's Trustee 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. The Scheme's Trustee isresponsible 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.

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 Trustee

As explained more fully in the Trustee responsibilities statement set out on page 15, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the 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 Trustee either intends 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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Scheme operates in and how the Scheme is complying with the legal and regulatory framework.
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud.
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP)]. We performed audit procedures to detect non-

compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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 Trustee as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements 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 Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Gary Grewal (Oct 14, 2024 17:56 GMT+1)

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
103 Colmore Row
Birmingham
West Midlands
B3 3AG
Date 14/10/24

BOOTS PENSION SCHEME

FINANCIAL STATEMENTS

FUND ACCOUNT FOR THE YEAR ENDED 31 March 2024

	Note	2024 £m	2023 £m
CONTRIBUTIONS AND BENEFITS			
Employer Contributions	5	336.9	-
Benefits payable	6	(227.8)	(207.6)
Payments to and on account of leavers	7	(1.2)	(13.7)
Administrative expenses	4	(12.6)	(2.0)
Net additions/(withdrawals) from dealings with members		95.3	(223.3)
RETURNS ON INVESTMENTS			
Investment income	11	112.1	20.3
Change in market value of investments	8	(330.1)	(1,977.1)
Investment management expenses	12	(4.0)	(9.4)
Interest payable on loan	14	(17.5)	-
Net returns on investments		(239.5)	(1,966.2)
Net (decrease) in the Scheme during the year		(144.2)	(2,189.5)
Net assets of the Scheme at the beginning of the year		4,928.9	7,118.4
Net assets of the Scheme at the end of the year		**4,784.7**	**4,928.9**

The notes on pages 21 to 35 form part of these financial statements.

BOOTS PENSION SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

AT 31 March 2024

	Note	2024 £m	2023 £m
Investment Assets	8		
Insurance Policy		4,992.0	-
Bonds		-	3,025.2
Pooled Investment Vehicles		161.9	1,964.5
Derivatives		-	760.0
Pension Funding Partnerships		68.0	183.0
Property		0.5	0.5
AVC investments		12.6	13.0
Cash and Deposits		12.3	19.9
Reverse repurchase Agreements		-	600.9
Other Investment Assets		29.1	48.5
		5,276.4	**6,615.5**
Investment Liabilities	8		
Derivatives		-	(565.5)
Repurchase Agreements		-	(696.5)
Cash and Deposits		-	(4.9)
Other Investment Liabilities		(11.5)	(103.5)
Bonds		-	(362.1)
Total Investments		**5,264.9**	**4,883.0**
Current Assets	13	11.2	53.6
Current Liabilities	14	(491.4)	(7.7)
Net assets of the Scheme at the end of the year		**4,784.7**	**4,928.9**

The notes on pages 21 to 35 form part of these financial statements.

The financial statements summarise the transactions and net assets of the Scheme. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial position of the Scheme, which does take account of such liabilities, is dealt with in the Report on Actuarial Liabilities on page 13 and these Financial Statements should be read in conjunction therewith.

These financial statements were approved and authorised for issue by the Trustee on 11/10/24 2024

Signed on behalf of the Trustee.

Alan Baker, Director for The Law Debenture Pension Trust Corporation PLC

Law Debenture Pension Trust Corporation PLC on behalf of Boots Pensions Ltd

BOOTS PENSION SCHEME

NOTES (FORMING PART OF THE FINANCIAL STATEMENTS) FOR THE YEAR ENDED 31 March 2024

1 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 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (Revised June 2018) "the SORP".

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Scheme has adequate resources to meet obligations as they fall due for at least the next twelve months from the approval of these financial statements.

There was a bulk annuity transaction over the year to secure the Scheme's total liabilities. To the extent there is an outstanding premium due, the Trustee has a guarantee from the Company to cover this residual amount and the ability of the Company to meet this is reviewed regularly. The Trustee is working towards converting the bulk annuity to annuities in the member's names (i.e., converting to a buy-out). There are a number of exercises currently underway, namely:

- GMP Rectification
- GMP Equalisation
- Data cleanse exercise
- Resolution of member complaints in respect of discretionary benefits

On the basis of the outcome of these reviews is not certain the financial statements have been prepared on a going concern basis. There are assets held by the Scheme, at the year-end (and to the date of approval of these accounts), the realisation of which is not yet certain.

The Employer operates in the Pharmaceutical and Retail sectors. The Trustee is continuing to monitor the likely financial and operational impact that the current economic environment will have on the company.
On this basis, the Trustee considers that the Scheme will continue to operate, and therefore believes that it remains appropriate to prepare the financial statements on a going concern basis.

2. Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustees' Report.

3. Accounting Policies

a) The financial statements have been prepared on an accrual's basis.

b) Investments are included at fair value, determined as follows: -

i) Bonds: Short sell bonds are included at the negative quoted price. Accrued interest is shown as interest due from securities. Bond values are provided by the fund managers as at the accounting reference date on a fair value basis, excluding accrued interest ("clean price basis"). Accrued interest is included within 'Other investments' together with accrued investment income and any unsettled investment purchases and sales.

ii) Swaps: Interest rate, inflation rate, and total return swaps are over the counter contracts. They are valued daily and are recorded at fair value. The valuation is the discounted value of net future cash flows based on market expectations. The amounts included in change in market value are the realised gains or losses on closed contracts and the unrealised gains or losses on open contracts. Net receipts or payments on swap contracts are reported within derivative income.

iii) Futures: Futures are exchange traded and are valued at the difference between exchange settlement prices and the inception prices.

3. Accounting Policies (continued)

iv) Forward Foreign Exchange:	These contracts are all over the counter contracts. They are valued monthly and are recorded at fair value. The valuation is calculated by determining the gain or loss that would arise from closing out the contract at the reporting date by entering in to an equal and opposite contract at that date. Forward foreign exchange trades settled during the period are reported as receipts or payments. Other receipts or payments on forward contracts are reported within the change in market value on investments.
v) Pooled investment vehicles:	Included at bid prices or at single price where no bid price is available, as notified by the investment manager. Shares in certain other pooled arrangements have been valued at the latest available net asset value (NAV) determined in accordance with fair value principles, provided by the pooled investment managers. The Schroders investments are included at the “target value” as per the agreement to buy the bulk annuity from LGAS.
vi) Properties:	Freehold and leasehold property is included at their open market value at the year-end as determined by independent valuers, in accordance with the Royal Institute of Chartered Surveyors (RICS) valuation standard and, where applicable, with reference to binding sale agreements. Sales and purchases are recognised on completion of contract. No depreciation is provided on freehold or leasehold properties or ground leases.
vii) Pension Funding Partnership:	The Scheme’s interest in the Pension Funding Partnerships (PFPs) is stated at the Trustee’s estimate, having taken advice, of the present value of expected future cash flows arising from the PFPs and where applicable, including the probability of a bullet payment being made which depends on funding at a point in the future. The discount rate used to determine present value is based on market gilt rates at the reporting date adjusted for credit and liquidity risks. The valuations are determined, as far as possible on an 'arm's length' basis – i.e., the values that would be put on the Interests by an unconnected party. There is no market in such vehicles, and so the values need to be determined by calculation. Further, the assets are not tradable, so the net asset value calculated is an estimate based on available data. The valuations are sensitive to the key assumptions noted above.
viii) Additional Voluntary Contributions:	The value of unit-linked funds is based on bid price at 31 March 2024 as provided by the investment manager. The value of with-profits funds includes bonuses, part of which represents a final bonus which cannot be guaranteed and can be varied up or down in the future.
ix) Annuity Policies:	Legacy annuity policies are held in the name of the Trustee. The Trustee has discussed these annuity policies with their advisers and have concluded that they are immaterial to the Scheme assets and therefore included at a nil value in the Financial Statements. Annuities are issued by Canada Life, Friends Provident, L&G, Phoenix Life and ReAssure.
x) Annuity (insurance) policies:	Valued by the Scheme Actuary at the amount of the related obligation, on an estimate of the approximate position on a solvency basis using Aon's estimate of annuity pricing. Annuities are issued by Legal & General Assurance Society.

3. Accounting Policies (continued)

x) Repurchase agreement: Repurchase agreements - The Scheme continues to recognise assets delivered out under repurchase contracts to reflect its ongoing interest in those securities at the point of delivery. Cash received from repurchase contracts is recognised as an investment asset, and an investment liability is recognised for the value of the repurchase obligations. Collateral received or pledged in respect of these arrangements is disclosed but not recognised as a Scheme asset or liability.

xi) Reverse Repurchase agreements: Cash delivered under reverse repurchase contracts is recognised as an investment receivable in the financial statements at the point of delivery. Securities received in exchange are disclosed as collateral supporting this receivable but are not recognised as a Scheme asset.

c) Investment Income

i) Interest is accrued on a daily basis.

ii) Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income.

iii) Investment income arising from the underlying investments of the pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Change in Market Value'.

iv) Amounts received from the Pension Funding Partnerships are treated as proceeds arising from capital redemptions in the partnership.

v) Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.

vi) Net Income from derivatives is accounted for when declared by the investment manager.

vii) Net Interest payable on repurchase agreements is accounted for when declared by the investment manager.

viii) Receipts from annuity policies held by the Trustee to fund benefits payable to Scheme members are included within investment income on an accruals basis.

c) The functional and presentational currency of the Scheme is Sterling. Balances denominated in foreign currencies are translated into Sterling at the rate ruling at the year-end date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

d) Other contributions, deficit contributions and special contributions, if any, are accounted for in the period they are due under the Schedule of Contributions.

e) Members can choose whether to take their retirement benefits as a full pension or lump sum and reduced pension. Pension and lump sums are accounted for on an accruals basis from the later of the date of retirement and the date the option is exercised. Other benefits are accounted for on the date of retirement or death. Pensions in payment, including pensions funded by insurance policies are accounted for in the period to which they relate.

f) Individual transfers out are accounted for when paid when the member liability is discharged.

g) Investment Management Expenses are accounted for on an accruals basis. Fees are paid quarterly, calculated on the value of the funds under management. Investment performance fees are paid annually based on the funds under management at both LGIM and Wellington.

h) Administrative expenses are accounted for on an accruals basis.

i) The Trustee makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme's investments and, in particular, those classified in Level 3 of the fair value hierarchy.

4 Administrative Expenses

Administrative expenses are met from the assets of the Scheme.

	2024 £m	2023 £m
In house administration costs	(0.6)	(0.7)
Professional fees	(12.0)	(1.3)
	(12.6)	**(2.0)**

The Pension protection Fund and Pension Regulator levies are paid by the Scheme and recovered from the Employer. These amounted to £302,200 for the year. Professional fees have increased due to Buy-in advice.

5 Employer Contributions

The Scheme closed to future accrual on 30 June 2010. Therefore, no Employer's normal contributions have been made in the year.

	2024 £m	2023 £m
Employer – other contributions	**336.9**	**-**

The contributions relate to amounts received from the Employer to enable the purchase of the LGAS policy. £300m of the above contributions relate to amount received from the employer in relation to the initial purchase of the LGAS policy. £36.9m relates to contributions received linked to the unwinding of PFP2 as disclosed on Page 25 Note 8.

6 Benefits Payable

	2024 £m	2023 £m
Pensions to retired members and spouses/dependants	(188.0)	(179.5)
Lump sums on retirement	(38.6)	(26.8)
Death benefits	(1.2)	(1.3)
	(227.8)	**(207.6)**

7 Payment to and on account of leavers

	2024 £m	2023 £m
Individual transfers out	(1.0)	(11.4)
Pensions (Transfer Sharing)	(0.2)	(2.3)
	(1.2)	**(13.7)**

8 Investments

	Market Value at 31.03.23	Purchases & Derivatives Payments	Sales & Derivatives Receipts	Change in Market Value	Market Value at 31.03.24
	£m	**£m**	**£m**	**£m**	**£m**
Insurance Policy	-	4,844.4	-	147.6	4,992.0
Bonds (net)	2,663.1	1,337.4	(3,700.1)	(300.4)	-
Pooled Investment Vehicles	1,964.5	2,847.7	(4,523.0)	(127.3)	161.9
Derivatives	194.5	71.2	(304.4)	38.7	-
Pension Funding Partnerships	183.0	-	(22.1)	(92.9)	68.0
Property	0.5	-	-	-	0.5
AVC investments	13.0	-	(1.9)	1.5	12.6
	5,018.6	**9,100.7**	**(8,551.5)**	**(3328)**	**5,235.0**
Cash*	15.0			3.5	12.3
Repurchase / Reverse Repurchase Agreements*	(95.6)	-	-	-	-
Other Investment balances*	(55.0)	-	-	(0.8)	17.6
Net investment assets*	**4,883.0**	**-**	**-**	**(330.1)**	**5,264.9**

*The SORP does not require these to cross-cast.

The change in market value in relation to the pension funding partnership relates to £36.2m loss from the unwinding of PFP2 which is linked to the contribution of £36.9m from Boots UK Ltd as noted on Page 24 Note 5.
Further £56.7m loss relates to the reduction due to the expected reduced bullet payment of PFP1, due to the solvency position of the scheme. Whilst PFP1 has been valued on a “arm’s length” methodology ie the value an unconnected party would put on the interest the Trustee and Company have entered into a commercial agreement for the Scheme to exit PFP1 by the end of 2025 in return for a contribution based on a roll-forward of the valuation as at 31 March 2023.

The holdings of pooled investment vehicles are analysed below:

	2024 £m	2023 £m
Liquidity Fund	161.9	705.0
Property	-	361.5
Equity	-	223.0
Bonds	-	341.2
Private Equity	-	333.8
	161.9	**1,964.5**

As part of the deferred premium, due to LGAS, resulting from the purchase of the Bulk Annuity the Schroder assets were agreed to be transferred to LGAS at a value of £257.6m to settle a deferred premium of an equal amount. Under the derecognition of a financial asset provision as per FRS102 the Schroders assets have been excluded from the Statement of Net Assets as has the deferred liability that it is matched with.

8. Investments (continued)

Costs are borne by the Scheme in relation to transactions in the investment portfolios. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable. There were no transaction costs borne in relation to the Pension Funding Partnership (2023: £nil).

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

Objectives and policies for holding derivatives.

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Scheme as follows:

Futures – the Trustee did not want cash held to be "out of the market" and therefore bought exchange traded index-based futures contracts which had any underlying economic value broadly equivalent to cash held.

Swaps – the Trustee's aim was to match as far as possible the Liability Driven Investment (LDI) portfolio of the Scheme's long-term liabilities, in particular in relation to their sensitivities to interest rate movements. Due to the lack of available long dated bonds the Trustee has entered into OTC interest rate swaps during the year that extend the duration of the fixed income portfolio to better match the long-term liabilities of the Scheme.

Forward foreign exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio was invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in GBP, a currency hedging programme, using over the counter forward foreign exchange contracts, had been put in place to reduce the currency exposure if these overseas investments to the targeted level.

At the year end, the Scheme held realised all previously held derivative holdings:

	2024 Asset £m	**2024** Liability £m	**2024** Total £m	**2023** Asset £m	**2023** Liability £m	**2023** Total £m
Futures	-	-	-	4.9	(0.8)	4.1
Forward FX contracts	-	-	-	8.6	(2.2)	6.4
Swaps	-	-	-	746.6	(562.6)	184.0
	-	-	-	760.1	(565.6)	194.5

8. Investments (continued)

Futures Contracts

There were no futures Contracts as at 31 March 2024. The liability value at 31 March 2023 was £(0.8)m.

The Scheme's objective was to decrease risk in the portfolio by entering into futures positions to match assets that are already held in the portfolio without disturbing the underlying assets.
Included within cash balances are £0m in respect of initial and variation margins arising on open futures contracts at the year-end (2023: £9.66m)

Forward Foreign Exchange (FX)

The Scheme had no open FX contracts at the year-end (2023 £6.4m)

Insurance Policy

	2024 £m	2023 £m
LGAS Insurance Policy	4,992.0	-

On 24 November 2023, the Trustee purchased a bulk annuity policy from Legal & General Assurance Society Limited ("LGAS") and part of the premium payable to LGAS was deferred, with the Scheme having an obligation to repay the amounts due plus accrued interest by 31 December 2025. The Policy was valued by the Scheme's Actuary AON Solutions UK Limited based on expected benefit payments from the policy using assumptions agreed by the Trustee.

Swaps (By Type)

	2024 (net) £m	2023 (net) £m
Interest rate	-	(65.1)
Credit default	-	(10.9)
Inflation	-	260.0
Total swaps (net)	-	184.0

8. Investments (continued)

Swaps

The Scheme had no swap contracts outstanding at the year-end

	Notional Principal £m	2024 Market value (asset) £m	2024 Market value (liability) £m	2024 Market value (net) £m
Total swaps held by the Scheme at 31 March 2024	**-**	**-**	**-**	**-**
Total swaps held by the Scheme at 31 March 2023	**5,851.3**	**746.6**	**(562.6)**	**184.0**

At the year end, the Scheme had no cash collateral at counterparties in respect of both OTC swaps (2023: £104.7m) and repurchase agreements (2023:£(3.4m).

Pension Funding Partnership - PFPs

The Pension Funding Partnership (PFP) is the Scheme's interest in one (2023:two) Scottish Limited Partnerships which own an interest in groups of freehold property currently occupied by the Sponsoring Employer, PFP1 and formerly PFP2. Its fair value represents the present value of amounts due to the Scheme over a multi-year period. Collateral, in the form of the freehold property currently in use by the Sponsoring Employer is available to the Trustee in the event the amounts due to the Scheme are not received.

During the year the Scheme has exited the PFP2 vehicle in return for a contribution from the Company of £36.9m paid in March 2024. The remaining PFP is valued on a "arm's length" methodology ie the value an unconnected party would put on the interest.

The properties that provide the collateral in these vehicles underwent a valuation as at 31 March 2023. This valuation showed that the collateral has fallen below 105% of the present value of the amount due to the Scheme. To rectify this, following the collapse of the PFP2 vehicle, the properties previously held in PFP2 were transferred to PFP1 to support the collateral position.

The Trustee and Company have entered into a commercial agreement for the Scheme to exit PFP1 by the end of 2025 in return for a contribution based on a roll-forward of the valuation as at 31 March 2023 after making allowance for funding levels, distributions and changes in market conditions.

Repurchase Agreement

At the year end, within other investment assets and liabilities, amounts payable under repurchase agreements amounted to £0m (2023: £696.5m) and reverse repurchase agreements of £0m (2023: £600.9m) At the year end £0m (2023: £483.2m) of bonds reported in the financial statements are held by the counterparties under the repurchase agreement and £nil of cash under the reverse repurchase agreements. The negative bond holdings of £nil (2023: £362.1m) represent the obligation to return the bonds received as collateral assets under reverse repurchase agreement. The obligation arises due to the asset being used in sales activity, thus exposing the Scheme to the risks and rewards of the ownership of the collateral asset.

8. Investments (continued)

Concentration of Investments

The Scheme investments include the following which represent more than 5% of the total value of the Schemes assets.

	2024 £m	2024 %	2023 £m	2023 %
LGIM LIQUIDITY FUN LGIM STERLING	-	-	621.6	12.6
LGAS Insurance Policy	4,992.0	94.6	-	-

9 Investment Fair Value Hierarchy

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

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

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

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

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

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 31 March 2024				
Insurance policy			4,992.0	4,992.0
Pooled investment vehicles	57.0	104.9	-	161.9
Pension Funding Partnership	-	-	68.0	68.0
Property	-	-	0.5	0.5
AVC investments	-	-	12.6	12.6
Cash	12.3	-	-	12.3
Other investment balances	0.1	17.5	-	17.6
	69.4	122.4	5,073.1	5,264.9

9 Investment Fair Value Hierarchy (continued)

At 31 March 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Bonds (net)	-	2,471.7	191.4	2,663.1
Pooled investment vehicles	651.7	934.8	378.0	1964.5
Derivatives	4.1	190.4	-	194.5
Pension Funding Partnership	-	-	183.0	183.0
Property	-	-	0.5	0.5
AVC investments	-		13.0	13.0
Cash	64.1	(49.1)	-	15.0
Repurchase / Reverse Repurchase Agreements (net)	-	(95.6)	-	(95.6)
Other investment balances	0.2	(55.7)	0.5	(55.0)
	720.1	3,396.5	766.4	4,883.0

10 Investment Risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

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

Market risk: this comprises currency risk, interest rate risk and other price risk.

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

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's Report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the Scheme's exposures to credit and market risks are set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

10 Investment Risks (continued)

(i) Credit risk

The Scheme is subject to credit risk through the insurance policies it has entered into. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles. Analysis of direct credit risk. The credit risk disclosure for year ended 31 March 2024 were categorised by the Scheme's Custodian.

Indirect credit risk also arises in relation to the discount rate used to value the Pensions Funding Partnership. The discount rate is based upon UK gilt yields with a premium added to allow for credit and illiquidity risks. The credit risk premium is derived from changes in UK credit conditions and the credit risk of the parent company. This risk is mitigated by holding a diverse portfolio of investments across various markets.

31 March 2024

	Investment grade £m	Non-investment grade £m	Unrated £m	Total £m
Insurance policy	-	-	4,992.0	4,992.0
Pooled Investment Vehicles	44.0	-	117.9	161.9
Pension Funding Partnership	-	-	68.0	68.0
Cash	12.3			12.3
	56.3	**-**	**5,177.9**	**5,234.2**

31 March 2023

	Investment grade £m	Non-investment grade £m	Unrated £m	Total £m
Bonds (net)	2,663.1	-	-	2,663.1
Pooled Investment Vehicles	62.2	-	1,902.3	1,964.5
Pension Funding Partnership	-	-	183.0	183.0
Derivatives	-	-	194.5	194.5
Cash	16.9	-	(1.9)	15.0
Repurchase / Reverse Repurchase Agreements	-	-	(95.6)	(95.6)
	2,742.2	**-**	**2,182.3**	**4,924.5**

The Scheme's policy was to hold a diverse portfolio of high-quality sterling and US Dollar denominated bonds and interest rate and inflation swaps with the broad objective of achieving a yield in line with that of a typical AA rated bond index. The Trustee managed the associated credit risk by requesting the investment manager to diversify the portfolio to minimise the impact of default by any one issuer.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements (see note 8). Cash is held within financial institutions which are at least investment grade credit rated.

10 Investment Risks (continued)

The Scheme's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carried out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager.

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

	2024 £m	**2023 £m**
Unit Linked Insurance Contracts	-	119.9
Authorised Unit Trusts	161.9	1190.2
Open Ended Investment Companies	-	654.4
	161.9	**1,964.5**

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

The Scheme holds an annuity policy with the insurer, LGAS, that is used to insure the Scheme's liabilities. By purchasing an annuity policy, the Trustee has an agreement with LGAS that it will honour the benefit payments of the Scheme members as and when they fall due. Whilst these provide protection against investment and longevity risk, there is a small chance that the insurer may default. If LGAS were unable to make the benefit payments (that they are obliged to make) then the responsibility of making those payment falls on the Trustee. However, insurers are required to meet stringent solvency requirements and unlimited compensation may be provided by the Financial Services Compensation Scheme should an insurer become insolvent.

(ii) Currency risk

The Scheme is no longer subject to currency risk on the investments held in overseas markets.

(iii) Interest rate risk

The Scheme is subject to interest rate risk on the bond portfolio comprising bonds and interest rate swaps held either as segregated investments or through pooled vehicles and cash. Whilst it is noted that the value of the bulk annuity policy will change with market conditions, this matches the value of the liabilities, so there is no significant net interest rate risk. At the year end the bond portfolio comprised:

	2024 £m	**2023 £m**
Direct		
Bonds	-	2,663.1
Derivatives	-	194.5
Repurchase / Reverse Repurchase Agreements	-	(95.6)
Indirect		
Pooled investment vehicles	161.9	1964.5

Indirect interest rate risk also arises in relation to the discount rate used to value the Pensions Funding Partnership. The discount rate is based upon UK gilt yields with a premium added to allow credit and illiquidity risks. This risk is mitigated by holding a diverse portfolio of investments across various markets.

10 Investment Risks (continued)

(iv) Other price risk

Other price risk arises in relation to the discount rate used to value the Pensions Funding Partnership, namely the illiquidity premium. Following the purchase of the bulk annuity policy, there is no further significant other price risk.

At the year end, the Scheme's exposure to investments subject to other price risk was:

	2024 £m	2023 £m
Indirect		
Pooled Property	-	43.0
Pooled Equity	-	341.0
Pension Funding Partnership	68.0	175.9

Additional Voluntary Contributions

The Trustee holds assets invested separately from the main fund with Phoenix Life Limited (formerly London Life Limited) and Legal & General Assurance Society Limited which secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement confirming the amounts held in their account and the movements in the year. The accounts are a mixture of 'with profit' and 'unit-linked' structures, across the different providers. The aggregate amounts of AVC investments are as follows:

	2024 £m	2023 £m
Phoenix Life Limited	1.3	1.4
Legal & General Assurance Society Limited	11.3	11.6
	12.6	**13.0**

11 Investment Income

	2024 £m	2023 £m
Annuity income	57.7	-
Bonds	39.4	67.3
Pooled Investment Vehicles	29.0	28.0
Interest on Cash and Deposits	0.9	0.2
Derivatives	(14.9)	(75.2)
	112.1	**20.3**

Annuity income relates to income received from LGAS to pay the pensioners secured under the buy in policy from January 2024.

12 Investment Management related Expenses

	2024 £m	2023 £m
Investment management and administration	(3.2)	(7.4)
Performance Fees	(0.8)	(2.0)
	(4.0)	**(9.4)**

NOTES (FORMING PART OF THE FINANCIAL STATEMENTS) FOR THE YEAR ENDED 31 March 2024

13 Current Assets

	2024 £m	2023 £m
Cash in Current Account	3.4	53.2
LGAS rebate of PCLS paid *	6.4	-
Other Current Assets	1.4	0.4
	11.2	**53.6**

*A reclaim process is in place with LGAS to recover any PCLS paid, including those due to be paid at the year-end as shown in the Note below.

14 Current Liabilities

	2024 £m	2023 £m
PAYE due	(2.5)	(2.2)
Accrued investment management fees	(1.1)	(4.2)
Accrued administration expenses due to The Boots Company PLC	(3.6)	(0.3)
Accrued professional fees	(0.8)	(1.0)
Pension Commencement Lump Sums due	(7.8)	-
LGAS Annuity deferred premiums **	(462.6)	-
Interest payable on loan	(13.0)	-
	(491.4)	**(7.7)**

**The deferred premiums relate to amounts due, as at the year-end, to LGAS as part of the purchase of the Bulk Annuity, the Scheme having an obligation to repay the amounts due plus accrued interest by 31 December 2025. Excluded from this figure is a deferred premium of £257.6m which is settled by the transfer of the Schroder portfolio which has also been excluded from the Assets under the derecognition of financial assets provision as per FRS102.

15 Self-Investment

There was no self-investment during the year (2023: Nil).

16 Related Party Transactions

(a) Entities with control, joint control or significant influence over the entity

The Boots Company PLC
The Boots Supplementary Pension Plan
Boots Management Services Ltd

Boots Management Services Ltd provided administrative services and the recharge of these costs is dealt with in note 4. Amounts due to the Principal Employer, The Boots Company PLC at the year-end are dealt with in Note 14 which relate to invoices paid on behalf of the Scheme which are reimbursed, on a quarterly basis, in arrears. Employer contributions are dealt with in Note 5.
Current assets include £190,433 due from the Boots Supplementary Pension Plan (the Plan) in relation to pensioner payroll by the Scheme on behalf of the Plan. (2023 - £188,935).
The Scheme has an interest in and has received income from Boots property Partnership LP, a Scottish limited partnership where the other partners are companies in the Employer's group. See note 8.

(b) Key management personnel of the Scheme

Of the 7 Trustee Directors in office during the year, 2 were deferred members of the Scheme and 3 were pensioner members of the Scheme.
Fees and expenses were paid to the Independent Trustee Director who served during the year and to 3 member-

nominated pensioner Trustee Director who served during the year (2023: 3). Trustee Director fees and expenses for the Independent Chairman, to the value of £382,723 (2023: £112,973) were incurred in the year, these were paid directly by the employer and not recharged to the scheme. As at year end £63,625 was outstanding for settlement. Director fees and expenses for the member nominated trustees, to the value of £62,400 (2023:£38,900) were incurred in the year, these were paid directly by the Scheme. The fees have increased over previous year due to the transaction.

(c) Other related parties
Under a deed dated 24 November 2023, WBA Financial Services Limited has provided a continuing guarantee to the Scheme for all its guaranteed obligations, subject to a cap of £600m, which has now reduced to £300m following a Company contribution of £300m in December 2023. This was revised from the previous cap of £3,900,000,000 (three billion nine hundred million pounds Sterling) as part of entering into the buy-in transaction with Legal & General.

17. GMP Equalisation

On 26 October 2018 the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. Following on from the original judgement, a further High Court ruling on 20 November 2020 has provided clarification on the obligations for Trustees. This judgement focussed on the GMP treatment of historic transfers out of members' benefits, an issue which had not been addressed in the 2018 GMP ruling. Under this ruling, trustees are required to review historic transfer values paid from May 1990 to assess if any top up payment is required to be paid to the receiving scheme, to reflect members' rights to equalised GMP benefits. It is not possible to estimate the value of any such adjustments at this time. An approximate allowance for the financial impact on the Scheme of complying with the 2018 Lloyds Bank Judgement has been made by increasing the Scheme's technical provisions and solvency estimate by 0.4% although this is expected to increase to 0.6% of liabilities as a result of the change in the discretionary early retirement practice. This reflects an approximate allowance for associated back-payments and increases to future benefit payments and is consistent with the approach at the previous valuation. For the avoidance of doubt, no allowance has been made in these financial statements in respect of the 2020 Lloyds Bank Judgement which covered the requirement to top up payments to former members of the Scheme who have transferred out their benefits.

18. Company Guarantee

Guaranteed obligations means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally and in any capacity whatsoever) of the Companies to make payments to the Scheme up to a maximum amount equal to the lower of (a) the entire aggregate liability, on the date on which any liability under this Deed arises, of every employer (within the meaning set out in section 318 of the Pensions Act 204 and regulations made thereunder) in relation to the Scheme, were a debt under Section 75(2) of the Pensions Act 1005 to have become due on that date; and (b) £600,000,000 (six hundred million pounds Sterling)(the "Cap") which following a contribution by the Company of £300m in November 2023 reduced to £300m. This was revised from the previous cap of £3,900,000,000 (three billion nine hundred million pounds Sterling) as part of entering into the buy-in transaction with Legal & General.

19. Ruling on amendments of Contracted-Out Salary-Related pension schemes

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court and the case has the potential to cause significant issues in the pensions industry. The Trustee will investigate the possible implications with its advisers in due course, but it is not possible at present to estimate the potential impact, if any, on the Scheme.

Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the Boots Pension Scheme

Statement about contributions payable under schedule of contributions
We have examined the summary of contributions payable to the Boots Pension Scheme on page 37 in respect of the scheme year ended 31 March 2024.

In our opinion the contributions for the scheme year ended 31 March 2024 as reported in the attached summary of contributions on page 37 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 actuary on 16 December 2022.

Scope of work on statement about contributions
Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 37 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 trustee and auditor
As explained more fully on page 15 in the Statement of Trustees' Responsibilities, the scheme's trustee are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme. The trustees are also responsible for keeping records in respect of contributions received in respect of active members of the scheme 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 statement
This statement is made solely to the scheme's trustees as a body, in accordance with 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 statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme and the scheme's trustees as a body, for our audit work, for this statement, or for the opinions we have formed.

RSM UK Audit LLP
Gary Grewal (Oct 14, 2024 17:56 GMT+1)

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
103 Colmore Row
Birmingham
West Midlands
B3 3AG
Date: 14/10/24

Statement of Trustee's Responsibilities in respect of Contributions

The Scheme's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustee is also responsible for keeping records of contributions received and for procuring that contributions are made to the Scheme in accordance with the schedule.

Trustee's Summary of Contributions payable under the schedule in respect of the Scheme year ended 31 March 2024

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Scheme under the schedule of contributions certified by the actuary on 16 December 2022 in respect of the Scheme year ended 31 March 2024. The Scheme auditor reports on contributions payable under the schedule in the Auditor's Statement about Contributions.

Contributions payable under the Schedule in respect of the Scheme year	**£m**
Employer Other Contributions	336.9
Total contributions payable to the Scheme as reported in the Financial Statements and as reported on by the Scheme Auditor	336.9

£300m of the above contributions relate to amount received from the employer in relation to the initial purchase of the LGAS policy. £36.9m relates to contributions received linked to the unwinding of PFP2.

Signed on behalf of the Trustee on 11/10/24 2024

Alan Baker, Director for The Law Debenture Pension Trust Corporation PLC

Law Debenture Pension Trust Corporation PLC on behalf of Boots Pensions Ltd

Engagement Policy Implementation Statement ("EPIS")

Boots Pension Scheme (the "Scheme")

Scheme Year End – 31 March 2024

The purpose of the EPIS is for us, the Trustee of the Boots Pension Scheme, to explain what we have done during the year ending 31 March 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP"). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme's investments have been followed during the year; and

2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the 'most significant' votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

During the reporting period, in November 2023, the Scheme purchased a Bulk Purchase Annuity Agreement (the "Annuity") with Legal & General Assurance Society ("LGAS"). The Annuity aims to wholly cover the benefits payable to all members of the Scheme. In endeavouring to invest in the best financial interests of the beneficiaries and purchasing the Annuity, we recognise that we cannot, therefore, directly influence the Environmental, Social, and Governance ("ESG") integration or stewardship policies and practices of LGAS. However, **as part of the due diligence when selecting LGAS as the Scheme's insurer, ESG credential, including voting and engagement were taken into consideration.** We believe that LGAS should use its influence and purchasing power where possible to ensure that ESG factors, including climate change, are appropriately considered by underlying investment managers and financial counterparties.

In our view, most of the Scheme's material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations. A few managers, as outlined below, did not provide any requested engagement information, and the information provided was limited and often not in line with the best practice Investment Consulting Sustainability Working Group ("ICSWG") industry standard engagement reporting template.

Following the purchase of the Annuity, the Scheme's remaining assets are invested in assets that either have limited materiality of stewardship (such as cash), or funds for which redemptions have already been placed, and as such, efficacy of engagement with the relevant fund managers is limited.

Following the Scheme year-end, the SIP has been updated for the purchase of the Annuity and the limited ability of the Trustee to influence voting and engagement activity, as well as its limited ability to enforce stewardship expectations.

How voting and engagement policies have been followed

The majority of the Scheme's assets were transferred to LGAS, the insurer, in November 2023 to purchase the Annuity. Following the purchase of the Annuity, the Scheme held residual assets which are in the process of being sold down or redeemed, with the cash proceeds being transferred to LGAS.

Prior to the purchase of the Annuity, the Scheme's assets were invested in a combination of pooled funds and segregated mandates and the responsibility for voting and engagement was delegated to the Scheme's investment managers (subject to our stewardship policy as set out in the SIP). We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

Over the reporting year and prior to the purchase of the Annuity, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). We received quarterly ESG ratings from Aon for the funds the Scheme is invested in where available.

The ESG rating system is for rated investment strategies and is designed to assess whether investment managers integrate Responsible Investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the investment manager. Aon's researchers also conduct a review of the managers' Responsible Investment related policies and procedures, including a review of their Responsible Investment policy (if they have one), active ownership, proxy voting and / or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the investment manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in an investment strategy's level of ESG integration, or broader Responsible Investment developments.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

In July 2023, we received training on Responsible Investment topics from Aon throughout the Scheme year. These sessions included training on new stewardship reporting requirements within the SIP as set out by the DWP.

Throughout the year, we have been in discussions with Aon, and other relevant parties, to meet the requirements set out as part of the Task Force on Climate-related Financial Disclosures ("TCFD") and produced the relevant TCFD report for the Scheme. The TCFD report establishes a set of eleven clear, comparable and consistent recommended disclosures about the potential risks and opportunities presented by climate change. The increased transparency encouraged through the TCFD recommendations is intended to lead to decision-useful information and therefore better-informed decision-making on climate-related financial risks and opportunities.

During the reporting year, with the support of our investment adviser, we published the Scheme's second TCFD disclosures report as at the 31 March 2023 year end. In July 2023, Aon furnished the Investment Committee with further detail of "lessons learned" from the industry's continued TCFD reporting releases, using feedback from the Pensions Regulator and incorporated new guidance within the Scheme's TCFD report. Aon continues to keep us appraised of new developments in this space on an ongoing basis.

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

The Scheme's stewardship policy can be found in the SIP:
https://www.wba-boots-pensions.co.uk/Uploads/Documents/00/00/00/53/DocumentFile_FILE/BPS-SIP-May-2024.pdf

Our Engagement Action Plan

As noted in the conclusion, most of the Scheme's material investment managers were able to disclose good evidence of voting and / or engagement activity. Our Engagement Action Plan focuses on future planned engagements and areas where there were gaps identified.

As part of the due diligence when selecting LGAS as the Scheme's insurer, ESG credentials including voting and engagement were taken into consideration. However, the responsibility for managing arrangements with underlying investment managers lies with LGAS. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the long-term objectives of the Insurer; as well as having appropriate performance, costs (including turnover costs), and remuneration monitoring with respect to the appointed asset managers. In addition, we expect that the Insurer uses its influence and purchasing power (where possible) to ensure that ESG factors, including climate change, are appropriately considered by underlying investment managers and financial counterparties.

We have limited ability to incentivise LGAS to align its investment strategy and decisions with our policies in relation to stewardship, corporate governance, and responsible investment. However, given the nature of the buy-in policies, such as the Annuity purchased by the Scheme, we believe that LGAS is appropriately incentivised to make decisions relating to the medium and long-term financial and non-financial factors which may influence performance. The Trustee plans to engage with LGAS in the future, to understand in more detail its policy for voting and engagement and how this is implemented.

As the majority of the Scheme's assets were transferred to LGAS, and any residual assets are in the process of being sold down or redeemed, the Trustee is aware of its limited ability to influence the relevant fund managers to improve their engagement activities. As such, we have decided to take no action in regard to the engagement information produced by the managers.

The below summarises the areas of note regarding the engagement data provided by the managers:

1. While Legal and General Investment Management ("LGIM") did provide a comprehensive list on fund level engagements, which we find encouraging, it did not provide detailed engagement examples specific to the fund in which we are invested, as per the ICSWG best practice industry standard. They did not provide fund level engagement for the Private Bond Portfolio, the Active UK Bond Portfolio, or the Active Global Bond (hedged) Portfolio. However, over the past 12-18 months, the Trustee has been actively engaging with the manager to encourage improvements in their reporting.

2. At the time of writing, Wellington Management Group ("Wellington") did not provide any engagement information.

3. Kennedy Lewis did not provide the required data as per the ICSWG best practice industry standard.

4. Ownership Capital, Schroders and Basalt did not provide the fund level engagement information.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 March 2024.

Section		Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
DB	Ownership Capital - Global Equity Fund	315	100%	8.0%	4.0%
	Mirova - Global Sustainable Equity Fund	651	100%	45.0%	2.0%
AVCs	L&G - PMC World Equity Index Fund	37,017	99.9%	20.8%	0.1%
	L&G - PMC Consensus Index Fund	61,694	99.9%	20.8%	0.6%
	L&G - PMC UK Equity Index Fund	10,462	99.8%	5.6%	0.03%

Source: Managers

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

	Description of use of proxy voting advisers *(In the managers' own words)*
Legal & General Investment Management ("LGIM")	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. For more details, please refer to the Voting Policies section of this document.
Ownership Capital	We currently cast our proxy votes via a dedicated voting provider, ISS.
Mirova	Mirova utilises Institutional Shareholder Services, Inc. (ISS) as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to the ISS research, however its recommendation is not prescriptive or determinative to our voting decision.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. Some of the information provided is at a firm-level i.e., is not necessarily specific to the funds invested in by the Scheme.

Section	Funds	Number of engagements		Themes engaged on at a fund/firm level
		Fund specific	Firm level	
DB	LGIM - Private Bond Portfolio	*Not provided*	2,500	Environment - Climate change, Natural resource use/impact, Pollution, Waste and others. Social - Human capital management, Inequality, Human and labour rights. Governance - Board effectiveness - Diversity, Remuneration, Board effectiveness - Independence or Oversight. Strategy, Financial and Reporting - Reporting, Strategy/purpose, Financial performance.
	LGIM – Active UK Bond Portfolio	*Not provided*	2,500	Environment - Climate change, Natural resource use/impact, Pollution, Waste and others. Social - Human capital management, Inequality, Human and labour rights. Governance - Board effectiveness - Diversity, Remuneration, Board effectiveness - Independence or Oversight. Strategy, Financial and Reporting - Reporting, Strategy/purpose, Financial performance.
	LGIM - Active Global Bond (Hedged) Portfolio	*Not provided*	2,500	Environment - Climate change, Natural resource use/impact, Pollution, Waste and others. Social - Human capital management, Inequality, Human and labour rights.

Section	Funds	Number of engagements		Themes engaged on at a fund/firm level
		Fund specific	Firm level	
				Governance - Board effectiveness - Diversity, Remuneration, Board effectiveness - Independence or Oversight. Strategy, Financial and Reporting - Reporting, Strategy/purpose, Financial performance.
	Goldman Sachs Asset Management ("GSAM") – Global Emerging Market Debt Fund	11	946	Environment - Climate change, Natural resource use/impact, Pollution, Waste Social - Human capital management, Human and labour rights, Conduct, culture, and ethics. Governance - Board effectiveness - Diversity, Board effectiveness - Independence or Oversight, Board effectiveness - Other. Strategy, Financial and Reporting - Strategy/purpose, Reporting, Financial performance.
	GSAM - Broad Street Loan Partners Fund IV	*Not provided*	946	Strategy, Financial and Reporting - Capital Allocation, Strategy/purpose, Reporting (e.g., audit, accounting, sustainability reporting), Financial performance
	Ownership Capital - Global Equity Fund	*Not provided*	164	Environment - Climate change, Natural resource use/impact, Pollution, Waste. Social - Human capital management, Conduct, culture and ethics, Public health. Governance - Board effectiveness - Diversity, Remuneration, Board effectiveness - Other Strategy, Financial and Reporting - Capital allocation, Strategy/purpose. Other - ESG Governance.
	Schroders - UK Property Fund	*Not provided*	6,530	Environment - Climate alignment - decarbonising and minimising emissions, Climate risk and oversight, Deforestation. Social - Health, safety and wellbeing, Investment in the workforce, Sustainable food, and water. Governance - Executive remuneration, Boards and management, Board diversity and inclusion.
	Kennedy Lewis – Credit Partners II Fund			*Not provided*
	Leadenhall Capital Partners ("Leadenhall") - Insurance Linked Securities Value Fund	141	147	Governance - Board effectiveness - Independence or Oversight, Leadership - Chair/CEO, Board effectiveness - Other Strategy, Financial and Reporting - Capital allocation, Reporting, Financial performance, Strategy/purpose, Risk management
	Wellington - Global Credit Fund			*Not provided*
	Basalt - Infrastructure Partners III Fund	*Not provided*	325	Environment - Climate change, Natural resource use/impact, Pollution, Waste. Social - Human capital management, Human and labour rights, Inequality. Governance - Board effectiveness - Diversity, Board effectiveness - Independence or Oversight, Board effectiveness - Other. Strategy, Financial and Reporting - Risk management, Reporting, Financial performance.
	Mirova - Global Sustainable Equity Fund	42	122	Environment - Climate change, Natural resource use/impact, Pollution, Waste.

Section	Funds	Number of engagements		Themes engaged on at a fund/firm level
		Fund specific	Firm level	
				Social - Human and labour rights, Human capital management, Conduct, culture, and ethics. Governance - Board effectiveness - Diversity, Independence or Oversight, Remuneration.
AVCs	L&G PMC - World Equity Index Fund	676	2,500	Environment - Climate Impact Pledge, Climate Change, Deforestation. Social - Gender Diversity, Income inequality, Lobbying and Political Donations. Governance - Renumeration, Board Composition, Nominations, and succession. Other - Corporate Strategy, Company Disclosure & Transparency, COVID-19.
	L&G PMC - Consensus Index Fund	701	2,500	Environment - Climate Impact Pledge, Climate change, Deforestation. Social - Gender Diversity, Income inequality, Lobbying and Political Donations. Governance - Renumeration, Board Composition, Combined Chair & CEO. Other - Corporate Strategy, Company Disclosure & Transparency, COVID-19.
	L&G PMC - UK Equity Index Fund	313	2,500	Environment - Climate Impact Pledge, Climate change, Energy. Social - Ethnic Diversity, Gender Diversity, Income inequality Governance - Renumeration, Board Composition, Nominations, and succession Other - Corporate Strategy, Company Disclosure & Transparency, COVID-19

Source: Managers. LGIM and Schroders provided firm level engagement data over the Scheme year, whereas all other managers provided over the calendar year 2023. Themes provided for below managers are at a firm level – Ownership Capital, Schroders, Basalt, LGIM -Private Bond Portfolio, Active UK Bond Portfolio and Active Global Bond Portfolio.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- LGIM did provide fund level engagement information but not in the industry standard ICSWG template. LGIM did not provide fund level engagement number for its Private Bond Portfolio, Active UK Bond Portfolio and Active Global Bond (hedged) Portfolio.
- At the time of writing, Wellington and Kennedy Lewis did not provide any engagement information. Additionally, Schroders, Ownership Capital and Basalt, did not provide fund level engagement for the UK Property, Global Equity and Infrastructure Partners III funds respectively.
- GSAM provided aggregated engagement data by theme for the Broad Street Loan Partners Fund IV, however the number of underlying engagements was not provided.

This report does not include commentary on the Scheme's liability driven investments (including the swap portfolio) or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's managers. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below.

Ownership Capital - Global Equity Fund	**Company name**	ASML
	Date of vote	26 April 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	3.4%
	Summary of the resolution	Approve Remuneration Report
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	After the previous AGM, where we had voted AGAINST the remuneration policy, the board agreed to a "gradual transition to a new policy". We believe this has been well executed, as it has already remedied some of our concerns from the previous AGM such as more granularity in LT performance metrics/benchmarks and thresholds. We have engaged on continued improvement on a limited portion of awards which are allowed to vest below the median of the designated group over the performance period. However, we have voted FOR with engagement in recognition of the meaningful progress.
	Outcome of the vote	For
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We will promote further disclosures in executive compensation and push for more comparative executive compensation policies.
	On which criteria have you assessed this vote to be "most significant"?	Compensation alignment with shareholders is crucial for the long-term performance of the company.

Source: Ownership Capital

Mirova - Global Sustainable Equity Fund	**Company name**	Verizon Communications Inc.
	Date of vote	11 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.1%
	Summary of the resolution	Executive Compensation/Shareholder Proposal on Political Contributions.
	How you voted	Against Management
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	Although the compensation structure contains a metric dedicated to CSR, we expressed our concerns with the decorrelation between the CEO and employee pay, in light of the recent mass layoffs, as well as the lack of performance criteria within the LTIP. Regarding the shareholder proposal, Mirova supported the proposal to prohibit political and electioneering expenses because we agree with the reputational risk associated with the misalignment between such activities and the company's purported CSR commitment.
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Employee/CEO pay correlation remains challenging to analyze given the lack of employee payroll data in the US. By incorporating additional data points such as the CEO pay ratio and layoff data, we strive to incorporate this concern into our voting decision.
	On which criteria have you assessed this vote to be "most significant"?	Relevant to engagement strategy

Source: Mirova

L&G – PMC World Equity Index Fund	**Company name**	JPMorgan Chase & Co.
	Date of vote	16 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.7%
	Summary of the resolution	Resolution 9 – Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets.
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	Rationale for the voting decision	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
	On which criteria have you assessed this vote to be "most significant"?	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonization of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.

Source: LGIM

L&G - PMC Consensus Index Fund	**Company name**	Amazon.com, Inc.
	Date of vote	24 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.6%
	Summary of the resolution	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps.
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	Rationale for the voting decision	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy, and society.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
	On which criteria have you assessed this vote to be "most significant"?	Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Source: LGIM

L&G - PMC UK Equity Index Fund	**Company name**	Shell Plc
	Date of vote	23 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	7.0%
	Summary of the resolution	Resolution 25 - Approve the Shell Energy Transition Progress
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.
	On which criteria have you assessed this vote to be "most significant"?	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

Source: LGIM