

Clifford Chance Pension Scheme

CLIFFORD CHANCE PENSION SCHEME

(Scheme Registration Number : 10137020)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 April 2022

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: | TMG 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 |
| INDEPENDENT AUDITORS: | PricewaterhouseCoopers LLP |
| LEGAL ADVISERS: | Eversheds Sutherland Sacker & Partners LLP Clifford Chance LLP |
| COVENANT ADVISER: | Aon plc |
| INVESTMENT ADVISER: | Lane Clark & Peacock LLP |
| INVESTMENT MANAGERS: | Legal & General Investment Management Ltd BMO Global Asset Management Ltd Invesco Fund Managers Limited IFM Investors JP Morgan M&G Brown Brothers Harriman (Luxembourg) S.C.A. Nordea Asset Management Baillee Gifford BlackRock Investment Management (fully disinvested 1 December 2021) Prudential M&G Schroders Property Investment Management (fully disinvested 8 January 2022) |
| 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 London Limited up to 30 November 2021 Clifford Chance LLP from 1 December 2021 |
| NAME AND ADDRESS FOR ENQUIRIES: | Andy Darlison, Clifford Chance Pension Scheme, 10 Upper Bank Street, London E14 5JJ (andrew.darlison@cliffordchance.com or hrradvice@cliffordchance.com) |

CHAIRMAN'S REVIEW

For the year ended 30 April 2022

During the year 1 May 2021 to 30 April 2022 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. Included in the Trustee Directors' report is a note setting out the continuing impact of Covid-19 on the Scheme.

This year, we have continued to make changes to the investments of the defined benefit arrangements alongside our investment consultant, Lane Clark & Peacock ("LCP").

The changes to the investments included increasing the leveraged exposure in the Liability Driven Investment ("LDI") portfolio with BMO Global Asset Management, to reflect an increase in the target liability hedging ratios. We have reviewed our equity holdings and decided to increase our global equities exposure at the expense of our UK equity holding, which was implemented in three stages.

Subsequent to the year end, there has been significant market volatility, details of which are set out on page 10.

The principal employer was changed from Clifford Chance London Limited to Clifford Chance LLP on 1 December 2021. This change will result in the previous guarantee of the liabilities by Clifford Chance LLP no longer being necessary.

We have also started work on the triennial actuarial valuation of the defined benefit arrangements which is being carried out as at 30 April 2022.

Robin Tremaine
Chairman

30 November 2022

TRUSTEE DIRECTORS' REPORT

For the year ended 30 April 2022

The Trustee Directors of the Clifford Chance Pension Scheme (the "Scheme") present their annual report for the year ended 30 April 2022.

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 four occasions. The Trustee may be appointed and removed by the sponsoring employer, Clifford Chance London Limited up to 30 November 2021 and Clifford Chance LLP from 1 December 2021, and the Trustee Directors may be appointed and removed by a 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 Jaijee (Deferred Member) and Pradeep Patel (Deferred Member). A further nomination process has since taken place and effective 1 July 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 | 4 |
| Meredith Gibson | 3 |
| Amrita Jaijee | 4 |
| Jane Kola (PLTL) | 4 |
| Pradeep Patel | 4 |

| | |
|----------------|---|
| David Saleh | 4 |
| Robin Tremaine | 4 |

Trustee Directors are not paid by the Scheme for their services. 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.

There were no significant developments affecting the financial position of the Scheme during the year.

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 | 3,801 | 120 | 590 | 64 | 1,761 | 6,336 |
| Joiners | - | - | - | - | 278 | 278 |
| Leavers (with no Scheme benefits) | - | - | - | - | (329) | (329) |
| Transfers out of Scheme | (11) | (4) | - | - | - | (15) |
| Retirements | (45) | (2) | 47 | 2 | - | 2 |
| Deaths | (3) | - | (9) | - | (2) | (14) |
| At the end of the year | 3,742 | 114 | 628 | 66 | 1,708 | 6,258 |

CCPSFS = Clifford Chance Pension Scheme Final Salary section (of the 3,742 Deferred Members at the end of the year 13 also have Money Purchase benefits – 16 of the 3,801 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 304 Deferred Members 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 2020 | 0% | 5% | 2.2% |
| 1 January 2021 | 0% | 5% | 1.2% |
| 1 January 2022 | 0% | 5% | 4.7% |
| Deferred pensions | | | Actual |
| 1 April 2020 | 0% | 1.5% | 1.2% |
| 1 April 2021 | 0% | 2.9% | 2.4% |
| 1 April 2022 | 0% | 11.1% | 9.2% |

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 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 new 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.

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 SIP in place during the year was dated December 2021, 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 2022 (incorporated by reference herein). A copy of the SIPs and the Implementation Statements are also available on the Scheme's website (www.ccpensionsinfo.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, absolute return bond 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 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 fund 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 2022 (which is the nearest practicable date to 30 April 2022) 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) | | Allocation at 31 March 2022 (rounded) |
|---|--------------|------------------|--------------|------------------|---------------------------------------|
| | Portfolio | Benchmark/Target | Portfolio | Benchmark/Target | |
| <i>Final Salary assets</i> | | | | | |
| Global Equities | | | | | 16.4% |
| Legal & General | 14.6% | 14.8% | 15.0% | 15.2% | |
| Property | | | | | 11.6% |
| Invesco (*since inception 16 Dec 2021) | 7.9% | 7.0% | 1.3%* | 2.0%* | |
| M&G | 23.9% | 23.1% | 6.6% | 8.1% | |
| Infrastructure | | | | | 8.9% |
| IFM (** since inception 23 Oct 2019) | 21.4% | 21.1% | 11.0%** | 8.5%** | |
| J P Morgan (*** since inception 1 Oct 2020) | 7.5% | 9.7% | 7.6%*** | 3.2%*** | |
| Liability Driven Investment (LDI) | | | | | 40.3% |
| BMO (**** since inception 20 Sep 2019) | 2.9% | 2.8% | -0.9%**** | -1.0%**** | |
| Diversified Growth (DGF) | | | | | 18.4% |
| L&G (acquired May 2021) | 5.8% | 3.6% | 6.4% | 4.4% | |
| Nordea | 4.9% | 3.4% | 4.6% | 3.6% | |
| Baillie Gifford (acquired May 2021) | 1.1% | 3.7% | 3.1% | 3.8% | |
| Total Return Credit (TRC) | | | | | 4.4% |
| M&G | 0.5% | 2.8% | 4.1% | 3.0% | |
| Cash | | | | | 0.0% |
| Scheme total | 11.5% | 11.9% | 7.4% | 7.9% | 100% |

Over the 1 year period to 31 March 2022 the Scheme underperformed the composite benchmark/target of 11.9% by 0.4% and over the 3 year period to 31 March 2022 the Scheme underperformed the composite benchmark/target of 7.9% per annum by 0.5% per annum.

As at the Scheme year end of 30 April 2022 the 1 year performance was -1.7% which was 0.4% below the composite benchmark/target of -1.3% and the 3 year performance was 12.1% which was 1.2% below the composite benchmark/target of 13.3%.

The benchmark is made up of the appropriate asset indices for each of the underlying funds, save for the Total Return Credit fund (TRCs) and the Diversified Growth Funds (DGFs) where the target return has been used. During the year the Scheme had held assets in property funds with Schroders and BlackRock which were disinvested but will have contributed to the overall performance during the year.

The principal economic factors which have affected the benchmarks against which performance is compared were as follows:

UK equities

The UK stock market produced positive returns over 2021 however it lagged many major equity market indices. This was in part due to its unfavourable sectoral biases - mainly a low allocation to technology stocks and a high allocation to more cyclical areas such as energy and financials. However, the UK fared better than most overseas markets in Q1 2022 as many technology stocks fell in value with the UK's energy and finance focused stocks contributing to a small positive performance.

Overseas equities

Off the back of strong corporate earnings, global stock markets delivered the third consecutive calendar year of double-digit returns in 2021, with Apple briefly touching record-breaking \$3tn market cap at the beginning of 2022. However, tech-heavy US stocks fell over December 2021 and Q1 2022 and, more widely, equities suffered setbacks due to persistent inflation, rapidly rising interest rates, fiscal stimulus reductions and rising geopolitical tensions. Most major indices fell over this period with both overseas developed and emerging market indices finishing Q1 2022 down.

UK property

Property produced strong positive returns over the year to 30 April 2022. Both rental income and capital values continued to rebound following the Covid 19 pandemic. Performance dispersion among sectors remains high. The industrial sector was by far the standout performer over the year, with ongoing demand for logistics warehousing due to a continued surge in online retailing. The office sector delivered more modest positive returns across London and other parts of the UK.

Global Infrastructure

Global infrastructure funds also delivered a positive return over the year to 30 April 2022 as income increased with rising asset usage. For example, toll roads and airports both performed well over the period with rising volume of traffic. The Funds also benefitted from currency movements with the US Dollar performing strongly against the British Pound.

UK Gilts

Over the period to 30 April 2022, UK government bonds posted negative returns. Yields have been steadily rising since the Covid 19 pandemic as the inflation outlook spurred an increase in the expectations of short-term interest rates. The Bank of England took measures to attempt to reduce inflation by increasing the base rate which further increased Gilt yields.

Rising inflation expectations meant that index-linked gilts significantly outperformed their fixed income counterparts over the 12-month period.

The Trustee Directors have considered the nature, disposition, marketability, security and valuation of the Scheme's investments and consider them to be appropriate relative to the reasons for holding each class of investment. More details about investments as at the Scheme year end are given in the notes to the financial statements.

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 L&G.

The Trustee Directors originally selected Equitable Life (now Utmost Life) as the office 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 fund 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.

Employer-related investments

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

Impact of Covid and other matters

Since March 2020, Covid-19 and other, more recent 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 have been impacted. Whilst the Trustee monitors the overall position, it has not, at this time, quantified the change in market value of investment assets as the situation is fluid and unpredictable and therefore such an estimate cannot be made.

As noted in this report, the Scheme's investment strategy includes the use of liability driven investment (LDI) funds that seeks to provide a broad match to changes in the Scheme's liability values to help protect the Scheme's overall funding position. These LDI investments respond 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, triggered significant increases and volatility in gilt yields. This led to a significant fall in the value of assets invested in the Scheme's LDI funds and an increase in collateral calls being made by the Scheme's LDI managers to support the LDI funds. 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 in what is called "synthetic equity". The LDI that the Scheme uses relies on leverage to provide all of the hedging the Scheme has in place. 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 the 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 is true when equities fall.

The Scheme benefitted from not hedging 100% of the liabilities over the period. However, the main driver of the deterioration in the funding position is the fall in value of the Scheme's non-liability hedging assets.

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 all major asset classes.

The Scheme has undertaken a number of asset transfers over September and October to ensure that the Scheme has been 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. However, falls in the value of the Scheme's growth

assets have more than offset this change.

Consequent on the above and changes in bond values, as expected, the overall value of the Scheme's investment portfolio has significantly declined since the year end. 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.

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

Statement of Trustee's Responsibilities

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.

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 13 was approved by the Trustee Directors and signed on their behalf by:


Robin T Tremaine (Trustee Director)

Date:  November 2022

Statement regarding DC governance

For the year ended 30 April 2022

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require 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 2021 to 30 April 2022 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;
- 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

Previous years' statements have noted that the Scheme is not used as a Qualifying Scheme for auto-enrolment purposes and it did not 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.

As a result of recent bulk transfers, some members of the DC Section of the Scheme are now invested in what could be considered to be a default arrangement, since these members did not select a fund to invest in at the point that their savings were transferred. Details 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. No strategic review of this default arrangement was carried out during the reporting year or any prior year, since it was only recently established. The first review will be completed by 30 June 2023.

The Trustee Directors did monitor the performance and suitability of the funds underlying the Utmost Life and Pensions Investing by Age strategy over the year. A performance monitoring report was considered by the Trustee Directors at their meeting on 19 November 2021. The Trustee Directors were satisfied that the funds were performing broadly as expected and in line with stated aims and objectives.

Note that during the reporting year a bulk transfer occurred to move assets from Utmost Life and Pensions to Legal & General, meaning that at the year-end only one member remained invested in the Utmost Life and Pensions Investing by Age Strategy.

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 17 September 2021, 19 November 2021 and 4 March 2022. 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 investment managers.

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.

Administration and governance reports are provided regularly throughout the year. Each report summarises 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 to report to the Trustee Directors over the year.

As noted in Section 1, over the year some bulk transfers of assets took place from Utmost Life and Pensions, and other legacy providers for the Scheme, to Legal & General. The Clifford Chance HR team worked closely with the Scheme's legacy providers and Legal & General to ensure a timely and accurate transfer of assets took place.

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 2022 | Net return (% p.a.) | |
|-----------------------------------|---------------------|------------------|
| Fund | 1 year | 5 years |
| 2020 - 2025 Target Date Fund | -1.7 | 3.2 |
| 2025 - 2030 Target Date Fund | -1.5 | 4.2 |
| 2030 - 2035 Target Date Fund | -0.9 | 4.5 |
| 2035 - 2040 Target Date Fund | -0.9 | 4.5 |
| 2040 - 2045 Target Date Fund | -0.8 | 4.5 |
| 2045 - 2050 Target Date Fund | 0.5 | 5.1 |
| 2020 - 2025 Cash Target Date Fund | -2.2 | 1.7 ¹ |
| 2025 - 2030 Cash Target Date Fund | -1.3 | 4.0 ¹ |
| 2030 - 2035 Cash Target Date Fund | -0.9 | 4.3 ² |
| 2035 - 2040 Cash Target Date Fund | -0.9 | 4.3 ² |
| 2040 - 2045 Cash Target Date Fund | -0.8 | 4.4 ² |

Source: Legal & General

ii) Default arrangement – Utmost Life and Pensions Investing by Age strategy³

| Performance to 30 April 2022 | Net return (% p.a.) | |
|--|---------------------|----------------------------|
| Age of member at the start of the period | 1 year | 5 years |
| 25 | 0.0 | 1.9 ⁴ |
| 45 | 0.0 | 1.9 ⁴ |
| 55 | -0.2 | not available ⁵ |

Source: FE Analytics

iii) Non-default arrangements – Legal & General funds

| Performance to 30 April 2022 | Net return (% p.a.) | |
|---------------------------------------|---------------------|---------|
| Fund | 1 year | 5 years |
| World (Ex-UK) Equity Index Fund | 7.8 | 11.5 |
| Multi-Asset Fund | -0.7 | 4.7 |
| Future World Equity Fund | 8.4 | 9.6 |
| UK Equity Index Fund | 7.7 | 4.5 |
| Pre-Retirement Fund | -11.5 | 0.2 |
| North America Equity Index Fund | 12.1 | 14.5 |
| Europe (Ex-UK) Equity Index Fund | -0.6 | 6.1 |
| Cash Fund | -0.1 | 0.1 |
| Asia Pacific Ex Jap Equity Index Fund | -1.2 | 7.8 |

Source: Legal & General

iv) Non-default arrangements – Legacy provider funds

| Performance to 30 April 2022 | | Net return (% p.a.) | |
|------------------------------|--------------------------------|---------------------|---------|
| Provider | Fund | 1 year | 5 years |
| Aviva | Pension Mixed Investment Fund | 2.4 | 4.0 |
| Clerical Medical | Balanced Fund | 3.0 | 4.0 |
| | Cash Fund | 0.5 | 0.5 |
| | Halifax Cash Fund | 0.5 | 0.5 |
| | With-Profits Fund ⁷ | 0.1 | 0.2 |
| | Managed Fund | 4.1 | 4.4 |
| Utmost Life and Pensions | Property Fund | 14.3 | 0.6 |
| | European Equity Fund | -1.2 | 5.0 |

| | | | |
|-----------------|---|-------------------|-------------------|
| | US Equity Fund | 15.1 | 13.7 |
| | Asia Pacific Equity Fund | -8.1 | 5.9 |
| | Global Equity Fund | 9.7 | 10.2 |
| | Investment Trusts Fund | -6.0 | 6.5 |
| | UK Equity Fund | 7.9 | 3.6 |
| | UK Government Bond Fund | -8.4 | -0.2 |
| | UK FTSE All Share Tracker Fund | 8.2 | 4.2 |
| | Money Market Fund | -0.4 | -0.1 |
| | Multi-Asset Cautious Fund | -3.6 | -0.1 ⁴ |
| | Multi-Asset Moderate Fund | 0.0 | 1.9 ⁴ |
| | Multi-Asset Growth Fund | 2.0 | 2.9 ⁴ |
| | Sterling Corporate Bond Fund | -9.2 | -2.1 ⁴ |
| Scottish Widows | With-Profits Fund – unitised ⁷ | 0.5 | 0.6 |
| | With-Profits Fund – conventional ⁷ | 0.5 | 0.6 |
| | Mixed Fund | 7.7 ⁶ | 4.7 ⁶ |
| | Cash Fund | -0.7 ⁶ | -0.4 ⁶ |
| | UK Equity Fund | 8.8 ⁶ | 2.3 ⁶ |
| | International Fund | 11.1 ⁶ | 7.4 ⁶ |

Source: FE Analytics, Scottish Widows, Clerical Medical

Notes:

1. These net returns are from the fund's inception date of 25 January 2018 to 30 April 2022.
2. These net returns are from the fund's inception date of 26 July 2018 to 30 April 2022.
3. 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 fund invests in different underlying funds over time, the returns will vary depending on the member's term to retirement, therefore a range of ages is shown.
4. These net returns are from the fund's inception date of 1 January 2020 to 30 April 2022.
5. This net return has not been provided as the underlying fund returns required to derive it are not readily available.
6. These net returns are over the 1 and 5 year periods to 31 March 2022 as this is what the managers/providers were able to provide
7. The net investment returns shown for the With Profits funds are the annual bonus rates declared by the providers over the previous calendar year. 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.

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 2022 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 2022) is generally unavailable. The Trustee Directors'

investment advisers are continuing to request this information on behalf of the Trustee Directors and it is expected that provision of this information should improve over time. 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 | 0.030 |
| 2025 - 2030 Target Date Fund | 0.280 | 0.020 |
| 2030 - 2035 Target Date Fund | 0.280 | 0.010 |
| 2035 - 2040 Target Date Fund | 0.280 | 0.010 |
| 2040 - 2045 Target Date Fund | 0.280 | 0.020 |
| 2045 - 2050 Target Date Fund | 0.280 | 0.090 |
| 2020 - 2025 Cash Target Date Fund | 0.280 | 0.010 |
| 2025 - 2030 Cash Target Date Fund | 0.280 | 0.000 |
| 2030 - 2035 Cash Target Date Fund | 0.280 | 0.010 |
| 2035 - 2040 Cash Target Date Fund | 0.280 | 0.010 |
| 2040 - 2045 Cash Target Date Fund | 0.280 | 0.020 |

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 ⁵ | 0.500 to 0.750 | 0.010 to 0.180 |

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 | 0.000 |
| Multi-Asset Fund | 0.260 | 0.010 |
| Future World Equity Fund | 0.370 | 0.060 |
| UK Equity Index Fund | 0.230 | 0.020 |
| Pre-Retirement Fund | 0.250 | 0.000 |
| North America Equity Index Fund | 0.250 | 0.000 |
| Europe (Ex-UK) Equity Index Fund | 0.250 | 0.000 |
| Cash Fund | 0.220 | 0.000 |
| Asia Pacific Ex Jap Equity Index Fund | 0.270 | 0.010 |

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 | 0.046 |
| Clerical Medical | Balanced Fund | 0.495 | 0.220 |
| | Cash Fund | 0.495 | 0.000 |
| | Halifax Cash Fund | 0.495 | 0.000 |
| | With-Profits Fund ⁶ | 1.000 | 0.180 |
| Utmost Life and Pensions | Managed Fund | 0.750 | 0.080 |
| | Property Fund | 1.520 ⁴ | 0.340 |
| | European Equity Fund | 0.750 | 0.080 |
| | US Equity Fund | 0.750 | 0.080 |
| | Asia Pacific Equity Fund | 0.750 | 0.390 |

| | | | |
|------------------------------|---|------------|-------|
| | Global Equity Fund | 0.750 | 0.110 |
| | Investment Trusts Fund | 0.750 | 0.300 |
| | UK Equity Fund | 0.750 | 0.280 |
| | UK Government Bond Fund | 0.500 | 0.060 |
| | UK FTSE All Share Tracker Fund | 0.500 | 0.100 |
| | Money Market Fund | 0.500 | 0.010 |
| | Multi-Asset Cautious Fund | 0.750 | 0.130 |
| | Multi-Asset Moderate Fund | 0.750 | 0.180 |
| | Multi-Asset Growth Fund | 0.750 | 0.170 |
| | Sterling Corporate Bond Fund | 0.750 | 0.080 |
| Scottish Widows ³ | With-Profits Fund – unitised ⁶ | 0.875 | 0.150 |
| | With-Profits Fund – conventional ⁷ | See note 7 | 0.150 |
| | Mixed Fund | 0.923 | 0.120 |
| | Cash Fund | 0.875 | 0.060 |
| | UK Equity Fund | 0.875 | 0.280 |
| | International Fund | 0.914 | 0.180 |

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 2022 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. The average policy fee over the year to 30 April 2022 was £1.65 per month.
4. This includes an allowance for property management expenses.
5. 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 fund invests in different underlying funds over time, the costs and charges will vary depending on the member's term to retirement, therefore a range is shown.
6. 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.
7. 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.

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 age member (age 39) and one being an average age member (age 54). In both cases, the starting pot value has been assumed to be £50,000.

The Scheme's Legal & General default arrangements have been used for the illustrations. As noted earlier in the statement, following a bulk transfer of assets during the year, only one member remained invested in the Utmost Life and Pensions default arrangement (the Investing by Age strategy) at the year end. 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) £ |
| 39 | 50,000 | 50,000 | 0 | 50,000 | 50,000 | 0 |
| 40 | 50,927 | 50,747 | 180 | 50,927 | 50,756 | 171 |
| 45 | 55,825 | 54,655 | 1,170 | 55,825 | 54,712 | 1,113 |
| 50 | 61,195 | 58,863 | 2,332 | 61,195 | 58,975 | 2,220 |
| 55 | 67,080 | 63,396 | 3,684 | 67,080 | 63,571 | 3,509 |
| 60 | 73,532 | 68,277 | 5,255 | 73,532 | 68,526 | 5,006 |
| 65 | 80,605 | 73,534 | 7,071 | 80,605 | 73,866 | 6,739 |

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) £ |
| 39 | 50,000 | 50,000 | 0 | 50,000 | 50,000 | 0 |
| 40 | 51,122 | 50,914 | 208 | 49,268 | 49,161 | 107 |
| 45 | 57,121 | 55,739 | 1,382 | 45,767 | 45,172 | 595 |
| 50 | 63,824 | 61,021 | 2,803 | 42,515 | 41,507 | 1,008 |
| 55 | 71,313 | 66,803 | 4,510 | 39,494 | 38,140 | 1,354 |
| 60 | 79,681 | 73,134 | 6,547 | 36,687 | 35,045 | 1,642 |
| 65 | 89,031 | 80,065 | 8,966 | 34,080 | 32,202 | 1,878 |

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) £ |
| 54 | 50,000 | 50,000 | 0 | 50,000 | 50,000 | 0 |
| 55 | 50,829 | 50,682 | 147 | 50,829 | 50,683 | 146 |
| 60 | 55,187 | 54,234 | 953 | 55,187 | 54,243 | 944 |
| 65 | 59,917 | 58,035 | 1,882 | 59,917 | 58,053 | 1,864 |

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) £ |
| 54 | 50,000 | 50,000 | 0 | 50,000 | 50,000 | 0 |
| 55 | 51,122 | 50,914 | 208 | 49,268 | 49,161 | 107 |
| 60 | 57,121 | 55,739 | 1,382 | 45,767 | 45,172 | 595 |
| 65 | 63,824 | 61,021 | 2,803 | 42,515 | 41,507 | 1,008 |

Notes:

- 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.
- Inflation has been assumed to be 2.5% each year.
- Future returns have been assumed to be as follows:
 - 4.40% each year (before charges) for the 2045-50 Target Date Fund and 2045-50 Cash Target Date Fund
 - 4.20% each year (before charges) for the 2030-35 Target Date Fund and 2030-35 Cash Target Date Fund
 - 4.80% each year (before charges) for the Future World Equity Fund
 - 1.00% each year (before charges) for the Cash Fund
- 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 two years.
- The values shown are illustrations only and are not guaranteed.
- 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.

4. 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 other funds, although the TERs compare well to 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).

Since transaction cost disclosure is relatively new, there is no market benchmarking data available, 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 included in the Scheme's risk register. The Trustee Directors continued to consider the impact of the COVID-19 pandemic on the Trustee board and put in place appropriate plans to ensure that the board could continue to perform effectively during this time.

- *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.

- *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. However, the Trustee Directors are also aware that members may be able to obtain better value elsewhere. For this reason, during the year, the Trustee Directors offered all members the opportunity to transfer their funds to the Scheme's Legal & General arrangement if they wished.
- In the case of the conventional with-profits funds with Scottish Widows, although information on member charges is not readily available, the Trustee Directors are comfortable that wider value is provided by the guarantees available in those policies.

5. 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, including the Pensions Scheme Act 2021, the new Single Code of Practice and actuarial valuations.

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 Report & Accounts 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 Trustee Report & Accounts;
- as part of signing off the Trustee Report & Accounts, 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;
- reviewed and agreed an updated version of the DC Section Statement of Investment Principles;
- considered whether members invested in DC funds with the Scheme's legacy providers could benefit from a transfer to the Scheme's Legal & General arrangement and implemented a bulk transfer of assets to Legal & General;
- 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. Throughout the year, the Trustee Directors also considered the continuing impact of the COVID-19 pandemic on the operation of the Scheme and Trustee board. The Trustee Directors continued to follow plans to ensure that the board could performed effectively during this time, which included reviewing the regularity and format of Trustee meetings (virtual Trustee meetings continued to be held).

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 Consultants, 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



Robin T Tremaine, Chair of Trustee

Date of signing: 30 November 2022

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. | |
|--|--|--|--|

| 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 2022, 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 2022; 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

30/11/22

FUND ACCOUNT FOR THE YEAR ENDED 30 April 2022

| | Notes | 2022 | | | 2021 | | |
|---|-------|---------------------------|-----------------------------|-----------------|---------------------------|-----------------------------|-----------------|
| | | Final Salary £'000s | Money Purchase £'000s | Total £'000s | Final Salary £'000s | Money Purchase £'000s | Total £'000s |
| Contributions and Benefits | | | | | | | |
| Employer contributions | 4 | 22,413 | - | 22,413 | 26,458 | - | 26,458 |
| | | 22,413 | - | 22,413 | 26,458 | - | 26,458 |
| Benefits paid or payable | 5 | (6,674) | (15) | (6,689) | (5,822) | (2) | (5,824) |
| Transfers out | 6 | (2,404) | (854) | (3,258) | (845) | (356) | (1,201) |
| Other payments | 7 | (296) | (11) | (307) | (296) | (11) | (307) |
| | | (9,374) | (880) | (10,254) | (6,963) | (369) | (7,332) |
| Net additions/(withdrawals) from dealings with members | | 13,039 | (880) | 12,159 | 19,495 | (369) | 19,126 |
| Net returns on investments | | | | | | | |
| Investment income | 9 | 2,245 | - | 2,245 | 1,452 | 20 | 1,472 |
| Change in market value of investments | 11 | (11,156) | 109 | (11,047) | 64,896 | 962 | 65,858 |
| Investment management expenses | 10 | (122) | - | (122) | (174) | (5) | (179) |
| | | (9,033) | 109 | (8,924) | 66,174 | 977 | 67,151 |
| Net increase/(decrease) in the fund | | 4,006 | (771) | 3,235 | 85,669 | 608 | 86,277 |
| Opening net assets | | 630,155 | 9,718 | 639,873 | 544,486 | 9,110 | 553,596 |
| Closing net assets | | 634,161 | 8,947 | 643,108 | 630,155 | 9,718 | 639,873 |

The notes on pages 36 to 45 of this report form an integral part of these financial statements.

STATEMENT OF NET ASSETS

AVAILABLE FOR BENEFITS AS AT 30 April 2022

| | Notes | Final Salary £'000s | 2022 Money Purchase £'000s | Total £'000s | Final Salary £'000s | 2021 Money Purchase £'000s | Total £'000s |
|--|-------|---------------------------|-------------------------------------|-----------------|---------------------------|-------------------------------------|-----------------|
| Investment assets | 11 | | | | | | |
| Pooled investment vehicles | | 597,729 | - | 597,729 | 558,822 | - | 558,822 |
| Voluntary Contributions | | 30,143 | 8,947 | 39,090 | 31,721 | 9,718 | 41,439 |
| | | 627,872 | 8,947 | 636,819 | 590,543 | 9,718 | 600,261 |
| Other investment balances | 11 | - | - | - | 34,059 | - | 34,059 |
| Current assets | 19 | 16,289 | - | 16,289 | 16,194 | - | 16,194 |
| Current liabilities | 20 | (10,000) | - | (10,000) | (10,641) | - | (10,641) |
| Total net assets available for benefits | | 634,161 | 8,947 | 643,108 | 630,155 | 9,718 | 639,873 |

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 36 to 45 of this report form an integral part of these financial statements.

The financial statements on pages 34 to 45 were approved by the Trustee Directors and signed on behalf of the Trustee Directors of Clifford Chance Pension Trustees Limited:



Robin T Tremaine (Trustee Director)

Date: 3 November 2022

Notes to the financial statements

For the year ended 30 April 2022

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.

Any employers' augmentation and additional funding contributions 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 Directors. These have been paid by the employer for the period 1 May 2021 to 30 April 2022 in accordance with the Schedule of Contributions certified by the Scheme Actuary on 29 July 2020.

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

Transfer values represent the capital sums either receivable in respect of members from other investment funds or 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 Directors agree or are required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and 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 Directors adopt 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 Directors. 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.

4. Employer contributions

| | 2022 | | | 2021 | | |
|-------------------------------------|---------------------------|-----------------------------|-----------------|---------------------------|-----------------------------|-----------------|
| | Final Salary £'000s | Money Purchase £'000s | Total £'000s | Final Salary £'000s | Money Purchase £'000s | Total £'000s |
| Deficit Funding (*) | 22,106 | - | 22,106 | 26,151 | - | 26,151 |
| Premiums on term insurance policies | 307 | - | 307 | 307 | - | 307 |
| | 22,413 | - | 22,413 | 26,458 | - | 26,458 |

(*) Clifford Chance London Limited paid deficit funding contributions in accordance with the Schedule of Contributions dated 29 July 2020. Monthly payments of £583,333 were made. The deficit funding also include £4.73m current year benefits and £6.99m deficit repair payments made by Clifford Chance London Limited during the year.

Under the Schedule dated 29 July 2020, deficit funding contributions are due to be paid at £22m per annum for the period up to 31 May 2030 and in addition a single payment of £6m was due and paid by 31 August 2020. The first deficit repair payment was due to be paid at this rate on 31 May 2021 although in this respect the payment due of £10.64m was paid by 30 April 2021 along with an additional single payment of £2.0m.

The second deficit repair payment was due to be paid at this rate on 31 May 2022 although in this respect a payment of £10.0m was paid by 30 April 2022.

The amounts payable also include benefits paid by Clifford Chance London Limited on behalf of the Scheme. The amounts reflected in the financial statements will, in future years, be greater than the deficit funding contributions set out in the new Schedule. The amount of each overall deficit funding contribution payment will also increase annually in line with the increase in the Retail Prices Index.

5. Benefits paid or payable

| | 2022 | | | 2021 | | |
|---|---------------------------|-----------------------------|-----------------|---------------------------|-----------------------------|-----------------|
| | Final Salary £'000s | Money Purchase £'000s | Total £'000s | Final Salary £'000s | Money Purchase £'000s | Total £'000s |
| Pensions | 4,734 | - | 4,734 | 4,360 | - | 4,360 |
| Commutations and lump sum retirement benefits | 1,513 | 15 | 1,528 | 1,036 | 2 | 1,038 |
| Lump sum death benefits | 427 | - | 427 | 426 | - | 426 |
| | 6,674 | 15 | 6,689 | 5,822 | 2 | 5,824 |

6. Transfers out

| | 2022 | | | 2021 | | |
|---------------------------------------|---------------------------|-----------------------------|-----------------|---------------------------|-----------------------------|-----------------|
| | Final Salary £'000s | Money Purchase £'000s | Total £'000s | Final Salary £'000s | Money Purchase £'000s | Total £'000s |
| Individual transfers to other schemes | 2,404 | 854 | 3,258 | 845 | 356 | 1,201 |

7. Other payments

| | 2022 | | | 2021 | | |
|-------------------------------------|--------------|----------------|--------|--------------|----------------|--------|
| | Final Salary | Money Purchase | Total | Final Salary | Money Purchase | Total |
| | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s |
| Premiums on term insurance policies | 296 | 11 | 307 | 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

| | 2022 | | | 2021 | | |
|--|--------------|----------------|--------|--------------|----------------|--------|
| | Final Salary | Money Purchase | Total | Final Salary | Money Purchase | Total |
| | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s |
| Interest on cash deposits | 1 | - | 1 | 4 | 1 | 5 |
| Income from pooled investment vehicles | 2,244 | - | 2,244 | 1,448 | 19 | 1,467 |
| | 2,245 | - | 2,245 | 1,452 | 20 | 1,472 |

10. Investment management expenses

| | 2022 | | | 2021 | | |
|-----------------|--------------|----------------|--------|--------------|----------------|--------|
| | Final Salary | Money Purchase | Total | Final Salary | Money Purchase | Total |
| | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s |
| Investment fees | 122 | - | 122 | 174 | 5 | 179 |

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 2021 | Purchases at cost | Sales proceeds | Change in market value | Closing value as at 30 April 2022 |
|----------------------------|---|------------------------------|---------------------------|-----------------------------------|--|
| | £'000s | £'000s | £'000s | £'000s | £'000s |
| Pooled investment vehicles | 558,822 | 152,253 | (102,096) | (11,250) | 597,729 |
| External VC investments | 31,721 | 1,402 | (3,074) | 94 | 30,143 |
| External MP investments | 9,718 | 130 | (1,010) | 109 | 8,947 |
| | 600,261 | 153,785 | (106,180) | (11,047) | 636,819 |
| Other investment balances | 34,059 | - | (34,059) | - | - |
| | 634,320 | 153,785 | (140,239) | (11,047) | 636,819 |

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. The purchases stated under the External VC and MP investments represent switches between funds.

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

| | 2022 | | | 2021 | | |
|------------------------------|------------------------|--------------------------|-----------------|------------------------|--------------------------|-----------------|
| | Final Salary £'000s | Money Purchase £'000s | Total £'000s | Final Salary £'000s | Money Purchase £'000s | Total £'000s |
| Equities | 103,928 | - | 103,928 | 98,350 | - | 98,350 |
| Liability Driven Investments | 211,695 | - | 211,695 | 244,782 | - | 244,782 |
| Total Return Credit (TRC) | 29,015 | - | 29,015 | 29,313 | - | 29,313 |
| Diversified growth | 119,107 | - | 119,107 | 70,541 | - | 70,541 |
| Infrastructure | 59,752 | - | 59,752 | 51,036 | - | 51,036 |
| Property | 74,232 | - | 74,232 | 64,800 | - | 64,800 |
| | 597,729 | - | 597,729 | 558,822 | - | 558,822 |

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.

Prior year pooled investment vehicles totaling £29,313k, previously incorrectly disclosed as Bond/Absolute Return Bonds (ARBs), have been reclassified as Total Return Credit (TRC) investments.

13. Sole Investor Fund

The Scheme invests in the BMO 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.

| | 2022 | | | 2021 | | |
|-----------------------------|------------------------|--------------------------|-----------------|------------------------|--------------------------|-----------------|
| | Final Salary £'000s | Money Purchase £'000s | Total £'000s | Final Salary £'000s | Money Purchase £'000s | Total £'000s |
| Bonds | 535,237 | - | 535,237 | 466,699 | - | 466,699 |
| Liquidity Funds | 29,870 | - | 29,870 | 32,313 | - | 32,313 |
| Derivatives - net | (5,183) | - | (5,183) | (4,568) | - | (4,568) |
| Repurchase agreements – net | (356,324) | - | (356,324) | (278,980) | - | (278,980) |
| Cash | 8,095 | - | 8,095 | 29,318 | - | 29,318 |
| | 211,695 | - | 211,695 | 244,782 | - | 244,782 |

BMO were unable to provide the direct transactions costs incurred on 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 a number of their assets are held separately in the form of insurance policies. The remainder of the assets are held in the form of units held in the main Unitised Fund. Members participating in these external arrangements and in the Unitised Fund 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:

| | | 2022 £'000s | 2021 £'000s |
|-----------------------------|--------------------|----------------|----------------|
| Final Salary section | | | |
| VCs | - Legal & General | 25,952 | 24,995 |
| | - Scottish Widows | 1,439 | 1,343 |
| | - Aviva | 324 | 283 |
| | - Clerical Medical | 2,422 | 2,547 |
| | - Utmost Life | 6 | 2,553 |
| | | 30,143 | 31,721 |

| | | 2022 £'000s | 2021 £'000s |
|-------------------------------|--------------------|-----------------------|-----------------------|
| Money Purchase section | | | |
| External MP | - Clerical Medical | 1,102 | 1,080 |
| | - Utmost Life | - | 194 |
| | - Legal & General | 7,845 | 8,444 |
| | | <u>8,947</u> | <u>9,718</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 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 |
| BMO 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 | - | 29.0 | - | 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 | - | 524.3 | 112.4 | 636.7 |

*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.

Analysis for the prior year end was as follows:

| As at 30 April 2021 | Level 1 (£m) | Level 2 (£m) | Level 3 (£m) | Total (£m) |
|--------------------------------------|---------------------|---------------------|---------------------|-------------------|
| Legal & General Overseas Equity Fund | - | 98.4 | - | 98.4 |
| Nordea Diversified Growth Fund | - | 70.5 | - | 70.5 |
| BMO LDI Fund | - | 244.8 | - | 244.8 |
| M&G Alternative Bonds Fund | - | 29.3 | - | 29.3 |
| IFM Infrastructure Fund | - | - | 27.2 | 27.2 |
| JP Morgan Infrastructure Fund | - | - | 23.8 | 23.8 |

| | | | | |
|-------------------------------|-------------|--------------|--------------|--------------|
| BlackRock Property Fund | - | - | 31.9 | 31.9 |
| Schroder Property Fund | - | - | 23.7 | 23.7 |
| M&G Property Fund | - | - | 9.2 | 9.2 |
| External AVC Funds | - | 31.7 | - | 31.7 |
| External Money Purchase Funds | - | 9.7 | - | 9.7 |
| Other investment balances | 34.1 | - | - | 34.1 |
| Total | 34.1 | 484.4 | 115.8 | 634.3 |

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 current assets comprise of:

- An overseas equity fund with L&G
- A diversified growth fund with Nordea
- A diversified growth fund with Baillie Gifford
- A diversified growth fund with LGIM
- A property fund with Invesco
- An alternative bond fund with M&G
- A LDI fund with BMO
- 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 2022 (£m) | | | 30 April 2021 (£m) | | |
|----------------------------|--------------------|----------------|-------|--------------------|----------------|-------|
| | Final Salary | Money Purchase | Total | Final Salary | Money Purchase | Total |
| Total direct credit risk | 627.9 | 8.9 | 636.8 | 590.5 | 9.7 | 600.2 |
| Total indirect credit risk | 434.1 | - | 434.1 | 409.4 | - | 409.4 |
| Total currency risk | 311.9 | - | 311.9 | 249.2 | - | 249.2 |
| Total interest rate risk | 359.9 | - | 359.9 | 344.6 | - | 344.6 |
| Total other price risk | 568.8 | - | 568.8 | 529.4 | - | 529.4 |

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 2022 (£m) | | | 30 April 2021 (£m) | | |
|--|--------------------|----------------|--------------|--------------------|----------------|--------------|
| | Final Salary | Money Purchase | Total | Final Salary | Money Purchase | Total |
| Unit linked insurance contracts | 140.7 | - | 140.7 | 107.6 | - | 107.6 |
| Authorised unit trusts | - | - | - | 31.9 | - | 31.9 |
| UK Open ended investment companies | 32.8 | - | 32.8 | 23.7 | - | 23.7 |
| Limited liability partnerships | 59.8 | - | 59.8 | 51.0 | - | 51.0 |
| Sole investor authorised fund | 211.7 | - | 211.7 | 244.8 | - | 244.8 |
| Luxembourg Société d'investissement à Capital Variable (SICAV) | 81.1 | - | 81.1 | 99.9 | - | 99.9 |
| Fonds Commun de Placement – Fonds d'investissement Alternatif Reserve (FRC RAIF) | 71.7 | - | 71.7 | - | - | - |
| Total | 597.8 | - | 597.8 | 558.8 | - | 558.8 |

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.

| | 2022 | 2021 |
|--|---------|---------|
| BMO LDI funds - LDI | | |
| Market Value (£,000) | 211,696 | 244,782 |
| Percentage of net assets (%) | 32.92% | 38.25% |
| Legal & General Investment Management – Overseas Equity | | |
| Market Value (£,000) | 103,927 | 98,350 |
| Percentage of net assets (%) | 16.16% | 15.37% |
| Invesco Property Fund - Property | | |
| Market Value (£,000) | 71,732 | - |
| Percentage of net assets (%) | 11.15% | - |
| Nordea – Diversified Growth | | |
| Market Value (£,000) | 52,066 | 70,541 |
| Percentage of net assets (%) | 8.10% | 11.02% |
| 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) | 32,524 | - |
| Percentage of net assets (%) | 5.06% | - |

18. Employer related investments

There were no employer-related investments at 30 April 2022 (2021 – nil).

19. Current assets

| | 2022 | | | 2021 | | |
|--------------|---------------------------|-----------------------------|-----------------|---------------------------|-----------------------------|-----------------|
| | Final Salary £'000s | Money Purchase £'000s | Total £'000s | Final Salary £'000s | Money Purchase £'000s | Total £'000s |
| Cash at bank | 16,289 | - | 16,289 | 16,194 | - | 16,194 |

20. Current liabilities

| | 2022 | | | 2021 | | |
|--|---------------------------|-----------------------------|-----------------|---------------------------|-----------------------------|-----------------|
| | 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 | 10,641 | - | 10,641 |

21. Related party transactions

During the year, six Directors of the Trustee Company had a beneficiary interest as members of the Scheme (2021 – 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 is one of the appointed legal advisers to the Scheme and Clifford Chance London Limited, the sponsoring employer and a service company which is funded by Clifford Chance LLP, is the appointed administrator for 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 2022 (2021: nil).

23. Covid and other matters

Since March 2020, Covid-19 and other, more recent 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 have been impacted. Whilst the Trustee monitors the overall position, it has not, at this time, quantified the change in market value of investment assets as the situation is fluid and unpredictable and therefore such an estimate cannot be made.

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 2022 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 2022 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

30/11/22

Summary of contributions payable to the Scheme in the year

During the year ended 30 April 2022 the contributions payable to the Scheme were as follows:

| | Final Salary £'000s | Money Purchase £'000s | Total £'000s |
|--|------------------------------------|--------------------------------------|-------------------------|
| Employer - Deficit Funding | 22,106 | - | 22,106 |
| Total contributions payable under the Schedule of Contributions dated 29 July 2020 and as reported on by the Scheme Auditors | 22,106 | - | 22,106 |
| Additional Employer Contributions | | | |
| - Premiums on term insurance policies | 307 | - | 307 |
| Total contributions per the financial statements | 22,413 | - | 22,413 |

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



Robin T Tremaine (Trustee Director)

Date: 30 November 2022

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 2021 to 30 April 2022

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 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.

As at 30 April 2022 the Trustee maintained two separate SIPs for the Scheme covering the Final Salary and Money Purchase sections. This Implementation Statement provides details in relation to the Final Salary section only. References to the SIP throughout this Statement relate only to the Final Salary SIP. A separate Implementation Statement has been provided for the Money Purchase Section. 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.

Implementation Statements are 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 in Section 14 below.

This Statement is based on, and uses the same headings as, the Scheme’s SIP dated September 2020 between 1 May 2021 and August 2021, the Scheme’s SIP dated September 2021 up to January 2022 and the Scheme’s SIP dated January 2022 between January 2022 and 30 April 2022. This Statement should be read in conjunction with these SIPs, the latest of which can be found online.

Introduction - Last review of the SIP

The SIP was reviewed and updated during the year in September 2021 to reflect:

- An increase in the Scheme’s target hedging ratio;

- The sale of legacy assets with PIMCO (absolute return bonds) and LGIM (UK equities); and

- A restructure of the Scheme’s diversified growth fund (“DGF”) holdings.

The SIP was subsequently reviewed and updated during the year in January 2022 to reflect:

- A restructure of the Scheme’s property holdings;

- An increase to the Scheme’s target liability hedging ratio;

- An update of fund benchmarks referencing LIBOR to SONIA; and

- Updates to manager fee rate information.

As part of the SIP updates outlined above, 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 did this.

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 LCP Visualise online (a tool provided by the Scheme’s investment adviser which shows key metrics and information on the Scheme).

As at 30 April 2022, the Scheme was on track to achieve full funding by the target date.

Choosing Investments

The Trustee, with the help of its investment adviser, LCP, and in consultation with the sponsoring employer, reviewed the Scheme’s DGF arrangements, property arrangements and liability hedging strategy over the year. When the Trustee undertook these reviews, it considered the investment risks set out in section 7 of the SIP.

The Trustee made a full disinvestment from the Invesco Global Targeted Returns Fund in April 2021 and carried out an initial investment to the LGIM Diversified Fund and the Baillie Gifford Multi Asset Growth Fund in May 2021. As part of this change, the Trustee made sure the Scheme’s DGF exposures were adequately and appropriately diversified between their three DGF managers.

The Trustee made a full redemption of the Scheme's UK property holdings in November 2021 and December 2021 and the proceeds were used to fund an initial investment in a global property mandate with Invesco in December 2021.

In June 2021 the Trustee increased the target interest rate hedging ratio from 73% to 78%, on a Technical Provisions basis, broadly in line with improvements in the Scheme's funding level. At the same time the Trustee increased the level of inflation hedging up to 85% reflecting concerns over rising inflation. The Trustee further increased the Scheme's level of interest rate hedging up to 82% in January 2022 and 85% in April 2022, on a Technical Provisions basis in line with improvements in the funding level.

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 BMO on the Trustee's behalf, 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 whilst allowing the Trustee to increase liability hedging to reduce risk. In undertaking changes to the liability hedging strategy, the Trustee made sure there was sufficient collateral in the mandate to manage these risks, consistent with this policy. Over the year the Trustee moved two of the Scheme's DGFs into the BMO bespoke fund to enable more efficient collateral management in the event of a de-leveraging exercise.

The Trustee monitors the asset allocation quarterly and compares this to the strategic asset allocation. Employer contributions were invested in the Scheme's DGF portfolio over the year – in each instance to move the Scheme closer to the strategic allocation.

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

The Balance between Different Kinds of Investments

This is covered in Section 3 above.

Implementation of the investment arrangements

The Trustee monitors the performance of the Scheme's investment managers on a monthly and quarterly basis, using regular monitoring reports. The quarterly report shows the performance of each manager over the quarter, 1 year and 3 years. Performance is considered in the context of the managers' benchmarks and objectives.

Following a period of underperformance, the Trustee made the decision to redeem from the Invesco Global Targeted Return Fund. As a replacement, the Trustee appointed Baillie Gifford and LGIM in April 2021 to manage DGF mandates on behalf of the Scheme, with initial investments in each fund carried out in May 2021. The Trustee was able to agree fee discounts with Baillie Gifford and LGIM when appointing the managers.

The Trustee carried out a review of the Scheme's property holdings and carried out a switch from the Scheme's UK property mandates to a global property mandate with Invesco.

Before appointing Baillie Gifford, LGIM and Invesco, the Trustee received information on the investment process and philosophy, the investment team and past performance. The Trustee also considered the managers' approaches to responsible investment and stewardship.

The Trustee obtained formal written advice from LCP before investing in the funds and made sure the portfolios of the funds were suitably diversified.

LCP monitors the investment managers on an ongoing basis, through regular research meetings. LCP monitors any developments with 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 change to the investment process or key staff for any of the funds the Scheme invests in.

The Trustee regularly invites the Scheme's investment managers to present at Trustee meetings. Over the Scheme Year, the Trustee met with BlackRock, Schroders and Invesco to discuss the Scheme's property investments.

Overall, the Trustee believes the investment managers provide reasonable value for money.

Investment Risk Measurement and Management

Risks are monitored on an ongoing basis with the help of the Scheme's investment adviser.

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 it becomes necessary, based upon the advice of LCP or information provided to the Trustee by the Scheme's investment managers. Key investment risks include credit risk, equity risk and currency risk.

The Scheme's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report. Over the period 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 BMO. To manage collateral adequacy risk, the Trustee has delegated the daily monitoring of leveraged duration in the bespoke fund to BMO and has moved two of the Scheme's DGFs into the bespoke fund for more efficient collateral management. If pre-agreed trigger points are hit, BMO will notify the Trustee and, following approval from the Trustee, are able to access the DGFs for collateral. The Scheme held sufficient liquid assets in DGFs within the bespoke fund to meet such a capital call from BMO should more collateral be required for the fund.

Together, the investment and non-investment risks set out in the SIP 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 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.

Custody

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

Expected Returns on Assets

When making changes to the investment strategy over the year, the Trustee considered the expected return on the proposed portfolios, and whether they believed they were 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 + 1.7% pa as at 30 April 2022. The best estimate expected return on the Scheme's strategic asset allocation was gilts + 3.9% pa.

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 2022 the majority of the Scheme's cash outflows were met by regular employer contribution payments, not least of which being the pensioner payroll, which is paid by the employer as part of the recovery plan.

Over the year the Trustee switched the Scheme's investment in the M&G UK Property Fund from an accumulation share class to an income distributing share class. The Fund is currently in wind-down and this switch enables the Trustee to receive the proceeds sooner. Income from the M&G UK Property Fund is retained in the Trustee's bank account and used towards benefit payments.

Considerations of financially material and non-financial matters

There were no changes to the policies on the considerations of financially material and non-financial matters and stewardship in the SIP over the Scheme Year.

In February 2022, the Trustee reviewed LCP's responsible investment (RI) scores for the Scheme's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager

research programme and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2022.

The highest score available is 4 (strong) and the lowest is 1 (weak). The Trustee agreed to invite JP Morgan (who scored a 2 for both manager and fund ratings) to present at a future Trustee meeting to discuss how they incorporate ESG and climate factors into their investment processes.

During the same session, the Trustee reviewed the key climate risks and opportunities for the Scheme and considered introducing a new passive climate tilted equity fund in their portfolio. They ultimately decided to maintain their current equity mandate but agreed to review the position when the fund under consideration had a longer track record.

As part of its advice on the selection and ongoing review of the investment managers, LCP incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement. These factors were taken into consideration in the appointment of LGIM and Baillie Gifford to manage DGF mandates and the appointment of Invesco to manage a property mandate on behalf of the Scheme.

Over the year the Trustee contacted Nordea to discuss the relatively low number of resolutions Nordea had voted on the Trustee's behalf over the year to 30 April 2021 (50.2%). Nordea confirmed that they had changed their voting policy and expected to vote on a significantly higher number of resolutions in the future. Nordea voted on 99.6% of resolutions over the year to 30 April 2022, as outlined in section 14.2 below.

When BlackRock, Schroders and Invesco 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.

Stewardship

This is covered in Section 10 above.

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 April 2021 the Trustee received additional training on LDI, in particular the use of leverage in this mandate. This was to improve their understanding on the role of leverage in the fund and the actions that should be taken by the Trustee to assist with collateral management for the mandate.

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.

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.

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 year.

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

LGIM World (ex UK) Equity Index Fund;

LGIM Diversified Fund;

Nordea Diversified Return Fund;

Baillie Gifford Multi Asset Growth Fund; and

Invesco Global Real Estate Fund.

Information has not been included relating to the BMO Bespoke Fund as this fund gains equity exposure synthetically, and 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 2021 to 31 March 2022.

In addition to the above, the Trustee contacted the Scheme's other asset managers that don't hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the period. Only IFM confirmed there were voting opportunities during the period, commentary is provided in respect of the IFM Global Infrastructure Fund in Section 14.4.

Description of the voting processes

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.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders are invited to express their views directly to LGIM. The views expressed by attendees during this event form a key consideration as they continue to develop LGIM's policies and define strategic priorities. LGIM also takes note of client feedback received at regular meetings and ad-hoc comments or enquiries.

All voting decisions are made by LGIM's Investment Stewardship team in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents. LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote. All voting decisions are made by LGIM. The use of ISS' recommendations is to augment LGIM's own research and proprietary ESG assessment tools.

To ensure LGIM's proxy provider votes in accordance with its position on ESG, LGIM has 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 should observe.

LGIM retains the ability to override any voting decisions. This may happen where engagement with a company has provided additional information that allows LGIM to apply a qualitative overlay to its judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies.

Nordea Investment 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.

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.

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 their 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, which is why its strong preference is to be given this responsibility by its clients. The ability to vote 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 their 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.

Invesco

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 Invesco's 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 good governance principles, governance structure and processes are designed to ensure that proxy votes are cast in accordance with clients' best interests.

Invesco may supplement its internal research with information from third parties, such as proxy advisory firms. Globally Invesco leverages research from ISS and Glass Lewis, and it uses the Investment Association IVIS in the UK for research for UK securities. Invesco generally retains full and independent discretion with respect to proxy voting decisions. Globally, Invesco receives research reports including vote recommendations from ISS and Glass Lewis for company shareholder meetings across its holdings. To assist with the operational aspects of the proxy voting process including vote disclosure to meet regulatory requirements, Invesco retains the services of ISS and leverages Invesco's proprietary proxy voting platform to further streamline the process. Invesco also engages ISS's governance research and voting services to implement Invesco's internally developed custom voting guidelines with specific voting recommendations on ESG issues applied globally. Invesco's custom voting guidelines are reviewed annually and seek to support Invesco's Good Governance Principles on best practice standards in corporate governance and long-term investment stewardship.

Summary of voting behaviour over the year

A summary of voting behaviour over the period 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 2021 to 31 March 2022 whilst Nordea and Baillie Gifford data is based on the period from 1 May 2021 to 30 April 2022 and Invesco is based on the period from 16 December 2021 to 30 April 2022.

| Fund name | LGIM World (ex UK) Equity Index Fund | LGIM Diversified Fund ¹ | Nordea Diversified Return Fund | Baillie Gifford Multi Asset Growth Fund ¹ | Invesco Global Real Estate Fund ¹ |
|---|--------------------------------------|------------------------------------|--------------------------------|--|--|
| Total size of fund at end of reporting period (£bn) | 5.5 | 12.6 | 3.1 | 2.2 | 0.2 |
| Value of trustee's assets at end of period (£m) | 103.9 | 34.3 | 52.1 | 32.8 | 71.7 |
| Number of equity holdings at end of period | 2,488 | 6,455 | 159 | 76 | 104 |
| Number of meetings eligible to vote | 2,931 | 9,010 | 194 | 108 | 25 |
| Number of resolutions eligible to vote | 34,024 | 90,252 | 2,306 | 1,330 | 354 |
| % of resolutions voted | 99.8% | 98.8% | 99.6% | 86.3% | 100.0% |
| Of the resolutions on which voted, % voted <u>with</u> management | 79.0% | 78.7% | 87.5% | 96.6% | 93.8% |
| Of the resolutions on which voted, % voted <u>against</u> management | 20.1% | 20.5% | 11.8% | 3.1% | 6.2% |
| Of the resolutions on which voted, % <u>abstained</u> | 0.9% | 0.8% | 0.7% | 0.3% | 0.0% |
| Of the meetings voted on, % with at least one vote against management | 74.6% | 69.8% | 68.0% | 18.5% | 36.0% |
| Of the resolutions voted on, % voted contrary to proxy advisor | 14.1% | 12.5% | 7.8% | N/A | 4.0% |

¹The Scheme made an investment into the LGIM Diversified Fund and the Baillie Gifford Multi Asset Growth Fund during May 2021 and into the Invesco Global Real Estate Fund during December 2021.

The Trustee queried Baillie Gifford on their voting record, noting that they did not vote on around 14% of eligible resolutions. Baillie Gifford confirmed that this was due to a number of reasons, namely:

- Conflicts of interest: Baillie Gifford will not vote at a shareholder meeting of Baillie Gifford Managed Vehicles (accounting for c1% of eligible votes).
- Share blocking: a market restriction that prevents Baillie Gifford from trading during the period between the votes being cast and the date of the meeting (accounting for c3% of eligible votes).
- Electronic processing error: This was an issue with Baillie Gifford's external Proxy Agent (accounting for c7% of eligible votes). Baillie Gifford have taken action to reduce the risk of this re-occurring in the future.
- Voting restrictions: Brexit and minimum EU ownership rules for the airline industry means that vote restrictions have been implemented for ADR holders as well as UK ordinary shareholders (accounting for around 3% of eligible votes).

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 financial performance as well as ESG and Stewardship in line with the Trustee's stewardship policy.

14.3.1 LGIM – World (ex UK) Equity Index Fund

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance.

| General Electric, May 2021 | | Apple, March 2022 |
|--|---|---|
| Summary of resolution | Shareholders are asking the company to report on meeting the criteria of the Net Zero Indicator | Shareholders asked the company for a report on civil rights audit. |
| Vote / outcome | For / Passed | For / Passed |
| Rationale | LGIM is committed to addressing the issue of climate change. It believes that climate change and the transition to low-carbon presents both risks and opportunities for its investee companies. | A vote in favour of this shareholder proposal was warranted as LGIM supports proposals relating to diversity and inclusion policies as it considers these issues to be a material risk to companies. |
| Criteria for assessment as “most significant” | Vote relates to climate change which is a financially material consideration and an environmental ESG factor. | Vote relates to diversity which is a financially material consideration for the Scheme and a social ESG factor. Apple is also the largest holding in the fund, accounting for around 5% of fund assets at year end. |

14.3.2 LGIM – Diversified Growth Fund

| Microsoft, November 2021 | | Informa plc, July 2021 |
|--|---|---|
| Summary of resolution | Elect Director Satya Nadella | Re-elect directors and approve director remuneration policies |
| Vote / outcome | Against / Passed | Against / Directors were re-elected however the remuneration report was not approved. |
| Rationale | LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight | The company's prior three Remuneration Policy votes each received high levels of dissent, with 35% or more of votes cast against. LGIM has noted concerns with the company's remuneration practices for many years. |
| Criteria for assessment as “most significant” | Vote relates to board independence which is a financially material consideration and a governance ESG factor. | Vote relates to remuneration which is a financially material consideration and a governance ESG factor. |

14.3.3 Nordea - Diversified Return Fund

Nordea sets out significant votes as those that are severely against the manager's principles, and where it feels it needs to enact change in the company.

| Nike, October 2021 | | Autozone, December 2021 |
|------------------------------|---|--|
| Summary of resolution | Report on Gender Pay Gap | Report on Annual Climate Transition |
| Vote / outcome | For / Failed | For / Passed |
| Rationale | At the Nike AGM, Nordea supported a resolution for a Report on Gender pay Gap. Management's voting recommendation was “against” on this proposal but got substantial support from | The company's current targets for GHG emissions includes short-term Scope 1 and 2 targets for operations in the United States. Thus, the emission targets have not been formulated in line |

| | | |
|--|--|--|
| | shareholders at the AGM. Overall, the proposal was not approved. Nordea thinks shareholders would benefit from additional information, allowing them to better assess issues such as the gender pay gap. | with the Paris Agreement as they do not cover the entire Group and Scope 3 emissions. The requested report would allow investors to better assess how the company is managing climate-related risks. |
| Criteria for assessment as “most significant” | Vote relates to gender diversity which is a financially material consideration for the Scheme and a social ESG factor. | Vote relates to climate change which is a financially material consideration and an environmental ESG factor. |

14.3.4 Baillie Gifford – Multi Asset Growth Fund

In determining significant votes, Baillie Gifford considers a range of factors including but not limited to: a holding having a material impact on the outcome of the meeting, egregious remuneration, significant audit failings, mergers and acquisitions, and the election of directors and executives.

| | Six Flags Entertainment, May 2021 | Dufry AG, May 2021 |
|--|---|--|
| Summary of resolution | Remuneration – Say on Pay | Amendment of Share Capital. |
| Vote / outcome | Against / Passed | Against / Pass |
| Rationale | Baillie Gifford opposed the executive's remuneration. It did so for a multitude of reasons, however its primary concern was the size of the long-term incentive award paid to the CEO. Baillie Gifford felt it could not justify supporting a sizeable long-term incentive award for the CEO, which was equal to the previous year, when framed against a background of company-wide salary reductions and employee lay-offs. | Baillie Gifford opposed six resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders. The company requested an authority to issue up to 71% of issued share capital with or without pre-emptive rights. This is much larger than authorities usually see in Europe and could be dilutive to shareholders. |
| Criteria for assessment as “most significant” | Vote relates to remuneration which is a financially material consideration and a governance ESG factor. | Vote relates to share issuance which could be financially material, significantly impacting the share price. |

14.3.5 Invesco – Global Real Estate Fund

As part of the firm's Shareholder Rights Directive II implementation, the criteria defined by Invesco for a vote to be considered 'significant' is based on the materiality of the position, the content of the resolution and inclusion on Invesco's ESG watchlist.

| | Ventas Inc, April 2022 |
|--|---|
| Summary of resolution | Election of various Director |
| Vote / outcome | For (8) Withheld (2) / Passed (10) |
| Rationale | Invesco voted in favour of the election of 8 Directors and withheld on the election of 2 Directors. Where Invesco withheld they did not believe the elections to be in the best interest of shareholders. |
| Criteria for assessment as “most significant” | Vote relates to governance which is a financially material consideration. |

¹ The Scheme fully disinvested from the LGIM UK Equity Index Fund and Invesco Global Targeted Returns Fund in February 2021 and April 2021 respectively.

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 financial performance as well as ESG and Stewardship in line with the Trustee's stewardship policy.

14.3.1 LGIM – World (ex UK) Equity Index Fund

| | Amazon, May 2020 | Tyson Foods, February 2021 |
|--|---|---|
| Summary of resolution | Various policies relating to disclosure and governance structures. | Report on Human Rights Due Diligence |
| Vote / outcome | Against (2), For (10) / Failed | Against / Failed |
| Rationale | The news of workers catching COVID-19 and the company's response became an important topic leading up to the vote. Amazon employees consistently reported not feeling safe at work and that paid sick leave was not adequate. | The pandemic highlighted potential deficiencies in the use of its human rights policies such as strict attendance policies, insufficient access to testing, insufficient social distancing, and non-comprehensive COVID-19 reporting. |
| Criteria for assessment as "most significant" | Amazon is the third largest fund holding. Votes related to various ESG issues which are financially material considerations for the Scheme. | Vote relates to human rights which is a financially material consideration and a social ESG factor. |

14.3.2 LGIM – UK Equity Index Fund

| | Barclays, May 2020 | Imperial Brands, February 2021 |
|--|--|--|
| Summary of resolution | Approve Barclay's Commitment to Climate Change | Approve Remuneration Report and Approve Remuneration Policy |
| Vote / outcome | For / Passed | Against / Passed |
| Rationale | The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. | The new CEO was granted a higher base salary than his predecessor. An incoming CEO with no previous experience in the sector, or at a FTSE100 company, should have to prove themselves to be set a salary at the level, or higher, of the incumbent. |
| Criteria for assessment as "most significant" | Vote relates to climate change which is a financially material consideration and an environmental ESG factor. | Vote relates to remuneration which is a financially material consideration and a governance ESG factor. |

14.3.3 Invesco – Global Targeted Return Fund

| | Eurofins Scientific, April 2021 | Flutter Entertainment, December 2020 |
|------------------------------|--|--|
| Summary of resolution | Approve Creation of Class C Beneficiary Units | Approve Acquisition of the Fastball Shares by TSE Holdings Limited. |
| Vote / outcome | Against / Passed | For / Passed |
| Rationale | The creation of class C beneficiary units deviates from the one-share-one-vote principle, as loyal shareholders get an additional loyalty share that has one vote. | The proposed transaction is supported by a compelling strategic rationale. |

| | | |
|--|--|---|
| Criteria for assessment as “most significant” | Vote relates to governance which is a financially material consideration for the Scheme. | Vote relates to a transaction that could have a financially material impact on the share price. |
|--|--|---|

14.3.4 Nordea – Diversified Return Fund

| | Cisco, December 2020 | Oracle, November 2020 |
|--|--|---|
| Summary of resolution | Require Independent Board Chairman | Report on Gender Pay Gap |
| Vote / outcome | For / Failed | For / Failed |
| Rationale | It is in the best interest of shareholders to separate the CEO and COB functions. | Oracle is lagging other large IT companies when it comes to reporting on gender pay gap. |
| Criteria for assessment as “most significant” | Vote relates to governance which is a financially material consideration for the Scheme. | Vote relates to diversity which is a financially material consideration for the Scheme and a social ESG factor. |

APPENDIX II - Implementation Statement for the Money Purchase section, covering 1 May 2021 to 30 April 2022

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 2022 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.

Implementation Statements are 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, as far as the Trustee has been able to obtain information from the underlying managers, in Section 14 below.

Please note that:

- 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.
- 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.

SIP reviews and amendments over the year to 30 April 2022:

1. Review of and changes to the SIP

In March 2022, the Money Purchase section SIP was updated 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 Unitised Mixed Managed Fund and funds previously held with the Scheme's other defined contribution providers).

As part of the SIP update outlined above, the employer was consulted and confirmed it was comfortable with the changes.

Assessment of how the policies in the SIP have been followed over the year to 30 April 2022:

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 into lower risk investments 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 and General as the Scheme's main defined contribution provider, with a range of funds available for members to invest in through the Legal and General platform.

Assets formerly held in the Unitised Mixed Managed Fund were transferred in bulk to Legal and General funds in March 2021.

During the year, the Trustee also offered members with Money Purchase assets invested with the Scheme's other defined contribution providers (Utmost Life and Pensions, Clerical Medical, Aviva and Scottish Widows) the chance to transfer to a fund managed by Legal and General if they wished to.

In implementing the above transfers, the Trustee put in place suitable default investment options for members that did not wish to make their own fund choice. In addition, the Legal and General fund range was expanded when the Trustee offered members with Money Purchase assets invested with the Scheme's other defined contribution providers the chance to transfer, in order that members could transfer to a similar investment fund.

4. The Balance between Different Kinds of Investments

This is covered in sections 2 and 3 above.

5. Implementation of the investment arrangements

The Trustee's views on the implementation of investment arrangements are accordingly reflected in its policies in the SIP.

Over the year the Trustee monitored the Scheme's Legal and General funds through quarterly monitoring reports provided by Legal and General, along with bi-annual reports provided by the Trustee's Money Purchase section investment adviser (Aon). In addition, the Trustee also reviewed 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 November 2021 Trustee meeting.

The Trustee carries out an annual assessment of whether members receive 'good value' for the costs and charges that they pay and the quality of the investments is one of the areas considered in this assessment. Over the year, a 'value for members' assessment was completed in October 2021.

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 suitable benchmarks.

9. Realisation of investments/Liquidity

All Money Purchase section 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

There were no changes to the policies on the consideration of financially material and non-financial matters and stewardship in the SIP over the Scheme year.

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) as the managers consider appropriate where relevant to financial performance. ESG credentials was also one of the factors that led to Legal and General's appointment as the Scheme's main defined contribution provider.

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 driven 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.

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.

A copy of the latest Chair's Statement for the Scheme can be found in the Trustee Report and Accounts 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.

Over the year, the Trustee received formal investment advice regarding the additional funds added to the Legal and General fund range and also on the transfer to Legal and General of members with Money Purchase benefits previously invested with one of the Scheme's other defined contribution providers.

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.

Voting behaviour over the year to 30 April 2022:

14. Description of voting behaviour during the year

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 Legal and General. The Trustee has provided underlying fund-level information on voting behaviour for the material holdings with Legal and General i.e. the target date funds.

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 and 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 manager level.

The Trustee is content that the managers appear to be exercising their respective voting and engagement duties, where applicable, to a satisfactory level at this stage, and that the Trustee's stewardship policy is being appropriately implemented on its behalf.

Use of third-party providers of proxy voting services

All managers use the services of proxy voting organisations for various services that may include research, vote recommendations, administration and vote execution.

Voting and engagement policies

| Provider | Underlying investment manager policies |
|--------------------------------------|--|
| Legal and General (L&G) | <p>Voting - 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. L&G aims to keep abstentions to a minimum and aims for no votes to remain unexercised where it has unimpeded voting rights.</p> <p>In 2021 L&G started to pre-declare 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.</p> <p>Engagement – L&G adopts a six-step approach to its investment stewardship engagement activities, broadly these are:</p> <ol style="list-style-type: none"> 1. Identify the most material ESG issues, 2. Formulate the engagement strategy, 3. Enhancing the power of engagement, 4. Public policy and collaborative engagement, 5. Voting, and 6. Reporting to stakeholders on activity. <p>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.</p> |
| Aviva | Please refer to Aviva's voting policy here and its responsible investment policy here |
| Clerical Medical and Scottish Widows | Please refer to the BlackRock stewardship report here and Schroders' latest report here |
| Utmost Life and Pensions | Please refer to JP Morgan Asset Management's 2021 stewardship policy here |

Legal and 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 2022 and is the most recent information available at the time of writing this statement.

| Underlying Fund Name | % resolutions voted on for which the fund was eligible | % that were voted against management | % that were abstained from |
|--------------------------------------|--|--------------------------------------|----------------------------|
| Diversified Multi-Factor Equity Fund | 99.73 | 20.33 | 0.65 |
| Future World Multi-Asset Fund | 97.72 | 20.36 | 0.53 |

Source: Legal and General

Legal and General provided examples of 'significant' votes it participated in over the 12 month period to 31 March 2022 that are relevant to the funds above. Investment managers have their own criteria for determining whether a vote is significant. The examples we have shown in the table below are votes that were against a management recommendation or against the recommendation of a third-party provider of proxy voting and where the vote has significant relevance to members of the Scheme (due to the % of the underlying fund's holdings in that company at the date of the vote).

The examples shown seek to provide different examples of voting activity for each fund though some votes apply to all three funds e.g. Microsoft Corporation and there were similar votes for other companies we have not shown here.

| Underlying Fund Name | Diversified Multi-Factor Equity | Future World Multi-Asset | Retirement Income Multi-Asset |
|---|--|---|--|
| Company name | Industrial & Commercial Bank of China Limited | Microsoft Corporation | Barrick Gold Corporation |
| Date of vote | 21 Jun 2021 | 30 Nov 2021 | 4 May 2021 |
| Approximate size of fund's holding as at the date of the vote | 0.12% | 0.63% | 0.25% |
| Summary of the resolution | Resolution 1 Approve Work Report of the Board of Directors | Elect Director Satya Nadella | Resolution 1.2 Elect Director Gustavo A. Cisneros |
| How you voted | Against | Against | Withhold |
| Was intent communicated to the company ahead of the vote | No but L&G publicly communicates its vote instructions on its website with the rationale for all votes against management | | |
| Rationale for the voting decision | The company is deemed to not meet minimum standards with regards to climate risk management and disclosure. Note that this company was also divested by LGIM across its Future World range of funds. | L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight | L&G views gender diversity as a financially material issue for our clients, with implications for the assets it manages on their behalf. In 2021 L&G increased its expectations on gender diversity on the board by placing a vote against all companies in the S&P 500 and the S&P/TSX where there is less than 25% women on the board. |
| Outcome of the vote | 99.8% For | 94.7% For | 93% For |
| Implications of the vote | L&G will continue to engage with the company and monitor progress. | L&G will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool | L&G's expectation is for all companies in the S&P 500 and the S&P/TSX to reach a minimum of 30% women on the board and at senior management level by 2023. |

Source: Legal and General