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Broadstone

NYK Line Pension Scheme

Annual Report 31 December 2023

Scheme Registration Number: 10012038

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Trustees and their Advisers

Trustees

M Ralls	Chairman
T Brook	
R Moreton	(Company appointed until 30 June 2024, Member nominated from 1 July 2024)
T Mellors	(Member nominated)

Sponsoring Employer

NYK Group Europe Limited
Floor 19, 1 Capot Square
Canary Wharf
London
E14 4QJ

Scheme Actuary

D Lloyd FIA (resigned 30 January 2024)
Mercer Limited

H Cowling (appointed 1 February 2024)
Mercer Limited

Scheme Administrator

Broadstone Consultants & Actuaries Limited (appointed 8 February 2024)
Broadstone House
23-25 St George's Road
Bristol
BS1 5UU

Mercer (removed 7 February 2024)
Belvedere
12 Booth Street
Manchester
M2 4AW

Independent Auditor

WBV Limited
Unit 15
Third Floor
Langdon House
Swansea
SA 8QY

Investment Manager

AEGON
Edinburgh Park
Edinburgh
EH12 9SE

Trustees and their Advisers (continued)

Additional Voluntary Contributions Providers

Prudential
Lancing
BN15 8GB

Legal Adviser

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

Bank

National Westminster Bank Plc
NatWest Building
Brampton Road
Newcastle-under-Lyme
ST5 0QX

The Royal Bank of Scotland Plc
250 Bishopsgate
London
EC2M 4AA

Contact for further information, queries about benefit entitlements and complaints about the Scheme

The Trustees of the NYK Line Pension Scheme

c/o Broadstone Consultants & Actuaries Limited
Broadstone House
23-25 St George's Road
Bristol
BS1 5UU

Email: nyk@broadstone.co.uk

Trustees' Report

Introduction

The Trustees of the NYK Line Pension Scheme ("the Scheme") are pleased to present its report together with the financial statements for the year ended 31 December 2023.

Scheme constitution

The Scheme commenced on 1 April 1958 and was governed by a Definitive Trust Deed and Rules dated 1 January 2008 and subsequent amendments. A consolidated Trust Deed and Rules were executed on 4 April 2018 to incorporate the original Deed and subsequent amendments.

The Scheme is a hybrid scheme. The members of the Defined Benefit (DB) section transferred to a new Defined Contribution (DC) section in 1992. Active members of the DB section kept their accrued DB benefits and became deferred members of the DB section along with existing DB deferred members. Deferred DB benefits ceased future accrual in 2004. The DC section ceased future accrual with effect from 1 June 2017.

The Scheme provides pensions in retirement (through purchased annuities), preserved pensions on leaving service and death in service lump sum and spouses benefits.

The Scheme was contracted out of the State Second Pension Scheme (and previously, the State Earnings Related Pension Scheme) until September 2006. The Scheme is a registered scheme under section 153 of the Finance Act 2004 and benefits from the favourable tax treatment afforded to such UK registered pension schemes.

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

Changes to the Scheme

With effect from 7 February 2024, Mercer resigned as administrators and, from 1 February 2024, Broadstone were appointed by the Trustees for administration.

Change of actuary

David Lloyd (of Mercer Limited) resigned as Scheme Actuary on 30 January 2024 and Heather Cowling (of Mercer Limited) was appointed to replace him with effect from 1 February 2024. In his letter of resignation David Lloyd confirmed that there were no circumstances connected with his resignation as Scheme Actuary that, in his opinion, "significantly affect members' interest under the Scheme".

Taxation status

The Scheme is a Registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax. To the Trustees' knowledge, there is no reason why such approval should be prejudiced or withdrawn.

Pension increases

The pension increases occur on the anniversary of the member's retirement in accordance with the Scheme Rules.

The rates of increase applied to pensions in payment during the year were as follows:

Element	Increase Rate	Rate applied
Pre 88 GMP	3% fixed	3.0%
Pre 97 Excess	3% fixed	3.0%
Pre 97	3% fixed	3.0%
97 - 01	RPI (previous Sept) Min 3%, Max 5%	5.0%
Post 01	RPI (previous Sept) Max 5%	5.0%

No discretionary increases were granted.

Trustees' Report (continued)

Financial development

The financial statements on pages 16 to 28 have been prepared and audited in accordance with the Regulations made under section 41(1) and (6) of the Pensions Act 1995. They show that the value of the fund increased from £7,286,000 at 31 December 2022 to £8,921,000 at 31 December 2023.

Transfer values

All transfer values are calculated in accordance with the requirements of The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 using assumptions determined by the Trustees on advice provided by the Scheme Actuary. The Trustees have instructed the actuary not to take account of discretionary increases in calculating cash equivalents for transfer purposes. No transfers were reduced to less than their cash equivalent value.

Report on actuarial liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (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 pensionable service to the valuation date. This is assessed at least every three years using assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

The most recent triennial actuarial valuation of the Scheme was carried out as at 31 December 2020. This showed that the accumulated assets of the Scheme represented 95% of the Scheme's technical provisions, which corresponded to a deficit of £1. 64 million at the valuation date.

A valuation update was carried out as at 31 December 2022, which showed that the Scheme's had an estimated funding surplus of £2.42 million.

	31 Dec 2020	31 Dec 2022
The value of the technical provisions was:	£31.17m	£6.77m
The value of the assets at that date was:	£29.53m	£9.19m

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

Restatement of previous results

A recent reconciliation of the Scheme's member records highlighted some differences when compared with the investment units held by the investment manager. These related to the apportionment of the Scheme's assets between the Defined Benefit and Defined Contribution Sections. As a result, the triennial actuarial valuation as at 31 December 2020 and the was revisited and the results restated (as set out above).

Method

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

Trustees' Report (continued)

Report on actuarial liabilities (continued)

Significant actuarial assumptions

Pre-retirement discount rate: calculated based on the Nominal Gilt Yield curve, plus 2% per annum at each term.

Post retirement discount rate: calculated based on the Nominal Gilt Yield curve.

Rate of inflation — Retail Prices Index (RPI): calculated based on the Gilt Inflation Curve less 0.2% per annum at each term. Rate of inflation — Consumer Prices Index (CPI): calculated as the assumption for RPI inflation less 0.9%% per annum at each term until 2030 and equal to the RPI inflation assumption thereafter.

Future Salary increases: calculated in line with CPI inflation assumption at each term.

Revaluation of pensions in deferment: elements which have future revaluation in line with CPI inflation subject to a maximum of 5% per annum calculated as the CPI inflation assumption at each term, subject to a minimum of 0% per annum and a maximum of 5% per annum applied cumulatively over the period between each member's date of leaving and retirement.

Pension increases: pension increases which are linked to RPI inflation will be calculated using the Jarrow-Yildirim stochastic model applying any applicable maximum and/or minimum rates and the RPI inflation assumption at each term.

Mortality: 95% of the mortality rates in 2019 VitaCurves, projected to the valuation date in line with CMI 2020 (1.75%; S=7.5).

Recovery Plan

In light of the restated deficit arising from the actuarial valuation, a revised Recovery Plan was agreed between the Trustees and the Employer- Under this Recovery Plan, the Employer will pay deficit funding contributions of £76,350 per month from 1 April 2022 to 29 February 2024 (i.e. a total of 23 monthly payments).

The next full actuarial valuation of the Scheme will be carried out as at 31 December 2023.

Summary of contributions

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

	£000
Contributions payable under the Schedule of Contributions:	
Employer	
- Deficit funding	916
Total contributions payable under the Schedule of Contributions and as reported in the Fund Account	916

Trustees' Report (continued)

Membership

Details of the membership of the Scheme are given below:

	DB	DC
Pensioners		
Pensioners at the start of the year	2	-
Total pensioners at the end of the year	2	-
Dependants		
Dependants at the start of the year	-	-
Total dependants at the end of the year	-	-
Members with deferred benefits		
Deferred members at the start of the year	18	101
Adjustments	(1)	(2)
Transfer out	-	(1)
Total deferred members at the end of the year	17	98
Total membership at the end of the year	19	98

Except for the pensioners shown above, all other pensions in payment are secured by the purchase of annuities and no further liability remains with the Scheme.

Investments

The Trustees have appointed Aegon to manage the Scheme's assets. The Investment Manager undertakes day-to-day investment management of the Scheme's assets.

The Investment Manager is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000.

Custodian

The day-to-day activities that the Investment Manager carries out for the Trustees are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate.

Safe-keeping of the Scheme's assets held with the Investment Manager is performed by custodians appointed by them.

The Trustees have considered the security of the Scheme's holdings with the Investment Manager, allowing for its status as a reputable regulated firm, and consider the associated protection offered to be reasonable and appropriate.

Statement of Investment Principles

The latest Statement of Investment Principles was produced in March 2024 which reflected the de-risking of the DB section of the Scheme following an improvement to the Scheme's funding level.

Trustees' Report (continued)

Investments (continued)

Investment strategy

DB Section

In determining their investment objectives and strategy, the Trustees have considered the strength of the Principal Employer's willingness and ability to support the Scheme. They have determined that it is reasonable to take a long-term view in determining their investment objectives and strategy.

The Trustees' investment objectives are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the Scheme's benefits as they fall due.
- To earn a return which exceeds, or at least equals, the benchmark based on an asset allocation approved by the Trustee in consultation with the Employer.
- All other things being equal, to achieve the investment returns implied by the other objectives at the lowest possible cost.

The Trustees will also have regard to the Principal Employer's views on the potential costs and risks associated with the investment objectives set and their implementation through the practical strategy.

DC Section

The primary objective of the Defined Contribution ('DC') section is to ensure there is a range of real and monetary assets available for investments for members to choose from whilst offering two lifestyle arrangements, one of which represents the 'default' arrangement. To meet this objective, the Trustees provide an adequate fund range to meet most members' risk/return requirements, whilst selecting the default arrangement from a range of potential strategies.

The secondary objective is to ensure that the funds on offer are cost effective solutions.

Implementation Statement

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 ("the Regulations"). The Regulations require that the Trustees outlines how they have ensured compliance with the policies and objectives set out in their Statement of Investment Principles (SIP) over the course of the year under review.

The legislation states that the Implementation Statement must be included in the Annual Report and Accounts and that it must also be made publicly available online for any accounts signed after 1 October 2020. Hence, the trustee has produced an implementation statement which is included in the appendix to these financial statements.

The implementation statement forms part of this report.

Trustees' Report (continued)

Investments (continued)

Investment performance

The overall Scheme performance for the year to 31 December 2023 was 9.4% (net of fees, excluding AVCs and cash amounts).

Performance of the Scheme's assets is shown below:

Fund	1 year %		3 years %		5 years %	
	Fund	Index	Fund	Index	Fund	Index
Aegon BlackRock ACS 60/40 Equity Index Fund Class S1	10.76	10.74	8.11	8.23	8.34	8.43
Aegon BlackRock ACS 60/40 Equity Index Fund Class S3	10.60	10.74	7.95	8.23	8.18	8.43
Aegon BlackRock Index-Linked Gilt Index Fund Class N	0.76	0.16	-13.43	-13.49	-4.85	-4.92
Aegon BlackRock Over 15 Years Corporate Bond Index Fund Class S1	10.27	10.63	-12.00	-11.90	-1.53	-1.62
Aegon BlackRock Over 15 Years Corporate Bond Index Fund Class S3	10.11	10.63	-12.13	-11.90	-1.68	-1.62
Aegon BlackRock Over 15 Years Gilt Index Fund Class S1	1.57	1.65	-17.44	-17.34	-6.38	-6.34
Aegon BlackRock Over 15 Years Gilt Index Fund Class S3	1.47	1.65	-17.52	-17.34	-6.48	-6.34
Aegon BlackRock Cash Fund Class S2	4.60	4.57	1.91	1.94	1.35	1.28
Overall Scheme performance	9.4	-	3.8	-	5.9	-

Performance provided net of fees using a money weighted rate of return.

Fee Basis

Fund	Annual Management Charge (p.a.)
Aegon BlackRock ACS 60/40 Equity Index Fund Class S1	0.1625%
Aegon BlackRock ACS 60/40 Equity Index Fund Class S3	0.17%
Aegon BlackRock Index-Linked Gilt Index Fund Class N	0.1425%
Aegon BlackRock Over 15 Years Corporate Bond Index Fund Class S1	0.1525%
Aegon BlackRock Over 15 Years Corporate Bond Index Fund Class S3	0.16%
Aegon BlackRock Over 15 Years Gilt Index Fund Class S1	0.1525%
Aegon BlackRock Over 15 Years Gilt Index Fund Class S3	0.11%
Aegon BlackRock Cash Fund Class S2	0.125%

Source: Aegon.

Trustees' Report (continued)

Investments (continued)

Environmental, Social and Governance Considerations

The Trustees believe that the consideration of financially material Environmental (including climate change), Social and Governance (ESG) factors in investment decision making can lead to better risk adjusted investment returns. The Trustees expects the Investment Manager, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustees assess the ESG integration capability of its Investment Managers.

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions. The Trustees expects the Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.

Views of Members and Beneficiaries

The Scheme is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy.

Engagement and Voting Rights

The Trustees' voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy, and aiming to improve how companies behave in the medium and long term, are in the members' best interests. The Trustees will aim to monitor the actions taken by the investment managers on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the Manager.

Further information

Further information regarding regulatory arrangements is set out on pages 30 and 31.

Signed for and on behalf of the Trustees:

Name:

Date:

Statement of Trustees' Responsibilities

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

- show a true and fair view of the financial transactions of the Scheme during the scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- contain the information specified in Regulation 3A to 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 this responsibility, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any accounting estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

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

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

The Trustees are responsible under pension legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and adopting risk-based processed to monitor whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

Independent Auditor's Report to the Trustees of the NYK Line Pension Scheme

Opinion

We have audited the financial statements of the NYK Line Pension Scheme (the 'scheme') for the year ended 31 December 2023 which comprise the Fund Account, the Statement of Net Assets and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 December 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; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Trustees of the NYK Line Pension Scheme (continued)

Responsibilities of the Trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the scheme's trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to wind up the scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Identifying and responding to risks of material misstatement in respect of irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our risk assessment procedures included the following:

Enquiring of Trustees, including obtaining and reviewing of supporting documentation concerning the Scheme's policies and procedures relating to:

- Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances on non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- The systems and controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

Enquiring of Trustees of whether they have any knowledge of any actual, suspected or alleged fraud.

Reading the Trustee meeting minutes.

Discussions within the engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the Financial Statements. As part of this process we did not identify any significant areas where there was potential for fraud.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Trustees (or their delegates) may be in a position to make inappropriate accounting entries. We do not believe there is a fraud risk related to revenue recognition because revenue of pension schemes relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustees. There are therefore no subjective issues or judgements required.

Independent Auditor's Report to the Trustees of the NYK Line Pension Scheme (continued)

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

Audit procedures performed in response to risks identified

- Obtained an understanding of the legal regulatory framework that the Scheme operates in, and identified the key laws and regulations that:
  - had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Pensions Act 1995, the Pensions Act 2004, the Occupational Pension Funds (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Occupational and Personal Pension Funds (Disclosure of Information) Regulations 2013; and
  - do not have a direct effect on the financial statements but compliance with which may be fundamental to the Scheme's ability to operate or to avoid a material penalty. These included the Scheme's regulatory requirements.
- Identified laws and regulations were communicated to the audit team and we remained alert to an indications of non compliance throughout the audit;
- Reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- Enquired of Trustees their knowledge of actual and potential litigation and claims;
- Performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- In addressing the risk of management override of controls, tested the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates indicate any potential bias; and evaluating the rationale of any significant transactions that are unusual or outside the normal course of business.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the scheme to cease to continue as a going concern.

Independent Auditor's Report to the Trustees of the NYK Line Pension Scheme (continued)

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

Audit procedures performed in response to risks identified (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Use of this report

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

WBV Limited

WBV Limited
Statutory Auditor
Swansea

Date: 30/7/2024

Independent Auditor's Statement about Contributions to the Trustees of the NYK Line Pension Scheme

We have examined the summary of contributions to the NYK Line Pension Scheme for the scheme year ended 31 December 2023 which is set out in the Trustees' Report on page 5.

Statement about contributions payable under the Schedule of Contributions

In our opinion contributions for the scheme year ended 31 December 2023 as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the scheme actuary on 16 March 2022 and 31 March 2023.

Scope of work on statement about contributions

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

Respective responsibilities of Trustees and auditor

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

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

Use of our report

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

WBV Limited
Statutory Auditor
Swansea

Date: 30/7/2024

Fund Account

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2023 Total £000	2022 Total £000
Contributions and benefits					
Employer contributions	5	916	-	916	687
Transfers in	6	-	268	268	-
		916	268	1,184	687
Benefits payable	7	(449)	-	(449)	(1,809)
Payments to and on account of leavers	8	-	(19)	(19)	(706)
		(449)	(19)	(468)	(2,515)
Net additions/(withdrawals) from dealings with members		467	249	716	(1,828)
Returns on investments					
Investment income	10	1	169	170	144
Change in market value of investments	11	404	345	749	(1,011)
Net returns on investments		405	514	919	(867)
Net increase/(decrease) in the value of the fund during the year		872	763	1,635	(2,695)
Transfer between sections		2,789	(2,789)	-	-
Net assets of the Scheme at start of year		2,009	5,277	7,286	9,981
Net assets of the Scheme at end of year		5,670	3,251	8,921	7,286

The notes on pages 18 to 28 form part of these financial statements.

Statement of Net Assets (available for benefits)

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2023 Total £000	2022 Total £000
Investment assets					
Pooled investment vehicles	12	5,762	2,910	8,672	8,623
AVC investments	13	-	296	296	292
		5,762	3,206	8,968	8,915
Current assets	17	14	77	91	451
Current liabilities	18	(106)	(32)	(138)	(2,080)
Net assets of the Scheme at end of year		5,670	3,251	8,921	7,286

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the report on Actuarial Liabilities on pages 4 to 5 of this Annual Report and these financial statements should be read in conjunction with them.

The notes on pages 18 to 28 form part of these financial statements.

These financial statements were approved by the Trustees on .....

Trustee:

Notes to the Financial Statements

1. Basis of preparation

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

2. Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included on page 2.

3. Comparative disclosures for the Fund Account and Statement of Net Assets

Fund Account

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Contributions and benefits				
Employer contributions	5	687	-	687
		687	-	687
Benefits payable	7	(1,773)	(36)	(1,809)
Payments to and on account of leavers	8	(6)	(700)	(706)
		(1,779)	(736)	(2,515)
Net (withdrawals)/additions from dealings with members		(1,092)	(736)	(1,828)
Returns on investments				
Investment income	10	-	144	144
Change in market value of investments	11	(661)	(350)	(1,011)
Net returns on investments		(661)	(206)	(867)
Net decrease in the value of the fund during the year		(1,753)	(942)	(2,695)
Transfer between sections		187	(187)	-
Net assets of the Scheme at start of year		3,575	6,406	9,981
Net assets of the Scheme at end of year		2,009	5,277	7,286

Notes to the Financial Statements (continued)

3. Comparative disclosures for the Fund Account and Statement of Net Assets (continued)

Statement of Net Assets (available for benefits)

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Investment assets				
Pooled investment vehicles	12	3,665	4,958	8,623
AVC investments	13	-	292	292
		3,665	5,250	8,915
Current assets	17	216	235	451
Current liabilities	18	(1,872)	(208)	(2,080)
Net assets of the Scheme at end of year		2,009	5,277	7,286

4. 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.

Contributions

Current service contributions are accounted for on an accruals basis. Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and Recovery Plan under which they are being paid.

Transfer values

Transfer values represent the amounts receivable and payable during the year for the members who have either joined or left the Scheme. All values are based on methods and assumptions determined by the Actuary advising the Trustees. Transfer values are accounted for when the liability passes.

Benefits payable

Benefits are accounted for on an accruals basis. Benefits payable comprises all valid claims that were in respect of events that occurred during the year under review and were notified to the Trustees. Members who leave the Scheme are assumed to have taken a preserved benefit until the Trustees are otherwise advised.

Administrative and other payments

Administrative expenses are accounted for on an accruals basis.

Investment income

Income from investments is accounted for on an accruals basis. Income generated by the pooled investment vehicles is not distributed, but is retained within the fund and reflected in the market value of the units.

Notes to the Financial Statements (continued)

4. Accounting policies (continued)

Investments

Investments are stated at market value. Pooled investment vehicles are valued at the bid price quoted by the investment managers, or at the single price if only one price is quoted.

Annuities purchased in the name of the Scheme which fully provide the pension benefits for certain members are included in these Financial Statements at the amount of the related obligation, determined by using the most recent Scheme Funding valuation assumptions and methodology.

AVCs investments are stated at values supplied by the investment managers. With profit insurance policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.

Currency

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

5. Contributions

	Defined benefit section	Defined contribution section	2023 Total
	£000	£000	£000
Employer – deficit funding	916	-	916

	Defined benefit section	Defined contribution section	2022 Total
	£000	£000	£000
Employer – deficit funding	687	-	687

In accordance with the Schedule of Contributions certified on 16 March 2022, the Employer will pay monthly deficit funding contributions of £76,350 from 1 April 2022 to 31 March 2025.

6. Transfers in

	Defined benefit section	Defined contribution section	2023 Total
	£000	£000	£000
Individual transfers in from other schemes	-	268	268

	Defined benefit section	Defined contribution section	2022 Total
	£000	£000	£000
Individual transfers in from other schemes	-	-	-

Notes to the Financial Statements (continued)

7. Benefits paid or payable

	Defined benefit section	Defined contribution section	2023 Total
	£000	£000	£000
Pensions	41	-	41
Purchase of annuities	408	-	408
	449	-	449

	Defined benefit section	Defined contribution section	2022 Total
	£000	£000	£000
Pensions	32	-	32
Purchase of annuities	1,444	10	1,454
Commutation of pensions and lump sum retirement benefits	268	2	270
Lump sum death benefits	-	24	24
Taxation where life time allowance exceeded	29	-	29
	1,773	36	1,809

8. Payments to and on account of leavers

	Defined benefit section	Defined contribution section	2023 Total
	£000	£000	£000
Individual transfers to other schemes	-	19	19
	-	19	19

	Defined benefit section	Defined contribution section	2022 Total
	£000	£000	£000
Bulk transfers out	-	119	119
Individual transfers to other schemes	6	581	587
	6	700	706

9. Administrative expenses

All costs of administering the Scheme are borne by the Sponsoring Employer with the exception of miscellaneous expenses. There were no miscellaneous expenses during the year (2022 : nil).

Notes to the Financial Statements (continued)

10. Investment income

	Defined benefit section	Defined contribution section	2023 Total
	£000	£000	£000
Compensation	-	167	167
Interest on cash deposits	1	2	-
	1	169	169

	Defined benefit section	Defined contribution section	2022 Total
	£000	£000	£000
Compensation	-	144	144

The above compensation arose following a rectification exercise in relation to the correction of historical lifestyling.

11. Reconciliation of investments

	Value as at 1 January 2023	Purchases at cost	Sales Proceeds	Change in market value	Value as at 31 December 2023
	£000	£000	£000	£000	£000
Defined benefit section					
Pooled investment vehicles	3,665	2,134	(441)	404	5,762
Defined contribution section					
Pooled investment vehicles	4,958	347	(2,736)	341	2,910
AVC investments	292	-	-	4	296
	5,250	347	(2,736)	345	3,206

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. The investment managers operating the pooled investment vehicles are all registered in the United Kingdom.

The investments in the Defined Benefit section are undesignated to members whilst the investments in the Defined Contribution section are designated to members. The Defined Contribution assets are notionally allocated to provide benefits to the individuals on whose behalf the contributions were paid. Defined Contribution members receive a statement confirming the contributions paid on their behalf and the value of their money purchase rights.

Notes to the Financial Statements (continued)

12. Pooled investment vehicles

	Defined benefit section	Defined contribution section	2023 Total
	£000	£000	£000
Equity funds	3,643	2,131	5,774
Corporate bonds	858	321	1,179
UK government bonds	1,261	307	1,568
Cash funds	-	151	151
	5,762	2,910	8,672

£16,882 of the DC funds are not designated to members.

	Defined benefit section	Defined contribution section	2022 Total
	£000	£000	£000
Equity funds	2,335	4,387	6,722
Fixed interest funds	998	451	1,449
Index-linked funds	332	-	332
Cash funds	-	120	120
	3,665	4,958	8,623

13. AVC investments

The Trustees hold assets invested separately from the main fund in the form of individual insurance policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement, made up to December, confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC funds held with Prudential are as follows:

	2023	2022
	£000	£000
Defined contribution section		
Prudential	296	292

In addition to the AVC arrangements with Prudential, Defined Contribution members can also invest their AVCs with AEGON within the main Defined Contribution investments.

14. Concentration of investments

The following investment holdings represent more than 5% of the Scheme's net assets at either the current or previous year ends:

	2023		2022	
	£000	%	£000	%
Defined Benefit				
Aquila Life 60: 40 Global Equity Fund	3,643	40.4	2,335	32.0
Aquila Life Over 15 Years Corporate Bond Fund	858	9.5	525	7.2
Aquila Life Over 15 Years UK Gilt Index Fund	747	8.3	473	6.5
Defined Contribution				
Aquila Life (60:40) Global Equity Fund	2,131	23.6	4,387	60.2

Notes to the Financial Statements (continued)

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 the quoted prices included within Level 1 which are observable (i.e. developed for the asset or liability), either directly or indirectly.

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

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

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

	At 31 December 2023			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Defined benefit section				
Pooled investment vehicles	-	5,762	-	5,762
Defined contribution section				
Pooled investment vehicles	-	2,910	-	2,910
AVC investments	-	296	-	296
Total	-	8,968	-	8,968

	At 31 December 2022			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Defined benefit section				
Pooled investment vehicles	-	3,665	-	3,665
Defined contribution section				
Pooled investment vehicles	-	4,958	-	4,958
AVC investments	-	292	-	292
Total	-	8,915	-	8,915

Notes to the Financial Statements (continued)

16. Investment risk disclosures

Investment risks

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

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

Market risk: this comprises currency risk, interest rate risk and other price risk, defined as follows:

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

The Trustees determines their investment strategy after taking appropriate advice from the Scheme's Investment Consultant. The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy noted below.

The Trustees manage investment risks, including credit and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment manager agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolios.

Further information on the Trustees's approach to risk management, credit and market risk is set out in this note. This does not include additional voluntary contribution investments or cash balances, as these are not considered significant in relation to the overall investments of the Scheme.

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 manager operates, and the ongoing due diligence of the pooled manager. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager.

Indirectly, the Scheme has exposure to credit risk within all of the funds held. This risk is delegated to the manager, who monitors the magnitude of credit risk and exposure to bonds rated below investment grade over time, as the manager changes the underlying investments. Pooled investment arrangements used by the Scheme are comprised of unit-linked insurance contracts.

The manager also appoints a custodian to further mitigate any credit risk.

Currency risk

As the Scheme's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

Whilst the majority of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets (the Aegon BlackRock ACS 60/40 Equity Index Fund). The Trustees consider the overseas currency exposure in the context of the overall investment strategy and believes that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustees manage the amount of currency risk by investing in pooled funds that hedge some or all of their currency exposure.

All of the Scheme's pooled funds are accessed via a Sterling share class. The Scheme's assets are exposed to indirect currency risk as some of the pooled funds can invest in non-Sterling investments.

Notes to the Financial Statements (continued)

16. Investment risk disclosures (continued)

Investment risks (continued)

Currency risk (continued)

The exposure to foreign currencies within the pooled funds will vary over time as the manager changes the underlying investments, but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the fund managers

Interest rate risk

All of the funds are subject to either direct or indirect interest rate risk. For the fixed income funds the manager is expected to maintain interest rate risk exposure in line with the index benchmark for the fund.

Other price risk

The exposure to other price risk within the pooled funds will vary over time depending on how the manager changes the underlying asset allocation. The Trustee believes that this risk is appropriately managed within the asset class. The Trustee monitors this risk on a regular basis, looking at the performance of the manager, asset class and holding, and works with its investment adviser to consider the appropriateness of all risk exposures within the portfolio.

Legal structure

Fund	Structure
Aegon BlackRock ACS 60/40 Equity Index Fund Class S1	Life Policy
Aegon BlackRock ACS 60/40 Equity Index Fund Class S3	Life Policy
Aegon BlackRock Index-Linked Gilt Index Fund Class N	Life Policy
Aegon BlackRock Over 15 Years Corporate Bond Index Fund Class S1	Life Policy
Aegon BlackRock Over 15 Years Corporate Bond Index Fund Class S3	Life Policy
Aegon BlackRock Over 15 Years Gilt Index Fund Class S1	Life Policy
Aegon BlackRock Over 15 Years Gilt Index Fund Class S3	Life Policy
Aegon BlackRock Cash Fund Class S2	Life Policy

Risk summary

The Scheme's invested assets and *direct* risks as at 31 December 2023 are summarised in the table below:

	Credit risk	Currency risk	Interest rate risk	Other price risk	31 December 2023 £	31 December 2022 £
Pooled investment vehicles	◑	◑	●	○	8,672,331	8,623,107

Key: ● = Significant risk exposure, ◑ = Partial risk exposure, ○ = Immaterial/no risk exposure

Notes to the Financial Statements (continued)

16. Investment risk disclosures (continued)

Investment risks (continued)

Risk summary (continued)

The Scheme's invested assets and *indirect* risks as at 31 December 2023 are summarised in the table below:

	Credit risk	Currency risk	Interest rate risk	Other price risk	31 December 2023 £	31 December 2022 £
Pooled investment vehicles						
Aegon BlackRock ACS 60/40 Equity Index Fund Class S1	●	●	◑	○	3,642,512	2,334,908
Aegon BlackRock ACS 60/40 Equity Index Fund Class S3	●	●	◑	○	2,130,722	4,387,182
Aegon BlackRock Index-Linked Gilt Index Fund Class N	○	○	●	●	514,457	332,061
Aegon BlackRock Over 15 Years Corporate Bond Index Fund Class S1	●	○	●	○	857,801	525,280
Aegon BlackRock Over 15 Years Corporate Bond Index Fund Class S3	●	○	●	○	321,232	231,294
Aegon BlackRock Over 15 Years Gilt Index Fund Class S1	○	○	●	○	747,066	473,200
Aegon BlackRock Over 15 Years Gilt Index Fund Class S3	○	○	●	○	307,240	219,490
Aegon BlackRock Cash Fund Class S2	◑	○	●	○	151,300	119,692

Key: ● = Significant risk exposure, ◑ = Partial risk exposure, ○ = Immaterial/no risk exposure

Notes to the Financial Statements (continued)

17. Current assets

	Defined benefit section	Defined contribution section	2023 Total
	£000	£000	£000
Cash deposits	8	77	85
Prepaid pensions	4	-	4
Sundry debtors	2	-	2
	14	77	91

	Defined benefit section	Defined contribution section	2022 Total
	£000	£000	£000
Cash deposits	39	235	274
Due from DC to DB	172	-	172
Sundry debtors	5	-	5
	216	235	451

£42,769 (2022: £25,272) of the DC cash deposits is not designated to members.

18. Current liabilities

	Defined benefit section	Defined contribution section	2023 Total
	£000	£000	£000
Unpaid benefits	106	32	138
Due from DC to DB	-	-	-
	106	32	138

	Defined benefit section	Defined contribution section	2022 Total
	£000	£000	£000
Unpaid benefits	1,872	36	1,908
Due from DC to DB	-	172	172
	1,872	208	2,080

19. Related party transactions

One Trustee was also a member of the Scheme until their benefits were transferred to an individual policy during the year under review. The Sponsoring Employer and the Trustees have not charged the Scheme for their services.

Actuarial Certificate given for the purpose of Section 227 of the Pensions Act 2004 (Certificate of Schedule of Contributions)

Name of scheme: NYK Line 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 31 December 2020 to be met by the end of the period specified in the recovery plan dated (i.e. signed on behalf of the Trustees on) 28 March 2023.

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 (i.e. signed on behalf of the Trustees on) 9 March 2022.

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

Signature:	*David Lloyd*	Date:	31 March 2023
Name:	David Lloyd	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Tower Place West London EC3R 5BU	Name of employer:	Mercer Limited

Further Information

The Pensions Regulator

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

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

Telephone: 0345 600 0707

Email: customersupport@tpr.gov.uk

Website: www.thepensionsregulator.gov.uk

The Pension Tracing Service

The Pension Tracing Service's main purpose is to provide a tracing service for members (and their dependants) of previous employers' schemes, who have lost touch with earlier employers and trustees. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to:

The Pension Service
Post Handling Site A
Wolverhampton
WV98 1AF

Telephone: 0800 731 0193

Website: www.gov.uk/find-pension-contact-details

The information that would be provided by the PTS to an enquirer includes details of the address at which trustees of a pension scheme may be contacted. This Scheme is registered with the Pension Tracing Service.

MoneyHelper

Pension Wise, The Pensions Advisory Service and The Money Advice Service have been consolidated into one brand called MoneyHelper, provided by the Money & Pensions Service. Consolidating three brands into one means a better and enhanced consumer experience with a single source of information and guidance.

MoneyHelper is a free and impartial guidance service introduced by the government to assist people with retirement saving options to ensure people make well-informed decisions in order to ensure good retirement outcomes. Contact details are available via the MoneyHelper website at:

www.moneyhelper.org.uk

Their contact telephone number is 0800 011 3797. Please note that the MoneyHelper does not provide advice but will provide guidance to help understand an individual's options.

Further Information (continued)

Pensions Ombudsman

Any concern connected with the Scheme should be referred to the Scheme Administrators, Broadstone Consultants & Actuaries Limited, who will try to resolve the problem as quickly as possible. Contact details are provided on page 2. Members and beneficiaries of occupational pension schemes who have problems concerning their scheme which are not satisfied by the information or explanation given by the administrators or the trustees can make an application to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The address is:

Pensions Ombudsman Service
10 South Colonnade
Canary Wharf
London
E14 4PU

Telephone: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

NYK Line Pension Scheme

Statement of Investment Principles - Implementation Statement

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated December 2020 have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement. This Statement covers the period 1 January 2023 to 31 December 2023.

Investment objectives of the Scheme

The overall objective of the Defined Benefit section of the Scheme is to meet the benefit payments promised as they fall due. The Trustees have set the following objectives:

- To hold and manage suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with any new contributions from the employer, the cost of current and future benefits which the Scheme provides.
- To limit the risk of the assets failing to meet the liabilities over the long term, having regard to any statutory funding requirement.
- To minimise the long-term costs of the Scheme by maximising the returns on the assets whilst having regard to the objective shown under b. above.

The objectives of the Scheme with respect to the DC section included in the SIP are as follows:

The primary objective of the Defined Contribution ('DC') section is to ensure there is a range of real and monetary assets available for investments for members to choose from whilst offering two lifestyle arrangements, one of which represents the 'default' arrangement. To meet this objective, the Trustees provide an adequate fund range to meet most members' risk/return requirements, whilst selecting the default arrangement from a range of potential strategies.

The secondary objective is to ensure that the funds on offer are cost effective solutions. The Trustees provide a default 'lifestyle' option for members who are unable, or would prefer not to, manage their own choices. Fund manager objectives are set with reference to appropriate risk levels.

Stewardship policy

The Trustees are working with Aegon to prepare and receive stewardship activity reports from the investment manager to understand the degree to which the manager is engaging with its underlying investments in these matters.

The Trustees would expect the investment manager to:

- Exercise voting rights in relation to the Scheme's assets; and
- Report to the Trustees on stewardship activity.

Where possible, the transparency for voting should include voting actions and rationale, in particular where votes were cast against management; votes against management generally were significant; or votes were abstained.

The Trustees may engage with their investment manager or underlying portfolio managers on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made. Where a significant concern is identified, the Trustees expect that they will consider, on a case-by-case basis, a range of methods by which they would monitor and engage so as to bring about the best long-term outcomes for the Scheme.

Review of the SIP

During the year to 31 December 2023, the Trustees did not make any amendment to the Scheme's SIP (dated October 2020). A new version of the SIP has been drafted post scheme year end, in March 2024. This has been updated to reflect changes to the investment strategy which will be covered in next year's implementation statement.

The Trustees will review the SIP in consultation with their advisors following an unscheduled valuation, following a significant change in the investment strategy, or as Scheme or external circumstances would otherwise dictate.

Investment managers and funds in use

The funds which the Scheme were invested in over the Scheme year are as per the below table. There was no change to these funds over the Scheme year.

DB Section

Asset Class	Funds	Target Asset Allocation	Asset Allocation at 31/12/2023
Equity	Aegon BlackRock ACS 60/40 Global Equity Index Fund	60%	68%
Investment Grade Corporate Bonds	Aegon BlackRock Over 15 Years Corporate Bond Index Fund	15%	13%
UK Government Bonds	Aegon BlackRock Index-Linked Gilt Index Fund	10%	8%

	Aegon BlackRock Over 15 Years Gilt Index Fund	15%	11%
Total		**100%**	**100%**

DC Section

The Trustees have agreed to provide two lifestyle strategies and a freestyle strategy to members.

The default lifestyle strategy will automatically switch members from a "Growth Strategy" into Bonds and Cash over a period of five years, so that, at the end of this period, 37.5% of members' funds are invested in UK Corporate Bonds, 37.5% in Gilts and 25% in Cash.

A 10-year switch annuity lifestyle strategy is also available which will automatically switch members from a "Growth Strategy" into a "Bond and Cash Strategy" over a period of 10 years. At the end of this period a similar mix of Corporate Bonds, Gilts and Cash will be held as per the default arrangement.

- The goal of the Growth Strategy is to invest in assets that provide a return linked to economic growth and in excess of inflation, in an attempt to grow the real value of a member's pension pot up to retirement.
- Within the annuity part of the lifestyle strategy, the goal of the Bond Strategy is to provide some protection from changes in the price of annuities as a member approaches retirement, i.e. to protect the purchasing power of the pension pot.
- Cash protects the value of tax free cash taken at retirement.

The freestyle strategy allows members to select from any of the funds that the Trustees make available. The options currently are Global Equity, Corporate Bonds, Fixed Interest Gilts, Index Linked Gilts and a Cash fund as well as the lifestyle strategies. Currently, these funds are managed by Aegon and are:

- Aquila Life 60:40 Global Equity Fund
- Aquila Life Over 15 Years UK Gilt Index Fund
- Aquila Life Over 15 Years Corporate Bond Index Fund
- Aquila Life Index-Linked Gilt Index Fund
- Aquila Life Cash Fund

Scheme Governance

The Trustees are responsible for the governance and investment of the Scheme's assets. The Trustees consider that the governance structure is appropriate for the Scheme as it allows the Trustees to make the important decisions on investment strategy, having taken advice from their advisers, Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustees' investment consultant, while delegating the day-to-day aspects to the investment managers or the advisers as appropriate.

Trustees' Policies

The table below sets out how, and the extent to which, the relevant policies in the Scheme's SIP have been followed:

Requirement	Policy	Implementation of Policy
Financially and Non-Financially Material Considerations	Financially material investment considerations, which include the "Risks" listed on pg. 6 of the SIP, can affect the long-term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as "ESG") where relevant. The Trustees delegate consideration of financially material factors to the investment manager who considers these when constructing the Scheme's portfolio. All references to ESG relate to financial factors only. All references to ESG also include climate change. ESG factors and stewardship will be considered, in the context of long-term performance, by the Trustees as part of any future investment manager selection criteria. Once an investment manager is appointed, the investment manager would be expected to make available to the Trustees their actions with regards to ESG implementation and ongoing compliance with other factors, such as stewardship. The Trustees do not at present take into account non-financially material factors (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold. At this time, the Trustees have no plans to seek the views of the membership on ethical considerations.	No deviation from this policy over the year to 31 December 2023 (see below)
Voting Rights and Engagement	The Trustees are working with Aegon to prepare and receive stewardship activity reports from the investment manager to understand the degree to which the manager is engaging with its underlying investments in these matters. The Trustees would expect the investment manager to: • Exercise voting rights in relation to the Scheme's assets; and • Report to the Trustees on stewardship activity. Where possible, the transparency for voting should include voting actions and rationale, in particular where votes were cast against management; votes against management generally were significant; or votes were abstained. The Trustees may engage with their investment manager or underlying portfolio managers on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made. Where a significant concern is identified, the Trustees expect that they will consider, on a case-by-case basis, a range of methods by which they would monitor and engage so as to bring about the best long-term outcomes for the Scheme.	No deviation from this policy over the year to 31 December 2023 (see below)

Financially and non-financially material considerations

The Trustees note that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustees are satisfied that the funds currently invested in by the Scheme are managed in accordance with their views on financially material considerations, as set out below, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

This position is monitored periodically. As part of the monitoring process, the Trustees have access to updates on governance and engagement activities by the investment managers, and input from their investment advisors on ESG matters. These views are also taken into account when appointing and reviewing investment managers.

The Trustees acknowledge that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their investment managers, given they are investing in pooled funds.

The Trustees invest across a range of asset classes and styles. The Trustees expect the investment manager to take into account ESG considerations by engaging with the underlying companies and where relevant, by exercising voting rights on these companies.

Voting rights and engagement activities

The Trustees currently invest in pooled investment funds with Aegon/BlackRock, and they acknowledge that this limits their ability to directly influence the investment manager. In particular, all voting activities have been delegated to Aegon/BlackRock, as the Trustees do not have any administrative mechanism to cast a vote in line with their views on the underlying holdings. The Trustees' stewardship policy is detailed at the start of this document although this has not been shared with Aegon/BlackRock to influence what they believe to be the most significant votes.

Within the current investment arrangement of the DB and DC sections, only the 'Aegon BlackRock ACS 60/40 Global Equity Index Fund' contains publicly listed equity holdings. This fund has voting rights attached to the underlying equities, and the Trustees have delegated these voting rights to Aegon/BlackRock, where they will set their own voting policy. A summary of the votes made by Aegon/BlackRock from 1 January 2023 to 31 December 2023 on behalf of the Trustees is provided in the table below:

		Resolutions voted on	Total Resolutions Voted:		
Manager	Fund		For	Against	Abstained
Aegon/Black Rock	Aegon BlackRock ACS 60/40 Global Equity Index Fund	33,003	95%	5%	0%

All the Scheme's assets are invested in pooled funds. Information regarding proxy voting is detailed below:

- Aegon's proxy voting process is led by the BlackRock's Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven

offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

Significant votes

The Trustees request details of the significant votes made on behalf of the Trustees by Aegon/BlackRock. In determining significant votes, Aegon/BlackRock will take into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an engagement campaign, in line with Investment Stewardship's 5-year ESG priority engagement themes.

The Trustees believe the following represents a significant vote undertaken on their behalf over the plan year:

SIGNIFICANT VOTE – Aegon/BlackRock	
Company	**Danske Bank A/S**
Date	16 March 2023
% of portfolio invested in firm	Not provided
Resolution	Climate Action Plan: Asset Management Policy
Why significant	The Trustees have deemed votes on "climate change" to be a significant vote.
How voted	**VOTED AGAINST**
Manager Comments	*Aegon/BlackRock believed that the proposal was not in the best interests of shareholders.*
Vote outcome	Fail

Engagement activities

A notable engagement activity of Aegon/BlackRock is provided below:

- Aegon/BlackRock engaged with Samsung Electronics. In 2020 and 2021 respectively, the South Korean Government announced a commitment to achieving carbon neutrality by 2050 and enhanced the country's 2030 GHG emissions reduction targets. Subsequently, many companies in South Korea released climate-related strategies aligned with the government's sustainability initiatives. Although being the largest company in South Korea by market capitalization, Samsung's historic sustainability reporting did not include carbon neutrality goals. Aegon/Blackrock engaged with Samsung's management to better understand the

company's plans to publish an updated climate strategy, in addition to their overall approach to navigating the global energy transition as a carbon-intensive company. Aegon/Blackrock supported the election of directors to Samsung's board based on the company's indication that it was in the final review stage of a revised climate strategy to be released in 2022.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) will receive an overall 'score' which represents how well ESG metrics are incorporated into managers' investment processes. Investment managers will submit a transparency report on their processes across different categories which is then assessed by the UNPRI and graded in a formal report. Scores are presented in performance bands ranging from one star to five stars with more stars representing a higher score. Aegon are a recent signatory to the UNPRI and expect to share their score next year.

Manager	UNPRI Score
Aegon	Expected 2025

The Trustees also consider the investment managers' policies on stewardship and engagement when selecting and reviewing investment managers.

Monitoring of Investment Arrangements

In addition to any reviews of investment managers or approaches, and direct engagement with investment managers (as detailed above), the Trustees receive performance reports on a monthly basis from Aegon, together with biannual performance reports from Broadstone to ensure the investment objectives set out in their SIP are being met.

Signed: **Date:**

On behalf of the Trustees of the NYK Line Pension Scheme