THE STANDARD LIFE REPUBLIC OF IRELAND STAFF PENSION SCHEME

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Pensions Authority Number: 2946

Contents

Trustees, Principal Employer and Advisers

Trustees

Brian Denyer (appointed 1 May 2022)
Sean Casey (Chairperson) (resigned 23 February 2021)
Liam Stack
Mark Foster
Bestrustees (Christopher Wheeler-representative) (appointed 23 February 2021)

Principal Employer

Standard Life Employee Services Limited

Actuary

Sean O'Donovan, F.S.A.I
Mercer (Ireland) Limited

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants & Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1

Registered Administrator

Mercer (Ireland) Limited
Charlotte House
Charlemont Street
Dublin 2

Consultant

Mercer (Ireland) Limited
Charlotte House
Charlemont Street
Dublin 2

Investment Manager

Standard Life investments Limited
2-4 Merrion Row
Dublin 2

Additional Voluntary Contribution (AVC) Provider

Standard Life Assurance Limited
2-4 Merrion Row
Dublin 2

Contact for further information and complaints about the Scheme

Jason Sinclair
Head of Pensions and Benefits
abrdn
1 George Street
Edinburgh

Introduction

Introduction to Trustees' Annual Report for 2021

The Trustees of the Standard Life Republic of Ireland Staff Pension Scheme are pleased to present our Report for 2021.

The funding position of the Scheme continues to be satisfactory with an additional cash payment of €4 million being received from the sponsor in December 2021. Following the results of the 1 January 2022 triennial actuarial valuation, the Company have agreed to maintain the current contribution amount with an annual contribution of €4 million per annum for the next 3 years.

The Trustees keep the investment strategy of the Scheme under regular review. The Trustees have agreed to increase their interest rate hedge ratio so it is aligned with the inflation rate hedge ratio, with further de-risking to be considered to reduce the level of investment risk.

In relation to significant events, the Global Pandemic and the war in Ukraine has led to increased volatility in investment markets but it has not significantly impacted the operations of the Scheme.

The Trustees will continue to engage with the Sponsor in relation to the funding of the Scheme with the aim of ensuring that members' benefits are appropriately secured.

Covid-19

In early 2020, Covid-19, an illness caused by a new coronavirus, impacted a significant number of countries globally. Covid-19 has caused disruption to economic activity which has been reflected in recent fluctuations in global stock markets. The roll-out of the vaccines to combat the coronavirus has helped spur on markets in 2021 and continues to do so in 2022. The Trustees are monitoring the impact on the valuation of the Scheme's investments. During the year the Trustees have worked with their advisors to ensure there was no disruption to the Scheme as a result of Covid-19.

The financial statements have been prepared on the going concern basis. In making this assessment, the Trustees have assessed the ability of the Scheme to meet its future obligations to pay member benefits as they fall due and the ability of the Principal Employer to continue to meet their obligations to the Scheme. The Trustees believe that the Scheme remains well positioned to manage its risks successfully and expects that the Scheme will continue in operational existence for the foreseeable future.

The Scheme

The Scheme, which operates on a defined benefit basis, was established to provide retirement and life assurance benefits for its members and is a distinct legal entity, separate in every respect from the principal employer, Standard Life Employee Services Limited, 2-4 Merrion Row, Dublin 2. Membership is closed to new members.

In compliance with Financial Services & Pensions Ombudsman Act, 2017, a procedure has been put in place to facilitate Internal Dispute Resolution. Details of this procedure have been set out in the explanatory booklet which has been made available and distributed to members.

The Scheme is governed by the Trust Deed and Rules; members are entitled to inspect these documents or, on payment of a small charge, receive a copy of them. Details of members' benefits are also provided in the explanatory booklet which has been distributed to all members and individual details appear on each member's benefit statement.

There have been no changes during the year to the Scheme information specified in Schedule C of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended).

The Scheme has been approved by the Revenue Commissioners as an "exempt approved Scheme" under Section 774 of the Taxes Consolidation Act 1997 and as such its assets are generally allowed to accumulate free of income and capital gains taxes. In addition, tax relief is given on employer and member contributions to the Scheme and certain lump sum payments to members can be paid free of tax.

The Scheme has also been registered with The Pensions Authority and its registration number is PB 2946.

The Scheme is financed by contributions from the employer and members. Details of contributions and other financial developments during the year are set out herein.

The Trustees

Stewardship of Scheme assets is in the hands of its Trustees. The right of members to select, or approve the selection of, trustees is set out in the Occupational Pension Schemes (Member Participation in the selection of Persons for Appointment as Trustees) (No. 3) Regulations 1996.

The Trustees and the Scheme administrator have access at all times to:

(1) the Trustees' Handbook produced by The Pensions Authority; and

(2) Guidance Notes issued by The Pensions Authority from time to time.

Section 59AA of the Pensions Act 1990, which requires trustees of pension schemes to undergo training, was brought into force on 1 February 2010 by virtue of the Social Welfare and Pensions Act 2008 (Section 28) (Commencement) Order 2009.

All Trustees have adhered to their training obligations as required by the Pensions Act within the time limits set out therein. All costs or expenses incurred in respect of trustee training, was met by the employer during the year.

Compliance

The content of this report conforms to the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended) prescribed by the Minister for and Social Protection under the Pensions Act 1990. The report outlines the constitution and structure of the Scheme together with details of financial developments for the year, investment matters and membership movements.

Queries in relation to Scheme benefits or related matters should be addressed, in the first instance to Jason Sinclair, Head of Pensions and Benefits, abrdn, 1 George Street, Edinburgh.

Management of the Scheme

The Trustees of the Scheme are detailed on page 1.

Unless otherwise indicated the Trustees served for the entire year and are still serving at the date of approval of the Annual Report.

Additional advisors to the Scheme are also outlined on page 1.

Condition of the Scheme

The financial condition of the Scheme is dealt with in the Financial Developments, Actuarial Position and Investment Management sections of this report.

Statement of risks

Under the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), the Trustees are required to describe the condition of the Scheme and the risks associated with the Scheme and disclose these to members.

The Scheme is funded by contributions paid by the employer. Actuarial advice will have been obtained when setting those contributions. However, there is no guarantee that the Scheme will have sufficient funds to pay the benefits promised. It is therefore possible that the benefits payable under the Scheme may have to be reduced. If the Scheme is wound up and there is a deficit, the employer may not be under an obligation to fund the deficit or, even if the employer is under such an obligation, they may not be in a position to fund the deficit.

The Statement of Risks adopted by the Trustees is as follows:

In a “Defined Benefit” Scheme, the main risk is that there will be a shortfall in the assets (for whatever reason) and the employer will not be willing or able to pay the necessary contributions to make up the shortfall. If that occurs, members may not get their anticipated benefit entitlements. Some of the reasons why a shortfall could arise are as follows (this list may not be exhaustive):

- The assets may grow more slowly than expected, or even fall in value, depending on the performance of underlying markets and the securities chosen.
- Similarly, the liabilities may grow faster than expected due to higher salary or pension increases, or due to unfavourable movements in interest rates, or due to mortality and other elements of the Scheme’s experience varying from the assumptions made.
- The administration of the Scheme may fail to meet acceptable standards. The Scheme could fall out of statutory compliance, the Scheme could fall victim to fraud or negligence or the benefits communicated to members could differ from the liabilities valued by the Actuary.

If the Scheme were to wind up and the assets were insufficient to meet benefits due, the law specifies that members’ Additional Voluntary Contributions ("AVCs") and then pensioners have first call on the assets of the Scheme before benefits can be paid to those who have yet to reach normal retirement age.

The priority order governing the wind up of a defined benefit Scheme signed on the 25 December 2013 states that where there is a Scheme deficit and a solvent employer, pensioners will no longer receive full priority up front on wind up but will continue to receive priority over active and deferred members in respect of their benefits (excluding post-retirement pension increases) in accordance with the following limits:

- 100% of the pension if the annual pension is €12,000 or less
- the greater of €12,000 or 90% of the pension where the annual pension is between €12,000 and €60,000
- the greater of €54,000 or 80% of the pension if the annual pension is €60,000 or more

Any remaining Scheme assets would then be used to secure 50% of active and deferred members' benefits (excluding post-retirement pension increases) before any further distribution can be made to "top up" pensioners' benefits to 100%.

Apart from the potential for regulatory or legislative change, which is outside the control of the Trustees, the Trustees are satisfied that they are taking all reasonable steps to protect the members from the effects of these risks, including:

- Professional investment managers have been appointed to manage the Scheme’s investments, the Scheme holds a range of diversified assets and there is regular monitoring of how these investments are performing.
- An actuarial valuation of the Scheme is carried out at least every three years to assess the financial condition of the Scheme and determine the rate of contributions likely to be required to meet the future liabilities of the Scheme. In addition, an annual review of the solvency position is carried out of the Scheme on the assumption that it is wound up. If the Scheme is found to be insolvent, the Trustees and the employer are required to complete a funding proposal for submission to the Pensions Authority with the objective of returning the Scheme to solvency.
- The Trustees have access to experienced professional advisers and administrators to assist with the proper running of the Scheme.

However, it is not possible to guard against every eventuality. For example, the employer may cease to trade, go into liquidation or may for other reasons decide to cease its liability to contribute to the Scheme. In this event, the Scheme may be wound up, future accrual of benefits may cease and accrued entitlements would be discharged from the available assets (which may or may not be sufficient to discharge member benefit expectations, as outlined above).

Also, it is necessary to take some investment risk and other risks in order to manage the affordability of the Scheme benefits and the capacity of the employer to meet this commitment.

Financial developments

The value of the Scheme's net assets increased from €117,585,486 at 31 December 2020 to €127,975,073 at 31 December 2021. This increase was accounted for by the net returns on investments of €13,288,067 together with the net withdrawals from dealings with members of €2,898,480.

Benefits and payments to leavers amounted to €7,178,626, administration costs amounted to €NIL and premiums in respect of insured benefits amounted to €NIL.

Contributions

Contributions for the year amounted to €4,137,094. Contributions were paid in accordance with the rules of the Scheme and the recommendations of the Actuary and were received in full within 30 days of the year end.

The Trustees are satisfied that appropriate procedures have been put in place to ensure that contributions payable are received in accordance with the legislative requirements as set out under Section 58A of the Pensions Act 1990. This legislation sets out the following requirements:

- Member contributions must be received within 21 days from the end of the month in which they were deducted from pay.
- Employer contributions must be received in accordance with the timings noted by the Actuary or stated in the Trust Deed and Rules or otherwise within 30 days of the end of the Scheme year.

The above details have been extracted from the financial statements of the Scheme which form part of this report.

Pensions

The Scheme does not provide for automatic increases to pensions in the course of payment but the funding objective (if investment assumptions are realised) is that the Scheme's assets will allow pensions in course of payment to be increased at 50% of the rate of inflation, capped at 4%. Pension increases will be reviewed by the Trustees together with the Employer each year. The pension increase granted in 2021 was 1.4%.

The statutory element of deferred pensions is revalued annually in accordance with the Pensions Act 1990 (as amended), generally at the lower of 4% and the rate of change in the Consumer Price Index.

There are no pensions or pension increases being paid by or at the request of the Trustees for which the Scheme would not have a liability in the event of winding up.

Membership

The membership movements of the Scheme for the year are given below:

	Active Members	Pensioners	Deferred Pensioners	Total
At 1 January 2021	3	81	560	644
New entrants	-	5	-	5
Leavers during the year	-	(3)	(14)	(17)
At 31 December 2021	3	83	546	632

Actuarial Position

Ongoing funding position

The development of the Scheme is monitored by the Scheme Actuary by means of an actuarial valuation which is carried out every three years. The most recent valuation was carried out as at 1 January 2019. Based on that valuation the Actuary recommended the future contribution rate to be paid by the employer such that, if the valuation projections reflected the actual experience, the recommended rate would suffice to meet the future benefit payments from the Scheme as they fall due. The next valuation is being carried out with an effective date of 1 January 2022 and is under the course of completion.

Discontinuance funding position

Section 44 of the Pensions Act 1990 (the Act) sets out a minimum funding standard test which is a measure of liabilities if the Scheme discontinued. If assets are insufficient to meet liabilities on this statutory minimum discontinuance level, the Trustees and company must take action to restore the funding level. The actual liabilities on discontinuance may be substantially higher than this statutory minimum level. The minimum funding standard test includes additional statutory funding standard reserves.

An Actuarial Funding Certificate (AFC) stating that the Scheme met the statutory minimum funding test was prepared by the Actuary with an effective date of 1 January 2019. A copy of this most recent AFC, the original of which has been forwarded to The Pensions Authority, is included as one of the Appendices to this report.

A Funding Standard Reserve Certificate stating that the Scheme met the statutory test was prepared by the Actuary with an effective date of 1 January 2019. A copy of this FSRC, the original of which has been forwarded to The Pensions Authority, is included as one of the Appendices to this report. In line with guidelines set out in the Statement of Recommended Practice, Financial Reports of Pensions Schemes (Revised June 2018) an additional requirement to include a Report on Actuarial Liabilities alongside the financial statements of the Plan is also included in the Appendices to this report.

The Act requires a statement from the Scheme Actuary concerning the funding standard and funding standard reserve position of the Scheme as at the year end. A copy of this statement in which the Actuary confirms that the Scheme met the statutory test as at 31 December 2021 is included as one of the Appendices to this report.

Investment management

It is the policy of the Trustees to delegate the management of the Scheme's assets to professional investment manager, currently Standard Life Investments Limited.

The Scheme's investments are held in the SLI "Standard Life Republic of Ireland Staff Pension Fund" in which the Scheme is the only participant at the at the year end. The fund invests in Global Absolute Return Strategies Fund, Absolute Return Global Bond Fund, Diversified Growth Fund, Global Corporate Bond Fund and in cash and derivatives. The Scheme also invests in the European Property Growth Fund and the European Long Income Real Estate Fund.

The Trustees set the investment strategy taking into account considerations such as long term liabilities and the funding agreed with the employer. The investment strategy is set out in the Statement of Investment Policy Principles as are the investment objectives, investment risk measurement methods, risk management processes to be used and the strategic asset allocation.

A Statement of Investment Policy Principles adopted by the Trustees is included as one of the Appendices to this report.

The main objective of the Trustees is to ensure that the benefits of the Scheme continue to be affordable and that ultimately the level of benefits set out in the Trust Deed and Rules are secured.

The investment manager has, within specified mandates, total discretion in the investment of Scheme assets and the investment manager provides detailed reports to the Trustees on the strategy adopted and on the performance of the monies invested. A commentary by the investment manager on the performance achieved during the year is included in the Appendices to this report.

Financial Reporting Standard 102 ("FRS 102") requires the disclosure of the nature and extent of credit and market risks the investments are subject to and the risk management practices in place to manage these. These details are included in the investment risks note to the financial statements included with this report.

The investment manager is remunerated on a fee basis calculated as a percentage of the assets under management and these fees are reflected in unit prices and borne by the Scheme.

Sustainable Finance Disclosure Regulations (SFDR) Disclosures

Under SFDR, the Trustees are viewed as financial market participants, whilst the Scheme is considered to be the financial product offered by the Trustees. Products under SFDR can be classified as those that have sustainable investment as its investment objective (Article 9) or those products that promote social or environmental characteristics, among other characteristics (Article 8). As the Scheme has not been classified under Article 8 or Article 9 of Regulation (EU) 2019/2088 (SFDR), the Trustees must therefore make the following disclosures:

- The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

The Trustees continue to review the Scheme’s approach to sustainability risk considerations and their current approach is documented in the Statement of Investment Policy Principles.

Employer related investments

There were no employer related investments at any time during the year.

Subsequent events

Subsequent to year end the conflict between Russia and Ukraine is taking place. This has led to a lot of volatility in both the commodity and equity markets. The Trustees are monitoring the impact of this and working with their advisers to ensure the continued smooth running of the Scheme. There have been no other significant events that would require amendment to or disclosure in the Annual Report.

In conclusion

We trust that members find this report informative and we are pleased to acknowledge the assistance received from the Principal Employer and its staff during the year as well as from our various professional advisers.

Signed for and on behalf of the Trustees:

Trustee: Christopher Wheeler Trustee: [illegible]

Date: 25/9/22 26/9/22.

Statement of Trustees' Responsibilities

The financial statements are the responsibility of the Trustees. Irish pension legislation requires the Trustees to make available for each Scheme year the Annual Report of the Scheme, including audited financial statements and the report of the auditor. The financial statements are required to show a true and fair view, in accordance with Financial Reporting Standard 102 - the Financial Reporting Standard applicable in the UK and the Republic of Ireland, of the financial transactions for the Scheme year and the amount and disposition of the assets and liabilities (other than liabilities to pay benefits in the future) at the end of the Scheme year and include a statement as to whether the financial statements have been prepared in accordance with Statement of Recommended Practice - Financial Reports of Pension Schemes (Revised 2018), ("SORP"), subject to any material departures disclosed and explained in the financial statements.

Accordingly, the Trustees must ensure that they have supervised the preparation of the Scheme financial statements and ensure that:

- suitable accounting policies are selected and then applied consistently;
- reasonable and prudent judgements and estimates are made;
- the financial statements are prepared on a going concern basis unless it is inappnoriate to presume that the Scheme will not be wound up; and
- the SORP is followed, or particulars of any material departures are disclosed and explained.

The Trustees are required by law to have appropriate procedures in place throughout the Scheme year under review, to ensure that:

- contributions payable during the Scheme year are received by the Trustees in accordance with the timetable set out in section 58A of the Pensions Act 1990 where applicable to the contributions and otherwise within 30 days of the end of the Scheme year; and
- contributions payable are paid in accordance with the rules of the Scheme and the recommendations of the Actuary.

The Trustees are responsible for making available certain other information about the Scheme is the form of an Annual Report. The Trustees are also responsible for ensuring that proper membership and financial records are kept on a timely basis sufficient to enable an Annual Report to be prepared for the Scheme containing the information specified in Regulation 7 of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), including financial statements which show a true and fair view of the financial transactions of the Scheme in the year under review and of the assets and liabilities at the year end, other than liabilities for pensions and other benefits payable after the year end. They are also responsible for safeguarding the assets of the Scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, including the maintenance of an appropriate system of internal controls.

Signed for and on behalf of the Trustees:

Trustee: Christopher Wheeler   Trustee: Ciarán Smalle

Date: 25/9/22   26/9/22

Independent auditors' report to the trustees of The Standard Life Republic of Ireland Staff Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion, The Standard Life Republic of Ireland Staff Pension Scheme's financial statements:

- give a true and fair view of the financial transactions of the scheme during the year ended 31 December 2021 and of the amount and disposition of the assets and liabilities (other than liabilities to pay pensions and other benefits in the future) at that date; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law).

We have audited the financial statements, included within the Annual Report, which comprise:

- the statement of net assets available for benefits as at 31 December 2021;
- the fund account for the year then ended;
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The trustees are also responsible for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The trustees are also responsible for ensuring that contributions are made to the scheme in accordance with the scheme's rules and the recommendation of the actuary.

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

Auditors' responsibilities for the audit of the financial statements

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the trustees as a body in accordance with section 56 of the Pensions Act 1990, as amended and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Occupational Pension Schemes (Disclosure of Information) Regulations, 2006

In our opinion:

- The financial statements include the information specified in Schedule A to the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 which is applicable and material to the scheme;
- the contributions payable to the scheme during the year ended 31 December 2021 have been received by the trustees within thirty days of the end of the scheme year; and
- such contributions have been paid in accordance with the rules of the scheme and the recommendations of the actuary.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

29 September 2022

Fund Account

	Note	2021 €	2020 €
Employer contributions	6	**4,137,094**	4,147,036
Transfers in	7	**143,052**	-
		4,280,146	4,147,036
Benefits paid or payable	8	**(2,243,970)**	(1,941,071)
Payments to and on account of leavers	9	**(4,934,656)**	(2,762,167)
		(7,178,626)	(4,703,238)
Net withdrawals from dealings with members		**(2,898,480)**	(556,202)
Returns on investments			
Investment income	10	**39,406**	112,493
Change in market value of investments	11	**13,248,661**	7,804,252
Net returns on investments		**13,288,067**	7,916,745
Net increase in the fund during the year		**10,389,587**	7,360,543
Net assets at 1 January		**117,585,486**	110,224,943
Net assets at 31 December		**127,975,073**	117,585,486

The notes on pages 14 to 26 form part of these financial statements.

Signed for and on behalf of the Trustees:

Trustee: Christopher Wheeler. Trustee: Louise Smee

Date: 25/9/22 26/9/22.

Statement of Net Assets available for benefits

	Note	2021 €	2020 €
Investment assets			
Pooled investment vehicles	13	**125,675,576**	113,863,605
Pooled investment vehicles - AVC's	14	**1,902,006**	1,976,543
Total investments	11	**127,577,582**	115,840,148
Current assets	17	**397,491**	1,746,238
Current liabilities	18	**-**	(900)
Net assets at 31 December		**127,975,073**	117,585,486

The notes on pages 14 to 26 form part of these financial statements.

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

The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Trustees Report and in the Actuary's Statement, Actuarial Funding Certificate, Funding Standard Reserve Certificate and Report on Actuarial Liabilities included in the Annual Report and these financial statements should be read in conjunction with them.

Signed for and on behalf of the Trustees:

Trustee: Christopher Wheeler Trustee: [signature]

Date: 25/9/22 26/9/22.

Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), Financial Reporting Standard 102 (FRS 102) - The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice, Financial Reports of Pension schemes (Revised 2018) ("SORP").

In early 2020, Covid-19, an illness caused by a new coronavirus, impacted a significant number of countries globally. Covid-19 has caused disruption to economic activity which has been reflected in recent fluctuations in global stock markets. The roll-out of the vaccines to combat the coronavirus has helped spur on markets in 2021 and continues to do so in 2022. The Trustees are monitoring the impact on the valuation of the Scheme's investments. During the year the Trustees have worked with their advisors to ensure there was no disruption to the Scheme as a result of Covid-19.

The financial statements have been prepared on the going concern basis. In making this assessment, the Trustees have assessed the ability of the Scheme to meet its future obligations to pay member benefits as they fall due and the ability of the Principal Employer to continue to meet their obligations to the Scheme. The Trustees believe that the Scheme remains well positioned to manage its risks successfully and expects that the Scheme will continue in operational existence for the foreseeable future.

1. Accounting policies

The significant accounting policies adopted by the Trustees which have been applied consistently in dealing with items which are considered material in relation to the Scheme’s financial statements are as follows.

a. Valuation of investments

Investments are included at fair value.

The fair value of unitised investments and pooled investment vehicles is taken as the closing bid price if both bid and offer prices are published, or if single priced, at the closing single price quoted by the investment manager as at the date of the net assets statement. The fair value of the Scheme's investments is determined on the basis of the single price valuation as provided by the investment manager.

b. Investment income

Income from equities and any pooled investment vehicles which distribute income, is accounted for on an accrual basis on the date stocks are quoted ex dividend or in the case of unquoted instruments, when the dividend is declared. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sale of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income if reinvested within the fund without further issue of units, change in market value also includes such income.

c. Investment management fees

Investment management fees are calculated as a percentage of the assets under management and these fees are borne by the Scheme. Fees relating to unit funds are not levied directly but are reflected in unit prices and also borne by the Scheme.

d. Contributions

Normal and additional contributions, from the employer, are accounted for on an accruals basis. Employers’ deficit funding contributions are accounted for in accordance with the agreement under which they are being paid, or in the absence of such an agreement on a receipt basis.

e. Transfers

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension plans of new employers for members who have left the Scheme. They are accounted for on an accruals basis on the date the Trustees of the receiving scheme accept the liability. In the case of individual transfers, this is normally when the payment of the transfer value is made.

f. Payments in respect of members and on account of leavers

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement, and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate. Pensions in payment are accounted for in the period to which they relate.

Where the Trustees are required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, this is shown separately within benefits.

g. Additional Voluntary Contributions

In addition to their normal contributions under the Scheme, members may make additional voluntary contributions to acquire further benefits on a money purchase basis. In line with the SORP (revised 2018) AVC assets are now included in the Net Assets of the Scheme and are included in the Statement of Net Assets available for benefits on page 13.

h. Expenses

Expenses are accounted for on an accruals basis.

i. Insurance Policies

The investments have been valued (Note 13) by SLI on a single unit price basis at the year end. Income earned on insurance policies in unit-linked funds is not distributed but re-invested in the Capital of the funds.

j. Transaction Costs:

Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Indirect transaction costs are incurred through the unit price on unitised funds. The amount of indirect transaction costs are not separately provided for the Scheme.

2. Taxation

The Scheme has been approved as an “exempt approved Scheme” for the purposes of Section 774 of the Taxes Consolidation Act 1997 and thus Scheme income and gains are generally exempt from taxation.

3. Constitution of the Scheme

The Scheme was established as a Defined Benefit Scheme with effect from 16 November 1992 under a Definitive Trust dated 24 November 1992 and subsequent amending deeds. A new Trust Deed and Rules replaced the original Trust Deed and Rules with effect from 9 August 2004. These were further updated by amending deeds, including an update to the Rules effective 1 January 2010 by way of a Deed of Amendment dated 18 July 2011.

The Scheme is established as a trust under Irish law and has been registered with the Pensions Authority. The address for enquiries to the Scheme is included in the Trustees Report.

4. Benefits

Pension benefits under the Scheme are provided by direct investment. The death in service benefits are secured by policies underwritten by the insurer to the Scheme.

5. Actuarial valuation

An actuarial valuation of the Scheme has been carried out as at 1 January 2019 indicating that the present value of its assets did exceed the present value of its liabilities on the funding standard basis. The Actuary's recommended contribution rates for the subsequent three years were accepted by the Trustees.

An Actuarial Funding Certificate stating that the Scheme met the statutory minimum funding test was prepared by the Actuary with an effective date of 01 January 2019. A Funding Standard Reserve Certificate stating that the Scheme met the statutory test was prepared by the Actuary with an effective date of 01 January 2019. A statement by the Actuary concerning the statutory funding position as at the scheme year end has been prepared and is included as one of the Appendices to this report. The next valuation is being carried out as at 01 January 2022 and is under the course of completion.

6. Contributions

	2021	2020
	€	€
Employer contributions:		
Normal	**137,094**	147,036
Deficit	**4,000,000**	4,000,000
	4,137,094	4,147,036

7. Transfers in

	2021	2020
	€	€
Individual transfers in from other schemes	**143,052**	-

8. Benefits paid or payable

	2021	2020
	€	€
Pensions	**1,949,978**	1,892,231
Commutation of pensions and lump sum retirement benefits	**205,243**	48,840
Purchase of annuities	**61,128**	-
Lump sum death benefits	**27,621**	-
	2,243,970	1,941,071

9. Payments to and on account of leavers

	2021	2020
	€	€
Individual transfers to other schemes	**4,934,656**	2,762,167

10. Investment income

	2021	2020
	€	€
Income from pooled investment vehicles	**39,406**	112,493

11. Reconciliation of investments

	Market value at 1 January 2021 €	Cost of investments purchased €	Proceeds of sales of investments €	Change in market value €	**Market value at 31 December 2021 €**
Pooled investment vehicles	113,863,605	4,027,000	(5,069,442)	12,854,413	**125,675,576**
Pooled investment vehicles- AVC's	1,976,543	-	(468,785)	394,248	**1,902,006**
	115,840,148	4,027,000	(5,538,227)	13,248,661	**127,577,582**

12. Concentration of investments

	2021 €	**%**	2020 €	%
Unitised Insurance Policy Client Fund*	**110,795,823**	**86.6**	100,033,463	85.1
Standard Life Investment European Property Growth Fund	**7,577,844**	**5.9**	7,021,264	6.0
Aberdeen Standard European Long Income Real Estate Fund	**7,301,909**	**5.7**	6,808,878	5.8

*The fund consists of €25.6m (2020: €28.5m) invested in Global Absolute Return Strategies Fund, €10.8m (2020 :€11.1m) invested in Absolute Return Global Bond Fund, €19m (2020: €22.7m) invested in Diversified Growth Fund, €13.9m (2020:€14m) invested in Global Corporate Bond Fund and €41.5 (2020:€23.7m) invested in cash and derivatives.

The investment manager is remunerated on a fee basis calculated as a percentage of the assets under management and these fees are reflected in unit prices and borne by the Scheme.

13. Pooled investment vehicles

	2021 €	2020 €
Client Fund (Diversified)	**110,795,823**	100,033,463
Property Fund	**7,577,844**	7,021,264
Real Estate Fund	**7,301,909**	6,808,878
	125,675,576	113,863,605

14. AVC investments

The total amount of AVC investments at the year end is shown below:

	2021 €	2020 €
Equity	**1,303,713**	826,309
Bond	**3,979**	4,928
Diversified Growth	**594,314**	1,145,306
	1,902,006	1,976,543

15. Fair value determination

In line with the guidelines set out in SORP and FRS 102, for all financial instruments held at fair value, a retirement benefit Scheme is required to disclose, for each class of assets, an analysis of the level of fair value hierarchy. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

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

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.
Level 3	Unobservable inputs for the asset or liability. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The Scheme's investment assets have been included at fair value using the above hierarchy levels as follows:

	2021 Level 1 €	**2021 Level 2 €**	**2021 Level 3 €**	**2021 Total €**
Pooled investment vehicles	**-**	**112,697,830**	**14,879,752**	**127,577,582**
	-	**112,697,830**	**14,879,752**	**127,577,582**

Analysis for the prior year end is as follows:

	2020 Level 1 €	2020 Level 2 €	2020 Level 3 €	2020 Total €
Pooled investment vehicles	-	102,010,006	13,830,142	115,840,148
	-	102,010,006	13,830,142	115,840,148

16. Investment risks

Risk Disclosures for Pension Schemes

Introduction

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

- **Credit risk**: the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- **Market risk**: comprises currency risk, interest rate risk and other price risk.
    - **Currency risk**: the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
    - **Interest rate risk**: the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
    - **Other price risk**: the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Investment Objectives

The overall investment objective of the Trustees is to ensure that the benefits of the Scheme continue to be affordable and that ultimately the level of benefits set out in the Trust Deed and Rules are secured.

Investment Policy

The Trustees have established a Statement of Investment Principles (SIPP) which sets out the investment strategy and policies for the scheme, the investment objectives, asset allocations as well as the procedures for managing and monitoring investments and the related risks. The Trustees have determined an investment strategy after receiving advice from their investment consultants. Implementation of the investment strategy has been delegated to professional investment managers. The investment strategy and implementation arrangements of the Scheme are reviewed regularly by the Trustees.

Risk measurement

The Scheme is exposed to credit risk and market risk (which includes currency risk, interest rate risk, and other price risk) arising from the financial instruments it holds. The Trustees will manage a range of investment risks in order to create a prudent, diversified and efficient portfolio. The Trustees recognise the importance of measuring the risk of the chosen investment policy by reference to the liabilities. Risk is measured by considering the following risk factors:

- The potential deterioration of the financial position of the Scheme;
- The risk of not achieving a sufficient level of investment return to match the growth in liabilities; and
- The intentions of the Sponsor

Risk Management Processes

The Trustees measure and monitor risk in their portfolio on a regular basis. They do this by ensuring effective reporting of portfolio and liability information, which is considered as part of trustee meetings.

Strategic Asset Allocation

A review of the investment policy of the Scheme was carried out during 2020 and 2021. The review involved consideration on how the risk-reducing portfolio might best be constructed in order to reflect the nature of the liabilities. The level of interest rate and inflation hedging being employed by the Scheme was considered. The review in 2021 refocused on the matching portfolio in order to increase the interest rate hedge over 2021, as well as growth portfolio. Implementation for the growth portfolio following this review is due to take place in 2022.

16. Investment risks

The investment strategy (prior to implementation of the new growth portfolio and at year end) resulting from this investment Strategy Review is outlined below.

Strategy	Strategic Weight	Fund	Benchmark
Absolute Return	35%	25% Global Absolute Return Strategies Fund (GARS) 10% Absolute Return Global Bond Strategies Fund (ARGBS)	Cash + 5.0% Cash +3.0%
Diversified Growth	20%	20% Aberdeen Diversified Growth Fund (Acc)	Cash + 5.0%
Corporate Bonds	12.5%	12.5% Short Duration Global Bond Fund	Bloomberg Barclays Global Aggregate Corp 1-5 year ex Subordinate
Property	12.5%	6.25% ASI European Long Income Real Estate Fund 6.25% European Property Growth Fund	The fund targets delivery of a stable yield distribution yield of 3-4% p.a. while preserving capital over the rolling 5 year periods. EPGF- target return of 8-10% p.a. net over rolling five year periods
Cash/ Liability Hedging	20%	20% Cash/Bonds/Swaps	Cash and Movement in the Economic value of liabilities
Total Portfolio			**Composite**
Liability Hedge*	The Trustees are supportive of hedging as a risk mitigant. Hedge ratios at year end stood at 36% of interest rate exposure and 65% of inflation exposure on the Economic valuation basis.		

**To protect the financial position of the Scheme from adverse movements in interest rates and inflation.*

Implementation arrangements

The arrangements through which the investments of the Scheme are managed are described below.

Pooled Vehicles

The funds held by the Scheme are implemented using authorised pooled investment vehicles which are managed by Standard Life Investments and are therefore written as life assurance policies with Standard Life Assurance Company. The Scheme thus has a counterparty credit risk to the investment manager of these vehicles.

The risk is managed by the Trustees by investing with managers which are appropriately regulated and audited. This risk is monitored by the Trustees, on an ongoing basis by way of regular review of the investment manager performance reports and the regulatory environment in which the investment manager operates. Both Standard Life Investments Limited and Standard Life Assurance Company are regulated by the appropriate authorities in the UK and Ireland. Standard Life Assurance Limited is required to comply with the solvency requirements of a life

16. Investment risks

insurance company. A summary of pooled investment vehicles by type of arrangement, as provided by the investment manager(s), is as follows:

	2021	2020
	€	€
Limited Partnerships	14,879,753	13,830,142
Unit linked insurance contracts	110,795,823	100,033,463
	125,675,576	113,863,605

Risk disclosure under FRS 102

The funds used to implement the investment strategy above are exposed to indirect credit and market risks and, as required under FRS 102, these risks are tabulated below.

Key:
●Significant impact
●Partial impact
●Low/Occasional impact
○ No impact

Asset Class	Investment Manager	Credit Risk	Market Risk		
			Currency	Interest rate	Other
Global Absolute Return Strategies Fund (GARS)	Standard Life Investments Ltd	●	○	●	●
Absolute Return Global Bond Strategies Fund (ARGBS)	Standard Life Investments Ltd	●	○	●	●
Diversified Growth Fund	Standard Life Investments Ltd	●	○	●	●
Short Duration Global Bond Fund	Standard Life Investments Ltd	●	○	●	●
ASI European Long Income Real Estate Fund	Standard Life Investments Ltd	●	○	●	●
European Property Growth Fund	Standard Life Investments Ltd	●	○	●	●
Cash/Bonds/ Swaps	Standard Life Investments Ltd	●	○	●	●

The scheme invests in currency hedged share classes of the GARS and ARGBS strategies above.

Investment risk can be considered in a number of different ways and so there must be an element of subjectivity involved in the interpretation of the risks listed under FRS102 and in the assessment of their impact above.

16. Investment risks

It should be noted that the risks above are not independent; no asset class is risk free and combinations of the above risks (and others) can influence any asset as market conditions vary.

The Trustees consider investment risk holistically by regularly reviewing their investment strategy in the context of the evolution of the liabilities.

Further, it should be noted that defined benefit pension scheme liabilities are valued with reference to interest rates. Consequently, the Scheme tries to mitigate the interest rate risk relative to its liabilities by employing a liability driven investment strategy which is constructed to reflect the specific liability profile of the Scheme

The value of assets held in each asset class/fund above is outlined in the Trustee Annual Report.

AVC Section

Investment Objectives

The investment objectives are:

- To provide a range of efficiently managed fund options that meets the broad needs of the members of the Scheme;
- To provide appropriate information about those fund options so that members can make an informed choice.

Important Note for Scheme Members

Members must understand that the Trustees do not accept responsibility for the success or otherwise of the investment choices that members make. Members have responsibility to read and understand the documentation available to them so that the choices made by them adequately reflect their objectives and their own attitude to risk.

Investment Policy

The Scheme’s investment strategy and implementation arrangements are outlined in the Statement of Investment Policy Principles (SIPP) which forms part of the Scheme’s Trustee Annual report. Implementation of the investment strategy has been delegated to professional investment managers. The investment strategy and implementation arrangements of the Scheme are reviewed regularly by the Trustees.

Implementation arrangements

The arrangements through which the investments of the Scheme are managed are described below.

Pooled Vehicles

The funds held by the AVC Plan are implemented using a (range of) regulated pooled investment vehicle(s), including some which are written as life assurance policies. An element of counterparty credit risk (described as direct credit risk under FRS102) is therefore inherent in the fund structure employed. However, the investment manager is obliged to comply with regulatory requirements applicable to the asset management sector. In addition, the life assurance companies are required to comply with regulatory requirements applicable to the insurance sector.

16. Investment risks

A summary of pooled investment vehicles by type of arrangement, as provided by the investment manager, is as follows:

	2021 €	2020 €
Unit linked insurance contracts	1,902,006	1,976,543

Risk disclosure under FRS 102

The investment strategy of the Scheme is implemented using authorised pooled investment vehicles which are managed by Standard Life Investments and Irish Life Investment Managers (ILIM) and are therefore written as life assurance policies with Standard Life Assurance Company and ILIM. The Scheme thus has a counterparty credit risk to the investment manager of these vehicles.
The risk is managed by the Trustees by investing with managers which are appropriately regulated and audited. This risk is monitored by the Trustees, on an ongoing basis by way of regular review of the investment manager performance reports and the regulatory environment in which the investment manager operates. Both Standard Life Investments and Standard Life Assurance Company are regulated by the appropriate authorities in the UK and Ireland. Standard Life Assurance Company is required to comply with the solvency requirements of a life insurance company.

The current investment arrangements of the Scheme and the risk profile of the asset classes as required under FRS 102 is tabulated below.

Key:
●Significant impact
●Partial impact
●Low/Occasional impact
○ No impact

Asset Class	Investment Manager	Fund Name	Credit Risk	Market Risk		
				Currency	Interest rate	Other
Equity	Standard Life Investments Ltd	Active Global Equity (Unhedged)	●	●	●	●
Equity	Standard Life Investments Ltd	Vanguard Global Equity Fund (Euro Hedged)	●	○	●	●
Equity	Standard Life Investments Ltd	European Small Companies	●	●	●	●
Mixed Assets	Standard Life Investments Ltd	Global Absolute Return Strategies Fund (GARS)	●	●	●	●
Mixed Assets	Standard Life Investments Ltd	Enhanced Diversification Growth Fund (EDGF)	●	●	●	●

16. Investment risks

Bond	Standard Life Investments Ltd	Absolute Return Global Bond Strategies Fund (ARGBS)	●	●	●	●
Bond	Standard Life Investments Ltd	Euro Corporate Bonds	●	●	●	●
Bond	Irish Life Investment Managers	Annuity Matching	●	○	●	●
Cash	Standard Life Investments Ltd	Global Liquidity	●	○	●	●

Investment risk can be considered in a number of different ways and so there must be an element of subjectivity involved in the interpretation of the risks listed under FRS102 and in the assessment of their impact above.

It should be noted that the risks above are not independent; no asset class is risk free and combinations of the above risks (and others) can influence any asset as market conditions vary.

Further, aggregate member level risk exposures for AVCs depend on each individual member's investment choices.

The value of assets held in each fund above is outlined in the Trustee Annual Report.

17. Current assets

	2021 €	2020 €
Pensions Prepaid	**162,428**	158,357
Investment income due	**-**	1,164
Fees due from Employer	**6,150**	6,150
Cash Balance	**228,913**	1,580,567
	397,491	1,746,238

18. Current liabilities

	2021 €	2020 €
Other creditors	**-**	900

19. Employer related investments

There were no employer related investments at any time during the year.

20. Contingent liabilities

As stated on page 13 of these financial statements, liabilities to pay pensions and other benefits in the future have not been taken into account. On that basis, in the opinion of the Trustees, the Scheme had no contingent liabilities at the year end.

21. Related party transactions

(a) The Trustees

The Trustees of the Scheme are detailed on page 1 of the report.

During the year, One of the Trustees was members of the Scheme.

(b) Remuneration of the Trustees

One of the Trustees received remuneration in his role as Scheme Trustee. This cost was met by Employer and in 2021 was : €16,500 (2020 : €16,500) included his role as a chairman of the Standard Life Republic of Ireland DC Scheme. None of other Trustee received or were due remuneration in relation to their role as Trustees.

(c) Principal Employer

Standard Life Employee Services Limited is the Principal Employer.

The employer contributions to the Scheme are made in accordance with the Trust Deed and recommendations of the Actuary.

(d) The Registered Administrator

Mercer (Ireland) Limited is the registered administrator, actuary and consultant to the scheme. All costs of administration including audit related and actuarial costs and consulting costs are borne by Standard Life Employee Services Limited.

The cash held by Mercer (Ireland) Limited at the year end on behalf of the Scheme was €228,913 (2020: €1,580,567).

(e) The Investment Manager

The investment manager is set out on page 1 of the Annual Report.

The investment manager was appointed by the Trustees to manage the Scheme's assets. The investment manager is remunerated on a fee basis calculated as a percentage of the assets under management. These fees are reflected in unit prices and borne by the Scheme.

22. Subsequent events

Subsequent to year end the conflict between Russia and Ukraine is taking place. This has led to a lot of volatility in both the commodity and equity markets. The Trustees are monitoring the impact of this and working with their advisers to ensure the continued smooth running of the Scheme. There have been no other significant events that would require amendment to or disclosure in the financial statements.

23. Approval of financial statements

The financial statements were approved by the Trustees on: 25th September 2022.

The Standard Life Republic of Ireland Staff Pension Scheme ('the Scheme')

Statement of Investment Policy Principles

1. Introduction

The purpose of this Statement of Investment Policy Principles is to document the policies and guidelines that govern the management of the Scheme's assets. It has been reviewed and adopted by the Trustees and outlines their objectives, investment policies and risk management processes.

The intention is not to outline detailed guidelines for the Scheme's Investment Manager but rather to state the general philosophy, risk appetite and policies of the Trustees that will shape the governance of the Scheme as a whole. The Trustees fulfil the requirements of the Occupational Pension Schemes (Investment) Regulations, 2006 to 2007, by putting this Statement in place.

This Statement will be reviewed at least every three years, and also following any change in investment policy which impacts on the content of the Statement.

2. Investment Objectives

The overall investment objective of the Trustees is to ensure that the benefits of the Scheme continue to be affordable and that ultimately the level of benefits set out in the Trust Deed and Rules are secured. This is achieved by adopting an appropriate investment strategy through ensuring that:

– The level of investment risk is acceptable relative to the liabilities
– The asset portfolio is structured as efficiently as possible

Having agreed an appropriate investment strategy, the Trustees must then put in place a suitable investment manager structure.

3. Risk Measurement

The Trustees will manage a range of investment risks in order to create a prudent, diversified and efficient portfolio.

The Trustees recognise the importance of measuring the risk of the chosen investment policy by reference to the liabilities. Risk is measured by considering the following:

- The potential deterioration of the financial position of the Scheme
- The risk of not achieving a sufficient level of investment return to match the growth in liabilities; and
- The role and strength of the Sponsor covenant.

4. Risk Management

The Trustees will measure and monitor risk in their portfolio on a regular basis. They will do this by ensuring an effective reporting of portfolio and liability information from the appointed investment manager and Scheme Actuary respectively, along with an appropriate level of meeting frequency to enable the Trustees to discuss and assess the various risk measurements.

The Trustees will ensure, either through direct guidance or through ascertaining the suitability of any commingled (unitised) vehicles that are used, that policies and guidelines are in place for the appointed Investment Manager(s) and other providers such that:

- Investments are, for the most part, limited to marketable securities traded on recognised/regulated markets;
- Investment in derivative instruments may be made only in so far as they either contribute to a reduction of investment risks or facilitate efficient portfolio management. Any such derivative investment must avoid excessive risk exposure to a single counterparty and to other derivative operations;
- The portfolio is properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings and so as to avoid accumulations or concentration of risk in the portfolio as a whole; and
- The security, quality and liquidity of the portfolio as a whole is appropriate with due regard paid to the level of non-Euro currency exposure.

5. Current Investment Policy

In setting their investment policy, the Trustees recognise that the Sponsor's continued financial support for the Scheme is of utmost importance in serving the best interests of members. Therefore the principles outlined in this Statement are not shaped by the objectives of the Trustees in isolation, but also by an understanding of the objectives (financial or otherwise) of the Sponsor.

The Trustees also recognise the need for expert advice in formulating investment policy and has therefore appointed an Investment Consultant to provide advice appropriate to the Scheme.

The current investment policy arose from the 2021 review of the interest rate hedging strategy of the Scheme.

5.1 Risk Budget

In setting the risk budget the Trustees considered the following risk factors:

- The volatility of investment returns relative to the movement in all relevant liability measures, with due consideration of the impact this volatility may have on the Sponsor's contribution rates and various accounting items.
- The need to achieve a sufficient level of investment return to meet the Sponsor's funding objectives.
- The role of the Sponsor in terms of funding the Scheme, including funding aims and objectives of the Sponsor (if known) and an assessment of the Sponsor covenant, in terms of their willingness and ability to fund the scheme under a range of scenarios.

In spending the agreed risk budget, the Trustees considered:

- The most appropriate liability hedging assets in which to invest, considering the term & nature of the liabilities.
- The range of possible asset classes (both liability hedging and growth), available to the scheme and the appropriateness of these asset classes to meet their objectives.

5.2 Strategic Asset Allocation

The investment strategy of the Scheme as at March 2021 is tabulated below. This strategy will change as de-risking steps are implemented (commencing from 30 June 2021), further detail is provided below.

Asset Class	Strategic Allocation
Growth Assets	
Absolute Return	25% Global Absolute Return Strategies fund (GARS)
Diversified Growth	20% Aberdeen Diversified Growth Fund
Property	6.25% European Long Income Fund 6.25% European Property Fund
Defensive Assets	
Corporate Bonds	12.5% Short Duration Global Bond Fund
Absolute Return	10% Absolute Return Global Bond Strategies Fund (ARGBS)
Liability Hedging	
Cash/Bonds/Swaps	20%
Liability Hedge*	Inflation Hedge ratio: 65% Interest rate hedge ratio: evolving from 25% to 50%

**To protect the financial position of the Scheme from adverse movements in interest rates and inflation. Hedge ratios are assessed by measuring the funding level of the Scheme with reference to the Eurozone interest rate swap curve.*

The Trustees have put a de-risking plan in place under which the level of interest rate hedging will increase on a quarterly basis over the 18 month period commencing30 June 2021.

The agreed evolution of the asset allocation under this de-risking plan is set out below.

Full scheme	Current benchmark	New benchmark as at						
		30/06/2021	30/09/2021	31/12/2021	31/03/2022	30/06/2022	30/09/2022	31/12/2022
Growth Assets	**57.50%**	**50.50%**	**49.50%**	**48.00%**	**46.50%**	**45.50%**	**44.50%**	**43.25%**
Global Absolute Return Strategies (GARS)	25.00%	21.50%	21.00%	20.25%	19.50%	19.00%	18.50%	17.75%
Aberdeen Diversified Growth Fund	20.00%	16.50%	16.00%	15.25%	14.50%	14.00%	13.50%	13.00%
Long Lease Property Fund	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
European Property Growth Fund	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Defensive Assets	**22.50%**	**21.00%**	**20.50%**	**20.00%**	**19.75%**	**19.50%**	**19.00%**	**18.75%**
Absolute Return Global Bond Strategies (ARGBS)	10.00%	9.00%	8.75%	8.75%	8.75%	8.50%	8.25%	8.25%
Short Duration Global Bond Fund	12.50%	12.00%	11.75%	11.25%	11.00%	11.00%	10.75%	10.50%
Liquidity Assets	**20.00%**	**28.50%**	**30.00%**	**32.00%**	**33.75%**	**35.00%**	**36.50%**	**38.00%**
Liability Hedging (Cash / Bonds / Swaps)	20.00%	28.50%	30.00%	32.00%	33.75%	35.00%	36.50%	38.00%

The base currency of the Scheme (and hence of the benchmark) is the Euro. The composite asset performance benchmark is to be calculated on a quarterly basis. The Trustees have factored into account the Euro nature of the liability when constructing the benchmark strategy.

The success in the current strategy will be reviewed on at least an annual basis, with a formal review of the performance of the strategy and the continued appropriateness of the Trustees' objectives carried out every 3-years.

The Trustees recognize that even though the Scheme's investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained. The Trustees intend to avoid ad-hoc revisions to their philosophy and policies in reaction to either speculation or short-term market fluctuations.

5.3 Rebalancing

Market movements will cause the Scheme's portfolio to differ from the strategic mix outlined in the table above. To address this issue, the investment manager will rebalance the portfolio to its strategic asset allocation on a quarterly basis.

Rebalancing ranges are as follows:

Initial asset allocation	Asset class/Fund	Benchmark Weight*	Ranges %
Growth Assets	Global Absolute Return Strategies Fund	28.6%	+/- 5%
	Aberdeen Diversified Growth Fund	22.9%	+/- 5%
Defensive Assets	Absolute Return Global Bond Strategies	11.4%	+/- 2.5%
	Short Duration Global Corporate Bond Fund	14.3%	+/- 2.5%
Hedging Assets	Cash, interest rate and inflation swaps	22.8%	n/a

Rebalancing ranges at the end point of the current de-risking strategy (31/12/2022):

End point asset allocation	Asset Class/Fund	Benchmark Weight*	Ranges %
Growth Assets	Global Absolute Return Strategies Fund	20.29%	+/- 5%
	Aberdeen Global Multi Asset Growth Fund	14.86%	+/- 5%
Defensive Assets	Absolute Return Global Bond Strategies	9.43%	+/- 2.5%
	Short Duration Global Corporate Bond Fund	12.00%	+/- 2.5%
Hedging Assets	Cash, interest rate and inflation swaps	43.43%	+/-10%

The central benchmark weights and rebalancing range above are expressed as proportions of the portfolio, excluding the property allocations (given their lower liquidity) and, including the current market valuation of the instruments which will constitute the liability hedge. This rebalancing policy may be suspended in certain market conditions and at the discretion of the Trustees.

5.4 Manager Structure

The Trustees have chosen to appoint a single active manager, Abrdn, to implement this target strategy. The Scheme's relationship with Abrdn is separately documented through a Statement of Investment Policy and Objectives (SIPO). The Investment Sub-Committee regularly reviews Mercer's Manager Research views on Abrdn and the relevant funds.

5.5 Fund Details/Performance Objectives

Summary information on the Investment Manager's fund and performance objectives is set out overleaf.

Asset Class	Benchmark Weight*	Fund	Benchmark Index
Growth Assets			
Absolute Return	25%	Global Absolute Return Strategies Fund	Target Return of 6 month Euribor +5% gross of fees on a rolling 3 year basis
Diversified Growth	20%	Aberdeen Diversified Growth Fund	Aim to deliver a return of Cash plus 5.0% (gross) over rolling five year periods.
Property	12.5%	▪ European Long Lease Property Fund ▪ European Property Growth Fund (EPGF)	▪ Long lease funds The Dividend Yields is 3-4% p.a. over rolling 5 year periods, inflation linked. The fund targets delivery of a stable yield distribution yield of 3-4% p.a. while preserving capital over the rolling 5 year periods.

			▪ EPGF- target return of 8-10% p.a. net over rolling five year periods
Defensive Assets			
Absolute Return	10%	Absolute Return Global Bond strategies Fund	Target Return of 6 month Euribor +3% gross of fees on a rolling 3 year basis
Corporate Bond Fund	12.5%	Short Duration Global Bond Fund	Outperform the benchmark index - Bloomberg Barclays Global Aggregate Corp 1-5 year ex Subordinate - before charges by 0.50% p.a. over rolling 3 year periods.
Hedging Assets			
Cash	20%	Euro Global Liquidity	6 month Euribor
Liability Hedge	Inflation Hedge ratio: 65% Interest rate hedge ratio: evolving from 25% to 50%	Euro interest rate and inflation swaps	Hedge ratios are calculated by measuring the liabilities of the Scheme against the Eurozone interest rate swap curve

Note: Eurozone Government Bonds may also be held in the portfolio to facilitate efficient portfolio management
**effective 31/03/2021*

Performance is evaluated against these objectives on a quarterly basis. A formal investment strategy review is carried out every three years.

6. Environmental, Social, Governance

6.1 ESG, Stewardship and Climate Change

The Trustees believe that environmental, social, and corporate governance (ESG) factors have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that require explicit consideration.

By using pooled investment vehicles for the Scheme's equity investments, day-to-day application of voting rights will be carried out by the investment manager in accordance with its own corporate governance policy and current best practice.

The Trustees consider Mercer's ESG ratings (where available) and SFDR fund categorisations for each of their strategies. Rating reviews are undertaken on a regular basis and documented at least annually. The Trustees, in conjunction with their advisers, will actively monitor and engage with the investment manager on ESG integration, consistent with this Policy statement. The Trustees have not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

The Trustees have given the appointed investment manager full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments. In accordance with its own corporate governance policies and current best practice. The Trustees have requested that the manager provide information on ESG (e.g.: the application of voting rights) to trustee advisors and as part of their normal reporting to the Trustees.

Rating reviews are undertaken on a regular basis and documented at least annually.

Over time, the Trustees aim to reflect sustainable asset classes where possible and appropriate in the investment strategy of the Scheme. . Going forward, the Trustees will take account of the manager's approach to ESG when considering new investment options for the Scheme to employ.

6.2 Shareholder's Rights Regulations 2020

With respect to the European Union (Shareholders' Rights) Regulations 2020, the Trustees have not developed a standalone engagement policy. The Scheme invests in units in various pooled funds that may from time to time invest in equities of companies which are listed on EU regulated markets. However, in each case the Scheme is one investor among others so has no direct voting rights or other means of engagement with any companies in which the pooled fund may have invested.

The Trustees have engaged with the investment manager and it has provided a copy of its Engagement Policy and confirmed that it is in compliance with the Regulations.

The investment horizon of the Scheme's equity investments is medium to long term in nature, and the Trustees expect the manager to use its engagement activity to drive improved performance over those periods.

The Trustees also expect investment manager appointments to be long-term in nature, and assess the performance over longer-term periods. Short term performance issues would not be expected to result in a manager termination, although other factors may necessitate a changeover relatively short timeframes.

6.3 Sustainable Finance Disclosure Regulations

The Trustees acknowledge that under Article 4 of the Disclosure Regulations there is a requirement to publish and maintain on a website whether principal adverse impacts of investment decisions on sustainability factors are considered. The Trustees are awaiting the clarity of the Level II regulations prior to making such a statement.

This policy may be made publicly available in the future but is currently included within the SIPP of the Scheme as this is available to members each year through the Trustee Annual Report.

7. Glossary

- Investment Consultant: Mercer or such investment consultant as the Trustees may appoint from time to time.
- Investment Manager: Abrdn or such investment manager as the Trustees may appoint from time to time.
- Scheme: The Standard Life Republic of Ireland Staff Pension Scheme.
- Scheme Actuary: Sean O'Donovan Mercer or such Actuary as the Trustees may appoint from time to time.
- Sponsor: Standard Life Employee Services Limited.

Effective Date of this Statement: December 2021

For the year ended 31 December 2021

Annual Disclosure Report

STANDARD LIFE REPUBLIC OF IRELAND STAFF PENSION SCHEME (Policy No: G58001)

Investment managers

Your investment holds units in the following Standard Life Funds in accordance with the provisions of a Standard Life Trustee Investment Plan policy. Standard Life Assurance Limited has delegated its investment management function to abrdn Investment Management Limited.

Statement of assets

Fund	Number of units	Value (EUR)	Holding (%)
Extended Duration	15,560,761	110,795,823	100.0
TOTAL		**110,795,823**	

Performance

Fund Benchmark	12 months to 31/12/2021 (%)	3 years to 31/12/2021 p.a. (%)	5 years to 31/12/2021 p.a. (%)
Extended Duration	12.4	9.7	4.0
ICE BofAML Euro Gov (USD UnHGD)	-3.4	2.7	1.8

Fund performance figures are calculated net of annual management charge (excluding any rebates) over the stated periods, with net income reinvested.

Global Overview

Globally, stock markets rose significantly over the past 12 months. Covid-19 was still the dominant factor at the beginning of the period, although stock markets had already begun their recovery from the lows of March 2020.

Supportive monetary and fiscal policy was prevalent over the period. The US Federal Reserve (Fed) maintained the main US rate at near zero throughout the review period, while providing support through its bond-buying programme. Elsewhere, the European Central Bank (ECB) had earlier ramped up its original €1.35 trillion stimulus plan to €1.85 trillion in December 2020. The US Congress passed two additional stimulus packages during the period, cumulatively worth around US$2.8 trillion. In August 2021, the US Senate passed the US$1 trillion infrastructure deal.

At the beginning of the period, momentum stalled as global bond markets experienced a marked sell-off, spurring worries that this could impact the fragile global recovery. This also negatively affected equities. However, equity markets resumed their upward momentum, driven by economic optimism, vaccine rollouts, continued accommodative monetary policy and a strong corporate reporting season. The MSCI World Index reached a record high in August but sold off in September, as concerns grew over inflation and interest rate hikes. Markets began to rally again in October on the back of strong corporate results and, despite selling off in late November amid the emergence of the new Omicron variant of Covid-19, continued their rise into the end of the year.

Europe

European shares (excluding the UK) finished substantially higher over the 12 months. Equities gained at the beginning of the period, helped by the earlier rollout of vaccinations, a new Brexit trade deal, the Biden victory and the €500 billion expansion of the ECB's monetary stimulus programme all driving markets upwards.

However, this upward momentum halted towards the end of January 2021, and most European indices fell amid renewed lockdown measures. Nevertheless, the region's equities performed well from February until the end of the period, despite ongoing lockdown measures and rising Covid-19 cases.

After rising for seven consecutive months, European shares fell again in September, with Germany among the worst performers. Outgoing Chancellor Angela Merkel's Christian Democratic Union-Christian Social Union bloc lost out to the Social Democratic Party in the federal election, although forming a coalition government is expected to take some time.

September saw Norway's Norges Bank became the first major developed bank to raise interest rates since the start of the pandemic. Attempting to reassure investors that the ECB would not follow suit, President Christine Lagarde said the central bank would not taper bond market support. However, with the Eurozone's November inflation print reaching its highest level since the introduction of the euro, the ECB indicated it would end its Pandemic Emergency Purchase Programme in March 2022. Eurozone officials also acknowledged that rising inflation may not be as short-lived as predicted.

UK

The UK stock market ended the period notably higher. During a period of considerable upheaval, investors grappled with the economic fallout from the coronavirus pandemic and concerns about rising inflation. However, the easing of lockdown restrictions, amid the effective vaccine rollouts, maintained the positive sentiment for most of the period. Smaller domestic companies outperformed larger companies on the FTSE 100

Index.

The positive momentum in UK equity markets took a brief pause in January 2021 before picking up again in February and thereafter. Supportive government policy, easing lockdown restrictions, positive earnings results and an admirable vaccine rollout all drove markets upwards.

Despite concerns about the spread of the Delta variant of Covid-19, the Government lifted lockdown restrictions at the end of July. There has been a welcome recovery in economic activity, but this put a strain on supply chains. Most recently, the disruption caused by the ongoing fuel shortage dented sentiment.

In economic news, although first-quarter 2021 numbers showed a 1.4% quarterly decline in gross domestic product due to nationwide lockdowns, economic growth rebounded by 5.4% in the second quarter. Inflation has continued to rise in the UK, exacerbated by the pressure on supply chains, and the Bank of England increased interest rates to 0.25% in December. However, it did maintain targets for bond purchases.

In the Autumn Budget, the chancellor announced a large increase in public spending, a reduction in business rates and a cut in air duty for domestic flights at the expense of long-haul trips.

US

US equites made strong gains during the last 12 months due to a successful vaccine rollout, economic reopening and rising growth estimates. A further boost came from the enactment of a US$1.9 trillion stimulus package. However, stubbornly high Covid-19 cases, rising inflation and supply-chain issues meant US equities pulled back from recent highs at the end of the period.

Early on, the roll out of mass inoculation programmes acted as a catalyst for a sharp rotation away from growth stocks to cyclical stocks and those companies that suffered the most from lockdown restrictions. On the political front, Joe Biden was formally inaugurated as US president at the beginning of the period. Share prices continued to appreciate throughout the spring and into the summer, driven mainly by investors' ongoing optimism regarding the distribution of Covid-19 vaccines and generally positive economic data.

In September 2021, inflation expectations worsened and helped lead to a substantial downturn in US equities. Investors were concerned by supply-chain challenges and continued Covid-19 cases. In addition, the Fed also noted that a reduction in quantitative easing could be coming soon. This materialised in early November when the Fed confirmed that it would reduce bond purchases by US$15 billion each month. Meanwhile, investors reacted positively to President Biden's reappointment of Fed Chair Jerome Powell, indicating stability and the continuity of existing policy.

In November, the S&P 500 Index, fuelled by a strong results season, hit new highs for eight consecutive days – a record streak last achieved in 1997. The rally broke late in the month, as the headlines became dominated by news of the Omicron variant of Covid-19. Stocks started to move up again in December, boosted by retailers, as concerns surrounding the impact of Omicron eased.

Asia Pacific

Equity markets in the Asia Pacific (excluding Japan) region declined over the 12 months in local-currency terms, but rose in euros. The period began positively, with markets supported by loose monetary policy by Asian central banks, improving economic data and vaccine rollouts. Several Asian markets reached record highs as a result. However, regional markets corrected thereafter, as a jump in bond yields dented investor confidence, while fresh waves of Covid-19 infections prompted renewed restrictions across several countries. Volatility persisted throughout markets in the second half of the period, amid growing worries that inflation may persist even after global growth has peaked. Meanwhile, the emergence of the new Omicron variant and monetary-tightening measures by central banks further weighed on markets into year-end.

Chinese equities underperformed the wider region. Aside from persistent tensions with the US, Chinese stocks were also buffeted by increased regulatory scrutiny across sectors and a resurgence in Covid-19 cases, particularly given the country's zero tolerance approach. Investors also fretted over property developer Evergrande's unresolved debt crisis, which led to worries of wider systemic risk within the real estate and financial sectors. Other headwinds included the country's power crunch and slowing economic momentum amid the property market downturn. Policy was a bright spot, however, thanks to subdued inflation. The People's Bank of China lowered its benchmark lending rate and cut the reserve requirement ratio for banks, while policymakers signalled further action to stabilise the economy. Conversely, Indian stocks rallied, buoyed by the country's vaccine rollout and improving macro backdrop. Taiwanese equities also outperformed on the back of robust semiconductor demand.

Japan

Equities in Japan increased over the 12 months. While the coronavirus pandemic continued to dominate sentiment at the beginning of the period, stimulus measures announced earlier in 2020 helped local equity markets to rebound strongly.

Early in the period, markets benefited from positive investor sentiment arising from vaccine breakthroughs, US election results and positive economic data. However, a rise in infection numbers dampened stock returns somewhat. The government declared an emergency lockdown in Tokyo and other economic hubs. Meanwhile, fears of rising infections, the slow vaccination programme and Tokyo entering its third emergency lockdown weighed on markets. However, Japan was one of the strongest major developed markets in August and September as investors reacted positively to the change in the political landscape and an improving Covid-19 picture.

Prime Minister Yoshihide Suga's approval rating sunk to a record low due to the government's handling of Covid-19, and the decision to go ahead with staging the Olympics during a global pandemic. He has since been replaced by Fumio Kishida as leader of the ruling Liberal Democratic Party, and the party comfortably retained power in the election at the end of the month. Kishida's ascent to power was initially welcomed by investors due to expectations of an additional economic stimulus. However, sentiment turned in October, as investors became concerned that the new prime minister would raise taxes on financial income, primarily for the wealthy.

In November, Prime Minister Kishida released details of a stimulus package of almost ¥56 trillion. The proposed measures include direct payments to families with children and support for businesses. There are also plans to support consumers who have been hit by high energy prices.

Corporate Bonds

Corporate bond returns were mixed over the period. Investment-grade bonds were generally flat or down over the period, while high-yield issues showed positive performance.

Fears over the impact of Covid-19 on the credit market, particularly high-yield bonds, had dissipated somewhat by the beginning of the period. Economies had emerged from the first lockdown and the major central banks were purchasing corporate bonds through their stimulus programmes.

Rising Treasury yields at the beginning of 2021 affected markets. However, corporate bonds, particularly high-yield debt, managed to weather the storm reasonably well. As government bond yields stabilised, this robust performance continued through August, even as the Fed said it would begin offloading corporate bonds bought through its pandemic support plan. However, corporate bonds fell in September as minutes from the US Fed's rate-setting committee suggested an increasingly hawkish approach from policymakers, before firming up in the final quarter of the year, despite continuing bond market volatility.

Data shows that the riskiest borrowers now constitute the largest portion of US high-yield issuance in over a decade. Nevertheless, issuances have remained high. High yield continued to outperform investment-grade bonds through much of the period, but this trend reversed in November with the outbreak of the Omicron variant.

Government Bonds

In January 2021, buoyed by the market's anticipation of another stimulus package, 10-year government bond yields in the US, UK and Germany rose (prices fell). Government bond prices then fell sharply across the board in February as inflation expectations climbed. This trend largely continued in March, spurred by dovish central bank statements and rising economic optimism. Eurozone bonds were the exception, with government bond prices rising as the ECB pledged to increase bond buying.

Global government bond prices largely fell from July onwards, amid concerns about a withdrawal of central bank support. Meanwhile, the Bank of Canada surprised markets by ending its quantitative easing programme in September. Soon after, minutes from the US Fed's rate-setting committee signalled changes were on the way, and this came to fruition in November as the Fed started to scale back its bond purchases. Further, inflation jumped to 6.8% in November, a 40-year high. The Fed held interest rates at its December meeting, but policymakers indicated that rates may rise three times in 2022. The central bank also announced that it would accelerate the reduction of the Fed's bond-buying programme.

The trend of falling government bond prices reversed in November as news of the Omicron variant hit bond markets, with investors selling equities and buying government debt. But this was short lived due to more central banks starting to show their hand through December in a bid to combat rising inflation.

UK Commercial Real Estate

The global coronavirus pandemic dominated real estate returns over the period. According to the MSCI monthly index, UK commercial property returned 19.9% over the 12 months to the end of December (in sterling terms). The market remains polarised, with offices the weakest at 5.1%, while industrials outperformed at 38.2%.

The office sector is likely to face some major structural challenges ahead. Performance for the sector has held so far this year, but polarisation between the very best and the rest will become more evident in 2022/2023, with the forecast profile reflecting gradual declines in values and rents.

Investment in the UK industrial and logistics sector is expected to hit £15.7 billion by the end of 2021, according to a real estate consultancy firm. This figure represents a 48% increase on the £10.6 billion recorded in 2020. In the first three quarters of 2021, investment reached £12 billion in the sector, and additional investment of around £3.7 billion is expected in the fourth quarter. Investment in the UK industrial and logistics sector is already at all-time highs, according to property data.

Global Absolute Return Strategies (GARS)

GARS delivered a negative return (after fees) in a year dominated by the Covid-19 crisis. News of effective Covid-19 vaccines and their subsequent rollout brought relief to markets throughout the beginning of the period. This positive sentiment persisted throughout most of the 12 months. The emergence of the new Omicron variant of Covid-19 then dominated headlines in November 2021, which negatively affected riskier assets like equities and high-yield bonds. However, these fears subsided somewhat by the end of the period, as the variant appeared less severe than initially expected.

Our corporate bond positions did well, especially high-yield bonds and contingent capital bonds (also known as contingent convertible bonds or 'CoCos'), boosted by supportive central bank and government actions. The themed equity strategies also delivered positive returns. However, we closed our global stable quality, cyclical value and growth recovery strategies, and consolidated our future mobility and US equities exposures into our global equity strategy, given uncertainty over inflationary pressures and the timing of interest rate rises. The latter strategy performed well over the period. Meanwhile, the US equity energy versus utilities, US equity regional banks versus the S&P 500 Index and UK versus European equities strategies lagged, all of which we closed during the period.

Our interest rate strategies were mixed. The US versus German interest rate strategy was a positive contributor. However, the short US real interest rate position weighed on performance, as did the Canadian and Mexican interest rate strategies. Elsewhere, our European yield-curve steepener strategy lost ground as the interest rate curve flattened towards the end of the period. Rising inflation expectations supported our European inflation strategy. However, our short UK inflation position delivered a negative return. Some of our diversifier and defensive strategies also lagged towards the end of the period, such as our favoured defensive foreign exchange (FX) and global FX behavioural relative value positions.

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Investment Commentary for the year ended *31 December 2021*

Introduction

The scheme's resources are invested in the following Standard Life funds:

- Pension Managed Fund
- Pension Managed Equity Fund
- Pension European Equity Fund
- Pension International Equity Fund
- Pension Fixed Interest Fund
- Pension Cash Fund
- Pension Euro Global Liquidity Fund
- Pension With Profits Fund
- Pension With Profits Fund A
- Pension With Profits Fund D

Investment Manager

Standard Life Investments manage your funds. They are global active asset managers, headquartered in Edinburgh.

Investment Strategy

Environment
Global equities rose over the third quarter, with most major world indices rising thanks to solid corporate earnings results and supportive central bank comments. Despite a steady rise in Covid-19 Delta infections worrying investors, US equities posted strong returns, and most major US indices reached record highs. However, US equities fell in September, as inflation fears and falling bond prices triggered equity market losses. In comparison, Japanese equities had a weak start to the period, as Covid-19 cases hit new highs, but performance improved thereafter.

It was another challenging quarter for bonds, as rising inflation fears and hawkish comments from the US Federal Reserve triggered a sell-off in government bonds that spilled over into corporate bond markets. Overall, high-yield corporate bonds generally performed better than investment-grade bonds. European investment-grade bonds ended the quarter slightly up, due to continuing support from the European Central Bank.

Outlook
Company fundamentals remain supportive for equity markets, but with good news priced in, returns are likely to be modest. Bond yields are expected to rise and this environment usually favours value shares, with cyclicals expected to outperform. Despite this, growth companies are unlikely to fade materially as economic growth is weakening from supply chain pressures and higher energy prices. Chinese political risk has resurfaced and is weighing on investor sentiment. Although the government's regulatory clampdown focused on technology companies, there is a risk it could broaden out. With commodity inflation and supply-side strains, there are likely to be individual pockets of earnings pressure for many businesses. Companies in Europe and the UK face additional pressure from delivery driver and fuel shortages.

Within fixed income, increasing vaccine dissemination, the easing of restrictions and improving macroeconomic and corporate fundamentals are supporting economic activity and sentiment. Meanwhile, a key focus of investor attention is on whether rising inflation will be transitory or more long-lived. Evidence suggesting the latter would not be seen favourably.

Our aim when managing our with profits business is to provide growth over the long term, while continuing to maintain an appropriate level of financial strength so that we can meet all the contractual obligations to customers. We invest in a wide range of assets including equities, bonds and money market instruments (including cash).

Our pension with profits fund provides an investment guarantee in certain circumstances. The unit price for the pension with profits fund currently increases at a guaranteed rate of 4% a year. We pay the guaranteed amount whenever the guaranteed conditions apply to the pay-out. If the fair pay-out is higher than the guaranteed amount, we pay a final bonus to make up the difference. If the guaranteed conditions are not met and the fair pay-out is less than the guaranteed amount there will be a reduction.

Our pension with profits fund A (also known as Standard Life with profits fund) does not have any investment guarantee. It is essentially a participating smoothed managed fund which offers some protection from the effects of fluctuations in investment returns through smoothing.

Performance

Changes over the last 12 months:

➢ Pension Managed Fund	18.7%
➢ Pension Managed Equity Fund	2.4%
➢ Pension European Equity Fund	21.8%
➢ Pension International Equity Fund	27.3%
➢ Pension Fixed Interest Fund	-5.3%
➢ Pension Cash Fund	0.0%
➢ Pension Euro Global Liquidity Fund	-1.3%
➢ Pension With Profits Fund	5.6%
➢ Pension With Profits Fund A	1.6%
➢ Pension With Profits Fund D	1.6%

Unit Linked Funds

For additional information or updates on your scheme's unit linked investments, you can log onto the Standard Life Fund Centre location:
www.standardlife.ie/funds

When in the Fund Centre, select Tower Pension Series Executive, Group and Retirement Account Plans from the product drop down box.

With Profits Funds

The with profits performance figures shown above are the gross investment returns on the asset mix. They are based on unit price movements which underlie the value that you see in your policy. This excludes the impact of charges, expenses or the effects of any smoothing. Members should refer to their annual statements to see how the value of their plan changes over time. For more information please see our with profits investment report on www.standardlife.ie/withprofits

For important information on how with profits investments work please see our fund leaflets on www.standardlife.ie/fundleaflets

Mercer

welcome to brighter

The Standard Life Republic of Ireland Staff Pension Scheme (“the Plan”) Year ended 31 December 2021

Pensions Authority reference number PB 2946

Actuary’s Statement

The last Actuarial Funding Certificate was prepared with an effective date of 1 January 2019. This certificate confirmed that the Plan satisfied the Funding Standard set out in Section 44 of the Pensions Act, 1990 at that effective date. The last Funding Standard Reserve Certificate, prepared on the same effective date, confirmed that the Plan held sufficient additional assets to satisfy the Funding Standard Reserve also set out in Section 44 of the Pensions Act, 1990 at that effective date.

I have completed a review of the financial condition of the Plan as at 31 December 2021. Based on that review, I am reasonably satisfied that the Plan continued to meet the Funding Standard and the Funding Standard Reserve at that effective date.

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Sean O’Donovan
Scheme Actuary Certificate Number P021
Fellow of the Society of Actuaries in Ireland
Date: 25 August 2022

Mercer (Ireland) Limited, trading as Mercer, is regulated by the Central Bank of Ireland.
Registered Office: Charlotte House, Charlemont Street, Dublin 2. Registered in Ireland No. 28158.
Directors: Brian Caulfield, John Mercer, Mary O’Malley, Cara Ryan and Vincent Sheridan

A business of Marsh McLennan

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BD

Article 4

ACTUARIAL FUNDING CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED UNDER THE PROVISIONS OF SECTION 42(1) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: Standard Life Republic of Ireland Staff Pension Scheme

SCHEME COMMENCEMENT DATE: 16/11/1992

SCHEME REFERENCE NO.: PB2946

EFFECTIVE DATE: 01/01/2019

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 01/01/2016

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the resources of the scheme, which are calculated for the purposes of section 44(1) of the Act to be €100,630,000.00, would have been sufficient if the scheme had been wound up at that date to provide for the liabilities of the scheme determined in accordance with section 44(1) of the Act which, including the estimated expenses of administering the winding up of the scheme, amount to €89,232,000.00, and

(2) €0.00 of the resources of the scheme referred to in paragraph (1) comprise contingent assets, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act.

I, therefore, certify that as at the effective date of this certificate the scheme satisfies the funding standard provided for in section 44(1) of the Act.

I further certify that I am qualified for appointment as actuary to the scheme for the purposes of section 51 of the Act.

Signature: K Edgar **Date:** 16/09/2019

Name: Mr. Kenneth Edgar **Qualification:** FSAI

Name of Actuary's: Employer/Firm Mercer (Ireland) Limited **Scheme Actuary Certificate No.** P081

Submission Details

Submission Number: SR2150519 **Submitted Electronically on:** 16/09/2019

Submitted by: Kenneth Edgar

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BE

Article 4

FUNDING STANDARD RESERVE CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED PURSUANT TO SECTION 42(1A) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: Standard Life Republic of Ireland Staff Pension Scheme

SCHEME COMMENCEMENT DATE: 16/11/1992

SCHEME REFERENCE NO.: PB2946

EFFECTIVE DATE: 01/01/2019

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 01/01/2016

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the funding standard liabilities (as defined in the Act) of the scheme amount to €87,472,000.00,

(2) the resources of the scheme (other than resources which relate to contributions or a transfer of rights to the extent that the benefits provided are directly related to the value of those contributions or amount transferred (DC resources)), calculated for the purposes of section 44(1) of the Act amount to €98,870,000.00,

(3) €59,259,000.00 , of the amount referred to in paragraph (2) (subject to a maximum of an amount equal to the funding standard liabilities) is invested in securities issued under section 54(1) of the Finance Act 1970 (and known as bonds), securities issued under the laws of a Member State (other than the State) that correspond to securities issued under section 54(1) of the Finance Act 1970, cash deposits with one or more credit institutions and such other assets (if any) as are prescribed under section 44(2)(a)(iv) of the Act,

(4) the amount provided for in section 44(2)(a) of the Act (Applicable Percentage x ((1) minus (3)) is €2,821,000.00,

(5) the amount provided for in section 44(2)(b) of the Act, being the amount by which the funding standard liabilities of the scheme would increase if the interest rate or interest rates assumed for the purposes of determining the funding standard liabilities were one half of one per cent less than the interest rate or interest rates (as appropriate) assumed for the purposes of determining the funding standard liabilities less the amount by which the resources of the scheme (other than DC resources) would increase as a result of the same change in interest rate or interest rates is -€396,000.00,

(6) the aggregate of (4) and (5) above amounts to €2,425,000.00, and

(7) the additional resources (as defined in the Act) of the scheme amount to €11,398,000.00, of which, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act, €0.00 comprises contingent assets and €0.00 of such contingent assets comprise an unsecured undertaking.

I therefore certify that as at the effective date of the funding standard reserve certificate, the scheme does hold sufficient additional resources to satisfy the funding standard reserve as provided in section 44(2) of the Act.

I further certify that I am qualified for appointment as actuary to the scheme for the purposes of section 51 of the Act.

Signature:	K Edgar	**Date:**	16/09/2019
Name:	Mr. Kenneth Edgar	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Mercer (Ireland) Limited	**Scheme Actuary Certificate No.**	P081

Submission Details

Submission Number:	SR2150533	**Submitted Electronically on:**	16/09/2019
Submitted by:	Kenneth Edgar		

Standard Life Republic of Ireland Staff Pension Scheme

Report on actuarial liabilities

Under Section 56 of the Pensions Act, 1990 and associated regulations, the trustees of defined benefit pension schemes are required to have a valuation of the scheme prepared by the Scheme Actuary at least once every three years. The most recent formal actuarial valuation was completed as at 1 January 2019. A copy of the report is available to scheme members on request.

One of the purposes of the valuation is to set out the scheme's ongoing funding level. It does this by comparing the value of the scheme's accumulated assets with the value of its liabilities. The ongoing funding level emerging from the 2019 valuation was as follows:

FUNDING TARGET BASIS	€'000
Value of Accumulated Assets	98,870
Value of Accrued Liability	137,730
Surplus / (Deficit)	**(38,860)**
Funding level	72%

Valuation Method & Assumptions

The value of the liabilities was calculated by firstly projecting the benefits that will be payable in the future, making assumptions in relation to financial matters such as salary and pension increase rates and demographic matters such as mortality rates. The resultant projected benefit cash flows were then discounted to the valuation date to arrive at a single capitalised value.

The valuation assumptions were determined by me following consultation with the Trustees. The significant actuarial assumptions used to calculate the liabilities were as follows (full details are provided in the scheme's actuarial report):

Principal assumptions used in 2019 valuation		
Discount rate	Weighted average discount rate of 2.00% p.a.	
Price inflation	Eurozone HICP swap curve (single equivalent rate approx.1.70% p.a.)	
Salary inflation	1.00% p.a. above price inflation	
Pension increases	50% of price inflation	
Mortality in retirement	As per standard tables (S2PNA rated down one year and with improvements CMI 2016 [1.5%]	
Future Life Expectations	Male	Female
- Current Retiree aged 60	28.0	30.1
- Future Retiree at 60, currently aged 40	30.0	32.0
A complete description of all other demographic assumptions can be found in the formal actuarial funding valuation report.		

The discount rates described above are estimated in each future year based on the yield available on Eurozone Swap contracts and allowing for future expected outperformance of growth assets (such as equities). Implied inflation in each future year was estimated from nominal and inflation-linked Swap contracts.

It should be borne in mind that a valuation is only a snapshot of a scheme's estimated financial condition at a particular point in time; it does not provide any guarantee of future financial soundness of a scheme. Over time, a scheme's total cost will depend on a number of factors, including the amount of benefits paid and the amount earned on any assets invested to pay benefits.

The next valuation is expected to be completed with an effective date of 1 January 2022.

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