

Clifford Chance Pension Scheme

CLIFFORD CHANCE PENSION SCHEME

(Scheme Registration Number : 10137020)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 April 2023

Clifford Chance Pension Scheme

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CLIFFORD CHANCE PENSION SCHEME - TRUSTEE AND ADVISERS:**TRUSTEE:** Clifford Chance Pension Trustees Limited, 10 Upper Bank Street, London, E14 5JJ

BOARD OF DIRECTORS	
<i>Employer Appointed</i>	<i>Member Nominated</i>
Robin Tremaine (Chairman)	Alistair Dawson (Pensioner member)
Anne Drakeford	Meredith Gibson (Deferred member) – resigned 30 June 2022
Pensions Lawyer Trustee Limited (represented by Jane Kola)	Amrita Hofmaier (Deferred member)
David Saleh	Pradeep Patel (Deferred member)

SCHEME SECRETARY:	TMF Corporate Administration Services Limited, 8th Floor, 20 Farringdon Street, London, United Kingdom, EC4A 4AB Andy Darlison, Clifford Chance London Limited, 10 Upper Bank Street, London E14 5JJ
SCHEME ADMINISTRATOR:	Clifford Chance London Limited
ACTUARY:	Keith Poulson FIA, Aon Solutions UK Limited
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP
LEGAL ADVISERS:	Eversheds Sutherland (International) LLP Sacker & Partners LLP Clifford Chance LLP
COVENANT ADVISER:	Aon plc
INVESTMENT ADVISER:	Lane Clark & Peacock LLP
INVESTMENT MANAGERS:	Legal & General Investment Management Limited Columbia Threadneedle Investments Invesco Fund Managers Limited IFM Investors JP Morgan Nordea Asset Management Baillie Gifford & Co Ruffer LLP Aegon Asset Management Newton Investment Management Prudential M&G
AVC MANAGERS:	Legal & General Investment Management Limited Clerical Medical Investment Group Utmost Life and Pensions Limited Scottish Widows plc Aviva Life & Pensions UK Limited
BANKER:	National Westminster Bank plc
PRINCIPAL EMPLOYER:	Clifford Chance LLP
NAME AND ADDRESS FOR ENQUIRIES:	Andy Darlison, Clifford Chance Pension Scheme, 10 Upper Bank Street, London E14 5JJ (andrew.darlison@cliffordchance.com or hadvce@cliffordchance.com)

CHAIRMAN'S REVIEW

For the year ended 30 April 2023

During the year 1 May 2022 to 30 April 2023 there have been quite a number of activities and changes which have again resulted in another very busy year for the Trustee Directors. This review sets out my summary of the main events having an impact on the Scheme.

In September and October 2022, gilt markets experienced significant falls in values following the “mini budget” announced as part of the Liz Truss government. The Scheme holds a material allocation to gilts (some of which is held on a “leveraged” basis) as these provide a close match to the benefit payments that the Scheme is expected to pay to its members. The Scheme received a number of collateral calls during this period, in order to maintain the leveraged position, and was successfully able to meet all calls and maintain its holdings in gilts. As a result of the significant change in the market values of the Scheme’s investments during this period, the Trustees subsequently implemented a number of transfers to rebalance the Scheme’s holdings to be back in line with our target asset allocation.

Towards the end of the year and start of 2023, we conducted a formal review of the investment strategy for the final salary arrangements, alongside our investment consultant, Lane Clark & Peacock ("LCP").

As part of that review a number of changes to the investments were then implemented:

- a reduction in the level of the synthetic equity exposure
- an increase in the leveraged exposure in the Liability Driven Investment ("LDI") portfolio with Columbia Threadneedle Investments, to reflect an increase in the target liability hedging ratios.
- the introduction of an investment in asset-backed securities with Aegon Asset Management
- changes to our investments in diversified growth funds, including the introduction of two new investments with Ruffer LLP and BNY Mellon.

These changes were all introduced in the first half of 2023.

A triennial actuarial valuation was due with effect from 30 April 2022. The trustees have been in dialogue with the employer on the valuation but no formal agreement has yet been reached. The employer continues to make contributions as previously agreed.

Robin Tremaine

Chairman

29 November 2023

TRUSTEE DIRECTORS' REPORT

For the year ended 30 April 2023

The Trustee Directors of the Clifford Chance Pension Scheme (the "Scheme") present their annual report for the year ended 30 April 2023.

Scheme Constitution and Management

The Scheme is an occupational pension scheme set up under trust to provide retirement benefits for certain groups of employees of Clifford Chance LLP and its current and former entities. It is governed by the First Supplemental Definitive Trust Deed and Rules dated 13 December 2001 and subsequent amendments.

The Scheme has two sections (a) Clifford Chance Pension Scheme Final Salary section (CCPSFS) which is a defined benefit section which is closed to new members and to future accrual, and (b) Clifford Chance Pension Scheme Money Purchase section (CCPSMP) which is a defined contribution/money purchase section also closed to new members and future benefit provision. Responsibility for setting the strategy and for managing the Scheme rests with the Trustee. The persons who acted as Trustee Directors during the year are listed on page 1. The Trustee Directors aim to meet at least quarterly and decisions are passed on a simple majority of those voting. During the year covered by this report the Trustee Directors did, however, meet on six occasions. The Trustee may be appointed and removed by the sponsoring employer, Clifford Chance LLP, and the Trustee Directors may be appointed and removed by the corporate trustee company, Clifford Chance Pension Trustees Limited, under its articles of association.

Since 1997 there has been a formal procedure for the nomination and selection of members of the Scheme to serve as Directors of the Trustee. There have been four Member Nominated Trustee Directors (MNTDs), with at least one MNTDs being an existing deferred member and an existing pensioner member respectively, with the remaining two MNTDs being either further deferred members or further pensioner members.

Following the nomination and selection process effective 1 July 2019 the MNTDs were Alistair Dawson (Pensioner Member); Meredith Gibson (Deferred Member); Amrita Hofmaier (Deferred Member) and Pradeep Patel (Deferred Member). A further nomination process has since taken place and effective 30 June 2022 Meredith Gibson resigned and Alistair Dawson was re-nominated and therefore selected. There remains however a vacancy for one MNTD. The Scheme is in compliance with the Member Nominated Trustee Regulations requiring at least one third of the Trustee board to be nominated by the membership.

The Trustee Directors' attendance at meetings of the Trustee board is summarised below. Additional trustee meetings can be convened at short notice in order to deal with more immediate matters and it would therefore not be expected, feasible or necessary for all trustee directors to attend.

Trustee Directors	Quarterly board meetings - 4 held
Alistair Dawson	4
Anne Drakeford	3
Amrita Hofmaier	4
Jane Kola (PLTL)	4
Pradeep Patel	4
David Saleh	4
Robin Tremain	4

Trustee Directors are not paid by the Scheme for their services. However, the Trustee Corporate Director is paid fees for their services by the principal employer without recharge to the Scheme. The Trustee Directors have agreed a business plan to support their governance arrangements. This includes periodic review of registers of risks and conflicts and to ensure that appropriate internal controls are put in place and remain effective.

The Trustee Directors have appointed professional advisers and other organisations to support them in delivering the Scheme's objectives. These individuals and organisations are listed on page 1. The Trustee Directors have written agreements in place with each of them.

Financial developments and financial statements

The financial statements included in this annual report are the financial statements required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

Membership and benefits

The change in membership during the year is set out below. As the Scheme matures, the number of Pensioners will form an increasing proportion of the members of the Scheme who have pension benefit entitlements.

Membership Statistics	CCPSFS Deferreds (i)	CCPSMP Deferreds (i)	CCPSFS Pensioners	CCPSFS Beneficiaries	LA Only Members (ii)	Total
At the start of the year	3,742	114	628	66	1,708	6,258
Joiners	-	-	-	-	320	320
Leavers (with no Scheme benefits)	-	-	-	-	(227)	(227)
Transfers out of Scheme	(22)	-	-	-	-	(22)
Retirements	(49)	-	49	2	-	2
Deaths	(7)	-	(6)	-	-	(13)
At the end of the year	3,664	114	671	68	1,801	6,318

CCPSFS = Clifford Chance Pension Scheme Final Salary section (of the 3,664 Deferred Members at the end of the year 13 also have Money Purchase benefits – 13 of the 3,742 Deferred Members at the end of the prior year also had Money Purchase benefits)

CCPSMP = Clifford Chance Pension Scheme Money Purchase section

LA = Life Assurance only members

Notes:-

(i) Deferred Members are employees who have left the Scheme but retain a right to a pension to be paid to them (or pension account under the Money Purchase section to be available) once they reach age 65 (or for some females, age 60). Following the closure of the Scheme to future benefit accrual after 30 April 2011 there are 245 Deferred Members (2022: 304) who also remain members of the Scheme for death in service life assurance benefits.

(ii) These employees remain covered for death in service lump sum life assurance benefits only under the Scheme.

Pension increases

The Trust Deed and Rules makes provision for increases in pensions in payment and deferred pensions. The

increases applied depend on when the benefits were accrued and under which pension arrangements. The following table summarises the most recent increases applied. None of the increases was discretionary.

Effective date	Minimum	Maximum	Average
Pensions in payment			
1 January 2021	0%	5%	1.2%
1 January 2022	0%	5%	4.7%
1 January 2023	0%	5%	4.7%
Deferred pensions			Average
1 April 2021	0%	2.9%	2.5%
1 April 2022	0%	11.1%	4.4%
1 April 2023	0%	11.4%	4.4%

Transfer values

All cash equivalent transfer values paid during the year have been calculated and verified in the manner prescribed by the Pensions Schemes Act 1993 and do not include discretionary benefits.

Actuarial liabilities

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

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on eligible pensionable service. This is assessed at least every 3 years using assumptions agreed between the Trustee Directors and the sponsoring employer and set out in the Statement of Funding Principles, a copy of which is available to members on the Scheme's website (www.ccpensionsinfo.co.uk) or on request.

The latest triennial actuarial valuation of the Scheme was carried out as at 30 April 2019 (completed on 29 July 2020).

Valuation date: 30 April	2019
Value of technical provisions	£675m
Value of assets available to meet technical provisions	£499m
as a percentage of technical provisions	74%

Following the closure of the Scheme to future benefit provision with effect from May 2011, there are no further ongoing contributions due although deficit repair contributions remain payable.

In addition to this, the Principal Employer pays an insurance premium to cover the cost of providing the death in service lump sum benefit.

Although there are no current plans to discontinue the Scheme and buy-out liabilities with an insurance company, the Trustee Directors also consider the level of funding relative to the estimated costs of such a buy-out (known as "solvency liabilities") and equivalent information on this basis is provided as follows at the

triennial actuarial valuations carried out as at 30 April 2019:

Valuation date: 30 April	2019
Value of solvency liabilities	£1,369m
Value of assets available to meet solvency liabilities	£499m
as a percentage of solvency liabilities	36%

The value of technical provisions is based on assumptions about various factors that will influence the Scheme in the future, such as the levels of investment returns, when members will retire and how long members will live. The method and significant actuarial assumptions used in the calculations are as follows:

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions for 30 April 2019 valuation

Pre-retirement discount interest rate: set by reference to the gilt yield curve plus an addition of 3.4% per annum.

Post-retirement discount interest rate: set by reference to the gilt yield curve and data at the valuation date plus an addition of 0.5% per annum.

Future Retail Price inflation: derived from the future retail price index curve at the valuation date less an inflation risk premium of 0.1% per annum.

Pension increases: derived from the future retail price inflation curve allowing for the caps and floors on pension increases according to the provisions in the Scheme's rules.

Mortality: in line with standard SAPS S3 'light' tables with a scaling factor of 105% for male members and 100% for female members. Future improvements in longevity in line with CMI 2018 tables with a long term rate of improvement of 1.5% per annum.

Recovery plan

The triennial actuarial valuation of the Scheme as at 30 April 2019 was completed on 29 July 2020 and a schedule of contributions and recovery plan were agreed and put into place.

Under the 2019 valuation recovery plan, deficit repair contributions of £22m per annum (plus inflationary increases) will be paid for a period of 9 years and 1 month with effect from the first payment due on 31 May 2021 in addition to a single payment of £6m being paid by 31 August 2020. On the basis of conditions prevailing, and allowing for the additional £6m contribution being paid by 31 August 2020 and the deficit repair contribution under the schedule of contributions dated 29 July 2020 being paid on 31 May 2021 along with the monthly on-account contributions of at least £583,333 the Scheme funding deficit is expected to be eliminated by 31 May 2030. These arrangements were formalised in the schedule of contributions which the Scheme Actuary certified on 29 July 2020 and a copy of the schedule and his certificate are included on pages 48 to 51 of this annual report. The next valuation as at 30 April 2022 is on-going. Under regulations, the 30 April 2022 actuarial valuation should have been completed by 31 July 2023. The Trustee Directors remain in dialogue with the employer, but no formal agreement has yet been reached. This matter has been advised to the Pensions Regulator.

Investment management

Investment strategy and principles

The Trustee Directors are responsible for determining the Scheme's investment strategy. In accordance with section 35 of the Pensions Act 1995, the Trustee Directors have agreed a statement of investment principles ("SIP"). The Final Salary SIPs in place during the year were dated December 2021 and March 2023, and reflected the changes in investment managers and target asset allocation. Appendices I and II to this annual report includes the Implementation Statements for both the Final Salary and Money Purchase sections of the Scheme for the year ended 30 April 2023 (incorporated by reference herein). A copy of the SIPs and the Implementation Statements are also available on the Scheme's website (www.ccpensionsinfoocus.co.uk) or on request.

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

- **Final salary assets:** Predominantly equities, diversified funds, property, infrastructure and credit where the objective is to achieve growth within the constraints of the risk profile set by the Trustee Directors; supplemented with an allocation to an LDI strategy that seeks to match movements in the value of the proportion of the Scheme's Technical Provisions; all Final Salary assets are held through pooled investment vehicles.
- **Money purchase assets:** As these are chosen by individual members, the Trustee Directors focus primarily on the suitability of the range of investments offered only for Money Purchase members.

The investment managers are permitted to move away from their targets (within a range specified by the Trustee Directors). This mix of investments provides a suitable spread for the Scheme bearing in mind that, in pension scheme terms, the Scheme is relatively young, both in terms of the age of its membership and the length of time that the Scheme has been in operation. During the year the mix of investments remained within the range specified by the Trustee Directors in the SIP. The managers aim to invest this portfolio in a manner which would enable them to produce real investment returns which adequately meet the long-term pension liabilities of the Scheme.

Management and custody of investments

The Trustee Directors have delegated management of investments to professional investment managers which are listed on page 1. These managers are regulated by the Financial Conduct Authority in the United Kingdom. The Trustee Directors instruct the investment managers as to the general manner in which the funds should be invested. The assets managed by all managers are invested in pooled funds which gives the Trustee Directors a right to the cash value of the units rather than to the underlying assets. As a result, the Trustee Directors have no influence over the underlying investments and how the investments are acted upon, including voting participation and the consideration of Environmental, Social and Governance (ESG) or ethical factors when making investment decisions, although they can review the managers' policies and statements of compliance in respect of these matters. The investment managers of the pooled fund are responsible for the appointment and monitoring of the custodian of the underlying assets. The investment management fees charged by all managers involve a cancellation of units in the pooled funds and are not expressed explicitly.

Investment performance

The Trustee Directors assess the performance of the Scheme's investments in the following groupings consistent

with the overall strategy:

- **Final salary assets** are assessed by reference to benchmarks and performance targets set and agreed with each manager.
- **Money purchase assets:** As these are chosen by individual members, the Trustee Directors receive information about performance against benchmarks. Performance information is provided to members as part of the annual package of information.

The Trustee Directors receive detailed reports from their investment adviser quarterly, along with monthly updates, showing actual performance by manager and fund. Monitoring of Final Salary section managers is delegated to Lane Clark & Peacock and monitoring of Money Purchase section managers is delegated to Aon, although investment managers may be required to present to the Trustee Directors during the year if and when required. Money purchase members are provided with an annual summary of the performance of their chosen funds and further information is available through fund factsheets which are available on the Scheme's website or on request. The last quarterly performance report made available was as at 31 March 2023 (which is the nearest practicable date to 30 April 2023) and the performances (net of fees) are set out in the following table for the Final Salary section:

Annualised return	1 year		3 years (pa)	
	Portfolio	Benchmark/Target	Portfolio	Benchmark/Target
<i>Final Salary assets</i>				
Global Equities				
Legal & General	-1.2%	-1.0%	16.7%	17.0%
Property				
Invesco (¹ since inception 16 Dec 2021)	-1.4%	6.2%	3.5% ¹	6.2% ¹
M&G	0.4%	-14.5%	7.0%	2.6%
Infrastructure				
IFM (² since inception 23 Oct 2019)	12.0%	15.8%	11.3% ²	10.6% ²
J P Morgan (³ since inception 1 Oct 2020)	8.9%	13.2%	8.1% ³	7.1% ³
Liability Driven Investment (LDI)				
Columbia Threadneedle (unleveraged)	-31.5%	-32.6%	-11.0%	-11.4%
Diversified Growth (DGF)				
Ruffer (⁴ acquired 1 March 2023)	n/a	n/a	n/a	n/a
Newton (⁴ acquired 29 March 2023)	n/a	n/a	n/a	n/a
Nordea	-1.0%	5.6%	4.2%	4.1%
Baillie Gifford (⁵ since inception 6 May 2021)	-8.9%	5.8%	-5.1% ⁴	4.9% ⁴
Cash				
Scheme total	-33.8%	-31.7%	-4.3%	-3.5%

¹ 3-year performance figures for Invesco relate to the investment since inception 16 Dec 2021.

² 3-year performance figures for IFM relate to the investment since inception 23 Oct 2019.

³ 3-year performance figures for JP Morgan relate to the investment since inception 1 Oct 2010.

⁴ Performance figures for Ruffer and Newton have not been reported as the funds were acquired just prior to year-end.

⁵ 3-year performance figures for Baillie Gifford relate to the investment since inception 6 May 2021.

Over the 1-year period to 31 March 2023 the Scheme underperformed the composite benchmark/target of -31.7% pa by 2.1% pa and over the 3-year period to 31 March 2023 the Scheme underperformed the composite benchmark/target of -3.5% pa by 0.8% pa.

The Scheme total benchmark is a composite of underlying fund benchmarks (using the relevant asset indices) and fund target returns where more appropriate.

Money purchase funds

Since March 1996, members have had the choice between two investment options, namely:

1. a with-profits arrangement, intending to provide steady growth; and
2. the unitised mixed asset fund investment, which is shared with the main pension scheme, but separately identified by the pensions administration team unitisation arrangements. The aim was to provide higher returns in the longer term, but likely to be more volatile in the short term. The unitised fund was replaced by a Legal & General Workplace pensions policy with all assets transitioned by March 2021.

A further investment option, a cash based fund operated by Clerical Medical, was made available from October 2004 and from 1 May 2015 two "passive" UK Equity and Overseas Equity index funds were made available managed by Legal & General.

The Trustee Directors originally selected Equitable Life (now Utmost Life) as the provider for members who wished to pay AVCs on a with-profits basis. This decision was reviewed and Clerical Medical have been operating the ongoing with-profits contract for some time now. The funds which support with-profits contracts invest in a diversified range of assets, but in order to support the guarantees offered by the contracts, the funds maintain a larger exposure to fixed interest investments and a correspondingly smaller amount in equities, compared to typical unit-linked managed funds.

Life Office with-profits contracts have a capital guarantee and a bonus structure which enables the capital value of an investment to accumulate steadily. The Clerical Medical policy offers an accumulation of "Bonus Interest" each year and a terminal bonus at the end of the contract term.

It is not possible to provide meaningful analysis of the performance for the Clerical Medical with-profits fund, or to compare it against other with-profits funds. This is primarily due to the changing bonus rates and adjustments under with-profit policies. However, members are provided with an annual summary of the performance of their chosen funds and further information is available through fund factsheets which are available on the Scheme's website or on request.

The Clerical Medical with-profits option has been available since June 2001. The with-profits fund invests in a wide range of stocks and shares. The returns achieved on these investments within their with-profits fund will determine the level of growth achieved by investors in the with-profits fund. This growth is achieved by way of a regular bonus added to member's funds each year. By awarding a regular bonus, the with-profits fund aims to smooth out any fluctuations in market performance. At retirement or on leaving the Scheme, members may also receive an additional bonus payment (the "terminal bonus") to reflect the investment earnings from the with-profits fund. This will depend on the performance of the fund over the period they are invested.

During September and October 2021, all members who held individual contribution investments in funds operated by Clerical Medical, Utmost, Scottish Widows and Aviva have been provided with the option to switch holdings to the Legal & General Workplace policy.

The Trustee has considered the nature, disposition, marketability, security, and valuation of the Scheme's investments and believe them to be appropriate relative to the reasons for holding each class of investments.

Employer-related investments

A statement regarding employer-related investments is given in note 18 to the financial statements.

Market Volatility and other matters

During 2022/2023, geopolitical issues (such as Russia's war in Ukraine) and economic issues (such as increases in the rates of inflation and interest rates and movements in foreign currencies), have had a profound effect on domestic and global economies, with disruption and volatility in the financial markets.

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

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

As noted in this report, the Scheme's investment strategy includes the use of a liability driven investment (LDI) portfolio that seeks to provide a broad match to changes in the Scheme's liability values to help protect the Scheme's overall funding position. The LDI portfolio responds in a similar way to the Scheme's liabilities, when government bond yields and expected inflation change.

Since the beginning of 2022, government bond (gilt) yields have been increasing noticeably. However, in September 2022, following a change in the UK government's fiscal policy, and lower than expected Bank of England (BoE) interest rate increases, exacerbated by concerns over rising inflation, there were significant increases and volatility in gilt yields. This led to a significant fall in the value of assets invested in the Scheme's LDI portfolio and collateral calls were made by the Scheme's LDI manager to support the allocation. It is worth noting that this was a systemic issue affecting many defined benefit pension schemes across the UK. In response to this market turmoil, the BoE set aside £65bn to buy back government bonds, in order to seek to mitigate gilt yield rises and ease pressure on pension funds and insurance companies.

The Scheme has relatively high hedging ratios, hedging most of its interest rate and inflation risk using LDI. The Scheme also uses the LDI arrangement to gain exposure to the equity markets via equity derivatives. The LDI portfolio utilises leverage to provide the Trustee's desired level of hedging. The Scheme has had relatively high levels of leverage within the LDI, but not leverage which was out of line with that of similar schemes. When the gilt markets moved sharply with the increase in yields, this occurred at the same time as equity markets fell. The purpose of the LDI is to seek to maintain a relatively stable funding position for the Scheme which in turn should maintain stability in the level of the deficit and the deficit repair contributions paid by the sponsor.

When gilt yields rose the Trustee was obliged to post collateral to be able to maintain the level of the Scheme's interest rate hedge. The same was true when equities fall.

The Scheme was well positioned to sell assets as required for collateral calls, partly because some of the Scheme's assets (two of the Diversified Growth Funds ("DGFs"), for example) were registered with the LDI manager and held within the LDI portfolio. As intended, this improved the operational efficiency of selling assets to meet collateral calls. Following the unprecedented movements in gilt yields in September 2022, the

Trustee Directors made a number of further improvements to the arrangement to reduce operational risks if a similar situation were to arise in the future. Notably, the Scheme now also holds a securitised credit fund within the LDI portfolio. The Trustee Directors have also switched the Scheme's physical equity holdings from a weekly dealing fund to a daily dealing version of the same fund, to facilitate for quicker disinvestments if required.

As a result of large movements in gilt yields, the Scheme's leverage duration triggers were hit, prompting the Trustee to provide additional collateral to LDI portfolio and undertake subsequent rebalancing activity.

Whilst the UK market has suffered from political instability, heightened inflation and recession fears globally have triggered a sell off across many major asset classes.

The Scheme undertook a number of asset transfers over September and October to ensure that the Scheme was able to maintain its liability hedge throughout a time of extreme market volatility, and maintain a liquid pool of assets.

The Scheme's liability hedging strategy has been preserved throughout, and the Scheme has benefitted by not fully hedging movements in interest rates and inflation.

Consequent on the above and changes in bond values, as expected, the overall value of the Scheme's investment portfolio has significantly declined over the year. That said, the value of the Scheme's liabilities (as measured on the technical provisions basis) has also fallen by a similar amount, in line with the risk management approach using LDI, which has left the Scheme's estimated funding levels to remain broadly stable.

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

In overall terms, the Scheme's total net assets (CCPSFS and CCPSMP) have fallen from £643m at 30 April 2022 to £470m at 30 April 2023, principally as a result of a change in market value of investments of negative £188m and commensurate with the negative investment performance in the year shown above.

The Trustee Directors continue to monitor the situation and are well placed to take any further action as required.

Statement of trustee's responsibilities

The trustee's responsibilities in respect of the financial statements

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

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

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

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

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

The trustee is also responsible for the maintenance and integrity of the www.ccpensionsinfocus.co.uk website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustee's responsibilities in respect of contributions

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

The 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 that fall due to be paid are paid into the scheme in accordance with the schedule of contributions.

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

Further information

Requests for additional information about the Scheme generally, or queries relating to members' own benefits, should be made to the contact listed on page 1.

Approval

The Trustee Directors' Report on pages 3 to 12 was approved by the Trustee Directors and signed on their behalf by:

Robin T Tremaine (Trustee Director)

Date: 29 November 2023

Statement regarding DC governance

For the year ended 30 April 2023

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustee and the Trustee Directors to prepare a statement regarding governance, which should be included in the annual report.

This statement is in relation to the Money Purchase Section of the Clifford Chance Pension Scheme ("the Scheme") and the Voluntary Contributions ("VCs") for both Money Purchase members and Final Salary members of the Scheme, collectively referred to in this statement as the "Defined Contribution (or "DC") Section". This statement covers the period from 1 May 2022 to 30 April 2023 and is signed on behalf of the Trustee Directors by the Chair.

This statement covers governance and charges disclosures in relation to the following:

- Governance of the default arrangement;
- Processing of core financial transactions;
- Net investment returns;
- Member borne charges and transaction costs, including illustrations of their cumulative impact on members' benefits;
- Value for members assessment; and
- Trustee knowledge and understanding.

1. Governance of the default arrangement

The Scheme is not used as a Qualifying Scheme for auto-enrolment purposes and it did not previously have a default arrangement, as defined in the Administration Regulations, because a) the Money Purchase Section was closed to new contributions before 6 April 2015 when these regulations came into force and b) the VC arrangement did not have a default.

However, as a result of bulk transfers in recent times, some members of the DC Section of the Scheme are now invested in what could be considered to be a default arrangement under the Administration Regulations. Details of these default arrangements are given below.

Utmost Life and Pensions

The Utmost Life and Pensions Investing by Age Strategy came into existence on 1 January 2020 and became a default arrangement for the Scheme from 1 July 2020 when Scheme assets were first transferred to it. A subsequent bulk transfer occurred in 2021 to move assets from Utmost Life and Pensions to Legal & General, which resulted in only one member remaining invested in the Utmost Life and Pensions Investing by Age Strategy.

During the reporting year, the Trustee Directors carried out a high level strategic review of this default arrangement and concluded that it remained appropriate for the one member still invested in it. The Trustee Directors also monitored the performance and suitability of the funds underlying this default arrangement and were satisfied that the funds were performing broadly as expected and in line with stated aims and objectives.

Both the strategic review and also the performance review were completed at the Trustee meeting of 11 November 2022.

Legal & General

The Legal & General Target Date Funds and Legal & General Cash Target Date Funds became default arrangements for the Scheme from 8 March 2021 when Scheme assets were first transferred to them. No strategic review of these default arrangements was carried out during the reporting year or any prior year, since they were only recently established. The first review will be completed by 28 February 2024.

The Trustee Directors did monitor the performance and suitability of the Legal & General Target Date Funds and Legal & General Cash Target Date Funds over the year, receiving regular monitoring reports from Legal & General and also from their investment advisers. These reports were considered by the Trustee Directors at their meetings of 10 June 2022, 9 September 2022, 11 November 2022 and 3 March 2023. The Trustee Directors were satisfied that the funds were performing broadly as expected and in line with stated aims and objectives.

The Trustee Directors' policies and objectives in relation to members' DC funds are set out in the Scheme's Statement of Investment Principles for the DC Section of the Scheme, the current version of which has been appended to this statement.

2. *Processing of Core Financial Transactions*

The Trustee Directors have a specific duty to ensure that core financial transactions (including transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members) relating to the DC Section of the Scheme are processed promptly and accurately.

In relation to the DC Section of the Scheme, all transactions are undertaken on the Trustee Directors' behalf by the HR Team of Clifford Chance London Limited, in its capacity as the Scheme administrator, and by the Scheme's DC providers.

The Clifford Chance HR team reports to the Trustee Directors on the administration and governance of the Scheme, which includes reporting on the accuracy and timeliness of all DC transactions carried out. The Trustee Directors have concluded that this reporting provides them with the high-level management information required, recognising that it is not currently possible or appropriate for the team to report on performance against Service Level Agreements. The administration and governance reports, which are provided regularly throughout the year, summarise all DC transactions that have taken place over the year to date and the timeframe in which they were processed. The Trustee Directors review this information and have concluded that all DC transactions over the year were processed promptly.

The Clifford Chance HR team confirmed to the Trustee Directors that all DC transactions over the year were processed accurately and in line with agreed procedures. Amongst other things, these procedures included performing regular reconciliations of the Scheme bank account and following comprehensive money handling controls (which require two Trustee Directors to sign off all payments from the Scheme).

The Clifford Chance HR team also confirmed to the Trustee Directors that there were no breaches of the law, member complaints or other administrative issues in relation to core financial transactions to report to the Trustee Directors over the year.

In addition to the reporting from the Clifford Chance HR team, Legal & General, the Scheme's main DC provider, also provides quarterly governance reports to the Trustee Directors. These reports provide information on the tasks Legal & General have been involved with, including the processing of core financial transactions, and show their performance against the Service Level Agreement set for each task. The Trustee Directors were satisfied with the information shown in these reports over the year.

In light of the above, the Trustee Directors consider that the requirements for processing core financial transactions promptly and accurately have been met over the year.

3. *Net investment returns*

The Trustee Directors are required to report on net investment returns for each default arrangement and for each non-default fund in which members were invested in during the Scheme year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

Please note that:

The net investment returns are shown in the below tables and have been prepared having regard to statutory guidance.

It is important to note that past performance is not a guide to future performance.

i) Default arrangement – Legal & General Target Date and Cash Target Date Funds

Performance to 30 April 2023	Net return (% p.a.)	
Fund	1 year	5 years
2020 - 2025 Target Date Fund	-2.0	2.2
2025 - 2030 Target Date Fund	-3.4	2.7
2030 - 2035 Target Date Fund	-2.9	3.2
2035 - 2040 Target Date Fund	-2.4	3.3
2040 - 2045 Target Date Fund	-2.3	3.3
2045 - 2050 Target Date Fund	-1.4	4.1
2020 - 2025 Cash Target Date Fund	-0.1	1.4
2025 - 2030 Cash Target Date Fund	-1.7	2.9
2030 - 2035 Cash Target Date Fund	-2.9	2.8 ¹
2035 - 2040 Cash Target Date Fund	-2.8	2.9 ¹
2040 - 2045 Cash Target Date Fund	-2.8	3.0 ¹

Source: Legal & General

ii) Default arrangement – Utmost Life and Pensions Investing by Age strategy²

Performance to 30 April 2023	Net return (% p.a.)	
Age of member at the start of the period	1 year	Since 1 January 2020
25	-2.4	0.6 ³
45	-2.4	0.6 ³
55	-2.6	0.1 ³

Source: FE Analytics

iii) Non-default arrangements – Legal & General funds

Performance to 30 April 2023	Net return (% p.a.)	
Fund	1 year	5 years
World (Ex-UK) Equity Index Fund	4.8	11.1
Multi-Asset Fund	-2.9	3.4
Future World Equity Fund	0.5	8.5
UK Equity Index Fund	5.4	4.1
Future World Annuity Aware Fund	-17.9	-3.4
North America Equity Index Fund	5.3	14.4
Europe (Ex-UK) Equity Index Fund	11.8	7.2
Cash Fund	2.4	0.7
Asia Pacific Ex Jap Equity Index Fund	-4.8	5.4

Source: Legal & General

iv) Non-default arrangements – Legacy provider funds

Performance to 30 April 2023		Net return (% p.a.)	
Provider	Fund	1 year	5 years
Aviva	Pension Mixed Investment Fund	-0.7	2.9
Clerical Medical	Balanced Fund	-1.5	2.3
	Cash Fund	2.1	0.8
	Halifax Cash Fund	0.5	0.5
	With-Profits Fund ⁴	0.1	0.4

Scottish Widows	With-Profits Fund – unitised ⁴	1.0	0.5
	With-Profits Fund – conventional ^{4,5}	1.0	0.5
	Mixed Fund	-1.1	3.1
	Cash Fund	1.7	0.0
	UK Equity Fund	5.9	1.6
	International Fund	-0.1	6.1

Source: FE Analytics, Scottish Widows, Clerical Medical

Notes:

1. These net returns are from the fund's inception date of 26 July 2018 to 30 April 2023.
2. The Utmost Life and Pensions Investing by Age strategy is a lifestyle-type strategy designed to help grow a member's assets while they are younger and automatically shift assets into more conservative investments to protect the value of their savings as they approach retirement age. The underlying funds used in this strategy are the Multi-Asset Cautious, Multi-Asset Moderate and Money Market funds. Since this strategy invests in different underlying funds over time, the returns will vary depending on the member's age, therefore a range of ages is shown.
3. These net returns are from the fund's inception date of 1 January 2020 to 30 April 2023.
4. The net investment returns shown for the With Profits funds are the annual bonus rates declared by the providers over the previous calendar year and previous five calendar years (annualised). Charges are not explicit and are taken into account when the annual bonus rate is declared. The bonus rates shown above are therefore net of any regular fund charges. Whilst in practice, we would expect any terminal bonus payable to increase returns to close to the returns from the underlying assets in the With Profits funds (after all running costs), these amounts are unknown and are not guaranteed. Members should also be aware that a market value reduction may be applied on exit from the With Profits funds at any time other than at maturity date, or in the event of death before retirement, which can reduce the return delivered.
5. The net returns shown in the table relate to bonus rates declared for contributions made after 15 February 1999. For contributions made before this date, the bonus rate has been 0% pa over both the one and five year periods to 30 April 2023.

4. Member Borne Charges and Transaction costs

The Trustee Directors regularly monitor the level of charges borne by members through the funds. These charges comprise:

- express explicit charges, such as the Annual Management Charge (AMC), and additional expenses that are disclosed by the fund manager as part of the Total Expense Ratio (TER).
- implicit charges, known as transaction costs, such as the costs borne within the fund for activities such as buying and selling of particular securities within the fund's portfolio.

Full details of the member borne costs and charges on all funds in which members of the DC Section of the Scheme were invested over the year are set out in the tables below. This information was supplied by each provider.

The transaction costs shown are generally over the year to 31 March 2023 as this is what the providers were able to provide. In general, transaction cost reporting is limited to quarter end dates so information on costs outside of this (e.g. over the period 1 April to 30 April 2023) is generally unavailable. Although the Trustee Directors' investment advisers will continue to request this information, the Trustee Directors are comfortable that the information provided over the year to 31 March 2023 will give a very good indication of the transaction costs incurred by members over the year to 30 April 2023. Note also that where any transaction costs are negative, we have applied a floor of 0.0% to avoid potentially understating the level of costs.

i) Default arrangement – Legal & General Target Date and Cash Target Date Funds

Fund	TER (% p.a.) ¹	Transaction Cost (% p.a.) ^{1,2}
2020 - 2025 Target Date Fund	0.280	0.090
2025 - 2030 Target Date Fund	0.280	0.080
2030 - 2035 Target Date Fund	0.280	0.070

2035 - 2040 Target Date Fund	0.280	0.080
2040 - 2045 Target Date Fund	0.280	0.080
2045 - 2050 Target Date Fund	0.280	0.090
2020 - 2025 Cash Target Date Fund	0.280	0.000
2025 - 2030 Cash Target Date Fund	0.280	0.030
2030 - 2035 Cash Target Date Fund	0.280	0.060
2035 - 2040 Cash Target Date Fund	0.280	0.070
2040 - 2045 Cash Target Date Fund	0.280	0.070

ii) Default arrangement – Utmost Life and Pensions Investing by Age strategy

Fund	TER (% p.a.) ¹	Transaction Cost (% p.a.) ^{1,2}
Investing by Age strategy	0.500 to 0.750 ⁴	0.010 to 0.360 ⁴

iii) Non-default arrangements – Legal & General funds

Fund	TER (% p.a.) ¹	Transaction Cost (% p.a.) ^{1,2}
World (Ex-UK) Equity Index Fund	0.250	0.060
Multi-Asset Fund	0.260	0.040
Future World Equity Fund	0.370	0.100
UK Equity Index Fund	0.230	0.030
Future World Annuity Aware Fund	0.250	0.030
North America Equity Index Fund	0.250	0.070
Europe (Ex-UK) Equity Index Fund	0.250	0.060
Cash Fund	0.220	0.000
Asia Pacific Ex Jap Equity Index Fund	0.270	0.040

iv) Non-default arrangements – Legacy provider funds

Provider	Fund	TER (% p.a.) ¹	Transaction Cost (% p.a.) ^{1,2}
Aviva	Pension Mixed Investment Fund	0.875	0.045 ⁷
Clerical Medical	Balanced Fund	0.495	0.380
	Cash Fund	0.495	0.020
	Halifax Cash Fund	0.495	0.000
	With-Profits Fund	1.000 ⁵	0.330
Scottish Widows ³	With-Profits Fund – unitised	0.875 ⁵	0.390
	With-Profits Fund – conventional	See note 6	0.390
	Mixed Fund	0.939	0.190
	Cash Fund	0.875	0.020
	UK Equity Fund	0.875	0.260
	International Fund	0.926	0.260

Notes:

1. The total costs and charges paid by members is the sum of the TER and transaction costs shown for each fund, plus for Scottish Widows funds a monthly policy fee (see note 3).
2. As noted above, the transaction costs shown are generally over the year to 31 March 2023 as this is what the providers were able to provide.
3. Members invested with Scottish Widows also pay a monthly policy fee. The exact fee charged from month to month varies by member. At the start of the year these policy fees ranged from £1.20 to £1.97 per month.
4. Depending upon members' age.
5. The charges on the Clerical Medical and Scottish Widows unitised with-profits funds are not explicit, they are taken into account when the interest rate or annual bonus rate is declared. However, Clerical Medical has

confirmed that it aims to take no more than 1% p.a. in charges and Scottish Widows has estimated that charges on the with-profits fund are in line with those on the unit-linked funds i.e. 0.875% p.a.. We have therefore shown these charge estimates in the table.

6. The charges on the Scottish Widows conventional with-profits funds are not explicit. Scottish Widows were unable to estimate these charges over the year but did note that they vary depending on the type and term of the policy. As an example, for policies maturing in 2019 the estimated charges ranged from 0.90% p.a. to 1.50% p.a.
7. This transaction cost is over the year to 31 December 2022, the latest available figure from the provider.

Illustrations of the cumulative effect of costs and charges

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee Directors have provided illustrations of their cumulative effect on the value of "typical" members' savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members and funds representative of the Scheme's membership. They are based on a number of assumptions about the future which are set out below. Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme they are not a substitute for the individual and personalised illustrations which are provided to members in their annual Benefit Statements.

The tables below illustrate the effect of costs and charges for two typical members of the DC Section of the Scheme. One being a younger member (age 40) and one being an average age member (age 55). In both cases, it has been assumed that retirement benefits are taken at age 65 and the starting pot value has been assumed to be £55,000.

The Scheme's Legal & General default arrangements have been used for the illustrations. As noted earlier in the statement, only one member remains invested in the Utmost Life and Pensions default arrangement (the Investing by Age strategy). We have not therefore shown an illustration for the Utmost Life and Pensions default arrangement since we cannot show personal illustrations in this statement but, as noted above, this information will be available to the remaining member in their annual Benefit Statement.

In accordance with the guidance, we have also shown illustrations for the highest and lowest charging funds in which members assets are invested. Note that because the vast majority of members are now invested in a Legal & General fund and because only the Legal & General funds are available as an investment option for all members, we have selected the highest and lowest charging Legal & General funds for the illustrations, which are the Future World Equity Fund and Cash Fund respectively.

Younger age member – Legal & General default arrangements

	2045 - 2050 Target Date Fund			2045 – 2050 Cash Target Date Fund		
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges (TER and TCs) £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges (TER and TCs) £
45	58,860	57,823	1,037	58,860	57,861	999
50	62,991	60,791	2,200	62,991	60,872	2,119
55	67,412	63,912	3,500	67,412	64,039	3,373
60	72,143	67,193	4,950	72,143	67,370	4,773
65	77,207	70,642	6,565	77,207	70,875	6,332

Younger age member – Legal & General highest and lowest charging funds

	Future World Equity Fund			Cash Fund		
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges (TER and TCs) £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges (TER and TCs) £
45	62,043	60,750	1,293	51,092	50,538	554
50	69,987	67,100	2,887	47,461	46,437	1,024
55	78,949	74,115	4,834	44,088	42,670	1,418
60	89,058	81,863	7,195	40,956	39,208	1,748
65	100,461	90,420	10,041	38,045	36,027	2,018

Average age member – Legal & General default arrangements

	2030 – 2035 Target Date Fund			2030 – 2035 Cash Target Date Fund		
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges (TER and TCs) £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges (TER and TCs) £
60	56,355	55,490	865	56,082	55,235	847
65	57,743	55,984	1,759	57,184	55,470	1,714

Average age member – Legal & General highest and lowest charging funds

	Future World Equity Fund			Cash Fund		
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges (TER and TCs) £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges (TER and TCs) £
60	62,043	60,750	1,293	51,092	50,538	554
65	69,987	67,100	2,887	47,461	46,437	1,024

Notes:

1. The projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Inflation has been assumed to be 2.5% each year.
3. Future returns have been assumed to be as follows:
 - 3.9% each year (before charges) for the 2045-50 Target Date Fund and 2045-50 Cash Target Date Fund
 - 3.0% each year (before charges) for the 2030-35 Target Date Fund
 - 2.9% each year (before charges) for the 2030-35 Cash Target Date Fund
 - 5.0% each year (before charges) for the Future World Equity Fund
 - 1.0% each year (before charges) for the Cash Fund
4. Future annual charges have been set in line with the TERs shown in this statement for each fund. In addition, an allowance has been made for future annual transaction costs, based on the average costs reported for each fund over the last three years.
5. The values shown are illustrations only and are not guaranteed.
6. The starting fund value used in the projections is broadly representative of the average for the Scheme and is based on data supplied by Legal & General.

5. Value for Members assessment

The Administration Regulations require the Trustee Directors to make an assessment of charges and transaction costs borne by DC members and the extent to which those charges and costs represent good Value for Members.

There is no legal definition of "good value" or the process of determining this for Scheme members. Therefore, the Trustee Directors have established a cost-benefit analysis framework in order to assess

whether the member borne charges on the DC funds in which members' assets are invested deliver good value for members.

Costs

The costs have been identified as the TERs and transaction costs, which are set out in section 4 of this statement.

The Trustee Directors have compared the TERs for the Scheme's DC funds to current market rates. The Trustee Directors concluded that for the Legal & General funds, the TERs compared well to the market. For the Clerical Medical funds, the TERs are in line with current market rates for arrangements of a similar size. For the other funds, although the TERs are not out of line with similar legacy style arrangements, the Trustee Directors were informed that it may be possible to obtain more competitive rates elsewhere (see below for the actions taken in relation to this).

There is no market benchmarking data available for transaction cost, so the Trustee Directors have not been able to compare the transaction costs on the Scheme's funds to the market. However, the Trustee Directors have received confirmation from their advisers that the transaction costs associated with the arrangements over this period were reasonable based on their general experience of similar funds.

Benefits

The Trustee Directors have considered the benefits of membership under four categories: Scheme governance, investments, administration and member communications. For each category, the Trustee Directors considered the Scheme's practices against the Pensions Regulator's expectations (as set out in the DC Code of Practice) and carried out benchmarking relative to other pension arrangements or industry best practice guidelines. A high-level summary of the assessment is as follows:

- Scheme governance:

The Trustee Directors have built a suitable governance approach for the DC Section of the Scheme. Core financial transactions and other key governance factors are regularly monitored. DC issues are allocated sufficient time at Trustee meetings and there is also a DC sub-committee in place that meets as and when required. DC issues are also included in the Scheme's risk register, which is regularly reviewed.

- Investments:

The DC Section of the Scheme offers access to a suitable variety of funds and regular strategy reviews and performance monitoring is carried out - the Legal & General funds are monitored quarterly and all other funds are monitored annually.

- Administration:

As discussed in section 2, the Trustee Directors obtain information to assess the standard of administration, and resulting member experience, through regular reports, feedback and discussions with the Clifford Chance HR team, in its capacity as Scheme administrator, and also from regular reports from Legal & General.

- Member communications:

The Trustee Directors provide appropriate communications to members, making use of a variety of communication media. For members that have Legal & General funds, this includes online access with the ability to view an up to date fund value and make investment switches.

The Trustee Directors' assessment concluded that the charges and costs borne by members of the DC Section of the Scheme represent good value for members relative to the benefits of Scheme membership, subject to the below comments:

- The Trustee Directors acknowledge that in relation to the Scheme's DC funds held with Aviva, Scottish Widows, Clerical Medical and Utmost Life and Pensions, whilst the costs and charges are in some cases higher than current market rates for non-legacy funds, good value is provided relative to other similar legacy style arrangements, albeit for some funds the charges are at the higher end of the typical range observed. The Trustee Directors are also aware that members may be able to obtain better value elsewhere. For this reason, the Trustee Directors have previously

offered all members the opportunity to transfer their funds to the Scheme's Legal & General arrangement if they wished.

- In the case of the Scottish Widows conventional with-profits Fund, although information on member charges is not readily available, the Trustee Directors are comfortable that wider value is provided by the guarantees attaching to those policies.

6. Trustees' Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

The comments in this section relate to the Trustee Directors dealing with the whole Scheme and are not restricted to the DC Section.

The Trustee Directors have processes and procedures in place to meet the Pension Regulator's Trustee Knowledge and Understanding requirements (as set out in their Code of Practice No 7), some of which are identified below:

- An induction process for newly appointed Trustee Directors. This involves introductory trustee training being provided by the Secretary to the Trustee and the new Trustee Directors being made aware of their responsibilities regarding trustees' knowledge and understanding. The induction includes completion of the Pension Regulator's online learning materials, referred to as the 'Trustee toolkit'. No new Trustee Directors were appointed over the period covered by this statement.
- A record of Trustee training that is maintained and regularly updated. The Secretary to the Trustee works with the Chair of the Trustee to manage the Trustee Directors' training schedule, discussing with the Trustee Directors and their professional advisers forthcoming areas of focus and what specific knowledge and understanding requirements may be.
- Regular attendance at Trustee meetings by the Trustee Directors' professional advisers to provide agenda specific training and advice to support the Trustee Directors' decision-making at each point in time.

No specific knowledge gaps were identified over the year covered by this statement but, in line with the above processes, the Trustee Directors did receive training over the year in a number of areas. Examples of these areas include the new Code of Practice for the funding of defined benefit pension schemes, Liability Driven Investments and Environmental, Social and Governance (ESG) considerations.

The Trustee Directors have also engaged with their professional advisers regularly throughout the year to ensure that they exercise their functions properly and take professional advice where needed. Exercising their functions has required knowledge of key Scheme documents such as the Trust Deed & Rules, Trustee Annual Report and Financial Statements and Statement of Investment Principles. Some of the areas that support this statement are set out below. The Trustee Directors have:

- made decisions on specific member cases, taking into account the requirements of the Scheme's Trust Deed & Rules and also the wider law relating to pensions and trusts;
- carried out regular annual tasks, such as reviewing and signing off the Annual Trustee Report and Financial Statements;
- as part of signing off the Annual Trustee Report and Financial Statements, considered and reviewed required content such as the Scheme's Final Salary and DC Implementation Statements (which set out how the policies in the Scheme's Statements of Investment Principles have been implemented over the year) and the DC Chair's Statement (this document);
- reviewed and monitored the investment strategy and investment performance of the Final Salary Section of the Scheme, using their knowledge to consider any options/actions with their professional

advisers and reflecting agreed changes in updated versions of the Final Salary Section Statement of Investment Principles;

- reviewed and monitored the investment performance of the funds available to members in the DC Section of the Scheme;
- regularly monitored movements in the Final Salary Section of the Scheme's funding position; and
- received regular updates on topical issues in pensions and developments in pensions legislation/regulations, to help maintain their knowledge of the law relating to pensions and trusts.

The Trustee Directors therefore consider that they have met the Pensions Regulator's Knowledge and Understanding requirements (as set out under Code of Practice No 7) over the year covered by this statement.

The Trustee Directors have a broad range of additional and complementary skills on which to draw. Areas of expertise include Tax law, Finance and Human Resources. One of the Trustee Directors is also a professional Trustee.

In addition to the skills within the Trustee board, and as already noted above, the Trustee Directors have engaged with their appointed professional advisers regularly throughout the year. These advisers include Investment Advisers, Actuaries and Lawyers.

The Trustee Directors remain of the opinion that that their skills, including their wider knowledge and background (discussed above), together with the support provided by the Secretary to the Trustee and the Scheme's appointed professional advisers, ensures that the Scheme is run, and the Trustee Directors' functions are exercised, properly. The Trustee Directors believe that this has been demonstrated and evidenced by the regular meetings and correspondence throughout the year, where training and advice has been provided, discussions held and decisions taken in relation to any matters material to the running of the Scheme.

Approved by the Trustee Directors of the Clifford Chance Pension Scheme and signed on their behalf by:

Robin T Tremaine, Chair of Trustee

Date of signing: 29 November 2023

CLIFFORD CHANCE PENSION SCHEME – MONEY PURCHASE SECTION (“THE SCHEME”) STATEMENT OF INVESTMENT PRINCIPLES (“THE STATEMENT”)

Clifford Chance Pension Scheme – Money Purchase section (“the Scheme”)

Statement of Investment Principles (“the Statement”)

1. Scope of Statement

This Statement sets out the policy of the Trustee of the Clifford Chance Pension Scheme (“the Trustee”) on various matters governing decisions about the investments of the Money Purchase section of the Clifford Chance Pension Scheme. The Trustee maintains a separate Statement for the Final Salary section. This Statement replaces the previous Statement dated March 2021.

This Statement has been prepared in accordance with Section 35 of the Pension Act 1995 (as amended by the Pension Act 2004 and the Occupational Pension Plans (Investment) Regulations 2005) and the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015, which introduced minimum governance standards that apply to all trust-based Defined Contribution (DC) schemes).

In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to appointed investment managers. The investment managers shall provide the skill and expertise necessary to manage the investments of the Scheme competently.

The effective date of this Statement is 4 March 2022. The Trustee will review this Statement and the Scheme’s investment strategy no later than three years after the effective date of this Statement and without undue delay after any significant change in investment policy.

2. Consultations Made

The Trustee has consulted with the relevant employer in writing this Statement.

The Trustee is responsible for the investment strategy of the Scheme. The Trustee has obtained and considered written professional advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Aon Solutions UK Limited (“Aon”), the Scheme’s investment adviser for the Money Purchase section, whom the Trustee believes to be suitably qualified and experienced to provide such advice and who are authorised and regulated by the Financial Conduct Authority.

The day to day management of the Scheme's assets has been delegated to investment managers who are appropriately authorised and regulated as required under the Financial Services and Markets Act 2000 (amended by the Financial Services Act 2012). A copy of this Statement is available to Scheme members on request and is stored on the Scheme's website.

3. Objectives and Policy for Securing Objectives

The Trustee’s primary objectives for setting the investment strategy of the Money Purchase section of the Scheme are:

- “asset choice” to ensure members have an appropriate choice of assets for investment
- “return objective” to enable members to benefit from investment in “growth” assets until they approach retirement, when they will be able to switch to “matching” assets which are more related to the format of the benefits they are expected to take at retirement

4. Choosing Investments

The investment options offered to members of the Money Purchase section are deemed appropriate, given the profile of the membership. A range of funds is available to members. This has been expanded to provide suitable like for like funds to members who transferred funds from the legacy Voluntary Contribution (“VC”) arrangements. A summary of the investment options available is set out in the Appendix.

The Trustee set a ‘default’ investment strategy for funds transferred to Legal & General from the Unitised Mixed Managed Fund and the legacy VC arrangements. This strategy applied to transfers unless members provided alternative investment instructions.

When setting the default investment strategy, the Trustee considered:

- The need for appropriate diversification of asset classes.
- The differing investment priorities for members, depending upon their term to retirement.
- The format in which members are expected to take benefits.

The default investment strategy for money purchase funds is the Legal & General target date fund corresponding to the members’ normal, or selected, retirement age. This strategy aims to build real retirement income, whilst managing possible downside risk. The asset allocation of the fund assumes members will keep their pension savings invested at retirement (albeit outside of the Scheme) and ‘drawdown’ on them as and when they wish.

The default investment strategy for VC funds is the Legal & General cash target date fund corresponding to the members’ normal, or selected, retirement age. This strategy aims to build real retirement income, whilst managing possible downside risk. The asset allocation of the fund assumes members will take their pension savings as a cash lump sum at retirement.

In addition to the default investment strategies set for the Legal & General arrangement, the Utmost Life and Pensions Investing by Age strategy may also be considered a default strategy, as funds transferred from the Equitable Life With Profits Fund were invested in the Investing by Age strategy if members did not provide alternative investment instructions. The Investing by Age strategy adopts a multi-asset approach until members are age 75, when it starts to switch to cash. The aim of the Investing by Age strategy is to achieve capital growth over the long term whilst spreading risk by investing in a range of asset classes.

In setting the Scheme’s investment strategy, the Trustee’s primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser when setting the Scheme asset allocation, when selecting managers and when monitoring their performance.

Day to day selection of stocks is delegated to the fund managers appointed by the Trustee. The Trustee takes regular professional advice when formally reviewing managers or funds offered to members.

The Trustee and investment managers to whom discretion has been delegated exercise their powers to give effect to the principles in this Statement, so far as is reasonably practicable.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

5. The Balance between Different Kinds of Investments

The Trustee recognises that the key source of financial risk (in relation to meeting their objectives) arises from fund selection for the Money Purchase section. The Trustee therefore retains responsibility for selecting a range of appropriate funds for the members to subsequently choose from for the Money Purchase section. The Trustee takes expert advice as required from professional advisers.

6. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriate investments.

Details of the investment managers are set out in the Appendix.

The Trustee has signed agreements with the investment managers setting out in detail the terms on which the portfolios are to be managed. The investment managers' primary role is the day-to-day investment management of the Scheme's investments.

The Trustee has limited influence over managers' investment practices because all the Scheme's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers. The Trustee is supported in this monitoring activity by its investment advisers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. The duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

7. Investment Risk Measurement and Management

The Trustee recognises that members take the investment risk. The Trustee takes account of this in the selection and monitoring of the investment managers and the choice of funds offered to members, and in setting the default investment strategy for the Legal & General and Utmost Life and Pensions arrangements.

8. Custody

The assets managed by all managers are invested in pooled funds which gives the Trustee a right to the cash value of the units rather than to the underlying assets. The investment managers of the pooled funds are responsible for the appointment and monitoring of the custodian of the underlying assets.

9. Expected Returns on Assets

Returns achieved by the fund managers within the Money Purchase section are assessed against performance benchmarks set by the Trustee in consultation with the advisers and fund managers.

10. Realisation of Investments/Liquidity

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are realisable at short notice (through the sale of units in pooled funds).

11. Consideration of financially material and non-financial matters

The Trustee has considered how environmental, social, governance (“ESG”) and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee has limited influence over managers’ investment practices where assets are held in pooled funds but expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) as the managers consider appropriate where relevant to financial performance. The Trustee seeks to appoint fund managers that have appropriate skills and processes to do this.

The Trustee does not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments, but does offer an ESG fund to members as a self-select fund.

12. Stewardship

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers’ general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee has limited influence over managers’ stewardship practices where assets are held in pooled funds.

13. Costs & Transparency

The Trustee believes it is important to understand all the different costs and charges, which are paid by members. These include:

- explicit charges, such as the annual management charge, and additional expenses that are disclosed by fund managers as part of the Total Expense Ratio ('TER');
- investment platform costs;
- implicit charges, such as the portfolio turnover costs (transaction costs) borne within a fund.

The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within each fund's portfolio. These are incurred on an ongoing basis and are implicit within the performance of each fund.

Other costs of providing the Scheme, including Scheme administration and Scheme adviser costs, are not charged to members.

The member borne costs of the Scheme are met through annual charges on the funds in which the Scheme members are invested; these charges being a fixed percentage of the value of the assets. The Trustee collects information on all the member-borne costs and charges on an annual basis, where available, and sets these out in the Scheme's Annual Chair's Statement ("the Chair's Statement"), which is made available to members in a publicly accessible location.

No specific ranges are set for acceptable costs and charges, particularly in relation to portfolio turnover costs. However, the Trustee expects its investment adviser to highlight if these costs and charges appear unreasonable when they are collected as part of the Chair's Statement exercise.

14. Effective Decision Making

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. It also recognises that where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes.

15. VC Arrangements

Some members obtained further benefits by paying VCs to the Scheme. These funds are now closed to new contributions. A summary of the investment options that are available for existing contributions is set out in the Appendix.

R T Tremaine Director for Clifford Chance Pension Trustees Limited

Signature

A Drakeford Director for Clifford Chance Pension Trustees Limited

Signature

Date: 4 March 2022

Appendix to Statement of Investment Principles

This Appendix sets out the Trustee's current fund range available for the Money Purchase section of the Scheme and for Voluntary Contributions and is supplementary to the Trustee's Statement of Investment Principles (the "attached Statement").

Provider	Fund	Investment Objectives	Annual Management Charge %
Legal & General ¹	Target Date Fund (Money Purchase default)	To help investors build their real retirement income, whilst managing possible downside risk. The asset allocation of the fund aims to be aligned with members' chosen retirement goal for members that expect to keep their pension savings invested at retirement and 'drawdown' on them as and when they wish.	0.28
	Cash Target Date Fund (VC default)	To help investors build their real retirement income, whilst managing possible downside risk. The asset allocation of the fund aims to be aligned with members' chosen retirement goal for members that expect to take their pension savings as a cash lump sum at retirement.	0.28
	Annuity Target Date Fund	To help investors build their real retirement income, whilst managing possible downside risk. The asset allocation of the fund aims to be aligned with members' chosen retirement goal for members that expect to use their pension savings to purchase a guaranteed pension income (annuity) at retirement.	0.28
	World (ex-UK) Equity Index Fund	To track the performance of the FTSE World (excluding UK) Index (including re-invested income) to within +/- 0.50% each year for two years out of three.	0.25
	UK Equity Index Fund	To track the performance of the FTSE All-Share Index (including re-invested income) to within +/- 0.25% each year for two years out of three.	0.23
	Future World Fund	To replicate the performance of the FTSE All-World ex-CW Climate Balanced Factor Index ² . The anticipated annual tracking error, in normal market conditions, relative to the Index is +/-0.60% in two years out of three.	0.37
	Asia Pacific (ex-Japan) Equity Index Fund	To track the performance of the FTSE World Asia Pacific (excluding Japan) Index (including re-invested income) to within +/- 0.75% each year for two years out of three.	0.27
	Europe (ex UK) Equity Index Fund	To track the performance of the FTSE World Europe (excluding UK) Developed Index (including re-invested income) to within +/- 0.50% each year for two years out of three.	0.25
	North America Equity Index Fund	To track the performance of the FTSE World North America Index (including re-invested income) to within +/- 0.50% each year for two years out of three.	0.25
	Multi-Asset Fund	To provide long-term investment growth through exposure to a diversified range of asset classes, which currently includes equities, bonds, property and infrastructure.	0.26
	Pre-Retirement Fund	To provide diversified exposure to assets that reflect the broad characteristics of investments underlying a typical level annuity product.	0.25
	Cash Fund	To provide capital protection with growth at short-term	0.22

¹ Replaced the Unitised Mixed Managed Fund in March 2021

² This is a specialist equity index which is designed to reflect the performance of the FTSE All-World Index incorporating Climate Change and Controversial Weapons ('CW') considerations and balanced exposure to Value, Quality, Low Volatility and (Small) Size factors.

		interest rates. The fund invests in the short-term money markets such as bank deposits and Treasury Bills.	
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Provider	Notes	Fund	Annual Management Charge
Utmost Life and Pensions (formerly Equitable Life),	Equitable Life available until December 2000	Unit-linked funds	0.5%-1.81% for unit-linked funds
Clerical Medical and Scottish Widows	Scottish Widows available until March 1996. Clerical Medical available from June 2001	With-profits and unit-linked funds	0.495% - 1.125% for unit-linked funds Inherent within the bonus declarations for With Profits

Fee structure for advisers and managers

Advisers

The Trustee's investment advisers are paid for advice received on the basis of the time spent by the adviser. For significant areas of advice (for example one off special jobs, or large jobs), the Trustee will endeavour to agree a project budget.

These arrangements recognise the bespoke nature of the advice given, and that no investment decisions have been delegated to the adviser.

Investment managers

The investment managers are remunerated as a set percentage of the assets under management as per the annual management charges set out in the table above. This is in keeping with market practice.

Independent auditors' report to the trustee of Clifford Chance Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion, Clifford Chance Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 30 April 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report and Financial Statements, which comprise: the Statement of Net Assets Available for Benefits as at 30 April 2023; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all the information in the Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The trustee is responsible for the other

information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Responsibilities for the financial statements and the audit

Responsibilities of the trustee for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

Use of this report

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date 29/11/23

FUND ACCOUNT FOR THE YEAR ENDED 30 April 2023

	Notes	2023			2022		
		Final Salary £'000s	Money Purchase £'000s	Total £'000s	Final Salary £'000s	Money Purchase £'000s	Total £'000s
Contributions and Benefits							
Employer contributions	4	24,791	-	24,791	22,413	-	22,413
		24,791	-	24,791	22,413	-	22,413
Benefits paid or payable	5	(6,461)	-	(6,461)	(6,674)	(15)	(6,689)
Transfers out	6	(2,954)	(121)	(3,075)	(2,404)	(854)	(3,258)
Other payments	7	(583)	-	(583)	(296)	(11)	(307)
		(9,998)	(121)	(10,119)	(9,374)	(880)	(10,254)
Net additions/(withdrawals) from dealings with members		14,793	(121)	14,672	13,039	(880)	12,159
Net returns on investments							
Investment income	9	1,013	-	1,013	2,245	-	2,245
Change in market value of investments	11	(187,989)	(225)	(188,214)	(11,156)	109	(11,047)
Investment management expenses	10	(274)	-	(274)	(122)	-	(122)
		(187,250)	(225)	(187,475)	(9,033)	109	(8,924)
Net increase/(decrease) in the fund		(172,457)	(346)	(172,803)	4,006	(771)	3,235
Opening net assets		634,161	8,947	643,108	630,155	9,718	639,873
Closing net assets		461,704	8,601	470,305	634,161	8,947	643,108

The notes on pages 35 to 44 of this report form an integral part of these financial statements.

STATEMENT OF NET ASSETS**AVAILABLE FOR BENEFITS AS AT 30 April 2023**

	Notes	Final Salary £'000s	2023 Money Purchase £'000s	Total £'000s	Final Salary £'000s	2022 Money Purchase £'000s	Total £'000s
Investment assets	11						
Pooled investment vehicles		417,948	-	417,948	597,729	-	597,729
Voluntary Contributions		28,731	8,601	37,332	30,143	8,947	39,090
		446,679	8,601	455,280	627,872	8,947	636,819
Current assets	19	25,025	-	25,025	16,289	-	16,289
Current liabilities	20	(10,000)	-	(10,000)	(10,000)	-	(10,000)
Total net assets available for benefits		461,704	8,601	470,305	634,161	8,947	643,108

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee Directors. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

The actuarial position of the Scheme which takes into account such obligations for the Final Salary section, is dealt with in the report on actuarial liabilities on pages 5 and 6 of the annual report, and these financial statements should be read in conjunction with this report.

The notes on pages 35 to 44 of this report form an integral part of these financial statements.

The financial statements on pages 33 to 44 were approved by the Trustee and signed on behalf of the Trustee Directors of Clifford Chance Pension Trustees Limited:

Robin T Tremaine (Trustee Director)

Date: 29 November 2023

Notes to the financial statements

For the year ended 30 April 2023

1. General information

The Clifford Chance Pension Scheme (the "Scheme") is an occupational pension scheme established as a trust under English law.

The Scheme was established to provide retirement benefits to employees of Clifford Chance London Limited. The address of the Scheme's office is 10 Upper Bank Street, London E14 5JJ.

The Scheme has a Final Salary and a Money Purchase section which are both closed to new members and, since May 2011, to future benefit accrual.

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

2. Statement of compliance

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

3. Summary of significant accounting policies

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

(a) Currency

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

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Any foreign currency transactions would be translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

(b) Contributions

Contributions are dealt with on an accruals basis in the period to which they relate.

Employers' premiums on term insurance policies are accounted for in accordance with any agreement under which they may be paid or, in the absence of such an agreement, when received.

Employers' deficit repair funding contributions are accounted for on the due dates set out in the schedule of contributions, or on receipt if earlier, with the agreement of the employer and the Trustee. These have been paid by the employer for the period 1 May 2022 to 30 April 2023 in accordance with the Schedule of Contributions certified by the Scheme Actuary on 29 July 2020.

(c) Transfers to other plans

Transfer values represent the capital sums to the pension plans of new employers or alternative pension arrangements for members who have left the Scheme. They are accounted on an accruals basis on the date when the receiving scheme has accepted liability for the member. In the case of individual transfers, this is normally when the payment of the transfer value is made.

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

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

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

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

(e) Administrative and other expenses

Administrative expenses are met by the employer. Premiums on term insurance policies are accounted for on an accruals basis.

(f) Investment income and expenditure

Income from pooled investment vehicles which distribute income, is accounted for on an accruals basis on the date stocks would be quoted ex-dividend, or in the case of unquoted instruments, when the dividend is declared.

Interest on cash and short term deposits and income from other investments are accounted for on an accruals basis.

Investment income includes withholding taxes. Withholding tax is accrued on the same basis as investment income. Where withholding tax is not recoverable, this is shown as a separate expense within investment returns.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

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

(g) Valuation and classification of investments

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

Where quoted or other unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the financial statements where used.

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

- Pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.
- Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end.
- The value of pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustment is made.
- With profits insurance policies (including those held as AVC investments) are reported at the policy value provided by the insurer based on cumulative reversionary bonuses declared and the

current terminal bonus.

- Unitised insurance policies are valued on the same basis as pooled investment vehicles with similar characteristics.

(h) Critical accounting estimates and judgements

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported as at the balance sheet date.

However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the financial statements.

For the Scheme, the Trustee believe the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme's investments.

4. Employer contributions

	2023			2022		
	Final Salary £'000s	Money Purchase £'000s	Total £'000s	Final Salary £'000s	Money Purchase £'000s	Total £'000s
Deficit Funding (*)	24,208	-	24,208	22,106	-	22,106
Premiums on term insurance policies	583	-	583	307	-	307
	24,791	-	24,791	22,413	-	22,413

(*) Under the Schedule of Contributions dated 29 July 2020, deficit funding payments were due to be paid by Clifford Chance LLP in the amount of £23.7m on 31 May 2022. During the year ended 30 April 2022, monthly payments of £583,333 (£6.99m) were made. By 30 April 2022, a net payment of £10.0m was also made (comprising £14.7m deficit funding contributions due, less repayments due by the Scheme to the employer of £4.7m for benefit payments made on the Scheme's behalf). A further deficit funding payment of £2.0m was paid by 31 May 2022.

Under the Schedule of Contributions dated 29 July 2020, deficit funding payments were due to be paid by Clifford Chance LLP in the amount of £26.9m on 31 May 2023. During the year ended 30 April 2023, monthly payments of £583,333 (£6.99m) were made. By 30 April 2023, a net payment of £10.0m was also made (comprising £15.2m deficit funding contributions due, less repayments due by the Scheme to the employer of £5.2m for benefit payments made on the Scheme's behalf). A further deficit funding payment of £4.7m was paid by 31 May 2023.

The amount of each overall deficit funding contribution payment increases annually in line with the increase in the Retail Prices Index. The deficit funding payments are to be paid for a period of 9 years and one month with effect from the first payment on 31 May 2021.

5. Benefits paid or payable

	2023			2022		
	Final Salary £'000s	Money Purchase £'000s	Total £'000s	Final Salary £'000s	Money Purchase £'000s	Total £'000s
Pensions	5,218	-	5,218	4,734	-	4,734
Commutations and lump sum retirement benefits	1,237	-	1,237	1,513	15	1,528
Lump sum death benefits	6	-	6	427	-	427
	6,461	-	6,461	6,674	15	6,689

6. Transfers out

	2023			2022		
	Final Salary £'000s	Money Purchase £'000s	Total £'000s	Final Salary £'000s	Money Purchase £'000s	Total £'000s
Individual transfers to other schemes	2,954	121	3,075	2,404	854	3,258

7. Other payments

	2023			2022		
	Final Salary	Money Purchase	Total	Final Salary	Money Purchase	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Premiums on term insurance policies	583	-	583	296	11	307

8. Administrative expenses

All administrative, legal, accounting and audit costs are borne by Clifford Chance LLP and are not recharged to the Scheme.

9. Investment income

	2023			2022		
	Final Salary	Money Purchase	Total	Final Salary	Money Purchase	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Interest on cash deposits	41	-	41	1	-	1
Income from pooled investment vehicles	972	-	972	2,244	-	2,244
	1,013	-	1,013	2,245	-	2,245

10. Investment management expenses

	2023			2022		
	Final Salary	Money Purchase	Total	Final Salary	Money Purchase	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Investment fees	274	-	274	122	-	122

Management fees in respect of pooled investment vehicles are recovered from the fund and units in issue.

11. Reconciliation of net investments

The investments of the Scheme are divided between the Final Salary and the Money Purchase sections.

	Opening value as at 1 May 2022	Purchases at cost	Sales proceeds	Change in market value	Closing value as at 30 April 2023
	£'000s	£'000s	£'000s	£'000s	£'000s
Pooled investment vehicles	597,729	454,141	(446,417)	(187,505)	417,948
External VC investments	30,143	-	(928)	(484)	28,731
External MP investments	8,947	-	(121)	(225)	8,601
	<u>636,819</u>	<u>454,141</u>	<u>(447,466)</u>	<u>(188,214)</u>	<u>455,280</u>

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.

There were material purchases and sales during the year in relation to pooled investment vehicles reflecting the change in investment arrangements.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. In addition to the transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles.

12. Pooled investment vehicles

	2023			2022		
	Final Salary £'000s	Money Purchase £'000s	Total £'000s	Final Salary £'000s	Money Purchase £'000s	Total £'000s
Equities	62,710	-	62,710	103,928	-	103,928
Liability Driven Investments	185,930	-	185,930	211,695	-	211,695
Credit	22,413	-	22,413	29,015	-	29,015
Diversified growth	65,140	-	65,140	119,107	-	119,107
Infrastructure	46,478	-	46,478	59,752	-	59,752
Property	35,277	-	35,277	74,232	-	74,232
	417,948	-	417,948	597,729	-	597,729

Any indirect transaction costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It is not possible to quantify any such indirect transactions costs.

13. Sole Investor Fund

The Scheme invests in the Columbia Threadneedle LDI funds during the year of which it is the sole investor. This is set out as the LDI pooled investment balance shown in note 12 and a breakdown of the underlying investment classes held within the fund has been included below.

	2023			2022		
	Final Salary £'000s	Money Purchase £'000s	Total £'000s	Final Salary £'000s	Money Purchase £'000s	Total £'000s
Bonds	408,158	-	408,158	535,237	-	535,237
Liquidity Funds	8,232	-	8,232	29,870	-	29,870
Derivatives - net	(15,360)	-	(15,360)	(5,183)	-	(5,183)
Repurchase agreements – net	(235,512)	-	(235,512)	(356,324)	-	(356,324)
Cash	20,412	-	20,412	8,095	-	8,095
	185,930	-	185,930	211,695	-	211,695

CTI were unable to provide the direct transactions costs relating specifically to the LDI elements of the sole investor arrangement at the time of reporting.

14. Voluntary contribution (VC) investments

For those members who had elected to invest their own voluntary contributions (VCs) and/or the employer's contribution to the Money Purchase section their assets are held separately in the form of insurance policies. Members participating in these external arrangements receive an annual statement confirming the amounts held in their account and the movements in the year. The aggregate amounts for the Final Salary and Money Purchase sections for all types of investments are as follows:

		2023 £'000s	2022 £'000s
Final Salary section			
VCs	- Legal & General	24,572	25,952
	- Scottish Widows	1,445	1,439
	- Aviva	321	324
	- Clerical Medical	2,387	2,422
	- Utmost Life	6	6
		<u>28,731</u>	<u>30,143</u>

		2023 £'000s	2022 £'000s
Money Purchase section			
External MP	- Clerical Medical	1,076	1,102
	- Legal & General	7,525	7,845
		<u>8,601</u>	<u>8,947</u>

All units in managed funds held during the year were controlled by companies registered in the UK. The external VC and MP contracts (Legal & General, Scottish Widows, Aviva, Clerical Medical and Utmost Life) contain a mix of investments under with-profits and unit linked funds.

15 Fair value of investments

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

- Level 1** Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date
- Level 2** Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.
- Level 3** Inputs are unobservable, i.e. for which market data is unavailable.

The Scheme's assets have been included at fair value within these categorisations in the table below:

As at 30 April 2023	Level 1 (£m)	Level 2 (£m)	Level 3 (£m)	Total (£m)
Legal & General Overseas Equity Fund	-	62.7	-	62.7
IFM Infrastructure Fund	-	-	16.4	16.4
JP Morgan Infrastructure Fund	-	-	30.1	30.1
CTI LDI Fund	-	185.9	-	185.9
Nordea Diversified Growth Fund	-	22.7	-	22.7
Ruffer Absolute Return Fund	-	22.0	-	22.0
BNY Mellon Real Return Fund	-	20.5	-	20.5
M&G Property Fund	-	-	1.5	1.5
Invesco Property Fund*	-	8.2	25.6	33.8
Aegon Asset Backed Securities Fund	-	22.4	-	22.4
External AVC Funds	-	28.7	-	28.7
External Money Purchase Funds	-	8.6	-	8.6
Total	-	381.7	73.6	455.3

*The Invesco Property Fund invests in a fund with both a liquid property sleeve and an illiquid property sleeve. As at 30 April 2023 the split was broadly 24%:76% between the two sleeves respectively.

Analysis for the prior year end was as follows:

As at 30 April 2022	Level 1 (£m)	Level 2 (£m)	Level 3 (£m)	Total (£m)
Legal & General Overseas Equity Fund	-	103.9	-	103.9
IFM Infrastructure Fund	-	-	32.5	32.5
JP Morgan Infrastructure Fund	-	-	27.2	27.2
CTI LDI Fund	-	211.7	-	211.7
Nordea Diversified Growth Fund	-	52.1	-	52.1
Baillie Gifford Diversified Growth Fund	-	32.8	-	32.8
LGIM Diversified Growth Fund	-	34.3	-	34.3
M&G Alternative Bonds Fund	-	29.1	-	29.1
M&G Property Fund	-	-	2.5	2.5

Invesco Property Fund*	-	21.5	50.2	71.7
External AVC Funds	-	30.1	-	30.1
External Money Purchase Funds	-	8.9	-	8.9
Total	-	524.4	112.4	636.8

*The Invesco Property Fund invests in a fund with both a liquid property sleeve and an illiquid property sleeve. As at 30 April 2022 the split was broadly 30%:70% between the two sleeves respectively.

16. Investment risks

Types of risk relating to investments

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 is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables.

The maximum risk resulting from financial instruments, except for written options and securities sold short, equals their value.

Market risk 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 – primarily bonds, interest rate swaps and pooled investment vehicles held mainly in bonds – 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 – primarily equity prices), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee Directors determine their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below.

Risk management structure

The Trustee Directors are responsible for identifying and managing risks, including risks arising from the investment activities.

The Trustee Directors appoint investment managers to manage the investments of the Scheme under agreed mandates. These mandates set out target allocations, benchmarks and risk tolerance levels consistent with the Statement of Investment Principles.

The Trustee Directors review the performance of each investment manager against the agreed performance objectives.

Risk measurement and reporting

The Trustee Directors monitor the Scheme's risks periodically. The Trustee Directors measures risks both qualitatively and quantitatively.

The Trustee Directors monitor and measure the overall risk in relation to the aggregate risk exposure across all risk types and activities, including employer covenant and funding risks.

Risk mitigation

The Scheme has investment guidelines that set out its overall investment strategy and its general approach to risk management, as set out in the Statement of Investment Principles.

The Trustee Directors have appointed an investment adviser to assist them in determining and implementing the investment strategy for the Scheme.

The Trustee Directors acknowledge that its investment managers may use derivatives and other instruments for trading purposes and in connection with its risk management activities.

The Scheme's assets

The Scheme invests in pooled investment vehicles, the underlying assets of which are held separate to the assets of the investment manager.

The Scheme's assets at 30 April 2023 comprise of:

- An overseas equity fund with L&G
- A diversified growth fund with Nordea
- A diversified growth fund with Baillie Gifford (residual balance disinvested in May 2023)
- A diversified growth fund with Ruffer
- A diversified growth fund with BNY Mellon
- A property fund with Invesco
- An asset backed securities fund with Aegon
- An LDI fund with CTI
- A property fund with M&G
- An infrastructure fund with IFM Investors
- An infrastructure fund with JP Morgan
- AVC funds with Legal & General, Clerical Medical, Utmost Life, Scottish Widows and Aviva
- Money Purchase funds with Legal & General and Clerical Medical

Total risks

The figures in the table indicate the amount of the portfolio which is subject to the specific risk (note that the balances are rounded). For example the majority of the portfolio is subject to credit and other price risk; whereas only a portion is subject to currency and interest rates.

	30 April 2023 (£m)			30 April 2022 (£m)		
	Final Salary	Money Purchase	Total	Final Salary	Money Purchase	Total
Total direct credit risk	417.9	8.6	426.5	627.9	8.9	636.8
Total indirect credit risk	307.2	-	307.2	434.1	-	434.1
Total currency risk	174.3	-	174.3	311.9	-	311.9
Total interest rate risk	251.1	-	251.1	359.9	-	359.9
Total other price risk	417.9	-	417.9	568.8	-	568.8

Direct credit risk

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

A summary of pooled investment vehicle by type of arrangement is as follows (note that the balances are rounded):

Legal nature of the pooled arrangements	30 April 2023 (£m)			30 April 2022 (£m)		
	Final Salary	Money Purchase	Total	Final Salary	Money Purchase	Total
Unit linked insurance contracts	64.2	-	64.2	140.7	-	140.7
UK Open ended investment companies	42.5	-	42.5	32.8	-	32.8
Limited liability partnerships	46.5	-	46.5	59.8	-	59.8
Sole investor authorised fund	185.9	-	185.9	211.7	-	211.7
Luxembourg Société d'investissement à Capital Variable (SICAV)	22.7	-	22.7	81.1	-	81.1
Fonds Commun de Placement – Fonds d'investissement Alternatif Reserve (FRC RAIF)	33.8	-	33.8	71.7	-	71.7
Irish collective asset management vehicle with variable capital	22.4		22.4	-	-	-
Total	417.9	-	417.9	597.8	-	597.8

Other matters

During 2022/2023, geopolitical issues (such as Russia's war in Ukraine) and economic issues (such as increases in the rates of inflation and interest rates and movements in foreign currencies) have had a profound effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustee, in conjunction with its advisers, monitors the situation closely and determines any actions that are considered to be necessary. This includes monitoring the Scheme's investment portfolio, the operational impact on the Scheme and the covenant of the Employer.

The extent of the impact on the Scheme's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted. Since the year end, the value of the Scheme's investment assets and investment liabilities have been impacted. Whilst the Trustee monitors the overall position, it has not, at this time, quantified the change (being an increase or decrease) in market value of the investment assets and investment liabilities as markets remain fluid and unpredictable and therefore such an estimate cannot be made.

17. Concentration of investments

The following investments represent more than 5% of the total value of the net assets of the Scheme at the year end.

	2023	2022
CTI LDI funds - LDI		
Market Value (£,000)	185,930	211,695
Percentage of net assets (%)	39.53%	32.92%
Legal & General Investment Management – Overseas Equity		
Market Value (£,000)	62,710	103,928
Percentage of net assets (%)	13.33%	16.16%
Invesco Property Fund - Property		
Market Value (£,000)	33,752	71,732

Percentage of net assets (%)	7.18%	11.15%
JP Morgan – Infrastructure		
Market Value (£,000)	30,082	27,228
Percentage of net assets (%)	6.40%	4.23%
Nordea – Diversified Growth		
Market Value (£,000)	22,666	52,066
Percentage of net assets (%)	4.82%	8.10%
Legal & General Investment Management – Diversified Growth		
Market Value (£,000)	-	34,247
Percentage of net assets (%)	-	5.33%
Baillie Gifford – Diversified Growth		
Market Value (£,000)	-	32,794
Percentage of net assets (%)	-	5.10%
IFM – Infrastructure		
Market Value (£,000)	16,396	32,524
Percentage of net assets (%)	3.49%	5.06%

18. Employer related investments

There were no employer-related investments at 30 April 2023 (2022 – nil).

19. Current assets

	2023			2022		
	Final Salary £'000s	Money Purchase £'000s	Total £'000s	Final Salary £'000s	Money Purchase £'000s	Total £'000s
Cash at bank	24,442	-	24,442	16,289	-	16,289
Monthly contribution – April 2023*	583	-	583	-	-	-
	25,025	-	25,025	16,289	-	16,289

* The monthly contribution paid by the employer in April 2023 credited in the Trustee bank account 2 May 2023.

20. Current liabilities

	2023			2022		
	Final Salary £'000s	Money Purchase £'000s	Total £'000s	Final Salary £'000s	Money Purchase £'000s	Total £'000s
Contributions received in advance – deficit funding	10,000	-	10,000	10,000	-	10,000

21. Related party transactions

At the Scheme year end (30 April 2023), five Directors of the Trustee Company had a beneficiary interest as members of the Scheme (2022 – Six Directors). Where relevant, benefits and contributions in respect of these members have been paid in accordance with the Schedule of Contributions. Clifford Chance LLP, the sponsoring employer, is one of the appointed legal advisers to the Scheme and Clifford Chance London Limited, a service company, which is funded by Clifford Chance LLP, is the appointed administrator for the Scheme. The Trustee corporate Director was paid fees of £0.09m (2022: £0.04m) for their services which was paid by the employer without recharge to the Scheme.

There are no payments made to Clifford Chance LLP or Clifford Chance London Limited for the provision of these services.

22. Contingencies and commitments

In the opinion of the Trustee Directors, the Scheme had no contingent liabilities or commitments at 30 April 2023 (2022: nil).

Independent auditors' statement about contributions to the trustee of Clifford Chance Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions payable under the schedule of contributions for the scheme year ended 30 April 2023 as reported in Clifford Chance Pension Scheme's summary of contributions have, in all material respects, been paid at least in accordance with the schedule of contributions certified by the scheme actuary on 29 July 2020.

We have examined Clifford Chance Pension Scheme's summary of contributions for the scheme year ended 30 April 2023 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the trustee in respect of contributions

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

Auditors' responsibilities in respect of the statement about contributions

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

Use of this report

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date 29/11/23

Summary of contributions payable to the Scheme in the year

During the year ended 30 April 2023 the contributions payable to the Scheme were as follows:

	Final Salary £'000s	Money Purchase £'000s	Total £'000s
Employer – Deficit Funding	24,208	-	24,208
Total contributions payable under the Schedule of Contributions dated 29 July 2020 and as reported on by the Scheme Auditors	24,208	-	24,208
Additional Employer Contributions			
- Premiums on term insurance policies	583	-	583
Total contributions per the financial statements	24,791	-	24,791

Approved by the Trustee and signed on behalf of the Trustee Directors of Clifford Chance Pension Trustees Limited:

Robin T Tremaine (Trustee Director)

Date: 29 November 2023

THE CLIFFORD CHANCE PENSION SCHEME

SCHEDULE OF CONTRIBUTIONS (JULY 2020)

1. ***Effective date of valuation: 30 April 2019.***
2. ***PERIOD COVERED BY THIS SCHEDULE: THE PERIOD BEGINNING WITH THE DATE OF THE CERTIFICATE OF THE SCHEME ACTUARY IN RELATION TO THIS SCHEDULE (WHICH IS ATTACHED TO THIS SCHEDULE) AND ENDING ON 31 MAY 2030.***
3. ***Employers covered by this Schedule:*** Clifford Chance London Limited ("CC London").
4. ***Rates of employer contributions:-***
 - 4.1 Final Salary Section deficit repair – CC London shall pay the following contributions in respect of deficit repair, in accordance with the Scheme's recovery plan:
 - a) £6,000,000 by 31 August 2020; PLUS
 - b) In respect of each 31 May commencing 31 May 2021 up to (and including) 31 May 2030: £22.0m

The amount of each of the above payments, other than that due at 31 August 2020, shall be increased annually in line with the increase in the Retail Prices Index (as defined in the Scheme rules) for the period from 1 January 2021 to 1 January immediately preceding the 31 May by which the payment is due.
 - 4.2 The employers shall in addition pay such further contributions (if any) as may be required from time to time in accordance with the provisions of the Scheme, including pursuant to Clause 24 of the Definitive Trust Deed of the Scheme (augmentation of benefits).
5. ***Dates for payment of employer contributions:-***
 - 5.1 The contributions under paragraph 4.1 b) above shall be payable and due for payment by each respective 31 May. Throughout the Scheme Year preceding each 31 May payment date under this Schedule CC London shall pay monthly contributions of at least £583,333 on account of the contributions due under paragraph 4.1 of this Schedule (such sum to be reduced by making appropriate allowance for the netting off arrangements referred to in paragraph 6 below, if applicable). The Scheme administrators will carry out a reconciliation of the total contributions due by each respective 31 May payment date against the payments made on account during the Scheme Year preceding 31 May payment date in order to determine the balancing payments to be made to the Scheme by CC London or the balancing prepayment credit for CC London. The contributions payable under 4.1a) are in addition to the payment due of £22.0m by 31 May 2021.
6. ***Netting-off against benefit payments*** – the total of the contributions payable to the Scheme by CC London by each respective 31 May shall, unless and until agreed otherwise by the Principal Employer and the Trustee, be reduced by an amount equal to the total of the

benefit payments made by (or on behalf of) CC London on an agency basis for and on behalf of the Trustee for the preceding twelve month period to each respective preceding 30 April. For example, the contribution due by 31 May 2021 shall be reduced by an amount equal to the total of the benefit payments made by (or on behalf of) CC London on an agency basis for and on behalf of the Trustee between 1 May 2020 and 30 April 2021. CC London confirms it will continue to pay all benefit payments due from the Trustee on its behalf.

7. ***Date of this Schedule*** – the date of this Schedule shall be the latest of the dates of signature under paragraph 8 below.
8. This Schedule has been agreed between CC London and the Trustee:-

Signed: Robin T Tremaine (Trustee Director)

Date: 29 July 2020

Signed: Jane Kola (Director of Pensions Legacy Trustees Limited as Corporate Trustee of the Scheme)

Date: 29 July 2020

For and on behalf of Clifford Chance Pension Trustees Limited (as Trustee)

Signed: David Harkness (Director)

Date: 29 July 2020

For and on behalf of Clifford Chance London Limited

Notes to the Schedule

- (i) This Schedule supersedes the previous schedule of contributions for the Scheme (signed on 24 July 2017) with effect on and from the date of the certificate of the Scheme actuary in relation to this Schedule (which is attached to this Schedule).
- (ii) At the date of this Schedule, the "Scheme Year" for the Scheme is the period of 12 months beginning on 1 May in each year.
- (iii) Subject as provided in Clause 20 of the Definitive Trust Deed of the Scheme, the Principal Employer bears the administration and management costs and expenses (including PPF levy and other levies) of the Scheme (other than expenses connected with the investment of Scheme funds, which are provided for in the funding of the Scheme and paid from the Scheme funds) and the cost of life assurance premiums. The costs and expenses borne by the Principal Employer on behalf of or as agent for the Trustee are paid on an indemnity basis as they fall due for payment.
- (iv) The certificate of the Scheme actuary in relation to this Schedule is attached to and forms part of this Schedule.
- (v) This Schedule is subject to review at each triennial valuation of the Scheme and otherwise may be reviewed by agreement between the Scheme employers and the Trustee (in which case the revised schedule of contributions for the Scheme must again be certified by the Scheme actuary).
- (vi) Save as provided by legislation, nothing in this Schedule shall affect the employers' rights and obligations regarding the payment of contributions to the Scheme in accordance with the rules of the Scheme from time to time and for the avoidance of any doubt:-
 - (a) It shall not be a breach of the requirements of this Schedule for the employer to pay more contributions to the Scheme in respect of any period than are provided for in paragraph 4 of this Schedule.
 - (b) It shall not be a breach of the requirements of this Schedule for the employer to pay the contributions to the Scheme at an earlier date than as set out in this Schedule.

Certificate of schedule of contributions

Clifford Chance Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 30 April 2019 to be met by the end of the period specified in the Recovery Plan dated 29 July 2020.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 29 July 2020.

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

Signature:	Date: 29 July 2020
Name: Keith Poulson	Qualification: Fellow of the Institute and Faculty of Actuaries
Address: Aon Solutions UK Limited Verulam Point, Station Way, St Albans, AL1 5HE	Name of employer: Aon Solutions UK Limited

APPENDIX I – Implementation Statement for the Final Salary section, covering 1 May 2022 to 30 April 2023

The Trustee of the Clifford Chance Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles (“SIP”) during the Scheme Year, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes, and the date of the latest SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-13 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 14 below.

During the Scheme Year, the Trustee maintained two separate SIPs for the Scheme covering the Final Salary and Money Purchase sections. This Statement relates to the Final Salary section only and references to the SIP relate only to the Final Salary SIP. A separate Statement has been produced for the Money Purchase Section.

This Statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 as amended.

In preparing the Statement, the Trustee has also had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

This Statement is based on, and uses the same headings as, the Scheme’s SIP dated December 2021 between 1 May 2022 and March 2023, and the Scheme’s SIP dated March 2023 up to 30 April 2023. This Statement should be read in conjunction with the latest SIP which can be found [online](#).

1. Introduction – Last review of the SIP

The SIP was reviewed and updated during the Scheme Year in March 2023 to reflect changes to strategic asset allocation and underlying investment managers and the Trustee’s new stewardship priorities. As part of the SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the policies in the Scheme’s SIP during the year. The following Sections provide detail on and commentary about how and the extent to which it has done so.

2. Objectives and Policy for Securing Objectives

Progress against the Scheme’s funding objective is reviewed as part of monthly and quarterly performance monitoring. The Trustee is also able to view the progress on an ongoing basis using Lane Clark & Peacock (LCP) Visualise online (a tool provided by the Scheme’s investment adviser which shows key metrics and information on the Scheme including expected return and risk of the investment strategy).

As at 30 April 2023, the Scheme was on track to achieve full funding on a Technical Provisions basis by the target date. In addition, the Trustee remains comfortable that the level of risk and expected returns remains appropriate.

3. Choosing Investments

The Trustee, with the help of its investment adviser, LCP, and in consultation with the sponsoring employer, reviewed the Scheme’s strategy in January 2023 and concluded that it should de-risk the strategy. This was implemented by reducing the strategic allocation to growth assets (synthetic equity exposure, DGFs and property)

and increasing the level of collateral within the Scheme's LDI mandate. In addition, the Trustee agreed to replace the allocation to multi-asset credit with a securitised credit mandate.

When the Trustee undertook its review, it considered the investment risks set out in section 7 of the SIP. It also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee also considered the need for diversification and specific circumstances of the Scheme.

The Trustee monitors the asset allocation quarterly and compares this to the strategic asset allocation. In May 2022, Employer contributions were invested in the Invesco property fund and the Columbia Threadneedle Investments ("CTI") bespoke LDI fund to move the Scheme's asset allocation closer to the strategic allocation.

Following a material rise in gilt yields during 2022, the Trustee was required to make active changes to the Scheme's investment allocation to meet collateral calls issued by the Scheme's LDI manager. This included redemptions from the Scheme's DGF, equity, infrastructure and property mandates, temporarily moving the Scheme out of line with its strategic asset allocation. In particular, the Scheme fully redeemed from its multi-asset credit mandate with M&G. The Trustee, following advice from their investment advisers, was comfortable to maintain this underweight position to support the LDI mandate and due to the upcoming strategy review.

It is the Trustee's policy to only invest in derivatives for the reduction of investment risks or for efficient portfolio management. The bespoke fund, managed by CTI, makes extensive use of derivatives to provide liability hedging and synthetic equity exposure. The liability hedging provided by the mandate leads to a significant reduction in the level of interest rate and inflation risk for the Scheme. The synthetic equity allocation allows the Trustee to gain equity exposure in an efficient manner enabling the Trustee to increase liability hedging to reduce risk. As part of the investment strategy review in January 2023 the Trustee sought to decrease the level of synthetic equity exposure, reducing the use of derivatives in the portfolio.

To enable greater access to collateral in the portfolio, the Trustee added three external funds to the CTI bespoke fund (DGFs and securitised credit). By holding these funds within the bespoke fund, CTI are able to sell down assets in the event of a collateral call, subject to the approval of the Trustee.

Counterparty risk within the bespoke fund is managed by CTI and reported to the Trustee on a quarterly basis.

4. The Balance between Different Kinds of Investments

This is covered in Section 3 above.

5. Implementation of the investment arrangements

The Trustee appointed three new investment managers over the Scheme Year, agreeing fee discounts as part of the process. Overall, the Trustee believes the investment managers provide reasonable value for money.

Before appointing the managers, the Trustee received information on their investment processes and philosophies, the investment teams and past performance. The Trustee also considered the managers' approaches to responsible investment and stewardship. The Trustee obtained formal written advice from its investment adviser, LCP, before investing in the funds and made sure the investment portfolios of the funds chosen were adequately and appropriately diversified. The Trustee relies on its investment adviser's research to understand managers' investment approaches, and ensure they are consistent with the Trustee's policies prior to any new appointment.

LCP monitors the investment managers on an ongoing basis, through regular research meetings. LCP monitors any developments at the managers and informs the Trustee promptly about any significant updates or events they become aware of that may affect the managers' ability to achieve their investment objectives. This includes any significant changes to the investment process or key staff for any of the funds the Scheme invests in, or any material changes in the level of diversification in the fund.

The Trustee monitors the performance of the Scheme's investment managers on a monthly basis, using a report prepared by LCP. The report shows the performance of each fund over the month. Performance is considered in the context of the manager's benchmark and objectives. The Trustee also monitors its managers' responsible investment capabilities using scores provided by LCP, as part of the standard quarterly monitoring reports.

Following a period of underperformance, the Trustee made the decision to redeem from the Baillie Gifford Multi Asset Growth Fund. As a replacement, the Trustee invested in the Ruffer Absolute Return Fund and the Newton Real Return Fund in February 2023 and March 2023 respectively.

6. Investment Risk Measurement and Management

Risks are monitored on an ongoing basis with the help of the Scheme's investment adviser, LCP. The Trustee maintains a risk register, and this is discussed at quarterly meetings.

The Trustee's policy for some risks, given their nature, is to understand them and to address them if necessary, based upon the advice of LCP or information provided to the Trustee by the Scheme's investment managers. Key processes the Trustee has implemented for managing investment risks are covered below.

The Scheme's interest and inflation hedging levels are monitored monthly by the Scheme's investment advisor and reported in quarterly monitoring reports. Over the Scheme Year the Scheme's hedging levels were broadly in line with the target levels.

The Scheme accesses LDI and synthetic equity via a bespoke fund managed by CTI. To manage collateral adequacy risk, the Trustee has delegated the daily monitoring of leveraged duration in the bespoke fund to CTI and has moved the Scheme's DGF and securitised credit funds into the CTI bespoke fund for more efficient collateral management. If pre-agreed trigger points are hit, CTI will notify the Trustee and, following approval from the Trustee, CTI are able to access these funds for collateral. As at 30 April 2023, the Scheme held more than enough liquid assets to meet the next capital call from the LDI and synthetic equity mandate.

Together, investment and non-investment risks give rise generally to funding risk. The Trustee formally reviews the Scheme's funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis the Trustee reviews the funding position allowing for membership and other experience. The Trustee also informally monitors the funding position more regularly in monthly reports and discusses the position at quarterly Trustee meetings.

The Trustee monitors the overall 1 year 95% Value at Risk of the funding position on a quarterly basis. The Trustee remains comfortable with the total level of risk, noting that it has come down significantly over the Scheme Year.

The following risks are covered elsewhere in this Statement: counterparty risk in Section 3, diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, risk of inadequate returns in Section 8, illiquidity/marketability risk in Section 9 and ESG risks in Section 10.

7. Custody

There are no specific policies in this section of the Scheme's SIP.

8. Expected Returns on Assets

When making changes to the investment strategy over the year, the Trustee considered the expected return on the proposed portfolio, and whether it believed it was sufficient to meet the Scheme's funding objective.

With regard to the risk of inadequate returns, the required return for the Scheme to be fully funded on a Technical Provisions basis by May 2028 (in line with the recovery plan) was assessed as gilts – 0.7% pa as at 30 April 2023. The best estimate expected return on the Scheme's strategic asset allocation was gilts + 2.1% pa. Therefore, the expected return on the Scheme's assets was expected to be sufficient to produce the return needed over the long-term. The required return is reviewed regularly as part of the Scheme's quarterly monitoring report.

9. Realisation of investments/Liquidity

The Trustee's policy is to have access to sufficient liquid assets to meet any outflows while maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets. The majority of the Scheme's assets had daily or weekly liquidity over the year under review.

Over the year to 30 April 2023, most of the Scheme's cash outflows were met by regular employer contribution payments, including pensioner payroll, which is paid by the employer as part of the recovery plan.

During the Scheme Year, the Trustee switched the Scheme's holdings in the LGIM World (ex UK) Equity Index Fund weekly dealt version to the daily dealt version to increase Scheme liquidity.

When the Trustee appointed Aegon for a securitised credit mandate, it ensured that it was invested in a daily dealing fund so that the fund could be used to meet LDI collateral calls if required. The Trustee also considered the liquidity of its other holdings and carried out liquidity testing to ensure that the strategy could withstand significant movements in yields.

10. Considerations of financially material and non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other Environmental Social and Governance (ESG) considerations).

When JP Morgan and Aegon presented to the Trustee during the year, the Trustee asked questions about the managers' ESG practices. The Trustee also reviewed reports from their managers on voting and engagement policies undertaken on their behalf.

The Trustee does not take into account any non-financial matters (eg matters relating to the ethical and other views of the Employer, members and beneficiaries) in the selection, retention and realisation of investments.

11. Stewardship

All of the Trustee's holdings in equities are within pooled funds, and the Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers.

In February 2023, the Trustee received training on the DWP Stewardship Guidance, learning how the DWP has raised the bar for its expectations on trustees' stewardship practices and reporting.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the Q1 2023 Trustee meeting, the Trustee discussed and agreed stewardship priorities for the Scheme, which were: Climate Change, Diversity,

Equity and Inclusion, and Corporate Transparency. These priorities were selected because the Trustee believes that good management of these factors by its investment managers will be beneficial to returns in the long term.

The Trustee communicated these priorities to its managers in March 2023 and set out expectations in relation to the managers' voting behaviours.

12. Effective decision making

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. It also recognises that, where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to critically evaluate any advice it takes.

In September 2022, the Trustee received training on the various credit options available for investment. Further to this, the Trustee received additional training on securitised credit to assist with strategy decisions in January and February 2023. Two shortlisted managers presented to the Trustee at a selection meeting in February where each manager spent part of their session explaining how securitised credit works in practice. Following this the Trustee made the decision to include securitised credit as part of the Scheme's investment strategy.

The performance of its professional advisers is considered on an ongoing basis by the Trustee. The Trustee has put in place formal objectives for its investment adviser and reviews the adviser's performance against these objectives on a regular basis.

13. Voluntary Contribution ("VC") Arrangements

There are no specific policies in this section of the Scheme's SIP. The details of the VC arrangements are detailed in the SIP for the Money Purchase section.

14. Description of voting behaviour during the year

All of the Trustee's holdings in equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have included voting data on the Scheme's funds that hold equities as follows:

- Baillie Gifford Multi Asset Growth Fund;
- Invesco Global Real Estate Fund;
- LGIM World (ex UK) Equity Index Fund;
- Newton Real Return Fund;
- Nordea Diversified Return Fund; and
- Ruffer Absolute Return Fund.

Information has not been included relating to the CTI Bespoke Fund as it gains equity exposure synthetically, therefore there are no voting rights in relation to the equities that are referenced.

LGIM were only able to provide voting data at quarters ends, and hence the data shown is based on votes over the period from 1 April 2022 to 31 March 2023.

The Trustee contacted the Scheme's other asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the period. The managers confirmed that they did not.

Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee reviewed these policies in September 2022, and was comfortable that they are aligned with its views.

14.1.1 LGIM

LGIM's voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. LGIM's voting policies are reviewed annually and take into account feedback from its clients and other stakeholders.

All voting decisions are made by LGIM's Investment Stewardship team and in accordance with its Corporate Governance & Responsible Investment and Conflicts of Interest policy documents, which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This helps ensure LGIM's stewardship approach is consistent throughout the engagement and voting process, and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. The use of ISS's recommendations is to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports received from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards that all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions. This may happen where engagement with a specific company has provided additional information (for example from direct engagement) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by the service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

14.1.2 Nordea Asset Management Limited ("Nordea")

Nordea has an aggregated voting strategy, meaning that it strives to vote for as large part of its total holdings in any given company as possible.

Nordea's Corporate Governance Principles define how it acts in corporate governance-related matters and sets the rules for which strategies apply and how the voting of the shares owned by the funds shall take place. A Corporate Governance Committee has been set up to ensure appropriate handling of the corporate-governance matters, and the operational responsibility rests with the Corporate Governance Function (outside the investment organization). The Corporate Governance Function cooperates very closely with Nordea Asset Management's Responsible Investment Team, which oversees its work on responsible investment together with the investment organisation.

Assessment of shareholder ESG proposals is made on a case-by-case basis. This assessment analyses the relevance and adequacy of the requests - i.e., whether approval of the resolution supports better company's practices or shareholder value, whether the company's current stance on the topic is likely to have negative effects in terms of litigation and reputational damage and whether the company has already put appropriate action in place to respond to the issue contained in the resolution.

Generally, Nordea's line is to support proposals aiming to protect or enhance long-term shareholder value creation, to improve transparency on material ESG issues and to address material ESG risks that have emerged. On climate proposals that require companies to disclose information about its governance, strategy, risk management and targets related to climate-related risks, Nordea will generally be positive. Nordea's voting power will be used in cases of company's failure to appropriately manage or mitigate ESG risks or when there is a lack of sustainability reporting in the company's public documents.

In general, every vote Nordea casts is considered individually on the background of its bespoke voting policy, which it has developed in-house based on its own principles. Proxy voting is supported by two external vendors (ISS & Nordic Investor Services) to facilitate the voting and provide analytic input, but the final analysis and decision always remains with Nordea.

14.1.3 Baillie Gifford

All voting decisions are made by Baillie Gifford's Governance & Sustainability team in conjunction with investment managers. It does not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then Baillie Gifford will engage with them on this. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Thoughtful voting of its clients' holdings is an integral part of Baillie Gifford's commitment to stewardship. Baillie Gifford believes that voting should be investment led, because how it votes is an important part of the long-term investment process. The ability to vote on its clients' shares also strengthens its position when engaging with investee companies. Baillie Gifford's Governance and Sustainability team oversees its voting analysis and execution in conjunction with its investment managers. Unlike many of its peers, Baillie Gifford does not outsource any part of the responsibility for voting to third-party suppliers. It utilises research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with their Governance & Sustainability Principles and Guidelines and it endeavours to vote on every one of its clients' holdings in all markets.

Whilst Baillie Gifford are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), it does not delegate or outsource any of its stewardship activities or follow or rely upon their recommendations when deciding how to vote on its clients' shares. All client voting decisions are made in-house. Baillie Gifford vote in line with its in-house policy and not with the proxy voting providers' policies. Baillie Gifford also have specialist proxy advisors in the Chinese and Indian markets to provide it with more nuanced market specific information.

14.1.4 Invesco

Invesco has adopted and implemented a Policy Statement on Global Corporate Governance and Proxy Voting Policy which it believes describes policies and procedures reasonably designed to ensure that proxies are voted in the best interests of its clients. This Policy is intended to help Invesco's clients understand its commitment to responsible investing and proxy voting, as well as the good governance principles that inform its approach to engagement and voting at shareholder meetings.

Invesco views proxy voting as an integral part of its investment management responsibilities. The proxy voting process at Invesco focuses on protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. The voting decision lies with its portfolio managers and analysts with input and support from its Global ESG team and Proxy Operations functions. The final voting

decisions may incorporate the unique circumstances affecting companies, regional best practices and any dialogue Invesco has had with company management. Invesco's proprietary proxy voting platform ("Proxyintel") facilitates implementation of voting decisions and rationalises across global investment teams.

Invesco is happy to work with clients to deliver satisfactory outcomes relating to stewardship, ESG policies and proxy voting, however is somewhat limited in implemented custom voting policies for clients invested in its pooled funds. Invesco's portfolio managers and analysts retain full discretion over voting decisions for pooled portfolios, in line with its Global Proxy Voting Policy.

Invesco's proxy voting process is designed to ensure that proxy votes are cast in accordance with the best interests of all clients. The voting decision lies with its portfolio managers and analysts, with input and support from its Global ESG team. Proxyintel facilitates the implementation of voting decisions and rationales across global investment teams. Invesco's publication of its Policy Statement on Global Corporate Governance and Proxy Voting, disclosure of voting records and ESG investment stewardship reporting enhances its accountability and transparency to its clients.

14.1.5 Newton Investment Management Limited ("Newton")

Newton has established overarching stewardship principles which guide its ultimate voting decision, based on guidance established by internationally recognised governance principles. All voting decisions are taken on a case-by-case basis, reflecting Newton's investment rationale, engagement activity and the company's approach to relevant codes, market practices and regulations. These are applied to the company's unique situation, while also considering any explanations offered for why the company has adopted a certain position or policy. If Newton recognises a material conflict of interest it may apply the vote recommendations of its third-party voting administrator.

Newton seeks to make proxy voting decisions that are in the best long-term financial interests of its clients and which seek to support investor value by promoting sound economic and ESG policies, procedures and practices through the support of proposals that are consistent with these objectives:

- To align of the interests of a company's management and board of directors with those of investors.
- To promote the accountability of a company's management to its board of directors, as well as the accountability of the board of directors to investors.
- To uphold the rights of a company's investors to effect change; and
- To promote adequate disclosure about a company's business operations and financial performance in a timely manner.

In general, voting decisions are taken consistently across all Newton's clients that are invested in the same underlying company. This is in line with Newton's investment process that focuses on the long-term success of the investee company. Further, it is Newton's intention to exercise voting rights in all circumstances where it retains voting authority. All voting opportunities are communicated to Newton by way of an electronic voting platform.

The Responsible Investment team reviews all resolutions for matters of concern. Any such contentious issues may be referred to the appropriate equity analyst or portfolio manager for comment. Where an issue remains contentious, Newton may also decide to engage with the company or other relevant stakeholders.

Where Newton plans to vote against management, it may seek to engage with the company on a best-effort basis and depending on the significance of the holding, to share its concerns and to provide an opportunity for its concerns to be allayed.

14.1.6 Ruffer

It is Ruffer's policy to vote on Annual General Meeting and Extraordinary General Meeting resolutions, including shareholder resolutions and corporate actions. It endeavours to vote on most of its holdings but it retains discretion to not vote when it is in its clients' best interests (for example in markets where share blocking applies). Ruffer votes on its total shareholding of the companies held within flagship funds.

To apply this policy, it works with various industry standards, organisations and initiatives and actively participates in debates within the industry, promoting the principles of active ownership and responsible investment. For example, Ruffer is a signatory to the Principles for Responsible Investment, participates in several working groups at the Investment Association and, through its commitment to Climate Action 100+, has co-filed resolutions where it felt this was the most appropriate course of action.

Ruffer has internal voting guidelines as well as access to proxy voting research, currently from ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer is cognisant of proxy advisers' voting recommendations, in general, it does not delegate or outsource stewardship activities when deciding how to vote on its clients' shares.

Research analysts are responsible, supported by Ruffer's responsible investment team, for reviewing the relevant issues on a case-by-case basis and exercising their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer. It looks to discuss with companies any relevant or material issue that could impact the investment. Ruffer will ask for additional information, if necessary, to inform its voting discussions. If Ruffer decides to vote against the recommendations of management, it will endeavour to communicate this to the company before the vote along with an explanation for doing so.

Ruffer is open to working alongside other investors on both policy and company specific matters. The decision to collaborate on company specific matters will be judged on a case-by-case basis.

14.2 Summary of voting behaviour over the year

A summary of voting behaviour over the Scheme Year is provided in the table below. Note that numbers may not sum exactly due to rounding. As noted above, LGIM voting data is based on the period from 1 April 2022 to 31 March 2023 whilst Nordea, Invesco and Baillie Gifford data is based on the period from 1 May 2022 to 30 April 2023. Ruffer and Newton data covers the period that the Scheme was invested, which is 1 March 2023 to 30 April 2023 for Ruffer and 24 March 2023 to 30 April 2023 for Newton.

Fund name	Baillie Gifford Multi Asset Growth Fund	Invesco Global Real Estate Fund	LGIM World (ex UK) Equity Index Fund	Newton Real Return Fund	Nordea Diversified Return Fund	Ruffer Absolute Return Fund
Total size of fund at end of the Scheme Year (£bn)	1.0	0.4 (of which 0.1 relates to the listed property sleeve)	4.4	3.7	2.8	4.4
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	~nil / 0.0%	£33.8m / 7.9%	£62.7m / 14.7%	£20.5m / 4.8%	£22.7m / 5.3%	£22.0m / 5.1%
Number of equity holdings at end of the Scheme Year	44	43	3,203	71	160	56
Number of meetings eligible to vote	73	60	3,008	20	199	10
Number of resolutions eligible to vote	777	626	36,202	334	2,456	233
% of resolutions voted	98.1%	100.0%	99.8%	100.0%	97.3%	100.0%
Of the resolutions on which voted, % voted with management	95.1%	94.7%	77.6%	91.3%	83.9%	99.1%
Of the resolutions on which voted, % voted against management	3.5%	5.3%	21.7%	8.7%	13.6%	0.9%
Of the resolutions on which voted, % abstained from voting	1.4%	0.0%	0.8%	0.0%	2.5%	0.0%
Of the meetings in which the manager voted, % with at least one vote against management	24.7%	21.7%	77.1%	45.0%	64.3%	30.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A	4.8%	15.1%	1.8%	5.4%	6.0%
Note that totals may not sum due to rounding.						

14.3 Most significant votes over the year

Commentary on the most significant votes over the period from the Scheme's asset managers who hold listed equities is set out below. We have provided a sub-set of votes from each manager with a focus on votes relating to the Scheme's stewardship priorities of Climate Change, Diversity, Equity & Inclusion and Corporate Transparency.

Baillie Gifford – Multi Asset Growth Fund

	LYFT, Inc., June 2022	Booking Holdings Inc, June 2022	NextEra Energy, May 2022
Summary of resolution	Request for further reporting on lobbying activities	Proposal to incorporate climate change metrics into executive pay	Request of employee diversity data.
Relevant stewardship priority	Corporate Transparency	Climate Change	Diversity, Equity and Inclusion
Approximate size of the mandate's holding at the date of the vote	0.4%	~0.0%	0.5%
Vote / outcome	For / Did not pass	Against / Did not pass	For / In the end the vote was withdrawn as the company agreed at the AGM to voluntarily disclose such data
Management recommendation	Against	Against	N/A – vote withdrawn
Rationale	In response to the high level of support last year, Lyft has updated its policy on lobbying to add information on board oversight, management governance and a brief trade association policy but it does not meet the oversight and disclosure standard set out by the proponents since it does not provide any information on lobbying expenditures, a list of all trade association memberships and dues or lobbying expenditures made by those associations using Lyft funds. Therefore, Baillie Gifford believes Lyft can go further with disclosures.	Baillie Gifford opposed a shareholder proposal to incorporate climate change metrics into executive compensation arrangements because the company is already considering this and so it believes that this proposal is unnecessary.	Baillie Gifford supported this proposal because it believes that shareholders would benefit from reporting on the outcomes of the company's diversity, equity and inclusion efforts such as recruitment, retention, and promotion rates of employees by gender, race, and ethnicity.

Invesco – Global Real Estate Fund

Urban Edge Properties, May 2022		Digital Realty Trust Inc., June 2022
Summary of resolution	Elect Director Steven H. Grapstein	Report on risks associated with use of concealment clauses
Relevant stewardship priority	Diversity, Equity, and Inclusion	Corporate Transparency
Approximate size of the mandate's holding at the date of the vote (of listed equity sleeve)	1.0%	0.7%
Vote / outcome	Against / Passed	For / Passed
Management recommendation	For	Against
Rationale	<p>A vote against the incumbent Nominating Committee Chair is warranted given that the board's membership is comprised of less than 2 female directors for two or more consecutive years without any year-over-year improvement.</p>	<p>A vote for this proposal is warranted because more information on the impact that the company's use of concealment clauses has on its employees may bring information to light that could result in improved employee recruitment, development and retention.</p>

Invesco did not make any votes in relation to the Scheme's stewardship priority of Climate Change over the Scheme year.

LGIM – World (ex UK) Equity Index Fund

Alphabet Inc., June 2022		NVIDIA Corporation, June 2022		McDonald's Corporation, May 2022	
Summary of resolution	Report on physical risks of Climate Change	Elect Director Harvey C. Jones	Report on public health costs of antibiotic use and impact on diversified shareholders		
Relevant stewardship priority	Climate Change	Diversity, Equity, and Inclusion	Corporate Transparency		
Approximate size of the mandate's holding at the date of the vote	1.2%	0.8%	0.3%		
Vote / outcome	For / Did not pass	Against / Passed	For / Did not pass		
Management recommendation	Against	For	Against		
Rationale	<p>A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.</p> <p>A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM is targeting the largest companies as it believes that these should demonstrate leadership on this critical issue.</p> <p>LGIM believes that, without coordinated action today, (Antimicrobial resistance) AMR could prompt the next global health crisis, with a potentially dramatic impact on the planet, people and global GDP. While LGIM notes the company's past efforts to reduce the use of antibiotics in its supply chain, it believes AMR is a financially material issue for the company and other stakeholders, and that concerted action is needed sooner rather than later. By supporting this proposal, LGIM wants to signal to the company's board of directors the importance of this topic and the need for action.</p>				

Nordea – Diversified Return Fund

Monster Beverage, June 2022		PepsiCo, May 2022		Walmart, June 2022	
Summary of resolution	Report on GHG emission reduction targets aligned with the Paris Agreement goal	Report on global public policy and political influence.	Report on alignment of racial Justice goals and starting wages		
Relevant stewardship priority	Climate Change	Corporate Transparency	Diversity, Equity, and Inclusion		
Approximate size of the mandate's holding at the date of the vote	1.3%	1.9%	0.5%		
Vote / outcome	For / Did not pass	For / Did not pass	For / Did not pass		
Management recommendation	Against	Against	Against		
Rationale	Nordea thinks that additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and manage climate change related risks.	Nordea supported the shareholder proposal as increased global transparency and disclosure around its memberships in political organisations and lobbying expenditures, as well as the company's management and board-level oversight of spending would help shareholders evaluate the company's management of related risks and benefits.	Nordea voted for the shareholder proposal since the company has been involved in several controversies, scrutiny and investigations surrounding racial discrimination and gender inequality. In addition, the company has admittedly made several increases in recent years, however, the minimum wage still lags in comparison to its competitors. Nordea also voted for four other shareholder proposals such as a report on the impacts of Restrictive Reproduction Healthcare Legislation.		

Clifford Chance Pension Scheme

Newton - Real Return Fund

The Goldman Sachs Group, Inc., April 2023		LVMH Moët Hennessy Louis Vuitton SE, April 2023	Bank of America Corporation, April 2023
Summary of resolution	Report on Climate Transition Plan describing efforts to align financing activities with GHG targets	Approve Auditors' special report on related-party transactions	Commission third-party racial equity audit
Relevant stewardship priority	Climate Change	Corporate Transparency	Diversity, Equity, and Inclusion
Approximate size of the mandate's holding at the date of the vote	0.6%	0.8%	~0.0%
Vote / outcome	For / Did not pass	Against / Passed	Against / Did not pass
Management recommendation	Against	For	Against
Rationale	Newton supported a shareholder proposal for a report on climate transition plan as it would help shareholders better evaluate the company's strategy for implementing its commitments to advance a low-carbon economy and the company's management of related risks and opportunities.	Newton voted against the proposal to approve the report on related party transactions as, in its opinion, the company had failed to provide adequate disclosure on this topic.	Newton voted against a shareholder proposal for a third-party racial equity audit as Newton believed the company had sufficient policies and disclosures in place.

Ruffer - Absolute Return Fund

BP, April 2023		Cigna, April 2023	
Summary of resolution	Shareholder resolution on Climate Change targets, which asked for BP to align its 2030 Scope 3 aims with the Paris Agreement	Report on congruency of political spending with Company values and priorities.	
Relevant stewardship priority	Climate Change	Corporate Transparency	
Approximate size of the mandate's holding at the date of the vote	0.5%	0.3%	
Vote / outcome	Against / Did not pass	For / Did not pass	
Management recommendation	Against	Against	
Rationale	<p>Ruffer believed that BP had outlined a credible transition strategy with appropriate decarbonisation targets, that reflected demand for oil & gas energy whilst allocating capital to the transition growth engines. Whilst BP had tightened and reduced its 2025 and 2030 aims, it has retained its 2050 net zero target. Further, it has committed additional capital to the transition which BP argued was uncertain and therefore, locking into one, fixed strategy (through investing or divesting the wrong asset) was not in the best interests of generating shareholder value.</p> <p>Further, to align its scope 3 aims with Paris, Ruffer believed that, firstly, this would require a wholesale shift in strategy, which was unnecessary given the Board has opined on net zero and published a strategy. Secondly, BP in isolation had no control over what global scope 3 emissions should be under Paris, given the world continues to emit carbon and one would expect the Scope 3 reduction will have to be steeper the nearer society gets to 2030. This burden is unfair, particularly in the context of BP making long-cycle investment decisions.</p>		
	Ruffer voted for this resolution as favouring resolutions on detailed disclosures regarding political distribution is a Ruffer policy. Ruffer voted similarly on this vote last year.		

Ruffer did not make any votes in relation to the Scheme's stewardship priority of Diversity, Equity and Inclusion over the period that the Scheme was invested in the Fund.

APPENDIX II - Implementation Statement for the Money Purchase section, covering 1 May 2022 to 30 April 2023

The Trustee of the Clifford Chance Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles (“SIP”). The statement must include details of any review of the SIP during the year, subsequent changes made with the reasons for the changes, and the date of the last review of the SIP.

As at 30 April 2023 the Trustee maintained two separate SIPs for the Scheme covering the Final Salary and Money Purchase sections respectively. This Implementation Statement provides details in relation to the Money Purchase section only. A separate Implementation Statement has been provided for the Final Salary section.

Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP over the year in Sections 2-13 below.

The Implementation Statements is also required to include a description of the voting behaviour during the year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided, to the extent that the Trustee has been able to obtain information from the underlying managers, in Section 14 below.

This Statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 as amended.

Please note that:

- In preparing this Statement, the Trustee has also had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions in June 2022.
- This Statement uses the same headings as the Scheme’s current Money Purchase section SIP, which was agreed on 4 March 2022, and should be read in conjunction with that SIP (which can be found online at: <https://pensioninformation.aon.com/cliffordchance>).
- This Statement relates to the Money Purchase section of the Scheme, which for this purpose, means all defined contribution assets held in the Scheme. This includes the assets held in the Money Purchase section of the Scheme and also the assets held in the Scheme’s Voluntary Contribution Arrangements.

1. Review of and changes to the SIP

No changes were made to the Scheme’s Money Purchase section SIP during the year. The SIP was last updated on 4 March 2022 to incorporate additional wording in regards to the default investment strategies put in place by the Trustee following recent transfers of assets to Legal and General (from the United Mixed Managed Fund and funds previously held with the Scheme’s other defined contribution providers).

The Trustee has, in its opinion, followed the policies in the Scheme's Money Purchase section SIP during the year. The following sections provide detail on and commentary about how and the extent to which it did this.

2. Objectives and Policy for Securing Objectives

The Trustee's primary objectives for setting the investment strategy of the Money Purchase section of the Scheme are:

- 'asset choice' to ensure members have an appropriate choice of assets for investment.
- 'return objective' to enable members to benefit from investment in 'growth assets' until they approach retirement, when they will be able to switch to 'matching' assets which are more related to the format of the benefits they are expected to take at retirement.

The Trustee provided a range of investment options for members to invest their Money Purchase savings throughout the Scheme year. The fund range included target date funds, which automatically switch investment allocations as members approach their target retirement age. In addition, members were provided with access to equity, multi-asset (including With Profits), pre-retirement and cash funds, which therefore ensures members have an appropriate choice of assets for investment.

3. Choosing Investments

The Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that Environmental, Social and Governance (ESG) factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly.

The Trustee has appointed Legal & General as the Scheme's main defined contribution provider, with a range of funds available for members to invest in through the Legal & General platform.

Legal and General was selected by the Trustee for a number of reasons which included the quality of investment options it offered and the way it took account of ESG risks into those investment options.

4. The Balance between Different Kinds of Investments

This is covered in sections 2 and 3 above.

5. Implementation of the investment arrangements

It is the Trustee's policy to obtain and consider proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriate investments before investing in any manner.

The Trustee made no new investments over this reporting period.

Over the year the Trustee monitored the Scheme's Legal & General funds through quarterly monitoring reports provided by Legal & General, along with bi-annual reports provided by the Trustee's Money Purchase section investment adviser (Aon). In addition, the Trustee also completed an annual review of the performance of the Scheme's other unit-linked Money Purchase funds (with Utmost Life and Pensions, Clerical Medical, Aviva and Scottish Widows), comparing performance to suitable Industry benchmarks. The latest review of these funds was discussed at the 11 November 2022 Trustee meeting.

The Trustee carries out an annual assessment of whether members of the Money Purchase section of the Scheme receive 'good value' for the costs and charges that they pay. The quality of the investments is one of the areas considered in this assessment. Over the year, a 'value for members' assessment was completed and discussed at the 11 November 2022 Trustee meeting.

6. Investment Risk Measurement and Management

The Trustee recognises that members of the Money Purchase section of the Scheme take the investment risk. The Trustee takes account of this in the selection and monitoring of the investment managers and the choice of funds offered to members, which is covered in sections 2, 3 and 5 above.

7. Custody

There are no specific policies in this section of the Scheme's SIP.

8. Expected Returns on Assets

As mentioned in Section 5, over the Scheme year the Trustee monitored the investment performance of the Scheme's unit-linked Money Purchase funds against benchmarks set by the providers and, since Q1 2023, against comparators set by the Trustee. Performance was broadly in line with expectations and did not require any further action. The Trustee did note that there were some limitations to the benchmarks used by Legal & General for the target date funds. However, Legal & General have acknowledged this and noted that they plan to move to an inflation based benchmark for the target date funds in the future.

9. Realisation of investments/Liquidity

All Money Purchase funds are dealt daily and are realisable at short notice through the sale of units in pooled funds, though dis-investment of With Profits holdings at any time other than the policy maturity date (or in the event of death) may result in the application of a market value reduction.

10. Consideration of financially material and non-financial matters

In regards to the Scheme's Money Purchase funds, the Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) in the ongoing selection of investments and their stewardship activities.

ESG credentials was one of the factors that led to Legal & General's appointment as the Scheme's main defined contribution provider in March 2021.

The Trustee also asked its Money Purchase section investment adviser to review Legal & General's ESG credentials during the Scheme year. The resulting report was discussed with the Trustee at the 10 June 2022 Trustee meeting.

The Trustee does not take into account any non-financial matters (i.e. matters relating to the ethical and other views of the Employer, members and beneficiaries) in the selection, retention and realisation of investments, but does offer an ESG aligned fund, the L&G (PMC) Future World Fund, to members through the Legal and General fund range.

11. Stewardship

The Trustee has delegated the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations to its investment managers.

Information on the investment managers' voting behaviour during the year is set out in section 14 below.

12. Costs and Transparency

The Trustee collates details of the costs and charges borne by members invested in the Scheme's Money Purchase funds, as far as it is able to do so, and reports these in the annual 'Chair's Statement'. As discussed in section 5, an assessment of whether members receive 'good value' for these costs and charges is also reported on in the Chair's Statement. The Trustee concluded that the Scheme did provide value for members over the year ending 30 April 2023. A copy of the latest Chair's Statement for the Scheme can be found in the Report and Financial Statements and also online at: <https://pensioninformation.aon.com/cliffordchance>.

13. Effective decision making

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. It also recognises that where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes.

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 ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

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

Source: UN PRI

The Trustee has put in place formal objectives for its investment advisers and reviews the adviser's performance against these objectives on an annual basis. Over the year, this review was completed on 27 January 2023.

14. Description of voting behaviour during the year

As per Section 11, the Trustee has delegated the exercise of voting rights to the investment managers under the contracts in place with them.

For the majority of the Money Purchase assets, this relates to activity carried out by Legal & General. The Trustee has gathered underlying fund-level information on voting behaviour carried out for the material holdings with Legal & General, i.e. the target date funds which hold the majority of the Scheme's Money Purchase assets, and disclosed this information below.

For the other Money Purchase assets that were held over the year, with Aviva, Clerical Medical, Scottish Widows and Utmost Life and Pensions, the Trustee has taken a proportionate approach to the disclosures, as the assets under management are relatively small compared to the Final Salary section assets and the Money Purchase assets invested with Legal & General. Therefore, the Trustee has decided not to obtain specific fund-level information on voting behaviour for these assets and has instead provided an overview of voting behaviour at provider level.

The Trustee is content, based on the information provided, that the managers which are material to the Money Purchase assets appear to be exercising their respective voting and engagement duties, where applicable, to a satisfactory level and that the Trustee's stewardship policy is being appropriately implemented on its behalf.

[Use of third-party providers of proxy voting services](#)

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 Money Purchase managers use proxy voting advisers.

Provider (underlying fund manager)

Underlying investment manager policies
(*Wording provided directly by investment managers*)

Legal & General (L&G)	“We use proxy voting adviser Institutional Shareholder Services (“ISS”) to execute votes electronically and for research. This augments our own research and proprietary ESG assessment tools. We do not outsource any part of the voting decisions to ISS. We have a custom voting policy in place with ISS. This seeks to uphold what we consider to be best practice standards companies should observe. We can override any voting decisions based on the voting policy if appropriate. For example, if engagements with the company have provided additional information.”
Aviva (Aviva Investors)	“We use proxy voting agencies to support research and operations. However, voting decisions are retained in-house and executed in accordance with this (Global Voting) Policy.”
Clerical Medical and Scottish Widows (Schroders)	“Our Corporate Governance analysts assess resolutions, applying our voting policy and guidelines (as outlined in the Environmental, Social and Governance Policy) to each agenda item. These analysts draw their own expertise as well as on external research, such as the Investment Association’s guidelines, the Institutional Shareholder Services (ISS), and public reporting.”
Utmost Life and Pensions (JP Morgan Asset Management ‘JPMAM’)	“Although we use the ISS Proxy Exchange platform and see their voting recommendations, this forms only the starting point for our proprietary thinking, and all our voting decisions are made on a case by case basis by in-house specialists in conjunction with the Analyst and/or Fund Manager with reference to the JPMAM Corporate Governance Policy and Voting Guidelines.”

Voting and engagement policies

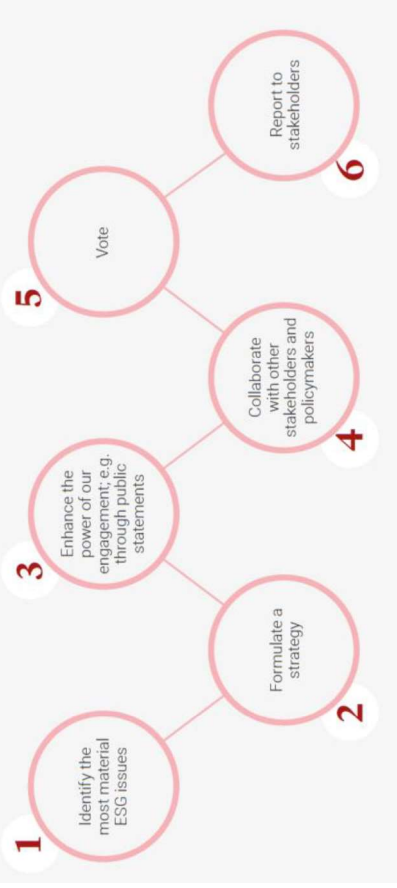
Provider Policies

Legal & General (L&G)	<p>L&G regards voting as a fundamental tool used by investors to signal support for, or concern with, management actions and to promote good corporate governance in the marketplace. The L&G Investment Stewardship team exercises L&G’s voting rights globally.</p> <p>The majority of client shares are held through pooled funds so L&G votes with one voice on all shares for which it has authority to do so. Where there is no legal or practical impediment, L&G votes on its clients’ investments across all developed and emerging markets globally, where possible. While L&G has a high proportion of investments in Index strategies, this does not absolve it from making active voting decisions. In fact, it makes informed voting on key topics more important and underlies its universal owner approach on improving the market as a whole.</p>
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L&G believes that constructive engagement with companies and policymakers is the best way to deliver long-term, systematic change. But for those companies that do not engage or take heed of L&G's drive for minimum standards, it will use the range of stewardship tools to influence a better ESG. L&G believes that divestment is a blunt and often ineffective tool which may result in investors overlooking the problem they are trying to solve.

Since 2021 L&G has pre-declared its voting intentions via its blog posts in advance of company AGMs. Historic vote decisions, including rationale for any votes against management, are published on its website.

L&G adopts a six-step approach to its investment stewardship engagement activities, broadly these are:



L&G uses its ESG scores (which cover 29 factors) for index fund construction and to support engagements, capture companies' carbon emissions intensity, carbon reserve intensity (from fossil fuels) and exposure to 'green' revenues, as well as the levels of transparency and certification around carbon and ESG data.

L&G's latest active ownership report can be found [here](#)

Please refer to Aviva's latest responsible investment report [here](#)

Clerical Medical and Scottish Widows Please refer to the Scottish Widows' latest stewardship report [here](#) for details relevant to the Scheme's Clerical Medical and Scottish Widows policies.

Utmost Life and Pensions Please refer to JPMAM's latest stewardship policy [here](#) for details relevant to the Scheme's Utmost Life and Pensions policy.

[Legal & General fund-specific voting activity](#)

The table below sets out the voting statistics for the underlying Legal and General funds with material Scheme assets invested and for which voting activity is relevant i.e. the funds that make up the target date funds and have at least some equity exposure. This covers the 12-month period to 31 March 2023.

Clifford Chance Pension Scheme

Target Date Fund	% (and number) of resolutions voted on for which the fund was eligible	% that were voted against management	% that were abstained from
2020 - 2025	99.83% (105,128)	21.4%	0.69%
2025 - 2030	99.83% (105,307)	21.4%	0.69%
2030 - 2035	99.83% (97,158)	21.48%	0.69%
2035 – 2040	99.83% (93,388)	21.75%	0.67%
2040 – 2045	99.83% (93,388)	21.75%	0.67%
2045 – 2050	99.83% (94,437)	21.75%	0.67%

Source: Legal & General

To illustrate the voting activity being carried out on the Trustee's behalf, we asked Legal & General 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 below.

Significant vote

Company name	Amazon.com, Inc.	Standard Chartered plc	Novartis AG
Date of vote	25 May 2022	4 May 2022	7 March 2023
Approximate size of fund's holding as at the date of the vote (as a % of the 2020 – 2025 TDF portfolio)	0.17%	0.04%	0.15%
Summary of the resolution	Elect Director Daniel P. Huttenlocher	Approve Net Zero Pathway	Re-elect Joerg Reinhardt as Director and Board Chair
How you voted	Against	Against	Against

Clifford Chance Pension Scheme

Was intent communicated to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.		
Rationale for the voting decision	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	Climate change: While we note the company's strengthened sector policies and the disclosure of some interim targets for its financed emissions, we are discouraged that these targets only cover the activity of lending related to three sectors and are therefore concerned about the ability to achieve 1.5C temperature alignment on the proposed pathway. A vote Against is therefore applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.	Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. We expect companies to increase female participation both on the board and in leadership positions over time.
Outcome of the vote	93.3% For	83% For	95.5% For
Implications of the vote	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets it manages on their behalf.

Source: Legal & General