BG PENSION SCHEME

(Scheme Registration Number 10254985)

ANNUAL REPORT FOR THE YEAR ENDED

31 MARCH 2024

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Chairman's Report 2024

Funding

The Scheme actuary's annual funding update showed that the funding of the Scheme (on the basis of the assumptions adopted at the last full valuation in 2023) has improved over the year to 31st March 2024 to 105%, compared with 102% in 2023. This means that we continue to have a high level of confidence that the Scheme can operate independently of the sponsor, with a very low risk investment strategy, in the absence of any dramatic external shock, such as a sudden increase in life expectancy.

The long term strategy of the Scheme, set at the time of the closure to accrual in 2013, is to generate sufficient returns so that by 2028 the Scheme is fully funded on a gilts basis; that is, a funding basis where the Scheme's discount rate is equivalent to gilts with no additional risk premium (i.e. assets are at least equivalent to the liabilities) over time.

Achieving full funding earlier than targeted has enabled the Trustees, in September 2024, to take an important step in further improving the security of the benefits payable from the Scheme, by purchasing an insurance policy with Legal & General Assurance Society Limited ("L&G"). This policy replaces the previous investments held to support the Scheme's benefits.

The payments made by L&G to the Trustee under this policy will be used to fund all current and future benefit payments as they fall due. This means that the funding risks associated with the BGPS have been further reduced, which will benefit all members.

Investments

Following completion of the 2023 valuation, the Trustee has been focused on finding the best way to 'lock in' this level of security for members' benefits against possible future shocks. To achieve this, we have continued to remove risk from the investment portfolio by seeking to run off some of the more illiquid assets, including property and insurance-related securities, and also reduced holdings of high quality credit, in favour of government bonds. This allowed us to achieve an even closer 'match' between the assets we hold and our pension obligations as progressively less return in excess of our 'risk-free' measure of the pension liabilities has been needed to bring us to our goals.

The LDI and credit portfolios no longer form part of the Scheme's assets following the purchase of the buy-in insurance policy.

Climate Change Report

Last year's report was the first of its kind for the Scheme. A lot of work went on in the 2023 Scheme year that enabled the Trustee to assess the Scheme's position with respect to climate-related risks and opportunities, as well as consider climate change and related issues as part of wider, ongoing work.

In our second Task Force on Climate related Financial Disclosures (TCFD) Report we have continued this work, focusing on moving forward the Scheme with respect to its long term strategy whilst remaining cognisant of how climate-related risks and opportunities factor into the work to achieve this strategy.

Signed by:

Richard Hubbard

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Chairman of Trustee, BG Pension Scheme

The Trustee's Report

Introduction

This report relates to the operation of the BG Pension Scheme (the "Scheme") during the year ended 31 March 2024.

The Scheme is a defined benefit occupational pension scheme and provides benefits for former employees of BG Group Limited (formerly BG Group plc) and its subsidiary companies in the United Kingdom. The Scheme is established under Trust and the Trustee is ultimately responsible for the running of the Scheme.

The Scheme was established under Trust by the Trust Deed and Rules dated 4 July 2001.

Full details of the Scheme's benefits can be found in the member's explanatory booklet (see "Contact for further information" on page 7).

Management of the Scheme

The Scheme has a corporate Trustee, BG Group Pension Trustees Limited. The names of the directors who served during the year and those serving at the date of approval of this report are as follows:

Name	Nominated/appointed by
Martin Jones, Capital Cranfield Pension Trustees Ltd (until 31st October 2023) (Chairman) Richard Hubbard, Capital Cranfield Pension Trustees Ltd (from 31st October 2023) (Chairman)	Employer
Tsira Kemularia	Employer
Kenneth Lynch	Members
Jonathan Peachey	Members
Sinead Lynch	Employer
Haydn Jones	Employer
Stephen Wheeler	Members

The Scheme Rules contain provisions for the appointment and removal of Trustee Directors.

Three of the seven Trustee Directors are elected by members of the Scheme.

Three other Trustee Directors are appointed by the Employer. Company Nominated Directors (CNDs) may cease to be Trustee Directors by resigning from the position or by removal by the Employer. The final Trustee Director is a professional Independent Chairman of the Trustee who is appointed / removed by the Employer.

The Trustee is responsible for the management of the Scheme. Meetings of the Trustee Directors are held at least quarterly, and resolutions are passed by majority but there is no casting vote for the Chairman and any two Member Directors or Company Nominated Directors may veto any decision.

The Trustee believes good pension scheme governance is of the utmost importance and has processes in place to ensure the Scheme is managed to very high standards.

The Trustee's Report (Cont)

Management of the Scheme (Cont)

The Trustee regards internal controls as an ongoing process and considers matters of governance and risk management at each quarterly Trustee meeting.

The Trustee Directors receive regular training to ensure their knowledge and understanding of pensions issues in general and Scheme matters in particular is kept up to date.

The Trustee has delegated the day-to-day management and operation of the Scheme's affairs to professional organisations.

The Sponsoring Employer

The name and address of the Sponsoring Employer is as follows:

BG Group Limited
Shell Centre
2 York Road
London
SE1 7NA

Participating Employers

BG Energy Holdings Limited

BG International Limited

Scheme Audit

The financial statements on pages 23 to 36 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Tax status of the Scheme

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustee's knowledge, there is no reason why the Scheme's registered status should be prejudiced or withdrawn.

The Trustee's Report (Cont)

Scheme advisers

The Trustee retains a number of professional advisers in connection with the operation of the Scheme. The advisers currently appointed are as follows:

Scheme Actuary	Martin Bell, WTW
Independent Auditor	Crowe U.K. LLP
Investment Managers	CB Richard Ellis Investors ("CBRE") Henderson Investment Management Limited ("Henderson") - until 31 July 2024 Insight Investment ("Insight") M&G Investment Management Limited ("M&G") SCOR Investment Partners ("SCOR") TwentyFour Asset Management ("24") – until 4 July 2024 Wellington Management Company LLP ("Wellington") – until 20 June 2024
Investment Consulting Advisers	Shell Asset Management Company B.V. – until 30 September 2024 Hymans Robertson LLP Lane Clark & Peacock LLP – from 1 November 2023
Investment Custodian	The Northern Trust Company
AC Manager	Aegon
Annuity Provider	Legal & General Assurance Society Limited ("L&G") – from 11 September 2024
Legal Advisers	Mayer Brown International LLP Shell International Limited Hogan Lovells International LLP – from 5 December 2023
Administrator of the Scheme benefits	Barnett Waddingham LLP
Bankers	Lloyds Bank plc
Secretary to the Trustee	Rachael MacPherson

Changes in and other matters relating to Scheme advisers

Excepted as noted above, there have been no changes to Scheme advisers and other matters during the Scheme year under review.

The Trustee's Report (Cont)

Financial development of the Scheme

During the year the value of the net assets fell by £88,193,000 to £1,356,766,000 as at 31 March 2024. The decline comprised net withdrawals from dealings with members of £45,888,000 together with a net fall in the value of investment assets of £42,305,000. Broadly speaking the value of the actuarial liabilities fell by a similar amount.

Going concern

The Trustee continues to monitor the operation of the Scheme and currently has no significant concerns regarding the Scheme's ongoing ability to fulfil its operational, cashflow and benefit payment requirements, or to respond to critical communications from its members.

The Trustee monitors the strength of the Sponsor on an ongoing basis and has assessed the ability of the Company to support the Scheme for the 12 months after the date that the report and accounts are signed. As part of the assessment, the Trustee considered the strength of the Company balance sheet.

The Trustee monitors the Company on the availability of a capped £1 billion corporate guarantee provided by Shell Group Holdings Limited which provides a promise to pay if a Participating Employer fails to pay an amount due in respect of its obligation to the Scheme. The capped guarantee is effective until 2029, when a reduced guarantee is available until 2034.

Having had due consideration of the above and having discussed with relevant parties, the Trustee considers that the Scheme remains a going concern for the foreseeable future.

GMP Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustee is aware that this will affect the Scheme, has set up a subgroup to consider how best to deal the issue and progress updates are provided to the Trustee. Since no detailed evaluation of any potential liability has been completed to date, it is not possible to recognise a liability in the financial statements. Any such liability will be reflected in future accounts when the quantum can be reliably estimated. It is not expected to be significant in the context of Scheme funding.

On 20 November 2020, the High Court handed down a second judgment involving the Lloyds Banking Group's defined benefit pension schemes. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgment arise in relation to many other defined benefit pension schemes. Any adjustments necessary will be recognised in the financial statements in future years.

General Code of Practice

Following the publication of the Pension Regulator's new General Code of Practice on 10 January 2024, the Trustee will be considering the impact of this on the Scheme's governance arrangements to ensure there is an appropriate effective system of governance.

The Trustee's Report (Cont)

Scheme membership

	Number as at start of year	Changes in year	Number as at end of year
Preserved pensioners	906		
died		(2)	
transferred out		(1)	
retired		(33)	
		(36)	870
Pensioners and dependants	987		
new pensioners		33	
new dependants		5	
pensions ceased		(1)	
died		(6)	
		31	1,018
Total members	1,893		1,888

The member numbers shown above reflect the number of member records held by the Scheme.

Pension increases

Pensions in payment from the Scheme are reviewed in April each year and normally increase in line with inflation as measured by the Retail Prices Index (RPI). The five pension increases awarded up to and including April 2024 were as follows:

April 2024	April 2023	April 2022	April 2021	April 2020
8.9%	12.6%	4.9%	1.1%	2.4%

No discretionary increases were applied during the year.

Transfer values

All cash equivalents (transfer values) paid during the year were calculated and verified in the manner required by the Pension Schemes Act 1993 and subsequent amendments.

No discretionary benefits are included in the calculation of transfer values.

A cash equivalent is the amount which a Scheme member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

Climate Change Report

The Trustee has published its 2024 Climate Change Report which is available to download at https://pensions.shell.co.uk/bg-pension-scheme.html The report follows the framework set out by the Taskforce for Climate-related Financial Disclosure. It covers the Trustee's assessment of the potential impact of climate-related financial risk on the Scheme and how the Trustee is responding to and managing this risk.

The Trustee's Report (Cont)

Contact for further information

If, as a Scheme member, you wish to obtain further information about the Scheme, including copies of the Scheme documentation, your own pension position, or who to contact in the event of a problem or complaint, please write to or telephone:

BG Pension Scheme
Barnett Waddingham LLP
Decimal Place
Chiltern Avenue
Amersham
HP6 5FG

Tel: 0800 004 2009 or 0333 1111 222

Alternatively, you can contact the Scheme administrators online at:

https://logon.bwebstream.com/shared/contact

or email: BGPS@Barnett-Waddingham.co.uk

The Trustee's Report (Cont)

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, 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 the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

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

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

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to 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, maintaining, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the dates on or before which such contributions are to be paid.

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

The Trustee's Report (Cont)

Report on Actuarial Liabilities

The most recent actuarial valuation of the Scheme, performed by Martin Bell of Willis Towers Watson, was completed as at 31 March 2023 (the valuation date) and the Actuary's report was published on 1 November 2023. This is the sixth valuation of the Scheme carried out under the Pensions Act 2004 and used the Partly Projected Unit Method.

Following discussions with the Employer and the Actuary, the Trustee has determined and agreed with the Employer the assumptions used to calculate the "technical provisions". This is the amount needed to be held by the Scheme to provide for benefits that will be paid from the Scheme in the future, reflecting the funding objective agreed between the Trustee and the Employer. It is based on Pensionable Service to the valuation date and assumptions about the various factors that will influence the Scheme in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live.

Assumptions

The technical provisions are calculated on the following key assumptions (please note that as the financial assumptions have been derived using term dependent assumptions using yield curves, single equivalent rates have been shown for ease of comparison. Further details can be found in the Statement of Funding Principles):

Principal actuarial assumptions for valuation as at 31 March 2023	
Discount rate	3.9% pa
Rate of salary increases	4.7% pa
Price inflation	3.5% pa RPI, 3.2% pa CPI
Rate of deferred pension increases	3.7% pa
Rate of pension increases	3.5% pa non GMP, 2.3% pa Post 88 GMP and 0% pa Pre 88 GMP
Post retirement mortality – current and future pensioners	90% of the "SAPS S3 Male (amounts) All Pensioners Light" and 85% of the "SAPS S3 Female (amounts) All Pensioners Light" series using the CMI core projection model (2022 version) with a long-term rate of improvement of 1.5% pa to the valuation and thereafter, initial addition of 0.5% pa to the valuation date and 0.75% pa thereafter.

The Trustee's Report (Cont)

Report on Actuarial Liabilities (Cont)

A summary of the funding position at the valuation date is as follows:

31 March 2023	
Market value of assets	£1,445 million
Technical provisions	£1,416 million
Past service surplus	£29 million
Funding ratio	102%

Note both the assets and technical provisions include Additional Contributions (ACs) of £16m.

The previous valuation was carried out as at 31 March 2020 and showed a funding ratio of 95%. The investment performance of the Scheme's assets relative to the Scheme's liabilities, and changes to the demographic assumptions have contributed to the increase in the funding level. However, these have been partially offset by the changes in some financial assumptions.

A schedule of contributions reflecting the contributions agreed following the 31 March 2023 actuarial valuation with effect from 1 April 2023 has been adopted by the Trustee and the Employer as shown on page 36. The actuary's certification of this schedule is shown on page 35.

The Trustee and the Employer have agreed that no further contributions will be paid to the Scheme, based on the results of the actuarial valuation at 31 March 2023.

The next actuarial valuation date is 31 March 2026.

The financial statements on pages 23 to 36 do not take into account liabilities which fall due after the year end. As part of the triennial valuation, the Scheme Actuary considers the funding position of the Scheme and the level of contributions payable.

The Trustee's Report (Cont)

Investment managers

The Scheme's assets were divided between seven investment managers as at 31 March 2024. The assets are managed by CBRE, who manage active unlisted property fund of funds; an emerging market debt manager, Wellington Management (Wellington); an asset backed securities manager, TwentyFour Asset Management (24); Henderson Investment Management (Henderson), M&G Investment Management (M&G), and SCOR Investment Partners (SCOR) who all manage active alternative credit mandates; M&G also manage an active investment grade corporate bond mandate and Insight Investments (Insight) manage an active Liability Driven Investment mandate and a liquidity fund.

M&G run a diverse portfolio consisting of various alternative credit assets such as senior secured loans, asset backed securities and high yield bonds. The manager targets absolute returns over cash of 5% p.a. over the longer term. M&G also runs an actively managed investment grade GBP corporate bond mandate for the Scheme. SCOR runs an insurance-linked securities mandate and invests in catastrophe bonds and over the counter insurance-linked contracts. These investments generate returns following the occurrence or non-occurrence of given events or circumstances such as natural catastrophes, man-made catastrophes and other insurable events. In general, SCOR's ILS mandate will take risks which, taken as a whole, are diversified in terms of underlying risk and geographical spread.

Wellington Management manage a local currency emerging market debt mandate, investing in sovereign and quasi-sovereign government bonds issued in each country's own currency. In addition to providing diversification by asset class, emerging market debt offers diversification from developed markets more generally, which tend to be the primary focus of even very highly diversified asset portfolios. The fund's benchmark target is the J.P. Morgan GBI-EM Global Diversified index.

TwentyFour run a diversified portfolio consisting of European and Australian asset-backed securities (ABS) with minimum credit rating of BBB-. The mandate hedges non-sterling currency exposure back to GBP and does not use leverage. The aim of the fund is to provide an attractive level of income relative to prevailing interest rates whilst maintaining a strong focus on capital preservation.

Voting policy, and social, environmental and ethical considerations

Voting rights

The Trustee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the investment managers have produced written guidelines of their process and practice in this regard and are encouraged to vote in line with these guidelines in respect of all resolutions at annual and extraordinary general meetings of companies.

The Trustee's Report (Cont)

Responsible Investment – Environmental, Social and Governance ("ESG") considerations

The Trustee is a responsible steward for of the assets in which it invests. The Trustee's primary concern is to act in the best financial interests of its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

In taking material financial factors, including corporate governance, environmental (such as financial risks relating to climate change) and social considerations into account, the Trustee expects to both protect and enhance the value of the Scheme in the long term. The Trustee considers ESG, and financial risk from climate change, in a manner which is consistent with the Trustee's investment objectives, legal duties and other relevant commitments.

The Trustee expects all investment managers:

- where relevant to assess the integration of ESG factors in the investment process
- to use their influence to engage with underlying managers to ensure the Scheme's assets are not exposed to undue risk; and
- report to the Trustee and its advisers on its ESG activities.

In passive mandates, the Trustee recognises the choice of benchmark dictates the assets held by the Investment Manager and that the manager has minimal discretion to take account of factors that may be deemed to be financially material. The Trustee accepts that the role of the passive manager is to deliver returns in line with the market and believe this approach is in line with the basis on which their current strategy has been set.

In active mandates, the Trustee recognises that the manager has freedom to exercise discretion as to the choice of assets held. The Trustee expects the manager to take into account all financially material factors in the selection of assets within their portfolios and to be able to demonstrate their approach when challenged.

Members' views on ESG and Non-financial Factors

In setting and implementing the Scheme's investment strategy the Trustee does not explicitly consider non-financial factors, as defined under the Occupational Pension Schemes (Investment) Regulations 2005, as amended.

The Trustee sets and implements the Scheme's investment strategy in line with the principles set out in the Statement of Investment Principles. The complex nature of asset liability modelling and the requirement for professional expertise in investment management means that the Trustee does not involve members and beneficiaries in this process. Members can contact the Trustee to share views and concerns about any aspect of the running of the Scheme.

The Trustee and its Advisers do not engage directly with the underlying portfolio but believe it is sometimes appropriate for its investment managers to engage with key stakeholders, which may include corporate management, regulators and governance bodies relating to their investments, to improve corporate behaviours, improve performance and mitigate financial risks. The Trustee will review engagement activity undertaken by their investment managers as part of its broader monitoring activity.

Monitoring

The Trustee's Advisers aim to meet with all their investment managers on an annual basis. The Advisers provide the Investment Managers with an agenda for discussion, including, where appropriate, ESG issues. Investment managers are challenged on the impact of any significant issues, including, where appropriate, ESG issues that may affect the prospects for return from the portfolio.

The Trustee's Report (Cont)

Remuneration

Remuneration for each mandate is determined at the inception of each mandate based on commercial considerations and typically set on an ad valorem basis. Where appropriate to the nature of the mandate, the term of the mandate and the role the mandate plays within the investment strategy, the Trustee may agree to a fee structure where the manager is incentivised to deliver outperformance relative to an agreed benchmark, typically in conjunction with a lower ad valorem fee. The Trustee periodically reviews the fees paid to all of its managers against industry standards.

Portfolio turnover

The Trustee has expectations of the level of turnover within each mandate which is determined at the inception of the mandate, based on the Trustee's knowledge of the manager, investment process and the nature of the portfolio. Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee expects managers to report on at least an annual basis on the underlying assets held within the portfolio and details of any transactions over the period.

The Trustee will challenge its managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive.

The Trustee will request turnover costs incurred by the asset manager over the Scheme reporting year.

Investment principles

The Trustee has produced a Statement of Investment Principles as required by section 35 of the Pensions Act 1995 and a copy of the statement is available on request. The Statement of Investment Principles incorporates the Trustee's investment strategy. An updated Statement of Investment Principles was signed in June 2024 incorporating the latest considerations required in relation to ESG matters.

A copy of the Statement of Investment Principles is available from the following website:

https://pensions.shell.co.uk/bg-pension-scheme.html

Investment objectives and strategy

Changes in investment strategy during the period

Over the year to 31 March 2024, the Trustee implemented the following strategic changes for the Scheme.

In December 2023, there was an amendment made to the LDI benchmark, under which the liability cashflows were updated, and the interest and inflation hedge ratios were increased from 95% to 98%.

In March 2024, a decision was taken to reduce the target allocation for Janus Henderson's multi-asset credit fund from 8% to 0% in four instalments. Implementation started after Q1 2024, and was completed in July 2024.

The Trustee's Report (Cont)

Strategic asset allocation

Following the review, the Trustee in consultation with its investment advisers, has agreed to implement a new strategic asset allocation for the Scheme to achieve their stated objectives (objectives outlined in the Statement of Investment Principles):

Asset Class	Strategic Asset Allocation per the SIP in force as at 31 March 2024 (%)	Strategic Asset Allocation per the SIP in force at 31 March 2023 (%)
Multi Asset Liquid Credit	-	8.0
Asset Backed Security	8.0	8.0
Emerging Market Debt	4.0	4.0
Corporate Bonds	25.0	25.0
Liability Driven Investment (LDI), currency hedging and cash	63.0	55.0
Total scheme assets	**100.0**	**100.0**

Under the strategy as at 31 March 2024, the interest rate and inflation risk associated with the LDI assets is intended to offset (hedge) around 98% of the risk associated with the Scheme's liabilities.

The Trustee continues to monitor the appropriateness of the strategic asset allocation.

Transfers between managers and changes in investment strategy during the year

Over the year to 31 March 2024, the Trustee carried out a number of transfers between managers.

In April 2023, proceeds from the CBRE UK Property mandate worth £0.5m were transferred to Insight's LDI fund.

In May 2023, M&G Illiquid Credit Opportunites distribution of £7.7m was transferred to the LDI fund of Insight.

In June 2023, in order to rebalance to the strategic asset allocation targets, £20m from the TwentyFour bond fund, and £10m from the Wellington EMD fund were transferred to the LDI fund of Insight. For the same reason, £15m were transferred from M&G's Corporate credit fund to the Insight's Liquidity.

In July 2023, further rebalancing was done and £20m was transferred from Henderson's MAC fund to Insight's LDI fund.

In August 2023, proceeds from the CBRE UK Property fund worth £5.9m were reinvested in Insight's LDI fund.

In October 2023, in order to rebalance to the strategic targets, £25m was transferred from M&G's Corporate credit fund to Insight's LDI fund.

In November 2023, distributions from M&G's ICOF fund worth £6.4m were reinvested in the Insight's LDI fund.

In December 2023, £7m from TwentyFour's ABS bond fund and £5m from Wellington's EMD were transferred to the Insight's Liquidity, for rebalancing purposes.

In January 2024, in order to raise cash, £5m from Henderson's MAC fund were transferred to Insight's Liquidity fund.

In February 2024, CBRE's UK Property mandate distributed £1.5m, which was invested in Insight's Liquidity fund.

The Trustee's Report (Cont)

Investment performance

The performances of the Scheme's investments over periods to 31 March 2024 were:

	1 year (%)	3 years (% p.a.)
Return	-3.6	-10.7
Benchmark	-3.6	-9.9
Relative	0.0	-0.8

The 1 year and 3 year performance and benchmark numbers reflect the aggregate returns and benchmark (weighted by the size of each fund) over the 1 year and 3 year period. Where funds have been held for less than 1 year or 3 years, they will not be included in the benchmark return numbers. Further details of the performance are provided below.

Each underlying fund held by the Scheme will have its investment performance measured against a benchmark. This benchmark will reflect the expected performance of the fund, usually against comparable funds or the fund's target return. These individual benchmarks are usually agreed by the Trustee Board when a Manager is appointed, although they may be subject to occasional change.

Performance over the 12 month period to 31 March 2024

The Scheme delivered a negative absolute return of 3.6% over the year to 31 March 2024, in line with its benchmark return of -3.6% over the 12-month period.

Negative relative performance was largely driven by the Scheme's holdings in the CBRE UK Property fund (-5.4%) and M&G Illiquid Credit Opportunities (-6.3%) mandates.

Matching assets (Insight LDI and M&G Corporate Credit) performed in line with their respective benchmarks. Wellington's EMD, Henderson's MAC, and TwentyFour AM's bond funds performed positively in absolute as well as relative terms.

Performance over the 3 year period to 31 March 2024

The Scheme produced negative absolute returns over the 3-year period (-10.7% p.a.), underperforming its benchmark by -0.8% p.a. The following mandates underperformed over this period, as compared to their respective benchmarks: CBRE UK Property, Henderson MAC, M&G Illiquid Credit Opportunities, and TwentyFour's bond fund. The other mandates overperformed their respective benchmarks over this period.

The Trustee's Report (Cont)

Performance objectives

CBRE manage an active indirect property portfolio for the Scheme on a discretionary separate account basis and has done so since 24 November 2010. All investments are held both in the UK (minimum 67% of the portfolio) and also globally. The performance objective for the UK portfolio is to outperform the IPD All Balanced Property Fund Index by 0.5% per annum over rolling three year periods. Overall performance is measured in Sterling.

Henderson Global Investors has managed a multi-asset credit strategy for the Scheme since 26 June 2015. The Trustee invests in the Henderson Multi-Asset Credit Fund, which has a performance aim of cash + 5% per annum.

M&G Investment Management Limited has managed an alternative credit mandate for the Scheme since 1 July 2015. The Trustee invests in the M&G Illiquid Credit Opportunity Fund, which has a performance aim of cash + 5% per annum. The Trustee also invests in an investment grade corporate bond mandate with M&G, which was incepted in January 2020, which has a performance aim of matching the iBoxx Sterling Collateralized and Corporates Index, with the interest exposure hedged back to duration of zero years.

Insight Investments has managed an LDI mandate and a liquidity fund for the Scheme since 27 November 2014. The LDI mandate aims to match a liability benchmark for the Scheme: however Insight is given discretion to take active management decisions.

SCOR Investment Partners has managed an insurance-linked securities mandate for the Scheme since 2 October 2017. The fund has a performance objective aim of 3 month US Treasury rate +4% per annum.

Wellington Management has managed an emerging market debt mandate for the Scheme since April 2019. The Scheme invests in local currency, investing in sovereign and quasi-sovereign government bonds issued in each country's own currency. In addition to providing diversification by asset class, emerging market debt offers diversification from developed markets more generally, which tend to be the primary focus of even very highly diversified asset portfolios. The fund's benchmark target is the J.P. Morgan GBI-EM Global Diversified index.

TwentyFour AM has managed the asset-backed securities ("ABS") mandate for the Scheme since March 2021. The fund invests in a diversified portfolio of European and Australian asset-backed securities (ABS), rated at least BBB- (or equivalent) at the time of investment by one or more of Standard & Poor's, Moody's Investor Services and Fitch, where the securities will be backed by the assets of institutions and issuers such as but not limited to residential mortgages, commercial mortgages, automobile leases and loans, SME loans and other secured bonds.

Custody of the Scheme's assets

The Trustee appointed The Northern Trust Company as global custodian with effect from 4 July 2001. Northern Trust also acts as custodian for CBRE, Insight, SCOR and for the investment grade credit mandate with M&G.

Any shares held by Northern Trust are held in the name of NorTrust Nominees. NorTrust Nominees maintain records of each client's assets at the individual portfolio level. State Street Bank and Trust Company act as custodian for M&G whilst BNP Paribas Securities Services are custodian for the Henderson investment. The custodian for the Wellington Emerging Local Debt (IE) fund is State Street Fund Services (Ireland).

Approval of Trustee's Report

This report, which includes the Implementation Statement, was approved by the Trustee on

Date: Oct 24, 2024

Signed on behalf of the Trustee:

Signed by: A61FCADEDA8948E...	DocuSigned by: Rachael Macpherson B89F8235B12F4D1...
Director	Scheme Secretary

Independent Auditor's Report to the Trustee of the BG Pension Scheme

Opinion

We have audited the financial statements of BG Pension Scheme for the year ended 31 March 2024 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2024, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Trustee of the BG Pension Scheme (Cont)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in 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.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the scheme. This is addressed by obtaining direct confirmation from the investment custodian and fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. A sample of transactions are agreed to supporting documentation testing the authorisation of the amount and approval of the payment of the transactions.

Independent Auditor's Report to the Trustee of the BG Pension Scheme (Cont)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of Our Report

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

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 24 October 2024

Summary of Contributions payable in the year

During the year ended 31 March 2024, the contributions payable to the Scheme by the Employer under the Schedules of Contributions certified on 2 December 2020 and 1 November 2023 were as follows:

	£'000
Employer deficit funding contributions	-
Contributions payable under the Schedules of Contributions	-

Signed on behalf of the Trustee:

Signed by:
A61FCADFDA8948F...
Director

DocuSigned by:
Rachael Macpherson
B89F8235B12F4D1...
Scheme Secretary

Date: Oct 24, 2024

Independent Auditor's Statement about Contributions to the Trustee of the BG Pension Scheme

Statement about contributions payable under the Schedules of Contributions

We have examined the Summary of Contributions payable to the BG Pension Scheme for the Scheme year ended 31 March 2024 which is set out on page 21.

In our opinion contributions for the Scheme year ended 31 March 2024 as reported in the Summary of Contributions and payable under the Schedules of Contributions have, in all material respects, been paid at least in accordance with the Schedules of Contributions certified by the Scheme on 2 December 2020 and 1 November 2023.

Basis of opinion

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there is, prepared, maintained, and from time to time revised, a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedules of Contributions.

Auditor's responsibilities for the statement about contributions

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

Use of our statement

This statement is made solely to the Scheme's Trustee in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee for our work, for this statement, or for the opinion we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 24 October 2024

The Financial Statements

Fund Account

for the year ended 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Contributions and benefits			
Employer contributions	4	-	-
		-	-
Other income	5	448	848
Benefits paid or payable	6	(40,769)	(37,434)
Payments to and on account of leavers	7	(3,149)	(11,472)
Administrative expenses	8	(2,418)	(935)
		(46,336)	(49,841)
Net withdrawals from dealings with members		(45,888)	(48,993)
Returns on investments			
Investment income	9	16,657	19,765
Change in market value of investments	10	(56,364)	(616,484)
Investment management expenses	11	(2,598)	(1,845)
Net return on investments		(42,305)	(598,564)
Net decrease in the fund during the year		(88,193)	(647,557)
Net assets of the Scheme			
At 1 April		1,444,959	2,092,516
At 31 March		1,356,766	1,444,959

The notes on pages 25 to 36 form part of these financial statements.

Statement of Net Assets
available for benefits as at 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Investment assets:			
Bonds	10	1,419,027	1,606,737
Bonds – insurance-linked	10	2,572	2,485
Pooled investment vehicles	13	332,318	406,679
Derivatives	14	105,724	119,153
AC investments	16	15,701	15,679
Cash	10	11,986	4,892
Other investment balances	15	12,987	16,602
		1,900,315	2,172,227
Investment liabilities:			
Derivatives	14	(61,300)	(68,918)
Cash due from broker	10	(36,950)	(710)
Other investment balances	15	(445,943)	(659,385)
		(544,193)	(729,013)
Total net investments		1,356,122	1,443,214
Current assets	21	3,779	3,437
Current liabilities	22	(3,135)	(1,692)
Net assets of the Scheme at 31 March available for benefits		1,356,766	1,444,959

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on pages 9 to 10 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 25 to 36 form part of these financial statements.

These financial statements were approved by the Trustee on

Date: Oct 24, 2024

Signed on behalf of the Trustee:

Signed by:
A61FCADFDA8948F...
Director

DocuSigned by:
Rachael Macpherson
B89F8235B12F4D1...
Scheme Secretary

Notes to the Financial Statements

1. Basis of preparation

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

2. Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is disclosed in the Trustee's Report.

3. Accounting policies

The principal accounting policies of the Scheme which are applied consistently are as follows:

Currency

- The Scheme's functional and presentation currency is pounds sterling (GBP). Monetary items denominated in foreign currency are expressed in Sterling at the rates of exchange ruling at the year end. Foreign currency transactions are 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.

Other income

- Other forms of income are accounted for on an accruals basis.

Payments to members

- Pensions in payment are accounted for in the period to which they relate.
- Where members have a choice regarding the form and timing of their benefit, benefits are accounted for on an accruals basis on the later of the date of retiring or leaving and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retiring or leaving.
- Individual transfers out of the Scheme are accounted for when member liability is discharged which is normally when the transfer amount is paid.
- Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate.
- Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within "Benefits paid or payable".

Administrative expenses

- Administrative expenses are accounted for on an accruals basis.

Investment income

- Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.
- Income from pooled investment vehicles is accounted for when declared by the fund manager.
- Other interest from cash and short-term deposits and income from other investments are accounted for on an accruals basis.
- All gains and losses arising on derivative contracts are reported within 'Change in market value' of investments.
- Investment income arising from the underlying investments of the pooled investment vehicles which do not distribute income is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within "Change in market value".
- Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.

Notes to the Financial Statements (Cont)

Investment management expenses

- Investment management expenses and rebates are accounted for on an accruals basis and shown net within investment returns.
- Transaction costs are included in the cost of purchase and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees.

Investment assets and liabilities

- The change in market values on 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 on sales of investments during the year.
- 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 price, single dealing price or most recent transaction price is used.
- Where quoted or other unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumption are given in the notes to the financial statements where applicable.
- Bonds are stated at their clean prices. Accrued income is accounted for within investment income.
- Unitised pooled investment vehicles and AC investments have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in the other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.
- Open futures contracts are recognised in the net assets statement at their fair value, which is the unrealised profit or loss at the current bid or offer market price as at the year end. Amounts included in the change in market value quoted price of the contract of the contract, as determined by the closing exchange price as at the year end. Amounts due from the broker represent the amounts outstanding in respect of the initial margin due to or from the broker. Amounts included in the change in market value represent realised gains or losses on closed futures contracts and the unrealised gains or losses on open futures contracts.
- The value of a swap at any one point in time is the difference between the value of the cashflows still to be paid and cashflows still to be received using a net present value pricing method. The Scheme uses zero coupon swaps which do not pay interest coupons like traditional bond or gilt investments. Instead, the coupons are compounded and paid at maturity rather than being paid at six monthly intervals. The Scheme also uses interest rate swaps which pay a floating rate based on the London Interbank Offered Rate (LIBOR) and inflation swaps which pay a fixed rate based on the retail prices index (RPI). Realised gains and losses on closed contracts and unrealised gains and losses on open contracts are included within the change in market value. The notional principal amount is used for the calculation of cash flows only.
- Forward foreign exchange (Forward FX) contracts are valued at the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- A repo is a form of short-term borrowing. Fixed interest securities subject to repurchase agreements are stated at bid price where available. The amounts payable under the repurchase agreements are stated at the value of the contractual obligation. Although the asset remains under the beneficial ownership of the Scheme, repos are entered into to receive cash for the assets on loan from the counterparty and the Scheme realises the liability to repurchase the asset on loan at a future date.
- The securities received as collateral are not recognised in the financial statements. The cash delivered to the counterparty as a receivable is recognised in the financial statements.

4. Contributions

	2024	2023
	£'000	£'000
Employer contributions		
Deficit funding	-	-

The actuarial valuation of the Scheme as at 31 March 2023 revealed that no deficit contributions were payable by the Sponsoring Employer.

The Trustee and Employer have also agreed that the Recovery Plan does not preclude the Trustee from requiring contributions from the Employer following completion of future actuarial valuations of the Scheme.

Notes to the Financial Statements (Cont)

5. Other income

	2024	2023
	£'000	£'000
VAT refund	425	848
Compensation	23	-
	448	848

6. Benefits paid or payable

	2024	2023
	£'000	£'000
Pensions	35,419	30,690
Commutation of pensions and lump sum retirement benefits	4,542	6,133
Lump sum death benefits	808	523
Taxation where lifetime or annual allowance exceeded	-	88
	40,769	37,434

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Scheme in exchange for the Scheme's settling their tax liability.

7. Payments to and on account of leavers

	2024	2023
	£'000	£'000
Individual transfers to other Schemes	3,149	11,472

8. Administrative expenses

	2024	2023
	£'000	£'000
Administration and processing	450	398
Actuarial fees	762	357
Audit fee	55	49
Legal and other professional fees	1,131	117
Trustee expenses, bank and sundry	20	14
	2,418	935

Following a request from the Sponsoring Employer, the Scheme meets all expenses of the Scheme except for the PPF Levy which is met directly by the Principal Employer.

Notes to the Financial Statements (Cont)

9. Investment income

	2024 £'000	2023 £'000
Income from bonds	(3,028)	4,743
Income from pooled investment vehicles	8,187	10,231
Net swap income	11,518	4,955
Interest on Company loan	-	(358)
Interest on cash deposits	(20)	194
	33,314	19,765

The net income from bonds is the net position that includes interest received from the bond portfolio and the interest paid on the repurchase agreements.

Interest on cash deposits is negative this year due to the negative cash balance held with the broker in relation to the swap contracts.

10. Reconciliation of investments

	Value at 31 March 2023 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 31 March 2024 £'000
Bonds	1,606,737	543,694	(649,233)	(82,171)	1,419,027
Bonds – insurance-linked	2,485	-	(3)	90	2,572
Pooled investment vehicles	406,679	368,475	(465,249)	22,413	332,318
Derivatives	50,235	28,096	(35,198)	1,291	44,424
AC investments	15,679	-	(2,047)	2,069	15,701
	2,081,815	940,265	(1,151,730)	(56,308)	1,814,042
Cash deposits	4,892			(56)	11,986
Cash due from broker	(710)			-	(36,950)
Other investment balances	(642,783)			-	(432,956)
	1,443,214			(56,364)	1,356,122

There were no direct transaction costs in the current and preceding year: however indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those investments.

As part of the rebalancing program and review of the strategic allocation there were disinvestments from the mult-asset credit funds and bonds funds (£83.0m) which were transferred to the LDI portfolio. The remaining movements relate to transfers in and out of the liquidity fund.

11. Investment management expenses

	2024 £'000	2023 £'000
Administration, management and custody	2,398	1,647
Investment advice	200	198
	2,598	1,845

Notes to the Financial Statements (Cont)

12. Taxation

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

13. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2024	2023
	£'000	£'000
Bond fund	106,917	123,369
Property fund	22,488	31,308
Emerging market debt	49,930	63,092
Multi-asset fund	105,226	119,930
Illiquid credit fund	30,754	37,760
Cash fund	17,003	31,220
	332,318	406,679

The multi-asset funds may invest in global government and corporate bonds, global equities (including commodity and energy), cash, and cash equivalents. The illiquid credit fund may invest in collective investment schemes (CIS), debt issuance vehicles, asset backed securities (ABS) and structured products, bonds, loans, notes, insurance-related assets, equity, cash, and cash equivalents. The multi-asset funds and illiquid credit fund may enter into over the counter (OTC) derivatives and other arrangements with counterparties.

The property and illiquid credit funds are included at fair value. However, because of the inherent uncertainty associated with the valuation of some of these, these fair values may differ from their realisable value.

14. Derivatives

OBJECTIVES AND POLICIES

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme.

At the year end the Scheme held the following derivatives:

	2024			2023		
	Asset	Liability	Total	Asset	Liability	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Futures	280	(32)	248	-	(401)	(401)
OTC Swaps	105,411	(61,257)	44,154	119,084	(68,456)	50,628
Forward FX contracts	33	(11)	22	69	(61)	8
	105,724	(61,300)	44,424	119,153	(68,918)	50,235

A summary of the Scheme's outstanding derivative contracts at the year-end aggregated by key characteristics is set out below:

i. OTC Swaps

Nature	Notional amounts £'000	Expires	Asset value £'000	Liability value £'000
Inflation swaps	129,528	1-5 years	351	(8,369)
Inflation swaps	57,924	5-15 years	1,813	(3,278)
Inflation swaps	99,224	>15 years	5,647	(2,208)
Interest rate swaps	354,179	1-5 years	15,745	(609)
Interest rate swaps	159,507	5-15 years	21,489	(1,155)
Interest rate swaps	289,256	>15 years	60,366	(45,638)
Total 2024	1,089,618		105,411	(61,257)
Total 2023	870,184		119,084	(68,456)

Notes to the Financial Statements (Cont)

14. Derivatives (Cont)

At the year end the Scheme held collateral of £7.3m (2023: £51m) in respect of the OTC swaps in the form of bonds and cash. In addition a proportion of the OTC swaps are transacted through clearing houses and collateral is held through margin accounts.

ii. Futures

Nature	Economic exposure	Expires	Asset value £'000	Liability value £'000
Exchange traded gilts	-	June 24	280	(32)
Total 2024	-		280	(32)
Total 2023	-		-	(401)

iii. Forward FX

Contract	Settlement date	Currency bought '000	Currency sold '000	Asset value £'000	Liability value £'000
Forward FX	<3 months	£1,916	$2,428	1	(7)
Forward FX	<3 months	£12,838	€14,974	31	(1)
Forward FX	<3 months	€3,735	£3,198	1	(3)
Total 2024				66	(22)
Total 2023				69	(61)

15. Other investments and other investment balances

The Scheme's investments in "other" investments and its other investment balances at the year-end comprised:

	2024 £'000	2023 £'000
Repurchase agreements (Repo)	(445,943)	(655,453)
Amounts due from broker	175	814
Investment income receivable and recoverable withholding tax	2,993	4,315
Pending trades	9,819	7,541
	(432,956)	(642,783)

During the year, the Scheme entered into repurchase agreements using its UK government index linked gilts as the underlying security. The Scheme retains the entitlement to receive income accruing on these securities and has a contractual agreement to repurchase the securities at a specified future date.

The securities are included in the financial statements as assets of the Scheme at their market value. At 31 March 2024, the market value of securities sold under repurchase agreements was £459m (2023: £666m).

Amounts payable to counterparties under repurchase agreements are disclosed as liabilities in the Scheme's financial statements under investment liabilities. At 31 March 2024 this amounted to £450.7m (2023: £659m) which includes £4.8m accrued interest payable (2023: £3.6m accrued interest payable).

At 31 March 2024 there was collateral pledged of £3m (2023: pledged £3m) against the difference in valuation between the underlying securities and the repurchase agreements.

Notes to the Financial Statements (Cont)

16. Additional Contributions (ACs) investments

Prior to the Scheme closure, contributors could pay additional contributions (ACs) on a money purchase basis to secure benefits in addition to those provided by the Scheme. As at 31 March 2024, ACs totalled £15.7m (2023: £15.6m).

In addition to the money purchase ACs, members who on 3 July 2001 were paying ACs to buy added years of services on terms determined by the Scheme Actuary, were able to continue doing so.

17. Collateral

		2024	2023
Investment type	**Underlying investment**	**£'000**	**£'000**
OTC swaps	UK gilts	(6,636)	35,309
OTC swaps	Cash	13,933	15,691
		7,297	51,000
Repurchase agreements	UK gilts	3,048	(3,134)
		10,345	(47,866)

18. Fair value determination

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

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

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

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

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

As at 31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	1,419,027	-	-	1,419,027
Bonds – insurance-linked	-	2,572	-	2,572
Pooled investment vehicles	-	279,076	53,242	332,318
Derivatives	248	44,176	-	44,424
AC investments	-	15,701	-	15,701
Cash	11,986	-	-	11,986
Cash due from broker	(36,950)			(36,950)
Other investment balances	12,987	(445,943)	-	(36,950)
	1,407,298	(104,418)	53,242	1,752,128

As at 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	1,606,737	-	-	1,606,737
Bonds – insurance-linked	-	2,485	-	2,485
Pooled investment vehicles	-	337,611	69,068	406,679
Derivatives	(401)	50,636	-	50,235
AC investments	-	15,679	-	15,679
Cash	4,892	-	-	4,892
Cash due from broker	(710)			(710)
Other investment balances	12,670	(655,453)	-	(710)
	1,623,188	(249,042)	69,068	1,443,214

Notes to the Financial Statements (Cont)

18. Fair value determination (Cont)

Included within Level 1 are directly held government bond holdings valued using market quotations (Insight), cash deposits held directly with investment managers (CBRE, Henderson, and Insight), and investment income receivable. Level 2 contains catastrophe bonds and corporate bonds in the form of insurance-linked securities (SCOR), unlisted open-ended pooled funds with daily or weekly dealing (Henderson, Invesco and Wellington) and OTC derivatives (Insight). Included within Level 3 are unlisted open-ended pooled funds investing in property (CBRE) and the illiquid credit fund (M&G) which is closed-ended reflecting the illiquidity of the underlying investment.

19. Investment risk disclosures

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

- Credit risk – one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk – comprises the following three types of risk:
    1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates
    2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates
    3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

The Trustee determines its investment strategy after taking advice from Hymans Robertson LLP and Shell Asset Management Company B.V. (SAMCo). The Scheme has exposure to these risks because of the investments it makes in the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives.

There are investment management agreements in place with the Scheme's investment managers and advisers that include investment restrictions, and these are monitored by the Trustee through regular reviews of the investment portfolio. Further information on the Trustee's approach to risk management, credit and market risks is set out below. This does not include the Scheme's additional contribution (AC) investments as these are not considered significant in relation to the overall investments of the Scheme.

The key risks associated with the current investment strategy, set out in the Trustee Report on page 14 are, in order of significance:

Interest rate risk

The Scheme is subject to interest rate risk as part of the LDI mandate as shown in the table below. As at 31 March 2024, the LDI portfolio was set to hedge 98% (2023: 95%) of the interest / inflation risk of the Scheme. The Trustee has set a benchmark allocation for total investment in LDI of 62% (2023: 54%) of the total Scheme assets. As at 31 March 2024, the actual allocation was 49% (2023: 46%). At the year end, the Matching assets and liquidity portfolio (LDI mandate, M&G GBP Corporate Credit mandate, Liquidity Fund and outstanding settlements) represented c.76% (2023: 73%) of the total Scheme assets. If interest rates fall/inflation rates rise, the value of the LDI investment will rise to help match the increase in liabilities arising from a fall in the discount rate. Similarly, if interest rates rise/inflation rates fall, the LDI investments will fall in value, as will the liabilities because of an increase in the discount rate.

In the return-seeking investments, the bond, illiquid credit, emerging market debt, asset-backed securities, and cash funds are exposed to interest rate risk and a proportion of the absolute return funds are exposed to interest rate risk depending upon their portfolio at the time as shown in the table below. The investment managers will consider the risk and expected reward when determining which investment to invest in.

Credit risk

The Scheme is subject to credit risk because the Scheme directly invests in bonds, OTC derivatives, repurchase arrangements, reverse repurchase arrangements and other investment balances, and has cash deposits as detailed in the table below.

Notes to the Financial Statements (Cont)

19. Investment risk disclosures (Cont)

Credit risk (Cont)

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

	2024 £'000	2023 £'000
Authorised unit trusts	105,226	119,930
Open ended investment companies	146,408	185,897
Share of limited liability partnerships	80,684	100,852
	332,318	406,679

Credit risk arising on bonds held directly is mitigated by investing in government bonds where the credit risk is minimal and corporate bonds which are investment grade.

Credit risk arising from derivatives depends on whether the derivative is exchange traded or OTC. OTC derivatives contracts (swaps) are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements with the investment managers, as described in note 14.

Credit risk arising on the repurchase and reverse repurchase agreements is mitigated through the use of a range of collateral arrangements.

Cash deposits are held with financial institutions which are rated at least investment grade.

The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the holdings in these pooled investment vehicles. The Scheme's holdings in pooled investment vehicles are generally unrated. The credit risk arising from the 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 the investments amongst a number of pooled arrangements. SAMCo carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes in the operating environment of the pooled managers.

The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investments, the extent of which is detailed in the table below. This risk is mitigated by the investment restrictions in place for each of the pooled investment vehicles.

Other price risk

Other price risk arises principally from the Scheme's return-seeking and income assets, which include multi-asset funds, investment grade corporate bond funds, property funds, illiquid credit funds, emerging market debt funds and cash funds. Some of the Scheme's managers also use derivatives as a way of obtaining efficient exposure to investment markets, as these are also subject to other price risk.

The Scheme Trustee has set a benchmark for total investment in the return-seeking investments of 12% (2023: 20-36%) of total investment portfolio, as part of the overall investment strategy. At the year end, the return-seeking investments represented c.24% of total assets (2023: 27%).

The Trustee manages other price risk by constructing a diverse portfolio of investments across various markets and with various investment managers

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.

The Scheme is subject to direct currency risk through its exposure to the SCOR Investment Partners' ILS mandate, valued at £2.0m at the end of March 2024 (2023: £3.0m), which has underlying investments denominated in US Dollars, and Japanese Yen. As such, the Sterling valuation of the investment is directly influenced by changes in the GBP/USD and GBP/JPY foreign exchange rates.

Notes to the Financial Statements (Cont)

19. Investment risk disclosures (Cont)

Currency risk (Cont)

The Scheme is also subject to indirect currency risk due to a proportion of the underlying financial instruments held within the pooled investment vehicles being denominated in overseas currencies. In particular, the emerging market debt fund is subject to currency risk although the proportion is dependent on the portfolio held at the time.

The following table illustrates the extent to which the Scheme's investments are subject to the above risks:

		Market risk				
	Credit risk	Interest rate risk	Other Price risk	Currency risk	2024 £'000	2023 £'000
Liability driven investments						
Bonds	Yes	Yes	No	No	1,419,027	1,606,737
Insurance-linked securities	Yes	Yes	Yes	Yes	2,572	2,485
Derivatives - swaps	Yes	Yes	No	No	44,154	50,628
Repurchase agreements	Yes	Yes	No	No	(445,943)	(655,453)
Total liability driven investments					1,019,810	1,004,397
Return seeking investments						
Pooled investment vehicles						
Bond fund	Yes	Yes	No	Partly	106,917	123,369
Property fund	No	No	Yes	Partly	22,488	31,308
Multi-asset fund	Yes	Partly	Partly	Partly	105,226	119,930
Illiquid credit funds	Yes	Yes	Partly	Partly	80,684	100,852
Cash funds	Yes	Yes	No	No	17,003	31,220
Cash	Yes	Yes	No	No	(24,964)	4,182
Derivatives - FFX	Yes	No	No	Yes	22	8
Derivatives - futures	Yes	No	Yes	No	248	(401)
Amounts due to/from broker	Yes	Yes	No	No	175	814
Investment income due/payable	Yes	Yes	No	No	2,993	4,315
Pending trades	Yes	Yes	No	No	9,819	7,541
Total return seeking investments					320,611	423,138
Scheme total (excluding ACs)					1,340,421	1,427,535

The table above does not include the Scheme's AC investments, as these are not considered significant in relation to the overall investments of the Scheme.

In addition the Trustee has identified a number of other risks that will affect the funding level and contribute to funding risk which they consider when assessing the risk profile of the Scheme's investments. These include:

• **Cashflow risk** – the Trustee manages this risk by taking into account the timing of future payments in order to minimise the probability that there is a shortfall in liquid assets relative to the Scheme's liabilities. Where appropriate, the Scheme has invested in income distributing share classes that make regular coupon/dividend payments to the Trustee Bank Account to help with the Scheme's cashflow requirements.

• **Risk of lack of diversification** – the Trustee ensures that the assets held by the Scheme within each mandate and asset class are well diversified: that is, there is no single investment within each mandate or asset class that is material in the context of the Scheme as a whole. The Trustee monitors this via investments reports produced by the managers.

• **Covenant risk** – the Trustee manages this risk by considering the strength of the sponsor when setting the investment strategy, and by consulting with the employer as to the suitability of the proposed strategy.

• **Operational risk** Operational risk – the Trustee manages this risk by ensuring that all advisors and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.

Notes to the Financial Statements (Cont)

20. Concentration of investments

The following investment accounts for more than 5% of the Scheme's net assets at the year-end:

	2024		2023	
	£	%	£	%
Henderson Multi Asset Credit Fund	105,226	7.8	119,930	8.3
TwentyFour Monument Bond Fund	106,917	7.9	123,368	8.5

21. Current assets

	2024	2023
	£'000	£'000
Prepayments	-	13
VAT recoverable	375	848
Cash balances	3,404	2,576
	3,779	3,437

22. Current liabilities

	2024	2023
	£'000	£'000
Unpaid benefits	(1,409)	(348)
Tax due to HM Revenue & Customs	(706)	(570)
Other creditors	(1,020)	(774)
	(3,135)	(1,692)

23. Related party transactions

Administrative expenses were met by the Sponsoring Employer until 31 December 2016. With the exception of the administration expenses disclosed in note 8 and the investment manager expenses disclosed in note 11 certain Scheme expenses are borne by the Employer. These Scheme expenses amounted to £71k (2023: £209k). Included in the Scheme expenses are fees payable to Capital Cranfield Pension Trustees Limited for the provision of services in relation to the Independent Chairman. This amounted to £48k (2023: £56k).

During the year Shell International Limited a subsidiary of Shell Petroleum N.V. recharged £163k (2023: £Nil) to the Scheme that related to central support costs.

The Employer paid the PPF risk-based levy in line with the provisions of the Schedule of Contributions. This amounted to £23k (2023: £27k).

One of the Trustee Directors is a preserved pensioner of the Scheme.

Other than as disclosed elsewhere in these financial statements, there are no other related party transactions that require disclosure.

Notes to the Financial Statements (Cont)

24. Employer-related investments

The Occupational Pension Schemes (Investment) Regulations 1996 restrict employer-related investment to 5% of the market value of the Scheme. The Scheme has no segregated self-investment holdings in Royal Dutch Shares ("RDS") shares, the ultimate owner of BG Group Limited at 31 March 2024, and had no indirect exposure to holdings in RDS shares during the year.

25. GMP Equalisation

As explained on page 5 of the Trustee's Report, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee is aware that this will affect the Scheme, has set up a subgroup to consider how best to deal the issue and progress updates are provided to the Trustee. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

On 20 November 2020, the High Court handed down a second judgment involving the Lloyds Banking Group's defined benefit pension schemes. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgment arise in relation to many other defined benefit pension schemes. Any adjustments necessary will be recognised in the financial statements in future years.

The last actuarial valuation as at 31 March 2023 includes a provision of 0.25% (£5.2m) for the total increase in the actuarial liabilities due to GMP equalisation. There is currently no split between past and future liabilities, however the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements.

26. Ruling on amendment of Contracted-Out Salary-Related pension schemes

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed alterations to the rules of contracted-out schemes where certain requirements were met. The court confirmed that amendments made in circumstances where the necessary requirements had not been met were invalid. That decision was upheld on appeal on 25 July 2024. There is potential for legislative intervention following industry lobbying.

The Trustee will seek advice as to the implications of the judgment but has no reason to believe further actions are required at this time.

27. Subsequent events

On 11 September 2024, the Scheme Trustee entered into a buy-in policy with L&G that cover all the members of the Scheme. The policy cashflows match the benefit payments being made to the members from the Scheme and, as a consequence, the longevity and investment risks (members living longer than expected or investment returns being lower than anticipated) have been transferred in full to L&G. L&G is authorised by the Prudential Regulation Authority ("PRA") and regulated by both the PRA and the Financial Conduct Authority. The initial cost of the policy was £1.2Bn.

Certificate of Adequacy of Contributions

Actuary's certificate of Schedule of Contributions

Name of scheme: **BG Pension Scheme**

Adequacy of rates of contributions

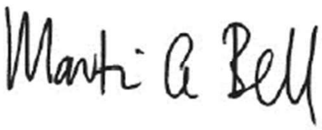
1 I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 31 March 2023 to continue to be met for the period which this Schedule is to be in force.

2 I also certify that any rates of contribution forming part of this Schedule which the Scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the Statement of Funding Principles and any recovery plan.

Adherence to Statement of Funding Principles

3 I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 26 October 2023.

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.



Martin G Bell
Fellow of the Institute and Faculty of Actuaries

Towers Watson Limited, a WTW Company
1 November 2023

Watson House
London Road
Reigate
Surrey
RH2 9PQ
UK

Schedule of Contributions

BG Pension Scheme

Schedule of Contributions (dated ... October 2023)

This schedule of contributions has been prepared by the Trustee of the BG Pension Scheme (the "Scheme") to satisfy the requirements of Section 227 of the Pensions Act 2004, after obtaining the recommendations of Mr M Bell of Towers Watson Limited, the actuary to the Scheme.

The Trustee has agreed this schedule of contributions with BG Group Limited (the "Company") and it replaces the previous schedule dated 11 December 2020.

Period covered by Schedule of Contributions: from 1 April 2023 to 31 March 2028.

This schedule sets out the contributions payable from the date of the Schedule. The contributions payable for the period from 1 April 2020 to the date of this schedule are covered by the schedule dated 11 December 2020.

Level of contributions payable:

By members:	Nil
By employers:	
Recovery plan contributions:	Nil
Additional contributions:	see notes b. and c.

Notes

a This schedule of contributions relates to the payment of contributions to the Scheme under Rule 2.4.

b Additional employer contributions are required to meet the additional costs of benefit augmentations. These contributions (and the timing of their payment) are assessed by reference to the actuarial factors and instructions issued by the Scheme actuary.

c The Company shall pay such other contributions as may from time to time be agreed by the Trustee and the Company.

Agreed on behalf of the Company and the participating employers:

Signature: DocuSigned by: Roger Hickman

Print name: Roger Hickman

Position: VP Group Pensions, Shell

Date: Oct 25, 2023

Agreed on behalf of the Trustee:

Signature: DocuSigned by:

Print name: Martin Jones

Position: Chair of Trustees

Date: Oct 25, 2023

Implementation Statement

Statement of Compliance with the BG Group Pension Scheme's Stewardship Policy for the year ending 31 March 2024

Introduction

This is the Trustee's statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Scheme's Stewardship Policy during the period from 1 April 2023 to 31 March 2024 (the "2023/24 Scheme Year").

Stewardship policy

The Trustee's Stewardship (voting and engagement) Policy sets out how the Trustee will behave as an active owner of the Scheme's assets which includes the Trustee's approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with their investment managers and any other stakeholders.

The Scheme's Stewardship Policy is reviewed on an annual basis in line with the Scheme's Statement of Investment Principles (SIP) review which was last completed on 28/03/2024.

You can review the Scheme Stewardship Policy which can be found within the Scheme's/Plan's Statement of Investment Principles, at https://pensions.shell.co.uk/bg-pension-scheme.html.

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Scheme's investment managers. The Trustee believes it is important that their investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

The Trustee's own engagement activity is focused on their dialogue with their investment managers which is undertaken in conjunction with their investment advisers. Whilst the Trustee does not regularly directly meet with their managers, this is undertaken by one of the Scheme's investment advisers – the Shell Asset Management Company ("SAMCo"), who meet with the Scheme's investment managers on a periodic basis. The Trustee consider managers' exercise of their stewardship through reporting provided by their investment adviser.

The Trustee also monitors their compliance with their Stewardship Policy on a periodic basis and are satisfied that they have complied with the Scheme's Stewardship Policy over the last year.

Voting activity

A consequence of the Trustee predominantly investing via pooled funds is that voting decisions are delegated to the Investment managers. The Trustee expects the Scheme's investment managers to exercise any voting rights attached to individual investments in accordance with their own house policy, with the objective of preserving and enhancing long term value for investors.

Given that the Scheme does not currently invest in any equity holdings, we have not assessed the direct voting activity of any of the investment managers over the year ending 31 March 2024.

No voting rights are attached to any of the Scheme's other underlying assets held on behalf of the Trustee, so there is no voting behaviour or activity by the managers on which to report.

Engagement activity

SAMCo holds meetings with investment managers on a quarterly basis where stewardship issues are discussed in further detail. As part of the quarterly monitoring, ESG developments and metrics are discussed and progress is monitored. Disclosure and coverage are gradually improving and managers are taking Task Force on Climate-Related Financial Disclosures (TCFD) recommendations into account.

Over the course of the 2023/24 Scheme year, SAMCo met with investment managers on nine occasions where the following issues were discussed:

Date	Fund manager	Subject discussed	Outcome
May 2023	Insight	Deep dive session on ESG	ESG and TCFD reporting were discussed as part of the portfolio review. LDI mandate: quarterly TCFD aligned reporting for gilts (carbon intensity, footprint) and credit rating and ESG rating per (derivatives) counterparty.
May 2023	Janus Henderson	Deep dive session on ESG	Discussions with the Director of Fixed Income ESG about Henderson's ESG integration philosophy, ESG infrastructure and ESG processes. One of the topics was how to assess Scope 3 carbon emissions data in Collateralized loan obligations (CLO) portfolios.
May 2023	M&G	Deep dive session on ESG (for both the Credit fund and ICOF)	Discussions with the Head of Sustainability - Private Assets, about (amongst other topics) M&G's climate targets, Sustainable Finance Disclosure Regulation (SFDR) and TCFD reporting, M&G's engagement dashboard and ESG bond framework.
October 2023	Janus Henderson	Henderson's Responsible Investment Framework	Henderson's Chief Responsibility Officer, Michelle Dunstan (joined from Alliance Bernstein) talked about Henderson's Responsible Investment Framework.
January 2024	Insight	Requested information (ESG questionnaire) regarding the manager's ESG policies, integration and reporting	SAMCo received requested information in February 2024. During 2022, Insight developed a new approach for tracking objective setting and escalation at the companies with which it engages. Insight began to apply these ratings in January 2023, which are now applied to each deep-dive ESG

			engagement. This will help to identify successful engagements. In addition, Insight joined the Farm Animal Investment Risk and Return (FAIRR) Initiative in 2023 to participate in its high-quality collaborative engagements.
January 2024	Janus Henderson	Requested information (ESG questionnaire) regarding the manager's ESG policies, integration and reporting	SAMCo received requested update on ESG in February 2024. Janus Henderson updated their ESG Corporate Statement and ESG Investment and hired a Chief Responsibility Officer in January 2023. In January 2023, Janus Henderson finalised the implementation of a company-wide proprietary portfolio ESG and climate dashboard, which shows real-time portfolio-level analytics for various sustainability factors. In addition, Janus Henderson transitioned to using MSCI as the strategic provider of ESG data and signed up to Nature Action 100, a global investor engagement initiative. No material changes to the ESG integration philosophy and approach occurred in 2023.
January 2024	M&G	Requested information (ESG questionnaire) regarding the manager's ESG policies, integration and reporting	SAMCo received requested update on ESG in February 2024. As a result of the 2023 restructuring of the Stewardship & Sustainability team, the Sustainable Investment Research (SIR) team was established. SIR is a team of specialist sustainability research analysts and domain subject matter experts who undertake and publish company-level, sectoral and thematic research. In addition, the 'Aladdin Climate' tool has been introduced, which will be used for the assessment of physical and transition risks.
January 2024	TwentyFour	Requested information (ESG questionnaire) regarding the manager's	SAMCo received requested update on ESG in February 2024. TwentyFour introduced a diversity, equity & inclusion policy in 2023.

		ESG policies, integration and reporting	No changes were made to the overall ESG policy, although the policy and ESG efforts are now published on the website. The manager continues to actively engage with servicers to improve the coverage of ESG data for asset-backed securities (ABS). One example is the manager's active contribution to a best practices guide for collateralised loan obligation (CLO) managers on corporate ESG disclosure and an ESG questionnaire for CLO managers, an initiative of the European Leveraged Finance Association (ELFA).
January 2024	Wellington	Requested information (ESG questionnaire) regarding the manager's ESG policies, integration and reporting	SAMCo received requested information in February 2024. Wellington developed a formal sustainable investment governance and education programme across the organisation, which is published on its website. In March 2023, Wellington joined Project Frame, a collaboration of investors and experts working to build frameworks and tools to assess the potential impact of today's climate risks. Last year, the EMD team conducted research on assessing the forward-looking trajectory of a sovereign's environmental risk and the management of those risks.

Summary of manager engagement activity

The following table summarises the key engagement activities by the Scheme's investment managers, during the 2023/24 Scheme Year. The Trustee receives annual reporting on the investment managers engagement activity. Each manager has provided selected case studies which are representative of their engagement activity over the year. The following table summarises the key engagement activity for the 12 month period ending 31 March 2024.

Number of engagements has been provided on a fund level when applicable. We have also excluded reporting on manager engagement activity for SCOR Partners given the nature of the assets managed for the Scheme.

Manager	Number of engagements	Topics engaged on	Case Studies
CBRE UK	25	Climate change, asset disposal, key personnel change, portfolio sale, performance review within ESG scorecard.	**Industrial Property Investment Fund** • Engagement Topic: Review of fund's performance within ESG scorecard, and engaging with manager to understand measures to improve performance. Following a review of the fund's ESG Scorecard, which CBRE uses as an internal tool to measure performance relative to other funds, they identified potential areas for improvement. CBRE engaged with the manager to understand how they would look to improve performance regarding a variety of ESG-related data points; key topics included: (i) Building Certifications, (ii) Net Zero Commitment Targets, (iii) Global Real Estate Sustainability Benchmark (GRESB) Performance and (iv) Utility Data Coverage. • Engagement outcome: The Fund Manager provided sufficient responses to CBRE IM regarding what measures they would be undertaking to further improve ESG performance across the fund.
			Fiera Real Estate Opportunity Fund IV • Engagement topic: Key personnel change. • Engagement outcome: CBRE IM approved the appointment of Charles Allen as Head of European Real Estate, replacing Alex Price.
Insight	2521[1]	Climate change, Natural resource use/impact (e.g. water, biodiversity), Pollution, Waste, Board effectiveness - Independence or Oversight,	The Scheme invests in a LDI portfolio with Insight, which is mainly comprised of gilts, meaning the scope for engagement on ESG is limited. Nonetheless, Insight continue to promote the industry's incorporation of ESG risks borne by derivatives counterparties into engagements and has developed a scoring system for counterparties. The engagements below aren't specific to Scheme's LDI mandate, and relate to Insight's firm-level engagements:

		Human and labour rights (e.g. supply chain rights, community relations) etc.	**NatWest Group PLC** • Engagement topic: Environment - Climate change, and social - human and labour rights. NatWest Group registered an increase in climate and sustainable funding and financing year-on-year from £24.5bn (2022) to £29.3bn (2023). This engagement is aligned to Sustainable Development Goal (SDG) 10 - 'reduced inequalities' and SDG13 – 'climate action'. The issuer maintains a leading position in financing environmental impact but it has had a number of governance controversies, including the recent departure of its CEO and Chairman due to the de-banking scandal. The issuer's continued investment to maintain its leadership position in climate strategy is contingent on the new CEO's position on ESG, which remains unclear. • Engagement outcome: NatWest Group remains committed to Science Based Targets initiative (SBTi) and will re-submit their target and strategy in 2025. They remain engaged with SBTi despite uncertainty with sector guidance that is causing challenges for explaining their plans for achieving decarbonisation targets by 2030. Work continues on carbon pathway models. They are cognisant of Scope 3 finance emissions that are likely to increase for activities enabling the net zero transition. This is driving their purchase of carbon offsets and credits and training of frontline bankers and relationship managers via a partnership with Edinburgh University and sectoral deep dives. They also engage with politicians, civil service and other banks on the transition, offer green mortgages but recognise the limitations of current metrics, e.g., Energy Performance Certificate (EPCs). They have also appointed their first Head of Nature but is not ready to report against Taskforce on Nature-related Financial Disclosures (TNFD). Their Dutch subsidiary is leading the research on the LEAP (Locate, Evaluate, Assess and Prepare) approach and

			ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool.
			Equinor ASA • Engagement topic: Environment - Climate change. Equinor is an energy company (one of the largest oil and gas operator in northern Europe) and one of the world's largest offshore operators. Insight engaged with them after MSCI changed its definition of unconventional oil and gas exposure to exclude drilling in areas of the Arctic which were ice-free throughout the year, e.g. the Barents Sea. The company has a number of sites in this region. • Engagement outcome: On unconventional oil and gas exposure, Insight asked the issuer if it has had any oil spills in the Arctic or Barents Sea. The issuer responded that there were 10 minor spills last year, but none were in the Barents Sea. The issuer also confirmed the remote location of its unconventional oil and natural gas sites in the Barents Sea presents a challenge for spills, due to access issues associated with the clean up. However, the issuer did flag that it is collaborating with operators in the area to run drills to minimise any impact. There is also a large site coming online in the Barents Sea which will be a producing 150,000 bpd at peak. Due to the size of the site, the new site will be a centre for emergency response.
M&G - Illiquid Credit Opportunities	8	Environment - Net Zero/Decarbonisation (including Net Zero Commitments and Climate Transition Plans), Social - Diversity & Inclusion, Governance - Executive	**EFFICIO LTD** • Engagement topic: Social - Diversity & Inclusion. To encourage Efficio to increase D&I disclosure and ensure that it is a priority at board level. Efficio's board level gender diversity stood at 20% (1/5). • Engagement outcome: The company tracks the gender breakdown of their workforce at different levels to ensure pay equity, and M&G encouraged them to disclose this information. Efficio plans to implement a target related to the male-to-female ratio across the business to assess their retention of

		Remuneration, etc.	people at different levels. The company places a strong emphasis on attracting and retaining diverse talent and has made changes to their flexible work policy. They are also engaging with senior women to identify key barriers and bottlenecks. Efficio is taking steps to ensure that they have a diverse pool of candidates by requiring that recruiters provide a candidate pool that is at least 60% women.
			INFINITY BIDCO 1 LTD • Engagement topic: Environment - Net Zero/Decarbonisation (including Net Zero Commitments and Climate Transition Plans). Request that the company improves their carbon emissions data disclosure through disclosing scope 3 emissions, reporting to Carbon Disclosure Project (CDP) and setting carbon reduction targets in place that cover scope 1,2 and 3 emissions. • Engagement outcome: The company now annually assesses Scope 1,2 and 3 emissions, and has committed to SBTi for 2030 emission reduction targets, which will be Paris-aligned. Their targets are expected to be approved in early 2024. Management has also targetted100% green energy by 2030, and currently 63% of energy is from renewable sources.
M&G – GBP Corporate Credit	10	Governance - Executive Remuneration, Governance - Business Oversight/Risk Management, Social - Diversity & Inclusion, Environment - Net Zero/Decarbonisation (including Net Zero Commitments and Climate	**GATWICK FUNDING LTD** • Engagement topic: Environment - Net Zero/Decarbonisation (including Net Zero Commitments and Climate Transition Plans). Get Gatwick Airport to commit to including Scope 3 emissions, including Cruise emissions, in a Net Zero target. The existing Net Zero target only covered Scopes 1&2. • Engagement outcome: Gatwick stated that their immediate focus was on their direct emissions under their control i.e. Scope 1&2 emissions. M&G have asked Gatwick to include Scope 3 emissions, including Cruise emissions, in a Net Zero target.
			WHITBREAD GROUP PLC

		Transition Plans).	• Engagement topic: Social - Diversity & Inclusion. Increase gender diversity on the Board of directors. • Engagement outcome: The Board of Whitebread Group PLC has appointed a female Non-Executive Director (NED) during 2023, which now meets M&G's Board diversity policy requirements.
Janus Henderson	49[2]	GHG financed emissions management (Scope 3 estimation, risk analysis, implications for net zero goals), CLO managers approach to UNGC principals, and diversity & inclusion	**VW Financial Services** • Engagement topic: Carbon emissions reporting. Janus Henderson held several engagements with VW Financial Services (an auto ABS issuer) over the past few years and identified them as a laggard within the European auto ABS space given the inability of VW Financial Services to provide CO_2 emissions data at loan level for securitised portfolios, which is becoming market standard in European and Australian ABS. • Engagement outcome: VW provided Henderson details on the challenges they are facing (which includes complexities around building integrated data reporting systems, data quality and availability particularly for non-group brands) and status of their ongoing ESG data reporting project. Henderson would maintain a Yellow ESG rating for this issuer, and will continue to engage with them.
			Iron Mountain Inc • Engagement topic: Energy efficiency and progress to net zero. Henderson engaged with the company to explore the steps that have been taken to improve both water and energy efficiency in data centres, as well as to consider what further measures might be possible in future. • Engagement outcome: In terms of existing data centres, management of Iron Mountain Inc. (IRM) explained that historically the emphasis was on evaporating cooling but wherever possible they are moving towards free air cooling. For older data centres, where water evaporation is used, one

			important change has been the shift towards reusing water up to seven times instead of single or low-single-digit usage. With respect to energy efficiency, IRM has adopted a net zero emissions target for 2040. Iron Mountain is working to improve both energy and water sustainability in its data centres. The company was able to provide details on both the steps taken and the investment budget that underpins this process. Henderson have maintained their yellow ESG rating following the meeting.
TwentyFour	35	ESG, carbon emissions, data collection, methods of lending	**Belmont Green** • Engagement topic: TwentyFour engaged with Belmont Green (a sponsor of UK Residential Mortgage Backed Securities) to discuss its ESG strategy, particularly plans to impose KPIs related to mortgage-book emissions. • Engagement outcome: Belmont Green is showing impressive progress at a company level, where the firm has imposed KPIs aligned to UN sustainable development goals 10, 11 and 13 ('Reduced Inequalities', 'Sustainable Cities' and Communities' and 'Climate Action'), and has net zero targets for scope 1 and 2 emissions (2050). TwentyFour pushed management on bringing this focus to their mortgage book and including scope 3 emissions within their financed portfolio. The firm is advancing in disclosures on its mortgage book, and during 2023 completed a materiality assessment. This included EPC disclosure of its back-book and setting 2021 as a baseline for Co2- financed emissions. The firm's immediate focus will be on customer education regarding EPC improvements, but this is subject to regulatory changes regarding EPC requirements in the buy-to-let sector. The firm hopes to set quantifiable targets for its mortgage book during 2024.

			Kensington • Engagement topic: TwentyFour carried out an on-site due diligence of Kensington with a focus on the recent guidelines released by the Mortgage Charter on forbearance measures. They checked if the lender (Kensington) was following the new recommended rules and help borrowers in difficulties. • Engagement outcome: The company signed the mortgage charter in June 2023, along with other lenders. Since then, they have granted mostly temporary switches to interest only (IO) for 6 months and limited term extension. The options from the mortgage charter are available to all customers and don't impact credit scores for those who are performing. Kensington were in a very strong position before joining the Mortgage Charter as they were already in the process of allowing IO rate payments to support customers through cost-of-living crisis.
Wellington	70	Climate – transition/ mitigation, Social – litigation/ regulation, reputational risk, Governance – policy framework, ownership structure, etc.	**Middle Eastern Country** • Engagement topic: Wellington engaged with the Debt Management Office of a Middle Eastern country to discuss the government's strategy to address climate risks. Diversification from oil and gas is the most financially material climate-related issue for the country; the economy is highly dependent on fossil fuel production and, in their view, currently lacks a sufficient economic diversification strategy. • Engagement outcome: The government implemented ambitious climate targets, published its first sustainable bond framework, and launched policies to support green hydrogen investment. The country emphasized that they are well positioned geographically to benefit from renewable energy and green hydrogen projects and implemented several policies to attract foreign investment in the green hydrogen space. While implementation around green hydrogen production is still to be seen, there have been positive

			signs of interest from foreign investors in these projects. Moving forward, Wellington will look to engage on the progress of the green hydrogen projects and potential sustainable bond issuance.
			Quasi – Sovereign Bank • Engagement topic: Wellington engaged with a state-owned banking institution of an Asian country regarding the early stages of their ESG planning. The bank is in the beginning stages of its ESG journey and was interested in Wellington's thoughts on a strategy for improving its ESG standing moving forward. While the bank already has what is generally deemed as an acceptable ESG standing, the issuer was interested in better understanding what improvements could be made. • Engagement outcome: Wellington shared feedback that formulating quantitative targets across both the spectrum of ESG issues as well as across its own operations, including both bank operations and the broader lending profile, reporting on progress towards those targets, and showing an ability to deliver on those targets would be viewed as strong ESG progress. Due to their engagement, management committed to developing a roadmap over the coming one to two years to outline ESG priorities and milestones. Wellington will continue to monitor management's continued interest in improving ESG status as well as the development of an ESG roadmap.

[1]Total number of manager engagements for Insight has been provided on a manager level, rather than that specifically relating to the funds which the Scheme invests in.

[2]Engagements include all made by the Henderson Secured Credit Team.

Review of policies

The Trustee and their investment advisers remain satisfied that the responsible investment policies of the Scheme's investment managers and, where appropriate, those investment managers' voting policies remain suitable for the Scheme and are consistent with the Scheme's Statement of Investment Principles.