



MOTOROLA PENSION SCHEME
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024
Scheme Registration Number: 10057133

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Contents

| | Page |
|---|-------------|
| Trustee, Principal Employer and Advisers | 1 - 2 |
| Trustee's Report | 3 - 11 |
| Statement of Trustee's Responsibilities | 12 |
| Independent Auditors' Report to the Trustee | 13 - 15 |
| Financial Statements | 16 - 17 |
| Notes to the Financial Statements | 18 - 35 |
| Independent Auditors' Statement about Contributions to the Trustee | 36 |
| Summary of Contributions | 37 |
| Actuarial Certificate | 38 |
| Appendix 1: Statement of Investment Principles July 2023 | 39 - 49 |
| Appendix 2: Statement of Investment Principles August 2024 | 50 - 59 |
| Appendix 3: DB Implementation Statement | 60 - 82 |
| Appendix 4: DC Implementation statement | 83 - 93 |
| Appendix 5: Annual Governance Statement | 94 - 100 |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Trustee, Principal Employer and Advisers

Trustee

Motorola Solutions Pension Trustees Limited

Employer-nominated Trustee Directors

Dean Dyson - Chair

Tetyana Vasylevska

Arash Kalantari

David England

Member-nominated Trustee Directors

David Merrick

Viv Williams

Day-to-day secretarial and pensions management duties delegated to Pegasus Pensions plc

Secretary to the Trustee

David England

Principal Employer

Motorola Solutions UK Limited

Scheme Actuary

Ruairi Campbell, FFA

Mercer Limited

Independent Auditors

PricewaterhouseCoopers LLP

Administrator

Aptia UK Limited

Investment Managers

Defined Contribution Section

Prudential Assurance Company Limited

Legal and General

Investment Custodian

Northern Trust Global Advisers Limited

Investment Advisers

Defined Benefit Section

Goldman Sachs Assets Management Limited

Defined Contribution Section

Mercer Investment Consulting Limited

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Trustee, Principal Employer and Advisers

Additional Voluntary Contribution (AVC) Providers

Standard Life Assurance Ltd

Prudential Assurance Company Ltd

Phoenix Life

Bank

HSBC Bank plc

Legal Adviser

CMS Cameron McKenna Nabarro Olswang LLP

Covenant Assessors

BDO LLP

Fiduciary Managers

Goldman Sachs Asset Management International

Contact for further information

Pegasus Pensions plc

8th Floor

100 Bishopsgate

London

EC2N 4AG

Email: motorola@lawdeb.com

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Trustee's Report

Introduction

The Trustee of the Motorola Pension Scheme (the Scheme) is pleased to present its report together with the audited financial statements for the year ended 31 December 2024. The Scheme is a hybrid scheme, comprising a Defined Benefit Section and a Defined Contribution Section.

The Scheme was closed to new entrants on 31 May 2005 and to future accrual on 31 December 2015. The Scheme was contracted out of the State Second Pension until it closed to future accrual on 31 December 2015.

Management of the Scheme

Trustee

The Trustee Directors who served during the year are listed on page 1.

Member nominated Trustee Directors are appointed in accordance with the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006.

The two Member-nominated Trustee Directors, as shown on page 1, may be removed before the end of their term only by agreement of all the remaining Trustee Directors. At the year end there was two Member-nominated Trustee in place.

In accordance with the trust deed, the Principal Employer, Motorola Solutions UK Limited, has the power to appoint and remove the Trustee of the Scheme. The Directors of Motorola Solutions Pension Trustees Limited are appointed and removed in accordance with the Company's Articles of Association.

The Trustee Directors met four times during the year. The Investment Committee met six times during the year and the Administration and Communications Committee met four times during the year.

Statement of Trustee's Responsibilities

The Statement of Trustee's Responsibilities is set out on page 12 and forms part of this Trustee's Report.

Governance and risk management

The Trustee has in place a business plan which sets out its objectives in areas such as administration, investment and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustee run the Scheme efficiently. Pegasus Pensions plc provide pension executive support, including scheme secretarial support.

The Trustee has also focused on risk management. A risk register has been put in place which sets out the key risks to which the Scheme is subject along with the controls in place to mitigate these. This register is regularly reviewed and updated by the Trustee.

Trustee knowledge and understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with scheme documentation. In March 2024, the Pensions Regulator published their new General Code of Practice to assist trustees on these matters, combining ten existing codes and introducing new obligations not covered by the existing codes, intending to improve scheme governance and administration. The Trustee has agreed a training plan to enable it to meet these requirements.

Principal Employer

The Principal Employer's registered address is Motorola Solutions UK Limited, Nova South, 160 Victoria Street, London, SW1E 5LB.

Parental Guarantee

On 22 June 2011 Motorola Solutions, Inc. (the "Guarantor") provided a guarantee to the Trustee under which it agreed to guarantee the performance by Motorola Solutions UK Limited of its Guaranteed Obligations to the Scheme up to the Maximum Amount of £115m (the "Guarantee").

The Guarantee was increased to £182.5m on 31 January 2013, and again increased in 2014 to £272.5m.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Trustee's Report

Financial development

The financial statements on pages 16 to 35 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund decreased from £901,847,000 at 31 December 2023 to £841,924,000 at 31 December 2024.

The decrease shown above comprised net withdrawals from dealings with members of £34,878,000 together with net returns on investments of (£25,045,000).

Report on actuarial liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Principal Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

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

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2023. This showed:

| | |
|---------------------------------------|------------------|
| | 31 December 2023 |
| The value of Technical Provisions was | £861million |
| The value of assets was | £878million |
| Percentage of Technical Provisions | 102% |

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles).

Method

The actuarial method to be used in the calculation of the technical provisions is the Defined Accrued Benefits Method.

| Principal actuarial assumptions for valuation as at 31 December 2023 | |
|---|---|
| Discount rate | Fixed government bond yield plus 0.6% p.a. |
| Retail Price inflation | Market-implied inflation |
| Consumer Price inflation | 0.9% p.a. lower than RPI assumption until 2030 and equal to RPI assumption thereafter |
| Pension increases in payment | Linked to CPI or RPI as appropriate |
| Non-retired members' base mortality | |
| Males | 102% of S3PA YoB tables |
| Females | 99% of S3PA YoB tables ("middle") |
| Retired members' base mortality | |
| Males | 96% of S3PA YoB tables |
| Females | 98% of S3PA YoB tables ("middle") |
| Provision for longevity improvements | CMI 2022 with 1.5% p.a. improvements and core parameters |
| Retirement Age | All members assumed to retire at age 65 |

The next valuation as at 31 December 2026. As the Scheme is in surplus, there is no recovery plan in place.

Contributions

Both sections of the Scheme are closed and as such, and in accordance with the Schedule of Contributions certified by the Actuary on 30 November 2021 and 19 March 2025, no contributions will be paid by the Employer in respect of future benefit accrual.

The 31 December 2023 actuarial valuation showed that the Scheme had no funding deficit relative to the Defined Benefit Scheme's statutory funding objective and so no deficit contributions are payable.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Trustee's Report

Membership

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

Defined Benefit Section

| | Pensioners | Deferred | Total |
|--------------------------------|--------------|--------------|--------------|
| At 1 January 2024 | 3,246 | 4,472 | 7,718 |
| Adjustments | 2 | 2 | 4 |
| Retirements | 224 | (224) | - |
| Deaths | (62) | (5) | (67) |
| Transfers out | - | (9) | (9) |
| Spouses and dependants | 32 | - | 32 |
| Pensions commuted for cash | (19) | - | (19) |
| Pensions ceasing | (7) | - | (7) |
| Exit no further liability | (1) | - | (1) |
| DC deferred becoming pensioner | 12 | - | 12 |
| At 31 December 2024 | <u>3,427</u> | <u>4,236</u> | <u>7,663</u> |

Defined Contribution Section

| | Deferred |
|--------------------------|------------|
| At 1 January 2024 | 602 |
| Adjustments | 2 |
| Retirements | (10) |
| Leavers with no benefits | (1) |
| Transfers out | (12) |
| At 31 December 2024 | <u>581</u> |

Pensioners include 416 beneficiaries (2023: 406) receiving a pension.

There are 127 members who have both Defined Benefits and Defined Contributions. These members are only disclosed within the Defined Benefit numbers. During the year 2 of these members chose to retire their Defined Contribution benefits only.

Pension increases

During the year, all pension in payment and deferred benefits were increased in accordance with legislative requirements. There were no discretionary increases applied.

Pensions in payment are increased as follows:

Post 2009 pension increased by RPI or a maximum of 2.5%

Post 1988 GMP pension increased by CPI or 3.0%

Post 1997 pension increased by CPI or 5.0%

Post 2005 pension increased by RPI (max 2.5%)

Pension in excess of Post 1997 pension increased by RPI or 5.0%

The Scheme was closed to future accrual from 31 December 2015 at which point all actives ceased to accrue benefits and became deferred members.

Calculation of transfer values

Transfer values paid during the year were calculated and verified in the manner required by the Regulations made under Section 97 of the Pension Schemes Act 1993. None of the transfer values paid was less than the amount provided by the Regulations.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Trustee's Report

Climate Change Governance and Reporting

In July 2023, the Trustee published its first climate change governance report, addressing its identification, assessment and management of climate change risk, in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021. The report can be found on the Scheme website https://www.motorolasolutions.com/content/dam/msi/docs/about-us/careers/motorola_pension_scheme_-_tcfid_report.pdf

Investment management

General

All investments have been managed during the year under review by the investment advisers and AVC providers detailed in the list of Scheme advisers on . There is a degree of delegation of responsibility for investment decisions.

The investment strategy is agreed by the Trustee after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the fund which should be invested in the principal market sectors, the day-to-day management of the Scheme's asset portfolio, which includes full discretion for stock selection, is the responsibility of the investment advisers.

The Trustee has delegated all day to day decisions about the Defined Benefit Section investments to Goldman Sachs Asset Management International (Fiduciary Manager), and Mercer Investment Consulting Limited provide investment advice for the Defined Contribution Section of the Scheme.

Investment principles

The Trustee has produced a Statement of Investment Principles (SIP) in accordance with Section 35 of the Pensions Act 1995. A copy of the SIP is appended to the Annual Report. The main priority of the Trustee when considering the investment policy for the Defined Benefit Section is to ensure that the promises made about members' pensions may be fulfilled. The main priority of the Trustee when considering the investment policy for the Defined Contribution Section is to make available investment funds which serve to meet the varying investment needs and risk tolerances of the members.

Responsible investment and corporate governance

The recent geopolitical and economic issues have presented risks for all aspects of the Scheme. The Trustee has been conscious of the risks and engaged with service suppliers and has concluded that business continuity plans are in place and appropriate. The Trustee will continue to monitor its key suppliers in order to consider actions as necessary. Investment performance has also been scrutinised and volatility in asset values is subject to ongoing monitoring however existing investment strategy has remained appropriate. The Investment strategy has a high degree of liquidity which supports benefit payments from the scheme. In addition, the Trustee will continue to monitor the ability of the sponsoring company to provide financial support if required. The Trustee will continue to monitor developments in order to take action when necessary.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Trustee's Report

Review of investment performance

The performance of the Scheme's investments is shown in the table below:

Defined Benefit Section

| | 1 year ended 31/12/2024 | 3 years ended 31/12/2024 | 5 years ended 31/12/2024 |
|--------------|----------------------------|-----------------------------|-----------------------------|
| | % | % p.a. | % p.a. |
| Scheme Total | (3.3) | (12.3) | (4.5) |
| Benchmark | (3.2) | (12.9) | (4.8) |

The Trustee assesses the performance of the Scheme's investments in the following categories consistent with the overall strategy:

Return Generating Investments are assessed with reference to:

- Benchmarks and performance targets set and agreed with each manager.
- A weighted aggregate benchmark for the Return Generating Investments set and agreed with the Fiduciary manager.
- An objective market-orientated benchmark which is representative of the risk taken in the portfolio.

Liability Matching Investments are assessed with reference to a Custom Liability Benchmark, set and agreed with the Fiduciary Manager and underlying Asset Managers, designed to represent the key interest rate and inflation risk characteristics of the Scheme's liabilities.

The Trustee receives monthly reports from their Fiduciary Manager showing actual performance by manager and fund, comparison or performance relative to individual and aggregate benchmarks, and overall performance of the Scheme's investments in relation to the investment strategy. The Trustee has delegated responsibility for the oversight of investment managers, in terms of performance and the managers' compliance with their agreements, to their Fiduciary Manager. The Fiduciary Manager meets with the Trustee on a quarterly basis to review performance and highlight any issues arising in relation to the Scheme's investments.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Trustee's Report

Investment report

Market commentary

The year 2024 began with optimism regarding a "soft landing" for the US economy, following significant disinflation in the latter half of 2023. Initial market pricing anticipated substantial rate cuts by the Federal Reserve (FOMC). However, a resurgence of inflation in Q1 2024, coupled with a subsequent weakening in the labour market (peaking with the unemployment rate reaching 4.25% in July, triggering Sahm's Rule), led to significant market volatility. The VIX index, a measure of market volatility, surged to an intraday high of 65 on August 5, reflecting this uncertainty.

Despite this mid-year scare, the US economy ultimately proved resilient. Disinflation resumed in Q2, and the labour market stabilised by the end of the year. The FOMC responded by initiating a rate-cutting cycle in September, with further cuts throughout the remainder of the year. Other major central banks (Bank of Canada, European Central Bank, Bank of England) also eased monetary policy.

Global growth was robust in the first half of 2024, driven by the US and a recovery in Europe. However, growth in the Euro Area proved fragile, reliant on net exports rather than robust domestic consumption. Asia experienced mixed performance, with China showing stronger-than-expected activity in Q1 but weaker growth in Q2. Japan saw a modest overall growth rate for the first half of the year, but positive wage negotiations boosted expectations for future growth.

The US Presidential election in November resulted in a Republican sweep, with Donald Trump's victory potentially impacting global trade through tariffs and other policy changes. This contributed to increased uncertainty in the latter half of the year.

Financial Market Performance:

- **Equities:** Strong performance across major equity markets, with the S&P 500 (SPX) achieving a 25% return. The "Magnificent Seven" tech stocks significantly outperformed, contributing substantially to the overall gains. Japanese equities (TOPIX) also performed exceptionally well, while Euro Area equities (SX5E) lagged.
- **Bonds:** Developed market bond yields rose due to better-than-expected growth and inflation, and rate cuts that were less aggressive than initially anticipated. The US 10-year yield rose for a fourth consecutive year.
- **Commodities:** Mixed performance, with precious metals (gold and silver) rallying significantly, while oil and copper showed more modest gains or even declines (copper's performance was particularly impacted by post-election uncertainty regarding China).
- **Foreign Exchange (FX):** The US dollar (USD) strengthened considerably against major currencies, driven by relatively better US growth, interest rate differentials, and expectations surrounding President Trump's policies.

Looking ahead to 2025, the outlook remains positive, with continued robust global growth expected, particularly in the US. However, uncertainties remain, including the potential impact of President Trump's policies, the stability of the US labour market, and the ability of central banks to navigate the balance between inflation and growth. AI is expected to remain a dominant theme in equity markets, but valuations may be vulnerable if growth expectations are not met. Credit spreads are near post-COVID lows, leaving potential for widening.

Employer Related Investments

There were no direct employer-related investments held in the DB Section within the meaning of Section 40[2] of the Pensions Act 1995, however the Trustee recognises that indirect investments in the Principal Employer is possible through investing in pooled investment vehicles. Based on information provided by the investment managers any indirect exposure to shares in the Principal Employer did not exceed 5% of the Scheme's assets at the year end.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Trustee's Report

Defined Contribution ('DC') Section

Introduction

The DC investments are managed by Legal & General Investment Management Limited ("L&G") and Prudential Assurance Company Limited ("Prudential"). All DC investments are managed via pooled funds. The range of funds available to members is shown in the following table.

| FUND NAME | BENCHMARK |
|--|---|
| L&G Diversified | FTSE Developed World Index - 50% GBP Hedged |
| L&G World Equity Index | FTSE World Net Tax Index |
| L&G All Stocks Gilt Index | FTSE A UK Gilts All Stocks Index |
| L&G All Stocks Index-Linked Gilt Index | FTSE A Index-Linked All Stocks |
| L&G Sterling Liquidity | Sterling Overnight Index Average (SONIA) |
| Prudential With Profits | N/A |

Responsible Investment and Corporate Governance

The Trustee's policy on responsible investment and corporate governance is detailed in the SIP, a copy of which is included in the financial statements on pages 39 to 49 (SIP dated July 2023) and on pages 50 to 59 (SIP dated August 2024).

Investment Performance

Investment returns along with the associated benchmark returns over periods to 31 December 2024 are shown in the following table.

| Fund Name | 1 Year | | 3 Years | | 5 Years | |
|--|----------|------------|---------------|-----------------|---------------|-----------------|
| | Fund (%) | B'Mark (%) | Fund (% p.a.) | B'Mark (% p.a.) | Fund (% p.a.) | B'Mark (% p.a.) |
| L&G Diversified | 7.1 | 20.9 | 1.4 | 8.5 | 3.8 | 12.2 |
| L&G World Equity Index | 19.4 | 20.0 | 8.9 | 9.3 | 12.2 | 12.4 |
| L&G All Stocks Gilt Index | (3.4) | (3.3) | (8.7) | (8.6) | (4.8) | (4.8) |
| L&G All Stocks Index-Linked Gilt Index | (8.4) | (8.3) | (15.1) | (15.0) | (6.7) | (6.6) |
| L&G Sterling Liquidity | 5.2 | 5.2 | 3.7 | 3.8 | 2.3 | 2.3 |
| Prudential With Profits | 2.5 | n/a | 1.7 | n/a | 1.4 | n/a |

Source: L&G and Prudential. All returns shown net of fees. Note that in respect of the L&G funds, 5-year performance figures are based on the underlying pooled funds.

The principal economic and market factors over the year to 31 December 2024 that affected performance were as follows:

- The year was marked by a large number of elections, as voters in more than 60 countries went to the polls. It proved a difficult year politically for incumbent and traditional political parties. This environment sparked periods of significant volatility across financial markets.
- Geopolitical tensions were also front of mind, with conflicts in the Middle East, Ukraine, and other regions impacting energy prices and global supply chains.
- However, global equity markets largely shrugged off these concerns and had a strong year overall, supported by resilient economic growth and corporate earnings, as well as central banks in a number of major economies cutting interest rates.
- US equities, led by the technology sector, outperformed other major global markets following Donald Trump's victory, while emerging markets and other regions struggled under trade tariff concerns.
- The positive returns from equities contributed to the returns from the Scheme's investments in the L&G World Equity Index Fund and the L&G Diversified Fund (which invests in equities, fixed income, and alternatives).
- Fixed income markets experienced another challenging year, notably in the UK. UK Government bonds (gilts) generated negative returns over the year, and longer-term returns from these assets continued to be affected by the gilt market crisis September / October 2022. This environment was the main driver of the returns from the Scheme's two gilt funds.
- In respect of the L&G Sterling Liquidity Fund, UK bank base rates started the year at 5.25% and ended the year at 4.75%. This meant that the Fund generated a positive return following many years of rates being close to zero.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Trustee's Report

Management Charges

Information on charges can be found in the Chair's Statement of DC governance.

Employer Related Investments

The funds held in respect of the DC Section are within L&G and Prudential Life Fund wrappers and the Trustee's understanding is that they are therefore exempt from the regulations.

Custodial arrangements

The Trustee has appointed the custodian as detailed in the list of Scheme advisers on pages 1 to 2 as custodian of the Scheme's assets managed by the investment managers. The custodian is responsible for the safekeeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodian's nominee company, in line with common practice for pension scheme investments.

The Trustee is responsible for ensuring the Scheme's assets continue to be securely held. It reviews the custodial arrangements from time to time.

GMP Equalisation

On 26 October 2018, the High Court ruled that benefits provided to members who were contracted out of the State pension scheme between 17 May 1990 and 6 April 1997 need to be reviewed. An adjustment will be required to ensure that men and women are treated equally in relation to the Guaranteed Minimum Pension that they built up during that period.

Detailed calculations to assess the impact have not yet been carried out by the Scheme Actuary, pending clarification of these issues. Therefore, the cost of backdating pension benefits and related interest has not been recognised in these financial statements. These will be recognised once the Trustee is able to reach a reliable estimate. The Trustee currently includes a funding reserve of 1% of Scheme liabilities in the technical provisions in the full actuarial valuation, albeit only the past service element applies to these financial statements. This reserve will be refined once more detailed analysis has been carried out. The actual impact of GMP equalisation will ultimately depend on the method of GMP equalisation adopted by the Trustee and Employer.

Following on from the original judgment, a further High Court ruling on 20 November 2020 has provided clarification on the obligations for trustees. This judgement focused on the GMP treatment of historic transfers out of members' benefits, an issue which had not been addressed in the 2018 GMP ruling. Under this ruling, trustees are required to review historic transfer values paid from May 1990 to assess if any top up payment is required to be paid to the receiving scheme, to reflect members' rights to equalised GMP benefits.

The impact of this court case will be considered by the Trustee as part of the overall GMP Equalisation exercise and decisions will be made as to the next steps. The Trustee has taken initial legal advice in relation to their obligations and are carrying out analysis in terms of the potential impact on the Scheme. Based on an initial assessment of the likely backdated amounts and related interest, the Trustee does not expect these to be material to the financial statements and the funding reserve of 1% in the Scheme's technical provisions is expected to be sufficient to take account of this second ruling. Further analysis will be carried out as part of the wider GMP Equalisation exercise.

Market Conditions

The Trustee, in conjunction with their advisers, monitor geopolitical risks and the impact of these on markets closely, and review any actions that are deemed to be necessary. This includes monitoring the employer covenant, the operational impact on the Scheme, the Scheme's investment portfolio and the covenant of the Employer.

As a result of the diverse investments in the DB Section, exposure to Russian and Ukrainian assets has been maintained at a relatively low level and so the primary impact of the crisis thus far on the assets was through the broader global market movements. In response to the ongoing events in the Middle East throughout 2024, market volatility remains elevated. The Trustee, with the support of its advisors, continue to monitor events that could trigger further volatility and, in particular, how market instability could feed into inflation and central bank expectations. The Scheme's diverse portfolio, hedging assets and tail risk hedging strategies are designed to protect the funding level in periods of market stress.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Trustee's Report

The Pensions Regulator

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

The Pensions Regulator
Telecom House
125 - 135 Preston Road
Brighton
BN1 6AF
Telephone: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

Pensions tracing

A pension tracing service is carried out by the Department for Work and Pensions. This service can be contacted as follows:

Pension Tracing Service
Post Handling Site A
Wolverhampton
WV98 1AF
Telephone: 0800 731 0193
Website: www.gov.uk/find-pension-contact-details

Pensions Ombudsman

Any concerns connected with the Scheme should be referred to the Scheme Administrator, Aptia Limited, who will try to resolve the problem as quickly as possible. Members and beneficiaries of pension schemes who have problems concerning their scheme which are not satisfied by the information or explanation given by the administrators or the Trustee can consult with the Pensions Ombudsman for them to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The address is:

The Office of the Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU
Telephone: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

The Pension Protection Fund

The Pension Protection Fund (PPF) was established to pay compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover PPF levels of compensation. The pension protection levy is one of the ways that the PPF funds the compensation payable to members of schemes that transfer to the PPF.

Approval

The Trustee's Report on pages 3 to 11, and the Implementation Statements on pages 60 to 82 and pages 83 to 93, were approved by the Trustee (Motorola Solutions Pension Trustees Limited) and signed on its behalf by:

Signed by:

7F9653FC2A604A3...

Dean Dyson, Trustee Director

28-Jul-2025 | 16:07 BST

Signed by:

2753E01BB293427...

Tetyana Vasylevska, Trustee Director

28-Jul-2025 | 16:10 BST

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Statement of Trustee's Responsibilities

The Trustee's responsibilities in respect of the financial statements

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

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

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

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

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

The Trustee's responsibilities in respect of contributions

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

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme in accordance with the schedule of contributions.

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

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Independent Auditors' Report to the Trustee

Independent auditors' report to the Trustee of Motorola Pension Scheme Report on the audit of the financial statements

Opinion

In our opinion, Motorola Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2024, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Net Assets available for benefits as at 31 December 2024; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Independent Auditors' Report to the Trustee

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Independent Auditors' Report to the Trustee

Use of this report

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

Date..... 29/7/25

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Financial Statements

Fund Account

| | Note | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|---|------|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Employer contributions | 4 | 382 | - | 382 | - | - | - |
| Other income | 5 | 2 | - | 2 | 2 | - | 2 |
| | | <u>384</u> | <u>-</u> | <u>384</u> | <u>2</u> | <u>-</u> | <u>2</u> |
| Benefits paid or payable | 6 | (31,918) | (97) | (32,015) | (27,829) | (47) | (27,876) |
| Transfers to other plans | 7 | (1,468) | (348) | (1,816) | (393) | (371) | (764) |
| Administrative expenses | 8 | (1,431) | - | (1,431) | (1,611) | - | (1,611) |
| | | <u>(34,817)</u> | <u>(445)</u> | <u>(35,262)</u> | <u>(29,833)</u> | <u>(418)</u> | <u>(30,251)</u> |
| Net withdrawals from dealings with members | | <u>(34,433)</u> | <u>(445)</u> | <u>(34,878)</u> | <u>(29,831)</u> | <u>(418)</u> | <u>(30,249)</u> |
| Returns on investments | | | | | | | |
| Investment income | 9 | 1,803 | - | 1,803 | 1,534 | - | 1,534 |
| Change in market value of investments | 10 | (27,261) | 2,113 | (25,148) | 44,109 | 1,774 | 45,883 |
| Investment management expenses | 11 | (1,700) | - | (1,700) | (1,503) | - | (1,503) |
| | | <u>(27,158)</u> | <u>2,113</u> | <u>(25,045)</u> | <u>44,140</u> | <u>1,774</u> | <u>45,914</u> |
| Net returns on investments | | <u>(27,158)</u> | <u>2,113</u> | <u>(25,045)</u> | <u>44,140</u> | <u>1,774</u> | <u>45,914</u> |
| Net (decrease)/ increase in the fund during the year | | <u>(61,591)</u> | <u>1,668</u> | <u>(59,923)</u> | <u>14,309</u> | <u>1,356</u> | <u>15,665</u> |
| Transfers between sections | 13 | 1,395 | (1,395) | - | 261 | (261) | - |
| Net assets at 1 January | | <u>877,846</u> | <u>24,001</u> | <u>901,847</u> | <u>863,276</u> | <u>22,906</u> | <u>886,182</u> |
| Net assets at 31 December | | <u>817,650</u> | <u>24,274</u> | <u>841,924</u> | <u>877,846</u> | <u>24,001</u> | <u>901,847</u> |

The notes on pages 18 to 35 form part of these financial statements.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Financial Statements

Statement of Net Assets available for benefits

| | Note | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|---|------|---------------------------------|--------------------------------------|-----------------------|---------------------------------|--------------------------------------|-----------------------|
| Investment assets | | | | | | | |
| Equities | | 42,702 | - | 42,702 | 46,344 | - | 46,344 |
| Bonds | | 690,544 | - | 690,544 | 772,038 | - | 772,038 |
| Pooled investment vehicles | 14 | 261,820 | 17,086 | 278,906 | 306,269 | 16,637 | 322,906 |
| Derivatives | 15 | 3,294 | - | 3,294 | 9,820 | - | 9,820 |
| AVC investments | 17 | - | 6,830 | 6,830 | - | 7,167 | 7,167 |
| Cash | 18 | 13,011 | - | 13,011 | 2,581 | - | 2,581 |
| Other investment balances | 19 | 22,881 | - | 22,881 | 51,747 | - | 51,747 |
| | | <u>1,034,252</u> | <u>23,916</u> | <u>1,058,168</u> | <u>1,188,799</u> | <u>23,804</u> | <u>1,212,603</u> |
| Investment liabilities | | | | | | | |
| Derivatives | 15 | (4,835) | - | (4,835) | (4,975) | - | (4,975) |
| Amounts due under repurchase agreements | 16 | (202,749) | - | (202,749) | (254,158) | - | (254,158) |
| Cash | 18 | - | - | - | (2,302) | - | (2,302) |
| Other investment balances | 19 | (10,528) | - | (10,528) | (50,820) | - | (50,820) |
| | | <u>(218,112)</u> | <u>-</u> | <u>(218,112)</u> | <u>(312,255)</u> | <u>-</u> | <u>(312,255)</u> |
| Total net investments | 10 | 816,140 | 23,916 | 840,056 | 876,544 | 23,804 | 900,348 |
| Current assets | 24 | 3,426 | 455 | 3,881 | 3,902 | 205 | 4,107 |
| Current liabilities | 25 | (1,916) | (97) | (2,013) | (2,600) | (8) | (2,608) |
| Net assets at 31 December | | <u>817,650</u> | <u>24,274</u> | <u>841,924</u> | <u>877,846</u> | <u>24,001</u> | <u>901,847</u> |

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the Defined Benefit Section, is dealt with in the report on actuarial liabilities on page 4 of the annual report and these financial statements should be read in conjunction with this report.

The notes on pages 18 to 35 form part of these financial statements.

The financial statements on pages 16 to 35 were approved by the Trustee (Motorola Solutions Pension Trustees Limited) and signed on its behalf by:

Signed by:

 7F9653FC2A604A3...

Dean Dyson, Trustee Director

Signed by:

 2753E01BB293427...

Tetyana Vasylevska, Trustee Director

28-Jul-2025 | 16:07 BST

28-Jul-2025 | 16:10 BST

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

1. Identification of the financial statements

The Motorola Pension Scheme (the Scheme) is an occupational pension scheme established as a trust in the United Kingdom under English law.

The Scheme was established to provide retirement benefits to certain groups of employees of Motorola Solutions UK Limited. The address of the Scheme's principal office is Nova South, 160 Victoria Street, London, SW1E 5LB.

The Scheme is a hybrid scheme, comprising a Defined Benefit Section and a Defined Contribution Section.

The Scheme was closed to new entrants on 31 May 2005 and to future accrual on 31 December 2015. The Scheme was contracted out of the State Second Pension until it closed to future accrual on 31 December 2015.

2. Basis of preparation

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

3. Accounting policies

The principal accounting policies are set out below. Unless otherwise stated, they have been applied consistently year on year.

3.1 Accruals concept

The financial statements have been prepared on an accruals basis.

3.2 Currency

The Scheme's functional currency and presentational currency is Pounds Sterling (GBP).

3.3 Contributions

Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable or, in the absence of an agreement, on a receipts basis.

3.4 Transfers

Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.

3.5 Other income

Income is accounted for in the period in which it falls due on an accruals basis.

3.6 Payments to members

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

Other benefits, and any associated tax liabilities, are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for on the later of the date of leaving, retirement or death and the date on which any option or notification is communicated to the Trustee. If there is no choice, they are accounted for on the date of retirement or leaving.

Where 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.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

3.7 Administrative and other expenses

Administrative expenses are accounted for in the period in which they fall due on an accruals basis. The majority of the costs are paid by the Employer and re charged to the Scheme.

Investment management expenses are accounted for in the period in which they fall due on an accruals basis.

3.8 Investment income

Dividends from equities are accounted for on the ex-dividend date.

Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.

Income from pooled investment vehicles is accounted for when declared by the investment manager.

Income from foreign currency holdings is translated into sterling at the rate applicable on the date of the transaction.

Receipts and payments under swap contracts, representing the difference between the swapped cashflows, are included within investment income.

Interest on cash deposits is accounted for on an accruals basis.

Interest incurred on repurchase agreements is reported within investment income and is accounted for on an accruals basis.

3.9 Change in market value of investments

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

3.10 Valuation of investments

Investments are included at fair value as follows:

Quoted securities, including equities, bonds and certain pooled investment vehicles which are traded on active markets have been valued at the quoted price, which is usually the bid price, at the year end.

Pooled investment vehicles which are not traded on active markets, but where the investment manager has provided a daily/weekly/monthly trading price, are valued using the last bid/single price, provided by the investment manager at or before the year end.

Over the counter (OTC) options are valued at fair value by the investment manager using generally accepted pricing models, where inputs are based on market data at the year end.

Exchange traded futures are valued at fair value using the daily mark-to-market, which is a calculated difference between the settlement prices at the year end and the inception date. Amounts due from the broker represent the amounts outstanding in respect of the initial margin (representing collateral on the contracts) and any variation margin which is due to or from the broker. The amounts included in change in market value are the realised gains or losses on closed contracts and the unrealised gains or losses on open contracts.

Over the counter (OTC) swaps are valued taking the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the year end. The amounts included in the change in market value are the realised gains or losses on closed contracts and the unrealised gains or losses on open contracts. Net receipts or payments on swap contracts are reported within investment income.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

3.10 Valuation of investments - continued

Over the counter (OTC) forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the year end by entering into an equal and opposite contract at that date.

For repurchase agreements, the Scheme continues to recognise and value the securities that are delivered out as collateral, and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.

For reverse repurchase agreements, the Scheme does not recognise the securities received as collateral in its financial statements but does recognise the cash delivered to the counterparty as a receivable in the financial statements.

The AVC investments include policies of assurance. The market value of these policies has been taken as the surrender values of the policies at the year end, as advised by the AVC providers, with the exception of the Phoenix Life policies which are valued at 5 April annually and are therefore included in these financial statements on a cash basis.

3.11 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within 3.10 above and within notes 20 to 21.

4. Contributions

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|--------------------------------|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Employer contributions: | | | | | | |
| Augmentations | 382 | - | 382 | - | - | - |

5. Other income

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|----------------------|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Compensation | 1 | - | 1 | 1 | - | 1 |
| Miscellaneous income | 1 | - | 1 | 1 | - | 1 |
| | 2 | - | 2 | 2 | - | 2 |

6. Benefits paid or payable

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|--|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Pensions | 24,760 | - | 24,760 | 22,714 | - | 22,714 |
| Commutation of pensions and lump sum retirement benefits | 6,961 | 97 | 7,058 | 5,011 | 47 | 5,058 |
| Lump sum death benefits | 197 | - | 197 | 104 | - | 104 |
| | 31,918 | 97 | 32,015 | 27,829 | 47 | 27,876 |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

7. Transfers to other plans

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|--------------------------|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Transfers to other plans | 1,468 | 348 | 1,816 | 393 | 371 | 764 |

8. Administrative expenses

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|--|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Actuarial fees | 417 | - | 417 | 836 | - | 836 |
| Audit fees | 114 | - | 114 | 91 | - | 91 |
| Trustee fees | 1 | - | 1 | 1 | - | 1 |
| Legal fees | 193 | - | 193 | 156 | - | 156 |
| Miscellaneous expenses | 2 | - | 2 | 2 | - | 2 |
| Scheme levies | 78 | - | 78 | 119 | - | 119 |
| Bank charges paid | 1 | - | 1 | 1 | - | 1 |
| Administration and pension consultancy fees | 625 | - | 625 | 405 | - | 405 |
| | 1,431 | - | 1,431 | 1,611 | - | 1,611 |

The expenses accounted for exclude recoverable VAT.

9. Investment income

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|--|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Dividends from equities | 986 | - | 986 | 963 | - | 963 |
| Income from bonds | 14,075 | - | 14,075 | 14,676 | - | 14,676 |
| Net interest on swaps | 84 | - | 84 | 1 | - | 1 |
| Income from cash equivalents | (874) | - | (874) | 1,480 | - | 1,480 |
| Net interest expense on repurchase agreements | (12,468) | - | (12,468) | (15,586) | - | (15,586) |
| | 1,803 | - | 1,803 | 1,534 | - | 1,534 |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

10. Reconciliation of investments

Defined Benefit Section

| | Market value at 1 January 2024 £000 | Cost of investments purchased and derivative payments £000 | Proceeds of sales of investments and derivative receipts £000 | Change in market value £000 | Market value at 31 December 2024 £000 |
|----------------------------|--|---|--|-----------------------------------|--|
| Equities | 46,344 | 19,300 | (26,717) | 3,775 | 42,702 |
| Bonds | 772,038 | 333,007 | (344,001) | (70,500) | 690,544 |
| Pooled investment vehicles | 306,269 | 361,372 | (442,331) | 36,510 | 261,820 |
| Derivatives | 4,845 | 13,464 | (22,804) | 2,954 | (1,541) |
| | <u>1,129,496</u> | <u>727,143</u> | <u>(835,853)</u> | <u>(27,261)</u> | <u>993,525</u> |
| Repurchase agreements | (254,158) | | | - | (202,749) |
| Cash | 279 | | | - | 13,011 |
| Other investment balances | 927 | | | - | 12,353 |
| | <u>876,544</u> | | | <u>(27,261)</u> | <u>816,140</u> |

Defined Contribution Section

| | Market value at 1 January 2024 £000 | Cost of investments purchased £000 | Proceeds of sales of investments £000 | Change in market value £000 | Market value at 31 December 2024 £000 |
|----------------------------|--|---|--|-----------------------------------|--|
| Pooled investment vehicles | 16,637 | 211 | (1,284) | 1,522 | 17,086 |
| AVC investments | 7,167 | - | (928) | 591 | 6,830 |
| | <u>23,804</u> | <u>211</u> | <u>(2,212)</u> | <u>2,113</u> | <u>23,916</u> |

10.1 Transaction costs

Indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme.

There are no direct transactions costs during the year (2023: Nil).

10.2 Defined contribution assets

Investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions were paid. The investment managers hold the investment units on a pooled basis for the Trustee. The Scheme administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Scheme that relate to members leaving the Scheme prior to vesting.

All investment assets are allocated to members (2023: all assets were allocated to members).

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

11. Investment management expenses

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|---|---|--|--------------------------------|---|--|--------------------------------|
| Administration, management and custody fees | 1,700 | - | 1,700 | 1,503 | - | 1,503 |

12. Taxation

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

13. Transfers between sections

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|---------------------------|---|--|--------------------------------|---|--|--------------------------------|
| Transfer between sections | 1,395 | (1,395) | - | 261 | (261) | - |

The transfers between sections shown in the Fund Account relate to the transfer of funds for members with benefits in both the Defined Benefit and Defined Contribution Sections.

14. Pooled investment vehicles

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|---------------------|---|--|--------------------------------|---|--|--------------------------------|
| Equities | 111,220 | 4,122 | 115,342 | 139,868 | 3,554 | 143,422 |
| Bonds | 88,779 | 788 | 89,567 | 104,054 | 891 | 104,945 |
| Fund of hedge funds | 17,201 | - | 17,201 | 15,712 | - | 15,712 |
| Mixed Funds | - | 5,702 | 5,702 | - | 5,660 | 5,660 |
| Cash | 44,620 | 246 | 44,866 | 46,635 | 233 | 46,868 |
| With Profits | - | 6,228 | 6,228 | - | 6,299 | 6,299 |
| | 261,820 | 17,086 | 278,906 | 306,269 | 16,637 | 322,906 |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

15. Derivatives

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

Options - The Scheme has entered into options to hedge some of the Scheme's exposure to changes in interest rates and inflation.

Futures - The Trustee does not want cash held to be 'out of the market' and therefore has bought exchange traded index based future contracts which had an underlying economic value broadly equivalent to cash held.

OTC Swaps - The Trustee aims to match as far as possible the Liability Driven Investment (LDI) portfolio and the Scheme's long term liabilities, in particular in relation to their sensitivities to interest rate movements. The Trustee has entered into OTC interest rate swaps during the year that extend the duration of the fixed income portfolio to better match the long term liabilities of the Scheme.

Forward foreign exchange - In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

Defined Benefit Section

| | Assets | Liabilities | 2024 | Assets | Liabilities | 2023 |
|--------------------------|---------------|--------------------|----------------|---------------|--------------------|--------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Options | 130 | - | 130 | 920 | - | 920 |
| Futures | 115 | (1,169) | (1,054) | 2,025 | (925) | 1,100 |
| OTC Swaps | 2,642 | (2,457) | 185 | 5,460 | (3,660) | 1,800 |
| Forward foreign exchange | 407 | (1,209) | (802) | 1,415 | (390) | 1,025 |
| | 3,294 | (4,835) | (1,541) | 9,820 | (4,975) | 4,845 |

15.1 Options

Defined Benefit Section

| Nature | Notional amounts | Expiration | Aggregate asset value | Aggregate liability value |
|-----------------------|-------------------------|-------------------|------------------------------|----------------------------------|
| | £000 | | £000 | £000 |
| Interest rate options | 226 | 12/09/2025 | 29 | - |
| Interest rate options | 17 | 11/09/2026 | 15 | - |
| Interest rate options | 230 | 13/06/2025 | 14 | - |
| Interest rate options | 4 | 12/06/2026 | 4 | - |
| Interest rate options | 75 | 12/12/2025 | 13 | - |
| Interest rate options | 218 | 14/03/2025 | 2 | - |
| Interest rate options | 4 | 13/03/2026 | 4 | - |
| Interest rate options | 21 | 11/06/2027 | 17 | - |
| Interest rate options | 20 | 12/03/2027 | 16 | - |
| Interest rate options | 19 | 11/03/2026 | 16 | - |
| Total 2024 | 834 | | 130 | - |
| Total 2023 | 1,451 | | 920 | - |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

15.2 Futures**Defined Benefit Section**

The contracts entered into include Cash, Bond and Equity Futures.

| Nature | Economic exposure £000 | Expiration | Aggregate asset value £000 | Aggregate liability value £000 |
|-------------------|-----------------------------------|-------------------|---------------------------------------|---|
| UK FTSE Equity | 1,337 | January 2025 | 1 | (12) |
| UK FTSE Equity | 23,906 | March 2025 | 26 | (713) |
| UK Long Gilt | 739 | March 2025 | 6 | (32) |
| UK 10 YR T-Notes | 5,818 | March 2025 | 8 | (271) |
| UK T Bonds | (1,519) | March 2025 | 61 | - |
| UK 5YR T-Note | 17,316 | March 2025 | 1 | (39) |
| US 2YR T-Note | 18,223 | March 2025 | 4 | - |
| US T-Bonds | (727) | March 2025 | 1 | - |
| EURO Bond | 551 | March 2025 | 7 | (17) |
| UK FTSE Cash | 43,162 | December 2026 | - | (85) |
| Total 2024 | 108,806 | | 115 | (1,169) |
| Total 2023 | 56,621 | | 2,025 | (925) |

15.3 OTC Swaps**Defined Benefit Section**

| Nature | Notional amounts £000 | Expiration | Aggregate asset value £000 | Aggregate liability value £000 |
|--|----------------------------------|---------------------|---------------------------------------|---|
| Interest Rate - Pay Variable (Exchange Rate) | 1,200,604 | Less than 12 months | 2,642 | (2,457) |
| Total 2024 | 1,200,604 | | 2,642 | (2,457) |
| Total 2023 | 402,824 | | 5,460 | (3,660) |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

15.4 Forward foreign exchange**Defined Benefit Section**

2 contracts of forward foreign exchange values cannot be disclosed below due to value being immaterial.

| Contract | Settlement date | Currency bought | Currency sold | Aggregate asset value £000 | Aggregate liability value £000 |
|-------------------|------------------------|------------------------|----------------------|---------------------------------------|---|
| OTC (2 Contracts) | Less than 3 months | GBP | HKD | - | (10) |
| OTC (3 Contracts) | Less than 3 months | GBP | USD | - | (1,197) |
| OTC (1 Contract) | Less than 3 months | GBP | EUR | 25 | - |
| OTC (1 Contract) | Less than 3 months | GBP | SEK | - | (1) |
| OTC (1 Contract) | Less than 3 months | GBP | ILS | - | (1) |
| OTC (1 Contract) | Less than 3 months | GBP | JPY | 259 | - |
| OTC (1 Contract) | Less than 3 months | GBP | NZD | 2 | - |
| OTC (1 Contract) | Less than 3 months | GBP | NOK | 3 | - |
| OTC (1 Contract) | Less than 3 months | GBP | AUD | 68 | - |
| OTC (1 Contract) | Less than 3 months | GBP | CHF | 46 | - |
| OTC (1 Contract) | Less than 3 months | GBP | DKK | 3 | - |
| OTC (1 Contract) | Less than 3 months | GBP | SGD | 1 | - |
| Total 2024 | | | | 407 | (1,209) |
| Total 2023 | | | | 1,415 | (390) |

15.5 Collateral

The Defined Benefit Section of the Scheme has collateral which is accepted from and provided to certain market counterparties in respect of derivative financial instruments and repurchase agreements to mitigate counterparty risk in the event of default. As at 31 December 2024 the Scheme had accepted £6.3m (2023: £24.3m) of cash as collateral that will be required to be repaid at the maturity of the Repurchase Agreements and Derivative Contracts. The Scheme had also pledged collateral of £14.7m (2023: £20.6m) in relation to the Repurchase Agreements and Derivative Contracts entered into. Both the collateral received and pledged by the Scheme have been included in the Net Asset Statement.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

16. Amounts due under repurchase agreements

Repurchase agreements are a form of short term borrowing, where the Scheme has sold assets with the agreement to repurchase at a fixed date and price. The Defined Benefit Section of the Scheme has entered repurchase agreements giving rise to liabilities of £202.7m (2023: £254.2m).

Repurchase Agreements

Bonds of £240.5m (2023:£258.6m) and Nil cash (2023: Nil) are provided as collateral to secure the financing under these repurchase agreements. The Trustee aims to manage the indirect rate and inflation risk exposure associated with the Scheme's liabilities. The Trustee has permitted the use of repurchase agreements as a potential tool to help achieve this liability matching.

17. AVC investments

The Trustee holds assets within the main fund and also holds assets which are separately invested from the main fund in the form of individual bank and building society accounts and policies of assurance. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement, confirming the amounts held in their account and the movements during the year.

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

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|----------------------------------|---|--|--------------------------------|---|--|--------------------------------|
| Standard Life Assurance Ltd | - | 6,093 | 6,093 | - | 6,376 | 6,376 |
| Prudential Assurance Company Ltd | - | 650 | 650 | - | 653 | 653 |
| Phoenix Life | - | 87 | 87 | - | 138 | 138 |
| | <u>-</u> | <u>6,830</u> | <u>6,830</u> | <u>-</u> | <u>7,167</u> | <u>7,167</u> |

18. Cash

Defined Benefit Section

| | Assets £000 | Liabilities £000 | 2024 £000 | Assets £000 | Liabilities £000 | 2023 £000 |
|------------------|------------------------|-----------------------------|----------------------|------------------------|-----------------------------|----------------------|
| Sterling | 8,992 | - | 8,992 | - | (2,302) | (2,302) |
| Foreign currency | 402 | - | 402 | 1,571 | - | 1,571 |
| Cash equivalents | 3,617 | - | 3,617 | 1,010 | - | 1,010 |
| | <u>13,011</u> | <u>-</u> | <u>13,011</u> | <u>2,581</u> | <u>(2,302)</u> | <u>279</u> |

The cash equivalents values are in relation to variation margin monies.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

19. Other investment balances

Defined Benefit Section

| | Assets | Liabilities | 2024 | Assets | Liabilities | 2023 |
|--------------------------------|---------------|--------------------|---------------|---------------|--------------------|-------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Investment income receivable | 3,876 | (1,623) | 2,253 | 3,927 | (4,906) | (979) |
| Outstanding settlements | 4 | (6) | (2) | 25,370 | (20,483) | 4,887 |
| Tax recoverable on investments | 62 | - | 62 | 69 | - | 69 |
| Amounts due from brokers | 4,237 | (2,550) | 1,687 | 1,748 | (1,092) | 656 |
| Other investments | 14,702 | (6,349) | 8,353 | 20,633 | (24,339) | (3,706) |
| | 22,881 | (10,528) | 12,353 | 51,747 | (50,820) | 927 |

The other investments above are in relation to Cash Collateral as per Note 15.5.

20. Fair value hierarchy

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 which the reporting entity can access at the assessment dates. |
| Level 2 | Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs which 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 which 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. |

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

The Scheme's investment assets and liabilities fall within the above hierarchy as follows:

| | 2024 | 2024 | 2024 | 2024 |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | £000 | £000 | £000 | £000 |
| Defined Benefit Section | | | | |
| Equities | 42,702 | - | - | 42,702 |
| Bonds | - | 690,544 | - | 690,544 |
| Pooled investment vehicles | - | 238,367 | 23,453 | 261,820 |
| Derivatives | (1,054) | (487) | - | (1,541) |
| Repurchase liabilities | - | (202,749) | - | (202,749) |
| Cash | 9,394 | 3,617 | - | 13,011 |
| Other investment balances | 2,313 | 10,040 | - | 12,353 |
| | 53,355 | 739,332 | 23,453 | 816,140 |
| Defined Contribution Section | | | | |
| Pooled investment vehicles | - | 10,858 | 6,228 | 17,086 |
| AVC investments | - | - | 6,830 | 6,830 |
| | - | 10,858 | 13,058 | 23,916 |
| | 53,355 | 750,190 | 36,511 | 840,056 |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

20. Fair value hierarchy - continued

Analysis for the prior year end is as follows:

| | 2023 Level 1 £000 | 2023 Level 2 £000 | 2023 Level 3 £000 | 2023 Total £000 |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Defined Benefit Section | | | | |
| Equities | 46,344 | - | - | 46,344 |
| Bonds | - | 772,038 | - | 772,038 |
| Pooled investment vehicles | - | 284,716 | 21,553 | 306,269 |
| Derivatives | 1,100 | 3,745 | - | 4,845 |
| Repurchase liabilities | - | (254,158) | - | (254,158) |
| Cash | (731) | 1,010 | - | 279 |
| Other investment balances | 3,977 | (3,050) | - | 927 |
| | <u>50,690</u> | <u>804,301</u> | <u>21,553</u> | <u>876,544</u> |
| Defined Contribution Section | | | | |
| Pooled investment vehicles | - | 10,338 | 6,299 | 16,637 |
| AVC investments | - | - | 7,167 | 7,167 |
| | <u>-</u> | <u>10,338</u> | <u>13,466</u> | <u>23,804</u> |
| | <u>50,690</u> | <u>814,639</u> | <u>35,019</u> | <u>900,348</u> |

£31,370k of the pooled investment vehicles has been reclassified from level 1 to level 2 and £7,677k has been reclassified from level 3 to level 2 to better reflect the fair value hierarchy. There is no change to the total net assets.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

21. Investment risks

Introduction

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

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

Market risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk as follows:

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

Overall investment policy falls into two parts. Setting the investment strategy for the Scheme's assets is fundamentally the responsibility of the Trustee (acting on professional advice as they deem appropriate from their investment consultants, Goldman Sachs and Mercer Limited) and is driven by the Trustee's investment objectives. The remaining elements of investment policy are related to the day-to-day management of the assets which is delegated to professional investment managers.

The Scheme has exposure to the above risks because of the investments it makes to implement its investment strategy. The Trustee has identified and seeks to manage the Scheme's investment risks by taking them into account when setting the Scheme's strategic investment objectives. The investment objectives are implemented through the selection of pooled investment funds that are consistent with them. The Trustee monitors its investment objectives and risks through regular reviews of the investment funds.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include AVC investments as these are not considered significant in the context of the overall Scheme.

Investment Risk- DB

The DB Section of the Scheme is subject to credit risk, currency risk, interest rate risk and other price risk as summarised in the following table.

| | Credit Risk | Currency Risk | Interest Rate Risk | Other Price Risk | 2024 £000 | 2023 £000 |
|--|--------------------|----------------------|---------------------------|-------------------------|----------------------|----------------------|
| Equity | H | P | H | S | 42,702 | 46,344 |
| Bonds | P | H | S | H | 690,544 | 772,038 |
| Pooled Investments - Direct | S | P | H | P | 261,820 | 306,269 |
| Pooled Investments - Indirect | P | P | P | P | | |
| Derivatives | P | P | P | P | (1,541) | 4,845 |
| Cash | S | P | H | H | 13,011 | 279 |
| Due from Brokers | P | P | H | H | 1,687 | 656 |
| Accrued Investment Income (net of tax) | P | H | H | H | 2,315 | (910) |
| Repurchase Agreements | P | H | P | H | (202,749) | (254,158) |
| Unsettled Transactions | P | P | H | H | (2) | 4,887 |
| Obligation to return cash collateral | P | P | H | H | (6,349) | (24,339) |
| Cash collateral held elsewhere | P | P | H | H | 14,702 | 20,633 |
| Total | | | | | 816,140 | 876,544 |

S-Significantly P-Partially H-Hardly/Not at all

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

21. Investment risk - continued

Investment Strategy

The Trustee's ultimate objective is to meet the benefits payable to scheme members in full as they fall due. In order to achieve this goal, the Trustee has put in place a "Journey Plan" framework, setting out the expected evolution of funding level and investment strategy over time. Within this framework, the investment objective is to achieve long term growth of the Scheme's assets relative to its liabilities, while seeking to manage and reduce investment risk over time. In determining an appropriate Journey Plan for the Scheme, the Trustee has considered a range of factors including, but not limited to: the expected size, timing and uncertainty of future benefit payments; expected future contributions in to the Scheme; the strength of the employer covenant; and the risk tolerance of the Trustee.

It is the Trustee's policy to consider a full range of asset classes including, but not limited to, equities, bonds, property and absolute return and their suitability to the overall asset allocation given their associated risks and rewards. The Journey Plan and subsequent Strategic Asset Allocation for the Defined Benefit Section were set following an asset-liability study which considered a range of different asset classes with different risks and rewards.

Over the course of 2024, given the strong funding position of the Scheme, the Trustee made a decision to reduce the risk within the Scheme's portfolio. Therefore, the allocation to Return Generating investments was reduced over the year, in turn, increasing the exposure to Liability Matching Investments.

The current Strategic Asset Allocation comprises:

- 35% in Return Generating Investments comprising global equities, global sub investment grade fixed income, listed real estate and infrastructure securities, hedge funds and alternative risk premia.
- 65% in Liability Matching Investments, comprising a portfolio of UK government bonds, derivatives and repurchase agreements designed to match the interest rate and inflation characteristics of the Scheme's liabilities
- Overseas currency exposure of 15%-35% of the Return Generating Investments. The Trustee has delegated the implementation of this currency policy to their Fiduciary Manager.

Credit risk

The Scheme is subject to credit risk because the Scheme directly invests in bonds, over-the-counter ("OTC") derivatives, has cash balances and enters into repurchase agreements. The Scheme also invests in pooled investment vehicles and is therefore indirectly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles.

Pooled investment arrangements used by the Scheme are as outlined in the table below:

| | 2024 £000 | 2023 £000 |
|---|----------------------------|----------------------------|
| Pooled Investment Vehicles by legal type | | |
| Open Ended Investment Company | 34,881 | 30,040 |
| Alternative Investment Fund | 23,407 | 20,623 |
| Limited Purpose Trust Company | 16,782 | 16,707 |
| Irish Collective Asset-Management Vehicle | 5,220 | 4,648 |
| Limited Company | 67,256 | 95,219 |
| Limited Liability Company | 46 | 930 |
| Investment Company with Variable Capital | 45,978 | 56,692 |
| Exempted Company | 5,489 | 4,803 |
| Undertakings for Collective Investment in Transferable Securities | 62,761 | 76,607 |
| Total | 261,820 | 306,269 |

Credit risk arising on bonds held directly is mitigated by investing primarily in government bonds, where the credit risk is reduced relative to corporate bonds, and by limiting exposure to sub-investment grade bonds. All bonds are 100% investment grade.

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

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

21. Investment risk - continued

Indirect credit risk arises in relation to the underlying investments held in pooled investment vehicles. This risk is mitigated by diversifying the investments by issuer type, credit quality and geography.

Cash is held within financial institutions which are at least investment grade credit rated.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is managed by collateral arrangements (see note 15.5). Credit risk also arises on forward foreign currency contracts. There are no collateral arrangements for these contracts but all counterparties are required to be at least investment grade.

Credit risk on repurchase agreements is mitigated through collateral arrangements as disclosed in note 16.

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure) and forward foreign exchange contracts. There are no changes from the prior year to the risks the Scheme is exposed to. The Trustee has set a permitted range for exposure to overseas currency of 15%-35% of the Return Generating Investments, which is achieved through a currency hedging policy using forward foreign currency contracts. The net currency exposure at the current year end was primarily to US dollars, with limited exposure to euros, Japanese yen and other currencies.

Interest Rate Risk

The Scheme is subject to interest rate and inflation risk as a result of the sensitivity of the present value of the expected benefit payments to interest rate and inflation movements. The Trustee has implemented a liability hedging policy, through investment in government bonds, interest rate and inflation swaps, and repurchase agreements, to mitigate a proportion of these risks. The Trustee has delegated implementation of this policy to their Fiduciary Manager, although retains control over the strategic interest rate and inflation hedge ratios. The strategic proportion of liability interest rate and inflation risk being matched by the liability hedging policy is 87.2% of liabilities as measured on an economic basis and was in line at the end of the year.

Under this liability hedging policy, if interest rates fall, or if inflation expectations rise, the value of the Scheme's liabilities and the value of the liability hedging investments will rise. Similarly, if interest rates rise or inflation expectations fall, the value of the Scheme's liabilities and the value of the liability hedging investments will fall.

Other Price Risk

Other price risk arises principally in relation to the Scheme's Return Generating Investments, which include directly held equities, equities held in pooled funds, equity futures, equity options, hedge funds, listed real estate and infrastructure securities and a tactical asset allocation strategy. This risk applies to the segregated equity portfolio.

The Trustee manages this exposure by diversifying the strategic asset allocation across markets and geographies.

Investment Strategy - DC

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. As such, the Trustee regards its duty as making available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs but has no direct influence over the choices made by members (members who invested in the default option have made the decision not to make an active investment choice).

The Trustee also recognises that members may not believe themselves qualified to take investment decisions. Although the Scheme is now closed, investments have historically been placed into a default investment option, details of which are provided in the Chair's Statement of DC Governance and in the Statement of Investment Principles.

The DC investments are managed by Legal & General Investment Management Limited ("L&G") and Prudential Assurance Company Limited ("Prudential"). The DC investments are all accessed via pooled fund arrangements. Day-to-day management of the assets is delegated to these professional investment managers. The Trustee expects the investment managers to manage the assets delegated to them under the terms of their contracts. The investment managers have full discretion to buy and sell investments on behalf of the Scheme, subject to agreed constraints and applicable legislation.

The Trustee monitors the underlying risks by reviewing investment performance and risk levels. The Trustee's DC investment adviser, Mercer Limited, provides the Trustee with further assistance in monitoring the investment managers, both in the form of written reports and attendance at meetings as required by the Trustee.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

21. Investment risk - continued

Direct Credit and Market Risk

The investments in the DC Section are subject to direct credit risk owing to the use of unit-linked insurance funds managed by L&G and Prudential.

L&G and Prudential are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and maintain separate funds for their policyholders. In the event of default by either L&G or Prudential, or both, the DC Section is protected by the Financial Services Compensation Scheme ("FSCS") and may be able to make a claim for at least 100% of its policy value, although noting that compensation is not guaranteed.

All funds are priced in sterling, meaning that while there is no direct currency risk to members, there will be indirect currency risk inherent through the underlying investments.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments among a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled managers. No new pooled arrangements were implemented during the year.

All of the DC investment funds are accessed through unit linked insurance contracts, with the exception of the Prudential With Profits Fund which is a with profits insurance contract.

Indirect Credit and Market Risk

The risks disclosed here relate to the DC Section's investments as a whole. As members are able to choose their own investments from the range of funds offered, member level risk exposures will be dependent on the funds invested in by members.

The DC Section of the Scheme is subject to indirect credit and indirect market risk arising from the underlying investments held in the funds as summarised in the following table.

| Pooled Fund Type | Indirect Risk Exposures | | | | Fund value (£000) | |
|-------------------------------|-------------------------|---------------|--------------------|------------------|-------------------|------------------|
| | Credit risk | Currency risk | Interest rate risk | Other price risk | 31 December 2024 | 31 December 2023 |
| Pooled Investments - Direct | S | H | H | P | 17,086 | 16,637 |
| Pooled Investments - Indirect | P | P | P | P | | |
| AVC Investments | S | P | P | S | 6,830 | 7,167 |
| Total | | | | | 23,916 | 23,804 |

22. Concentration of investments

The following investments each account for more than 5% of the Scheme's net assets at the year end:

| | 2024 | | 2023 | |
|---|--------|-----|--------|------|
| | £000 | % | £000 | % |
| SSGA All World Developed Equity Index Life Fund | 67,256 | 8.0 | 95,219 | 10.6 |
| PGIM Global Corp Bond Fund | 62,761 | 7.5 | 76,607 | 8.5 |

23. Employer-related investments

There were no direct employer-related investments held within the meaning of Section 40[2] of the Pensions Act 1995, however the Trustee recognises that indirect investments in the Principal Employer is possible through investing in pooled investment vehicles. Based on information provided by the investment managers any indirect exposure to shares in the Principal Employer did not exceed 5% (2023: 5%) of the Scheme's assets at the year end.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

24. Current assets

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|--|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Amounts due between sections | 92 | 39 | 131 | - | 14 | 14 |
| Prepaid PPF Levy | 4 | - | 4 | 28 | - | 28 |
| Overpayment of fees | 103 | - | 103 | 76 | - | 76 |
| Sundry debtors | - | - | - | 5 | - | 5 |
| Cash deposits held with HSBC Bank plc | 3,227 | 416 | 3,643 | 3,793 | 191 | 3,984 |
| | <u>3,426</u> | <u>455</u> | <u>3,881</u> | <u>3,902</u> | <u>205</u> | <u>4,107</u> |

Included in the cash deposits shown above is £2,209 (2023: £2,209) which is not allocated to members.

25. Current liabilities

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2023 Total £000 |
|---|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Lump sums on retirement payable | 234 | 4 | 238 | 229 | 8 | 237 |
| Death benefits payable | - | - | - | 2 | - | 2 |
| Taxation payable | 398 | 1 | 399 | 332 | - | 332 |
| Administrative expenses payable | 575 | - | 575 | 1,183 | - | 1,183 |
| Investment management expenses payable | 670 | - | 670 | 840 | - | 840 |
| Amounts due between sections | 39 | 92 | 131 | 14 | - | 14 |
| | <u>1,916</u> | <u>97</u> | <u>2,013</u> | <u>2,600</u> | <u>8</u> | <u>2,608</u> |

26. Related party transactions

(a) Entities with control, joint control or significant influence over the Scheme

The Scheme was recharged with £2,604k (2023: £1,177k) costs of administration and independent advisers borne by the Principal Employer, credits were repaid amounting to £361k during the year.

Note 8 Administrative Expenses includes the amount payable to Motorola Solutions UK Limited £1k (2023: £1k) for internal administration costs and Trustee fees and expenses during the year. The amount of £103k (2023: £76k) has been overpaid to Motorola Solutions UK Limited during the year.

(b) Key management personnel of the Scheme or its parent (in aggregate)

Of the six Trustee Directors during the year, two are deferred members and two are pensioners of the Scheme.

None of the Trustee Directors receive remuneration for their services to the Scheme. Note 8 includes £1k (2023: £1k) of fees payable to the Trustee Directors of which £nil (2023: £nil) was due payable to the Trustee Directors as at 31 December 2024.

(c) Other related parties

On 22 June 2011 Motorola Solutions, Inc. (the "Guarantor") provided a guarantee to the Trustee under which it agreed to guarantee the performance by Motorola Solutions UK Limited of its Guaranteed Obligations to the Scheme up to the Maximum Amount of £115m (the "Guarantee").

The Guarantee was increased to £182.5m on 31 January 2013, and again increased in 2014 to £272.5m.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Notes to the Financial Statements

27. Contingent Liabilities

On 26 October 2018, the High Court ruled that benefits provided to members who were contracted out of the State pension scheme between 17 May 1990 and 6 April 1997 need to be reviewed. An adjustment will be required to ensure that men and women are treated equally in relation to the Guaranteed Minimum Pension that they built up during that period.

Detailed calculations to assess the impact have not yet been carried out by the Scheme Actuary, pending clarification of these issues. Therefore, the cost of backdating pension benefits and related interest has not been recognised in these financial statements. These will be recognised once the Trustee is able to reach a reliable estimate. The Trustee currently includes a funding reserve of 1% of scheme liabilities in the technical provisions in the full actuarial valuation, albeit only the past service element applies to these financial statements. This reserve will be refined once more detailed analysis has been carried out. The actual impact of GMP equalisation will ultimately depend on the method of GMP equalisation adopted by the Trustee and Employer.

Following on from the original judgment, a further High Court ruling on 20 November 2020 has provided clarification on the obligations for trustees. This judgement focused on the GMP treatment of historic transfers out of members' benefits, an issue which had not been addressed in the 2018 GMP ruling. Under this ruling, trustees are required to review historic transfer values paid from May 1990 to assess if any top up payment is required to be paid to the receiving scheme, to reflect members' rights to equalised GMP benefits.

The impact of this court case will be considered by the Trustee as part of the overall GMP Equalisation exercise and decisions will be made as to the next steps. The Trustee has taken initial legal advice in relation to their obligations and are carrying out analysis in terms of the potential impact on the Scheme. Based on an initial assessment of the likely backdated amounts and related interest, the Trustee does not expect these to be material to the financial statements and the funding reserve of 1% in the Scheme's technical provisions is expected to be sufficient to take account of this second ruling. Further analysis will be carried out as part of the wider GMP Equalisation exercise.

The Virgin Media Limited v NTL Pension Trustees II Limited decision, handed down by the High Court on 16 June 2023 considered the implications of Section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The judgment clarified the scope of these requirements and confirmed that, where the requirements were not met, the relevant amendments would be void.

This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court. The case has the potential to cause significant issues in the pensions industry. In June 2025 the Government announced that it will "introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Scheme obligations will otherwise be unaffected and the Government will continue to maintain its robust framework for the funding of defined benefit pension schemes in order to protect people's hard-earned pensions

The Trustee is awaiting further information from the Government on the proposed legislation and will continue to monitor developments but, it is not possible at present to estimate the potential impact, if any, on the Scheme.

28. Geopolitical environment

Ongoing conflicts and geopolitical tensions continued to influence global markets over 2024. The war between Ukraine and Russia remains a major factor impacting the global energy market and has prompted increased defence spending in Europe. In the Middle East, tensions escalated, particularly in the conflict between Israel and Palestine. The situation in Gaza has prompted shifting alliances as Middle Eastern countries try to maintain their diplomatic relations across the region.

Early 2025 has also been marked with heightened uncertainty; rising US protectionism has led to significant tariff shocks felt sharply across markets while the US-China relationship remains a central factor. Furthermore, tensions between India and Pakistan have recently spiked. The US has urged both nations to de-escalate though its focus remains on the conflicts in Ukraine and Gaza.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Independent Auditors' Statement about Contributions to the Trustee

Independent auditors' statement about contributions to the Trustee of Motorola Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions payable under the Schedule of Contributions for the Scheme year ended 31 December 2024 as reported in Motorola Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the Scheme actuary on 30 November 2021.

We have examined Motorola Pension Scheme's summary of contributions for the Scheme year ended 31 December 2024 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

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

Auditors' responsibilities in respect of the statement about contributions

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

Use of this report

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



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

29/7/25

Date:.....

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Summary of Contributions

During the year ended 31 December 2024, the contributions payable under the Schedule of Contributions by the Employer were as follows:

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2024 Total £000 |
|---|---------------------------------------|--|--------------------------------|
| Contributions payable under the Schedule of Contributions: | | | |
| Contributions payable under the Schedule of Contributions (as reported on by the Scheme Auditors) | - | - | - |
| Other contributions: | | | |
| Augmentations | 382 | - | 382 |
| Total contributions reported in the financial statements | <u>382</u> | <u>-</u> | <u>382</u> |

Approved by the Trustee (Motorola Solutions Pension Trustees Limited) and signed on its behalf by:

Signed by:

 7F9653FC2A604A3...

Dean Dyson, Trustee Director

28-Jul-2025 | 16:07 BST

Signed by:

 2753E01BB293427...

Tetyana Vasylevska, Trustee Director

28-Jul-2025 | 16:10 BST

Motorola Pension Scheme

Annual Report for the year ended 31 December 2024

Actuarial Certificate

Certification of schedule of contributions

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated March 2025.

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

Signature

Ruairi Campbell

Scheme Actuary

Ruairi Campbell

Qualification

Fellow of the Institute and Faculty of Actuaries

Date of signing

19 March 2025

Name of employer

Mercer Limited

Address

5 George Square
Glasgow
G2 1AR



MOTOROLA PENSION SCHEME

Statement of Investment Principles

July 2023

Motorola Pension Scheme

Statement of Investment Principles July 2023

This Statement of Investment Principles covers the Defined Benefit and the Defined Contribution sections of the Motorola Pension Scheme (the "Scheme").

1. Introduction

Purpose of Statement

This statement by Motorola Solutions Pension Trustees Limited (the "Trustee") sets out the Principles governing investment decisions taken for the assets of the Scheme to comply with the requirements of the Pensions Acts 1995 and 2004, and the Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

Advice

The Trustee has obtained written advice on the content of this statement from its Investment Adviser, Goldman Sachs Asset Management International ("GSAM") regarding the Defined Benefit section. The Trustee is satisfied that GSAM has the knowledge and experience required by the Pensions Act 1995 in performing this role.

The Trustee has also consulted a suitably qualified person in connection with the Defined Contribution Section by obtaining written advice from Mercer Limited ("Mercer").

Consultation

The Trustee has consulted Motorola Solutions UK Ltd on the content of this statement.

2. Defined Benefit Section

Investment Policy

It is the Trustee's policy to consider a full range of asset classes including, but not limited to, equities, bonds, property and absolute return and their suitability to the overall asset allocation given their associated risks and rewards. The asset allocation for the Defined Benefit section was set following an asset-liability study which considered a range of different asset classes with different risks and rewards.

The Trustee also considers the need for appropriate diversification both across and within asset classes.

The Trustee has implemented a funding level-based de-risking trigger that, if met, the Trustee will meet to discuss the potential to reduce the Scheme's Defined Benefit portfolio investment return target, de-risking the portfolio. Prior to any de-risking, the Trustee will rely on up-to-date input and advice from GSAM and Mercer on the Scheme's funding level and appropriateness of any changes to investment return target and/or the asset allocation. The Trustee will also consult with the sponsoring employer before any de-risking takes place.

The Trustee's policy is to delegate all day-to-day decisions about the investments to GSAM who shall select investments and investment managers within parameters

given to them by the Trustee. The Trustee will satisfy itself that each investment manager appointed by it has the appropriate knowledge and experience for managing the investments of the Scheme. The Trustee expects each fund manager to carry out the investment powers delegated to them with a view to giving effect to the principles in this statement, so far as is reasonably practical.

Expected return

Based on past performance and prevailing market conditions, the Trustee expects the long term return on the Defined Benefit assets to exceed the expected future growth of the liabilities. The Trustee recognises that the returns on equities and other return generating assets, while expected to be greater over the long term than those on bonds, are likely to be more volatile. Returns on the Defined Contribution assets will vary from member to member and will depend on the investment choices made by each member.

Realisation of investments

If, having considered advice from GSAM, the Trustee believes that any class of investment is no longer suitable for the Defined Benefit section of the Scheme it will withdraw this asset class for future investments.

Risk management and measurement

The Trustee recognises that the key risk to the Defined Benefit section of the Scheme is that it has insufficient assets to pay benefits when due. The Trustee has identified a number of risk factors which have the potential to contribute to these key risks. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and its advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("liquidity risk"). The Trustee and its advisers monitor the Scheme's cash flows to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and their advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Scheme's investment strategy.
- The possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially) and its annual updates. Some of these risks may also be modelled explicitly during the course of such reviews.

To assist in monitoring these risks, the Trustee receives reports at least quarterly showing:

- Funding level versus the Scheme's specific funding objective.
- Performance versus the Scheme's investment objective.
- Performance of individual fund managers versus their respective targets as measured by an independent performance measurer.
- Any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

Environmental, Social, Governance, Stewardship and Alignment Considerations

Financially material considerations

The Trustee recognises that it has a legal duty to take account of financially material considerations over the appropriate time horizon of the investments, which may include environmental, social and corporate governance (ESG) factors (such as climate change), in the selection, retention and realisation of investments. The Trustee recognises that these ESG factors may, to varying degrees, impact investments and therefore funding outcomes and can therefore be financially material. The Trustee takes account of such factors over the period for which the Trustee expects Scheme investments to be required to fund future Scheme benefits.

The strategic asset allocation and the planned de-risking within the Journey Plan reflect the Trustee's approach to managing the broad set of financially material factors applicable to the Scheme, over the appropriate time horizon.

Responsibility for the oversight of climate-related risks and opportunities which are relevant to the Scheme is ultimately held by the Trustee. Responsibility for ongoing monitoring of these risks and opportunities is delegated to the Investment Committee who in turn rely on input and advice from GSAM and the Scheme Actuary.

The Trustee has delegated all day-to-day decisions about the Scheme's investments, including the selection, retention and realisation of investments and the selection and retention of investment managers, to GSAM. As part of its delegated responsibilities, the Trustee expects GSAM to consider financially material considerations (including ESG factors such as long-term risks posed by sustainability concerns, including climate change risks).

Financially material factors are taken into account when selecting investments and investment managers. As part of their delegated responsibilities, the Trustee expects the investment managers to consider financially material factors, which may include corporate governance, social, and environmental considerations (including ESG factors such as long-term risks posed by sustainability concerns, including climate change risks) in the selection, retention and realisation of investments.

GSAM's selection process for investment managers includes the consideration of ESG factors where deemed relevant as part of the criteria which may be taken into consideration in their research and selection of investment managers and investments included in the portfolio. The Trustee expects that for some types of investment, ESG factors may be less relevant e.g. liquid alternatives and Hedge Funds.

The Trustee regularly engages with GSAM to monitor performance of the portfolio, including, where relevant, how it takes account of financially material factors.

Alignment of Interests

GSAM selects investment managers and negotiates their fees on behalf of the Trustees. The Trustee expects GSAM to ensure (where possible) that investment managers' investment guidelines and restrictions align to this statement and focus on medium to long-term performance in order to align manager actions to the Trustee's investment time horizons where appropriate. The Trustee also expects, and where possible requires, investment managers to use any rights associated with the investment to drive better long-term financial and non-financial outcomes (including on ESG and stewardship matters).

Investment managers are typically paid an ad valorem fee which is normal market practice, with some investment managers paid a performance fee with appropriate hurdle rates and high water marks. As part of the selection process, GSAM considers the fee structures of investment managers and seeks to ensure fee structures are aligned to an appropriate degree with Trustee's interests. Additionally, GSAM reports regularly to the Trustee setting out portfolio costs and charges at a total portfolio level but also for each individual strategy within the portfolio. GSAM also provides regular reporting which includes turnover costs based on calculation assumptions in line with MiFID costs and charges reporting in relation to allocation changes at the overall portfolio level.

Investment managers' performance is regularly reviewed and monitored by GSAM and reported to the Trustee monthly with a process in place to identify investment managers that either have underperformed or are at risk of future underperformance with appropriate action taken by GSAM. Investment manager fees are also reviewed by GSAM periodically to confirm that they are in line with market practices and remain in line with the Trustee's policies and investment strategy.

The Trustee and GSAM appoint investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. Given this, the Trustee's arrangements with its investment managers have no set duration, but have appropriate termination rights included in their terms.

The Trustee expects GSAM to be cognisant of the turnover of the portfolio and costs associated with turnover but the Trustee has no target turnover or turnover ranges. GSAM considers turnover and associated costs at several levels: 1) at the total portfolio level turnover costs are taken into account as part of regular rebalancing decisions; 2) turnover at the level of investment managers is periodically reviewed as part of the wider ongoing investment manager review processes; 3) investment manager performance is reviewed net of turnover costs; and 4) total portfolio turnover costs are incorporated into portfolio costs reporting.

Non-financial matters

The Trustee's current investment policy does not specifically take into account non-financial matters such as the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme.

Stewardship

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility. The Trustee recognises that ultimately this protects the financial interests of the Scheme and its members and beneficiaries.

The Trustee does not engage with debt or equity issuers directly but has adopted a policy of delegating voting decisions to GSAM and investment managers.

When selecting and reviewing the performance of investment managers, the Trustee expects

GSAM to take into account the managers' stewardship and ESG policies relative to both the Trustee's and GSAM's policies.

The Trustee believes it is appropriate for GSAM and investment managers to engage in stewardship activity with key stakeholders. Such stakeholders may include corporate management of debt or equity issuers, other holders of the debt or equity, others with an interest in the issuer or debt or equity, or regulators and governance bodies (as appropriate to the Trustee's investments). As part of this, the Trustee expects GSAM and investment managers to discuss with these stakeholder matters concerning the relevant issuer of debt or equity, including corporate governance, management of potential conflicts of interest, capital structure, performance, strategy, risks and ESG factors.

The Trustee expects that investment managers will provide details of their stewardship policy and activities on a periodic basis and will monitor this with input from GSAM. GSAM will engage with the investment managers where necessary for more information.

3. Defined Contribution Section

Investment Objectives

The Trustee recognises that individual members have differing investment needs and that these may change during the course of their working lives. It also recognises that members have differing attitudes to risk. The Trustee's objectives are therefore:

- To provide members with a range of investment options to enable them to tailor investment strategy to their needs, specifically in controlling the risks inherent in their savings.
- To maintain a default investment option that is broadly reasonable for any member not wishing to make his/her own investment decisions. The Scheme is now closed to new members but a number of existing members are invested in a default investment option.
- To avoid over-complexity in investment in order to aid member understanding.
- To inform members, through a policy of clear communication and education about their investment options in relation to the potential risks and anticipated rewards of, and charges associated with, each option.

Member views are not currently taken into account in the selection, retention and realisation of investments, but members have a variety of methods by which they can make views known to the Trustee. This position is reviewed periodically.

Risk

The objectives set out above and the risks and other factors referenced in the Defined Contribution section of this statement are those that the Trustee considers to be financially material considerations in relation to the Defined Contribution section as a whole.

The Trustee believes that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on a member's age and when they plan to take benefits from the Scheme. In considering the range of funds to offer to members, the Trustee acknowledges that the investment time horizon of each member is different. As the Scheme has been closed to new entrants since 2005, the Trustee also recognises that the Scheme has a maturing membership profile.

In designing the lifestyle investment options, the Trustee has taken the proximity to the target retirement date into account when designing the strategy and the associated financially material risks over the strategy's full time horizon.

With this context in mind, The Trustee has considered, on behalf of the members, the following aspects of risk and the risk mitigation strategies set out below. We also set out here the Trustee's approach to risk mitigation:

-
- The risk that investment returns over members' lives in the Scheme will not keep pace with inflation and therefore provide inadequate retirement benefits. The Trustee makes available a range of funds, across various asset classes, including growth-focused funds which are expected to keep pace with inflation.
- The risk that relative market movements in the years just prior to retirement lead to a substantial reduction in the anticipated level of retirement benefits. A lifestyle strategy is available to members in order to provide an investment option with automated de-risking in place. In addition, a number of funds are available with lower volatility characteristics.
- The risk that the chosen investment managers underperform the benchmark against which they are assessed. The Scheme uses primarily passively managed funds to mitigate this risk, and monitors fund performance of all investment options.
- The risk that the pooled funds, through which the Trustee allows members to invest, do not provide the required level of liquidity. The Scheme is invested in daily dealt and daily priced pooled funds.
- The risk that the investment profile of any existing default investment option is unsuitable for the requirements of some members. The Trustee reviews the suitability of the default investment option no less frequently than triennially (see further details in the following section).
- In relation to the underpin benefits provided by the Scheme, the risk that the Sponsor is unable to fund these benefits. The Sponsor covenant is monitored by the Trustee.
- The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on returns. The management of such risks is delegated to investment managers, and our policies in this regard are set out later in this section.

Default investment option

Although the Scheme is now closed, investments have historically been placed into a default investment option. The default option is designed to be broadly appropriate for members who intend to take 25% of their funds as cash at retirement and to purchase an annuity with the balance. The default investment option is a "lifestyle" arrangement, which de-risks investments to an asset allocation, at retirement, designed to be appropriate for these benefits.

The aims of the default investment option, and the ways in which the Trustee seeks to achieve these aims, are detailed below:

- To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.

The default option's growth phase invests in a multi-asset fund. This fund is diversified across traditional and alternative asset classes, including equities, fixed income, property, infrastructure and commodities. Overall the growth phase is expected to provide long term (above inflationary) growth with some protection against inflation erosion, with a level of volatility lower than a 100% equity portfolio. The growth phase is managed on a primarily index-tracking basis, with some use of active management within the alternative asset classes.

- To provide a strategy that reduces investment risk for members as they approach retirement.

As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce risk

as the member approaches retirement is appropriate. This is achieved via automated lifestyle switches over the eight year period to a member's retirement date. Investments are switched into a mix of cash (for capital preservation purposes) and UK Government and Sterling corporate bonds (to provide a broadly appropriate match to short-term annuity price movements). The cash allocation is managed on an active basis. The underlying bond assets are managed on a passive basis, with the investment manager using dynamic management to allocate between different types of bonds.

- To provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to take a proportion of their benefits as a cash lump sum, with the balance being used to purchase an annuity.

At retirement, 25% of the member's assets will be invested in a money market fund and 75% invested in a pre-retirement fund that invests in UK Government and Sterling corporate bonds.

Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default option, the Trustee considered the trade-off between risk and expected returns.

Assets in the default investment option are invested in the best interests of members and beneficiaries, taking into account the broad profile of members and the underpin that exists within the Scheme.

The Trustee will continue to review the appropriateness of the legacy default investment option over time, at least triennially, or after significant changes to the Scheme's demographic, if sooner.

Assets in the default investment options are invested in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by Legal & General Investment Management ("L&G").

The investment manager has full discretion (within the constraints of their mandate) on the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments. However, the Trustee has in place a policy regarding such issues, which is detailed later in this statement. Currently, no additional policies in this regard have been applied to the default arrangement, and the core policy applies.

Alternatives to the default investment option

In addition to the default investment options that have historically been in place, a range of self-select funds are offered to members. The options available include a mix of asset class types along the risk / return spectrum.

Investment Manager Arrangements

Overview

The Trustee delegates day-to-day management of the assets of the Defined Contribution Section to professional investment managers. The investment managers are appointed based on their capabilities and suitability as regards meeting the Scheme's objectives. Their appointments are therefore also based on the investment managers' perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

The Trustee receives advice from its Defined Contribution investment adviser in relation to forward-looking assessments of a manager's ability to outperform over a market cycle, for

mandates where outperformance is the objective. This view will be based on the Investment Consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment portfolio(s) that the Scheme invests in. The adviser's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee and are used in decisions around selection, retention and realisation of manager appointments.

For passively managed mandates, or those where outperformance is not the primary goal, the Trustee will seek guidance from the investment adviser in relation to their forward looking assessment of the manager's ability to achieve the stated mandate objectives

The Trustee will review periodically the balance between active and passive management, which may be adjusted from time to time. If the investment objective for a particular investment manager's fund changes, the Trustee will review the fund appointment, with the investment adviser's assistance, to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

Each of the appointed managers has been set a specific benchmark and performance objective by the Trustee. Performance of the managers is monitored by the Trustee on an ongoing basis and where possible, the managers meet with the Trustee to report on their performance.

An appointment will be reviewed following periods of sustained underperformance or failure to meet the mandate objectives.

As the Trustee invests in pooled investment vehicles it accepts that there is no ability to specify the risk profile and return targets of the investment manager. However, appropriate mandates are selected to align with the overall investment strategy as documented in this Statement.

Investment Manager Remuneration

The investment managers to the Defined Contribution Section are remunerated by way of a fee calculated as a percentage of assets under management. Investment managers are not remunerated based on portfolio turnover. In each case, the principal incentive is for the investment manager to retain their appointment (in full), by achieving their objectives, in order to continue to receive their fee.

As part of the annual Defined Contribution Value for Money assessment, the Trustee reviews the costs and charges within the Scheme's Defined Contribution arrangements, including transaction costs.

Evaluating Investment Managers

Investment managers are aware that their continued appointment is based on their success in delivering the objectives of the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then it will look to replace the manager or mandate.

Where practical, the Trustee meets with its investment managers, as deemed appropriate. During such meetings the Trustee is able to review the decisions made by the managers, including investment decisions, voting history (in respect of equities) and engagement activity with investee companies, and can question such activities.

The Trustee is able to request its Defined Contribution investment adviser's investment research and ESG research ratings, and to request period investment performance reporting. Through the research and ESG ratings, the Trustee is able to assess for example how each investment manager embeds ESG considerations into its investment process and how each manager's investment philosophy aligns with the Trustee's policies as documents in this Statement. The Trustee also considers the research and ESG ratings as part of any new selection of investment funds.

Where equity funds are held, equity managers registered with the appropriate regulator are expected to report on their adherence to the UK Stewardship Code annually. This information is not currently reviewed in detail by the Trustee but will form part of discussions with investment managers when the investment managers attend Trustee meetings.

Time horizon and Duration of Appointments

The Trustee receives investment manager performance reports on a quarterly basis from the main investment manager to the Defined Contribution Section, L&G, which present performance information (where available) over 3 months, 1 year, 3 years and 5 years. The Scheme also retains investments in a with-profits fund and a property fund managed by Prudential. Prudential supply performance information annually in respect of these funds, covering 1 year, 3 year and 5 year periods.

The Trustee reviews the performance of the investments on an absolute basis and relative to defined benchmarks (over the relevant period) on a net of fees basis. The Trustee's focus is long-term performance but will put a manager "on watch" if there are short-term performance concerns.

If a manager is not meeting its performance objectives, over a sustained period of time, and after consideration of all relevant factors, the Trustee may take the decision to terminate the manager. The Trustee is a long-term investor. Accordingly, it does not seek to change the investment arrangements on a frequent basis unless there is an appropriate reason to do so.

The majority of the funds invested in are open-ended with no set end date for the arrangement. The Trustee will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager; or
- The manager appointment has been reviewed and the Trustee has decided to terminate the manager.

Portfolio turnover costs

For the Defined Contribution Section, transaction costs, which include portfolio turnover costs, are monitored and assessed within the annual Value for Money assessment. The Trustee has not set portfolio turnover targets; the Trustee instead assesses investment performance net of the impact of the costs of such activities.

Environmental, Social and Governance Considerations

The Trustee believes that environmental, social, and corporate governance (ESG) factors may 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 Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustee has taken into account the expected time horizon of the Defined Contribution Section of the Scheme when considering how to integrate these issues into the investment decision making process.

The Trustee has given the appointed investment managers to the Defined Contribution Section full discretion in evaluating ESG factors, including climate change considerations. In addition, the Trustee has delegated to them engagement with companies, and exercising voting rights and stewardship obligations attached to the investments, including considering climate change impacts.

Where applicable managers are required to outline their stewardship policies, which the Trustee expects for equity managers to reflect current UK best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustee considers the ESG research ratings published by our investment advisers, Mercer, when monitoring the Scheme's investment managers' capabilities. These ratings are also considered as part of any new selection of investment funds.

The Trustee has not set any ESG related investment restrictions on the appointed investment managers.

The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future

Frequency of review

The Trustee reviews the investment strategy of the Defined Contribution Section at least triennially, or after significant changes to the Scheme's demographic, if sooner.

4. Additional Assets

The Trustee has appointed Equitable Life Assurance Society, Phoenix Life Limited, Prudential Assurance Company Limited and Standard Life Assurance Limited to manage the Scheme's Additional Voluntary Contribution arrangements. These arrangements are reviewed on an ongoing basis by the Trustee.

5. Frequency of review

The Trustee will review this statement at least every three years and immediately following any significant change in investment policy. The Trustee will consult with the Motorola Solutions UK Ltd and take written advice when revising the statement.

David England

05-Jul-2023 | 15:30 BST



MOTOROLA PENSION SCHEME

Statement of Investment Principles

[August 2024]

Motorola Pension Scheme

Statement of Investment Principles

This Statement of Investment Principles covers the Defined Benefit and the Defined Contribution sections of the Motorola Pension Scheme (the "Scheme").

1. Introduction

Purpose of Statement

This statement by Motorola Solutions Pension Trustees Limited (the "Trustee") sets out the Principles governing investment decisions taken for the assets of the Scheme to comply with the requirements of the Pensions Acts 1995 and 2004, and the Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

Advice

The Trustee has obtained written advice on the content of this statement from its Investment Adviser, Goldman Sachs Asset Management International ("GSAM") regarding the Defined Benefit section. The Trustee is satisfied that GSAM has the knowledge and experience required by the Pensions Act 1995 in performing this role.

The Trustee has also consulted a suitably qualified person in connection with the Defined Contribution Section by obtaining written advice from Mercer Limited ("Mercer").

Consultation

The Trustee has consulted Motorola Solutions UK Ltd on the content of this statement.

2. Defined Benefit Section

Investment Policy

It is the Trustee's policy to consider a full range of asset classes including, but not limited to, equities, bonds, property and absolute return and their suitability to the overall asset allocation given their associated risks and rewards. The asset allocation for the Defined Benefit section was set following an asset-liability study which considered a range of different asset classes with different risks and rewards.

The Trustee also considers the need for appropriate diversification both across and within asset classes.

The Trustee has implemented a funding level-based de-risking trigger that, if met, the Trustee will meet to discuss the potential to reduce the Scheme's Defined Benefit portfolio investment return target, de-risking the portfolio. Prior to any de-risking, the Trustee will rely on up-to-date input and advice from GSAM and Mercer on the Scheme's funding level and appropriateness of any changes to investment return target and/or the asset allocation. The Trustee will also consult with the sponsoring employer before any de-risking takes place.

The Trustee's policy is to delegate all day-to-day decisions about the investments to GSAM who shall select investments and investment managers within parameters

given to them by the Trustee. The Trustee will satisfy itself that each investment manager appointed by it has the appropriate knowledge and experience for managing the investments of the Scheme. The Trustee expects each fund manager to carry out the investment powers delegated to them with a view to giving effect to the principles in this statement, so far as is reasonably practical.

Expected return

Based on past performance and prevailing market conditions, the Trustee expects the long term return on the Defined Benefit assets to exceed the expected future growth of the liabilities. The Trustee recognises that the returns on equities and other return generating assets, while expected to be greater over the long term than those on bonds, are likely to be more volatile. Returns on the Defined Contribution assets will vary from member to member and will depend on the investment choices made by each member.

Realisation of investments

If, having considered advice from GSAM, the Trustee believes that any class of investment is no longer suitable for the Defined Benefit section of the Scheme it will withdraw this asset class for future investments.

Risk management and measurement

The Trustee recognises that the key risk to the Defined Benefit section of the Scheme is that it has insufficient assets to pay benefits when due. The Trustee has identified a number of risk factors which have the potential to contribute to these key risks. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and its advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("liquidity risk"). The Trustee and its advisers monitor the Scheme's cash flows to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and their advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Scheme's investment strategy.
- The possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially) and its annual updates. Some of these risks may also be modelled explicitly during the course of such reviews.

To assist in monitoring these risks, the Trustee receives reports at least quarterly showing:

- Funding level versus the Scheme's specific funding objective.
- Performance versus the Scheme's investment objective.
- Performance of individual fund managers versus their respective targets as measured by an independent performance measurer.
- Any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

Environmental, Social, Governance, Stewardship and Alignment Considerations

Financially material considerations

The Trustee recognises that it has a legal duty to take account of financially material considerations over the appropriate time horizon of the investments, which may include environmental, social and corporate governance (ESG) factors (such as climate change), in the selection, retention and realisation of investments. The Trustee recognises that these ESG factors may, to varying degrees, impact investments and therefore funding outcomes and can therefore be financially material. The Trustee takes account of such factors over the period for which the Trustee expects Scheme investments to be required to fund future Scheme benefits.

The strategic asset allocation and the planned de-risking within the Journey Plan reflect the Trustee's approach to managing the broad set of financially material factors applicable to the Scheme, over the appropriate time horizon.

Responsibility for the oversight of climate-related risks and opportunities which are relevant to the Scheme is ultimately held by the Trustee. Responsibility for ongoing monitoring of these risks and opportunities is delegated to the Investment Committee who in turn rely on input and advice from GSAM and the Scheme Actuary.

The Trustee has delegated all day-to-day decisions about the Scheme's investments, including the selection, retention and realisation of investments and the selection and retention of investment managers, to GSAM. As part of its delegated responsibilities, the Trustee expects GSAM to consider financially material considerations (including ESG factors such as long-term risks posed by sustainability concerns, including climate change risks).

Financially material factors are taken into account when selecting investments and investment managers. As part of their delegated responsibilities, the Trustee expects the investment managers to consider financially material factors, which may include corporate governance, social, and environmental considerations (including ESG factors such as long-term risks posed by sustainability concerns, including climate change risks) in the selection, retention and realisation of investments.

GSAM's selection process for investment managers includes the consideration of ESG factors where deemed relevant as part of the criteria which may be taken into consideration in their research and selection of investment managers and investments included in the portfolio. The Trustee expects that for some types of investment, ESG factors may be less relevant e.g. liquid alternatives and Hedge Funds.

The Trustee regularly engages with GSAM to monitor performance of the portfolio, including, where relevant, how it takes account of financially material factors.

Alignment of Interests

GSAM selects investment managers and negotiates their fees on behalf of the Trustees. The Trustee expects GSAM to ensure (where possible) that investment managers' investment guidelines and restrictions align to this statement and focus on medium to long-term performance in order to align manager actions to the Trustee's investment time horizons where appropriate. The Trustee also expects, and where possible requires, investment managers to use any rights associated with the investment to drive better long-term financial and non-financial outcomes (including on ESG and stewardship matters).

Investment managers are typically paid an ad valorem fee which is normal market practice, with some investment managers paid a performance fee with appropriate hurdle rates and high water marks. As part of the selection process, GSAM considers the fee structures of investment managers and seeks to ensure fee structures are aligned to an appropriate degree with Trustee's interests. Additionally, GSAM reports regularly to the Trustee setting out portfolio costs and charges at a total portfolio level but also for each individual strategy within the portfolio. GSAM also provides regular reporting which includes turnover costs based on calculation assumptions in line with MiFID costs and charges reporting in relation to allocation changes at the overall portfolio level.

Investment managers' performance is regularly reviewed and monitored by GSAM and reported to the Trustee monthly with a process in place to identify investment managers that either have underperformed or are at risk of future underperformance with appropriate action taken by GSAM. Investment manager fees are also reviewed by GSAM periodically to confirm that they are in line with market practices and remain in line with the Trustee's policies and investment strategy.

The Trustee and GSAM appoint investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. Given this, the Trustee's arrangements with its investment managers have no set duration, but have appropriate termination rights included in their terms.

The Trustee expects GSAM to be cognisant of the turnover of the portfolio and costs associated with turnover but the Trustee has no target turnover or turnover ranges. GSAM considers turnover and associated costs at several levels: 1) at the total portfolio level turnover costs are taken into account as part of regular rebalancing decisions; 2) turnover at the level of investment managers is periodically reviewed as part of the wider ongoing investment manager review processes; 3) investment manager performance is reviewed net of turnover costs; and 4) total portfolio turnover costs are incorporated into portfolio costs reporting.

Non-financial matters

The Trustee's current investment policy does not specifically take into account non-financial matters such as the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme.

Stewardship

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility. The Trustee recognises that ultimately this protects the financial interests of the Scheme and its members and beneficiaries.

The Trustee does not engage with debt or equity issuers directly but has adopted a policy of delegating voting decisions to GSAM and investment managers.

When selecting and reviewing the performance of investment managers, the Trustee expects GSAM to take into account the managers' stewardship and ESG policies relative to both the

Trustee's and GSAM's policies.

The Trustee believes it is appropriate for GSAM and investment managers to engage in stewardship activity with key stakeholders. Such stakeholders may include corporate management of debt or equity issuers, other holders of the debt or equity, others with an interest in the issuer or debt or equity, or regulators and governance bodies (as appropriate to the Trustee's investments). As part of this, the Trustee expects GSAM and investment managers to discuss with these stakeholder matters concerning the relevant issuer of debt or equity, including corporate governance, management of potential conflicts of interest, capital structure, performance, strategy, risks and ESG factors.

The Trustee expects that investment managers will provide details of their stewardship policy and activities on a periodic basis and will monitor this with input from GSAM. GSAM will engage with the investment managers where necessary for more information.

3. Defined Contribution Section

Investment Objectives

The Trustee recognises that individual members have differing investment needs and that these may change during the course of their working lives. It also recognises that members have differing attitudes to risk. The Trustee's objectives are therefore:

- To provide members with a range of investment options to enable them to tailor investment strategy to their needs, specifically in controlling the risks inherent in their savings.
- To maintain a default investment option that is broadly reasonable for any member not wishing to make his/her own investment decisions. The Scheme is now closed to new members but a number of existing members are invested in a default investment option.
- To avoid over-complexity in investment in order to aid member understanding.
- To inform members, through a policy of clear communication and education about their investment options in relation to the potential risks and anticipated rewards of, and charges associated with, each option.

Member views are not currently taken into account in the selection, retention and realisation of investments, but members have a variety of methods by which they can make views known to the Trustee. This position is reviewed periodically.

Risk

The objectives set out above and the risks and other factors referenced in the Defined Contribution section of this statement are those that the Trustee considers to be financially material considerations in relation to the Defined Contribution section as a whole.

The Trustee believes that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on a member's age and when they plan to take benefits from the Scheme. In considering the range of funds to offer to members, the Trustee acknowledges that the investment time horizon of each member is different. As the Scheme has been closed to new entrants since 2005, the Trustee also recognises that the Scheme has a maturing membership profile.

In designing the lifestyle investment options, the Trustee has taken the proximity to the target retirement date into account when designing the strategy and the associated financially material risks over the strategy's full time horizon.

With this context in mind, The Trustee has considered, on behalf of the members, the following aspects of risk. We also set out here the Trustee's approach to risk mitigation:

- The risk that investment returns over members' lives in the Scheme will not keep pace with inflation and therefore provide inadequate retirement benefits. The Trustee makes available a range of funds, across various asset classes, including growth-focused funds which are expected to keep pace with inflation.
- The risk that relative market movements in the years just prior to retirement lead to a substantial reduction in the anticipated level of retirement benefits. A lifestyle strategy is available to members in order to provide an investment option with automated de-risking in place. In addition, a number of funds are available with lower volatility characteristics.
- The risk that the chosen investment managers underperform the benchmark against which they are assessed. The Scheme uses primarily passively managed funds to mitigate this risk, and monitors fund performance of all investment options.
- The risk that the pooled funds, through which the Trustee allows members to invest, do not provide the required level of liquidity. The Scheme is invested in daily dealt and daily priced pooled funds.
- The risk that the investment profile of any existing default investment option is unsuitable for the requirements of some members. The Trustee reviews the suitability of the default investment option no less frequently than triennially (see further details in the following section).
- In relation to the underpin benefits provided by the Scheme, the risk that the Sponsor is unable to fund these benefits. The Sponsor covenant is monitored by the Trustee.
- The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on returns. The management of such risks is delegated to investment managers, and our policies in this regard are set out later in this section.

Default investment option

Although the Scheme is now closed, investments have historically been placed into a default investment option. The default option is designed to be broadly appropriate for members who intend to take 25% of their funds as cash at retirement and to purchase an annuity with the balance. The default investment option is a "lifestyle" arrangement, which de-risks investments to an asset allocation, at retirement, designed to be appropriate for these benefits.

The aims of the default investment option, and the ways in which the Trustee seeks to achieve these aims, are detailed below:

- To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.

The default option's growth phase invests in a multi-asset fund. This fund is diversified across traditional and alternative asset classes, including equities, fixed income, property, infrastructure and commodities. Overall the growth phase is expected to provide long term (above inflationary) growth with some protection against inflation erosion, with a level of volatility lower than a 100% equity portfolio. The growth phase is managed on a primarily index-tracking basis, with some use of active management within the alternative asset classes.

- To provide a strategy that reduces investment risk for members as they approach retirement.

As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce risk as the member approaches retirement is appropriate. This is achieved via automated lifestyle switches over the eight year period to a member's retirement date. Investments are switched into a mix of cash (for capital preservation

purposes) and UK Government and Sterling corporate bonds (to provide a broadly appropriate match to short-term annuity price movements). The cash allocation is managed on an active basis. The underlying bond assets are managed on a passive basis, with the investment manager using dynamic management to allocate between different types of bonds.

- To provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to take a proportion of their benefits as a cash lump sum, with the balance being used to purchase an annuity.

At retirement, 25% of the member's assets will be invested in a money market fund and 75% invested in a pre-retirement fund that invests in UK Government and Sterling corporate bonds.

Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default option, the Trustee considered the trade-off between risk and expected returns.

Assets in the default investment option are invested in the best interests of members and beneficiaries, taking into account the broad profile of members and the underpin that exists within the Scheme.

The Trustee will continue to review the appropriateness of the legacy default investment option over time, at least triennially, or after significant changes to the Scheme's demographic, if sooner.

Assets in the default investment options are invested in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by Legal & General Investment Management.

The investment manager has full discretion (within the constraints of their mandate) on the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments. However, the Trustee has in place a policy regarding such issues, which is detailed later in this statement. Currently, no additional policies in this regard have been applied to the default arrangement, and the core policy applies.

Default investment option – illiquid assets policy

As noted in the preceding section, although the Defined Contribution Section is now closed to new contributions, investments have historically been placed into a default investment option.

Assets in the default investment option are invested in daily traded pooled funds.

The Trustee considers illiquid assets to be assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund.

The Scheme's default investment option does not include any *direct* allocation to illiquid assets. The Scheme may have *indirect* exposure to illiquid assets within the default option via the investment in a daily priced and dealt multi-asset fund, where the investment manager has the discretion to invest in a wide range of assets. This includes investment in both physical property. At the total default strategy level, this is not expected to be more than 6% at any point of the default lifestyle strategy.

The Trustee is comfortable indirectly investing in a small proportion of the default investment option in these assets, to gain access to the potential for positive returns and the benefits of

diversification that they can offer. While these benefits are recognised, the Trustee is also aware of the risks associated with illiquid assets. Given the potential for valuations of such assets to not reflect their true value at a given time as well as liquidity constraints, higher fees, and investment platform compatibility; the Trustee considers *direct* investment into an illiquid asset fund, such as a Long Term Asset Fund ("LTAF"), as not currently appropriate, although this is kept under review.

In selecting investments for the default option the Trustee uses qualitative and quantitative analysis to consider the expected impact of different strategic allocations. For any investment, the Trustee carefully considers whether it provides value for members, taking account of the membership demographics, return potential, and associated risks. It is the Trustee's policy to review the allocation of the default option at least triennially, including the illiquid assets policy.

Alternatives to the default investment option

In addition to the default investment options that have historically been in place, a range of self-select funds are offered to members. The options available include a mix of asset class types along the risk / return spectrum.

Day-to-Day Management of the Assets

The Trustee delegates day-to-day management of the assets to a number of investment managers. The Trustee has taken steps to satisfy themselves that the managers have the appropriate knowledge and experience for managing investments and that they are carrying out their work competently.

The Trustee regularly reviews the continuing suitability of the Scheme's investments, including the appointed managers, the range of fund choices and the balance between active and passive management, which may be adjusted from time to time.

Each of the appointed managers has been set a specific benchmark and performance objective by the Trustee. Performance of the managers is monitored by the Trustee on an ongoing basis and where possible, the managers meet with the Trustee to report on their performance.

Environmental, Social and Governance Considerations

The Trustee believes that environmental, social, and corporate governance (ESG) factors may 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 Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustee has taken into account the expected time horizon of the Defined Contribution Section of the Scheme when considering how to integrate these issues into the investment decision making process.

The Trustee has given the appointed investment managers to the Defined Contribution Section full discretion in evaluating ESG factors, including climate change considerations. In addition, the Trustee has delegated to them engagement with companies, and exercising voting rights and stewardship obligations attached to the investments, including considering climate change impacts.

Where applicable managers are required to outline their stewardship policies, which the Trustee expects for equity managers to reflect current UK best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustee considers the ESG research ratings published by our investment advisers, Mercer, when monitoring the Scheme's investment managers' capabilities. These ratings are

also considered as part of any new selection of investment funds.

The Trustee has not set any ESG related investment restrictions on the appointed investment managers.

The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future

Frequency of review

The Trustee reviews the investment strategy of the Defined Contribution Section at least triennially, or after significant changes to the Scheme's demographic, if sooner.

4. Additional Assets

The Trustee has appointed Equitable Life Assurance Society, Phoenix Life Limited, Prudential Assurance Company Limited and Standard Life Assurance Limited to manage the Scheme's Additional Voluntary Contribution arrangements. These arrangements are reviewed on an ongoing basis by the Trustee.

5. Frequency of review

The Trustee will review this statement at least every three years and immediately following any significant change in investment policy. The Trustee will consult with the Motorola Solutions UK Ltd and take written advice when revising the statement.

Motorola Pension Scheme Defined Benefit Assets Implementation Statement: GSAM relevant information (the “Statement”)

1 Overview of this Statement

- 1.1 In this section of the Statement the Trustee has set out information describing the management of the Scheme’s Defined Benefit (“DB”) assets and in particular how the management of the assets has reflected the Trustee’s policies as set out in the Statement of Investment Policies (the “SIP”) over the period from 1 January 2024 to 31 December 2024 (the “Scheme Year”).
- 1.2 In the Trustee’s opinion, all aspects of the SIP in relation to the DB section of the Scheme have been followed.
- 1.3 A copy of this statement will be published on a publicly available website.
- 1.4 The Trustee has split this DB section of the Statement into several sections covering the main aspects of the management of the Scheme over the Scheme Year:
 - Section 2: Summary of changes to the SIP
 - Section 3: Implementing policies within the SIP
 - Section 4: Voting information

2 Summary of changes to the SIP:

- 2.1 No changes were made to the SIP during the 2024 Scheme year.
- 2.2 The most recent SIP, dated July 2025, is publicly available [here](#) .

3 Implementing policies within the SIP

- 3.1 Overall the Trustee is of the opinion that the policies outlined in the SIP were implemented over the Scheme Year.
- 3.2 The table below sets out the key sections of the SIP and actions taken over the period to implement key policies within each section of the SIP.
- 3.3 The Trustee retains responsibility for high level investment decisions with many other decisions delegated to GSAM, as the Scheme’s Fiduciary Manager.

| SIP Section | SIP Policy Overview | Compliance with Policy over the Scheme Year |
|---------------------------------|--|---|
| Investment Policy | Consider a full range of asset classes given risk and rewards | The strategic asset allocation changed in December 2024 as the Scheme de-risked after hitting a funding level trigger. 5% of capital in return generating assets were shifted to liability matching assets. Performance was assessed by the Trustee on a monthly, quarterly and annual basis. |
| | Delegate all day-to-day decisions to GSAM within provided parameters | GSAM managed the portfolio within the provided investment guidelines over the period including regular rebalancing across the period at month / quarter ends or when deemed opportunistically appropriate to do so. GSAM also aligned this rebalancing action to raise cash when needed to pay benefits. The Trustee reviews GSAM annually, based on Strategic Objectives agreed by the Trustee, covering a range of investment objectives and service levels. |
| Realisation of Investments | If an asset class is determined to no longer be suitable it will be withdrawn from future investment | Not applicable for 2024. |
| Risk management and measurement | Risks are considered in a qualitative manner during strategy reviews and annual updates. Quarterly reporting assists in monitoring these risks | Multiple review points over the Scheme Year considered risk exposures: Regular reporting: GSAM provided the Trustee with regular reporting on a monthly and quarterly basis. Reporting on liquidity of the portfolio and |

| | | |
|--|--|---|
| | | <p>leverage in the LDI portfolio has been included since 2023, following the gilt crisis.</p> <p>Investment Strategy Training: Over the Scheme Year, the Trustee received training on investment strategy, in order to better understand how the long term funding target will be achieved.</p> <p>Cash Flow Driven Investing Training: The Trustee received training on cash flow driven investing during the year, to understand how the strategy can be used to help the Scheme meet its benefit payments.</p> |
| <p>Environmental, Social, governance, Stewardship and Alignment Considerations</p> | <p>Financially material considerations must be taken into account.</p> <p>The Trustee relies on GSAM and the Scheme Actuary for input and advice on climate-related risks and opportunities which are relevant for the Scheme.</p> <p>Selection, retention and realisation of investments has been delegated to GSAM and GSAM should consider financially material considerations when selecting investments and managers.</p> | <p>In selecting investments and managers on the Trustee's behalf, GSAM took into account appropriate financially material considerations.</p> <p>Reporting provided by GSAM to the Trustee included how it takes into account financially material factors over the Scheme Year, for example how the appointed managers are assessed for ESG factors, financially material considerations and consideration as to the extent to which stewardship has been integrated into GSAM portfolio decisions and actions.</p> |
| | <p>The Trustee does not explicitly take into account non-financial matters, such as the view of Scheme members.</p> | <p>Confirmed.</p> |
| | <p>The Trustee expects GSAM to ensure that investment managers align to the SIP and focuses on medium to long-term performance.</p> <p>Investment manager fees are reviewed by GSAM periodically.</p> | <p>GSAM ensured compliance with the SIP regarding appointed managers over the Scheme Year.</p> <p>Reporting provided by GSAM covers performance reporting over monthly and quarterly time periods, and also since inception of each mandate in order to monitor managers over longer time horizons.</p> |

| | | |
|--|--|--|
| | <p>GSAM reports to the Trustee on costs and charges, including turnover and transaction costs in the portfolio.</p> | <p>MiFID II Costs and Charges reports provided over the Scheme Year. Fee reports were also provided on a quarterly basis covering management fees and transaction costs.</p> |
| | <p>When selecting and reviewing the performance of investment managers, the Trustee expects GSAM to take into account the managers' stewardship and ESG policies relative to both the Trustee's and GSAM's policies.</p> | <p>GSAM reviewed and monitored the voting and engagement activity carried out by external managers over the Scheme Year as part of its regular manager oversight processes.</p> |

4 Voting information

Collection of voting data

- 4.1 The Trustee recognises the importance of its role as a steward of capital and has therefore adopted a policy of delegating voting decisions to GSAM and to external investment managers which, where appropriate has been followed.
- 4.2 The Trustee does not engage with debt or equity issuers directly but has adopted a policy of delegating voting decisions to GSAM and investment managers
- 4.3 The Scheme holds a set of diversified exposures across multiple asset classes and through various structures. For the purposes of this section the Scheme's holdings have been split into the following categories:
- **Significant voting responsibilities:** Asset classes such as equities where significant voting responsibilities have been delegated to the investment manager.
 - **Limited voting exposure:** Asset classes where the investment manager has ownership of the vote but by its nature the asset class has limited or no voting expected, for example fixed income assets or hedge funds.
 - **No voting exposure:** Asset classes that by their nature have no voting exposure.
- 4.4 The table below sets out at a high level the asset classes and weights with voting applicability as the end of the Scheme Year:

| Asset Class | Weight as at Scheme Year End | Voting Information Availability |
|---------------------------------|------------------------------|---------------------------------|
| Equities | 16.9% | Voting information available |
| Real Assets | 1.2% | Voting information available |
| Fixed Income* | 75.6% | Limited voting exposure |
| Alternatives | 4.5% | Limited voting exposure |
| Passive exposures with no votes | 1.8% | No voting exposure |
| Total: | 100.0% | |

*The weight associated with Fixed Income in the table above includes Liability Matching Assets

- 4.5 In order to collate voting data, GSAM contacted the managers in the portfolio to request appropriate voting information. The information provided represents the best-efforts approach to obtain voting information. The Trustee expects that as the industry aligns on standardised disclosures, quality of voting information will be improved.
- 4.6 For asset classes other than equities and real assets, information is generally less available with many managers noting that voting doesn't apply to their asset class / strategy or noting that they have been awaiting additional clarity on industry standards for collating voting information before building capabilities to provide voting information. For the purposes of this Statement, the Trustee has not reported on the limited voting activity in these asset classes but expect GSAM to take into account engagement policies for these asset classes when selecting managers and assessing performance.
- 4.6.1 In addition, GSAM receive policies, reports and qualitative information through their External Manager Selection Group's ESG Due Diligence Questionnaire as well as through an annual dedicated ESG questionnaire. Additionally, GSAM engages with the managers regularly on their ESG integration and engagement efforts during regular meetings with managers.
- 4.7 GSAM will continue to work with managers to seek to ensure appropriate information is being collated and provided and that as industry standards evolve, managers also evolve the information provided. The ability of a manager to provide more granular data may become part of GSAM's selection criteria.
- 4.8 The Trustee believes that, for asset classes where voting is a key aspect of ownership, the policy of the Trustee, which substantially delegates voting to individual managers, has been followed as set out below.
- 4.9 Voting information is provided for all of the Scheme's equity and real asset mandates:
- 7 equity mandates
 - 1 listed real estate mandates
 - 1 listed infrastructure mandates
- 4.10 The Trustee has set out a summary of all voting data as well as the "significant votes" made over the Scheme Year.

Summary of all voting data

- 4.11 The table below shows a summary of the voting activity of the managers over the Scheme Year.
- 4.12 Where the table sets out “For” / “Against” this indicates that the manager voted for / against the company board’s recommendations for each item. Additionally, where managers have provided information noting votes for which they have used proxy voting services, this has also been indicated.
- 4.13 Votes of abstain can be counted both as a vote of abstain but also as a vote against management

| Mandate | Asset Class | Weight at end of Scheme Year | Number of votes in support of the board’s recommendation (“For”) | Number of votes not in support of the board’s recommendation (“Against”) | Number of eligible votes not voted on | Number of votes for which a Proxy Advisor was used | Number of votes that were instructed differently to the proxy advisor recommendation |
|--|--------------------|-------------------------------------|---|---|--|---|---|
| Baillie Gifford Global Alpha Strategy | Equities | 1.1% | 1,036 | 74 | 4 | 0 | 0 |
| DWS Global Infrastructure | Real Assets | 0.6% | 299 | 27 | 0 | 326 | 2 |
| GMS Emerging Markets Equity Fund of Funds (underlying funds shown below) | Equities | 2.5% | 3,679 | 511 | 157 | 4,347 | 152 |
| Mondrian Global Equity | Equities | 1.4% | 680 | 32 | 0 | 712 | 43 |
| Principal International Small Cap Equity | Equities | 0.7% | 2,529 | 187 | 2 | 2,718 | 68 |
| Prudential Global Real Estate | Real Assets | 0.7% | 906 | 34 | 0 | 940 | 33 |
| SSgA All World Developed Equity Index Life Fund | Equities | 8.2% | 25,706 | 5,035 | 36 | 30,828 | 4,024 |
| SSgA Smart Beta Equity | Equities | 2.1% | 13,114 | 1,098 | 16 | 14,233 | 945 |
| Van Berkomp US Small Cap | Equities | 0.8% | 349 | 4 | 0 | 0 | 43 |

The Goldman Sachs Multi-Manager Emerging Markets Equity Portfolio consists of three Emerging Markets Equity managers:

| GMS Emerging Markets Underlying Funds | Asset Class | Number of votes in support of the board's recommendation ("For") | Number of votes not in support of the board's recommendation ("Against") | Number of eligible votes not voted on | Number of votes for which a Proxy Advisor was used | Number of votes that were instructed differently to the proxy advisor recommendation |
|--|--------------------|---|---|--|---|---|
| Axiom Investors | Equities | 781 | 99 | 8 | 959 | 8 |
| J O Hambro Capital Management Limited | Equities | 280 | 21 | 0 | 301 | 0 |
| Wellington Management Company, LLP | Equities | 2,618 | 391 | 78 | 3,087 | 144 |

Details of significant votes

- 4.14 Details of significant votes have been requested from each manager by GSAM, on behalf of the Trustee. Provided data is set out below, however some managers were unable to provide all of the data requested. Details specific to each manager are provided below.
- 4.15 Unless otherwise stated, the tables below set out all votes that managers deemed to be significant.
- 4.16 For the funds managed by SSgA, the Trustee has filtered 5 significant votes from the list of all significant votes provided by the manager based on the weight of the stock in the portfolio, i.e., picking the 5 stocks with the highest weights in the portfolio.

Mondrian Global Equity

- 4.17 Mondrian considered the votes below to be significant, because they were against management's recommendation and/ or against the proxy adviser's recommendation.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary/Rationale | Approx size of the holding as at the date of the vote (as a % of the Scheme's mandate) | Outcome of the vote | Next steps, including whether the manager intends to escalate stewardship efforts |
|-------------|-------------|---|------------------|--|--|---------------------|---|
| TC Energy | 4 June 2024 | Management proposals to approve spin-off agreement with South Bow Corporation and approve shareholder rights plan of South Bow Corporation. | Against | <p>Mondrian had engaged the company several times regarding aspects of the potential transaction from December 2023 to May 2024, particularly with respect to resulting compensation structures.</p> <p>Mondrian voted against items 3 and 4 as we had a number of concerns around the risk of dilution to shareholder value, in particular, the higher cost of capital for South Bow as a standalone entity and the duplication of costs. Relying on a highly-leveraged standalone South Bow to be able to access equity markets at an appropriate valuation to finance necessary investments seems a significant risk. In short, we believed South Bow was more likely to maximise its potential as part of TC Energy than as a standalone entity. We understood the desire strategically to shift away from liquids, but believed this transaction would not achieve this for shareholders given our ongoing ownership.</p> | 2.0% | Both items passed. | Mondrian has exited this holding due to concerns about dilution to shareholder value as a result of the spin. |

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|-------------------|--------------|---|---------|---|------|------------------------|--|
| Colgate-Palmolive | 10 May 2024 | Shareholder proposal to require an independent Board Chair. | For | <p>Currently, the CEO and Chair role is combined. This has been the case since the CEO in 2019, was appointed Chair in 2020. The combined role arguably reduces independence of the Board of Directors. We believe an independent chair would be better able to oversee the executives of the company and set a pro-shareholder agenda without the management conflicts that a CEO or other executive insiders often face, leading to a more proactive and effective board of directors.</p> <p>We therefore concluded that requiring a separate CEO/Chair role appears to be in shareholders' interests. Although governance at Colgate is solid, a separation of these roles would likely improve it further. Whilst Colgate does have a lead director role, this did not seem to be a significant reason to vote against the proposal. The proposal also allowed for the separation of roles being phased in for next CEO transition or contract renewal. As a result, we voted in favour of this proposal, against management's recommendation. We also engaged with the company to explain our decision.</p> | 2.1% | This item did not pass | We continue to monitor the combined CEO/Chair role. |
| Toyota Industries | 11 June 2024 | Management proposal to elect Director. | For | <p>Mondrian voted against our proxy adviser recommendation on Item 1.2 regarding the re-election of the CEO, as he has only been in the CEO post for a year and has made a good start on corporate governance improvements at the company (published the first capital allocation plan with clear shareholder return targets, business return targets and a commitment to unwind part of its cross shareholdings, and pushed for the first female Director appointment to the Board). Our meetings with him confirm our belief that he is committed to further positive reforms, as such merits our support.</p> | 1.9% | This item passed. | We continue to engage with the company on its governance practices. TICO has made good progress (albeit from a low base). It published its first ever capital allocation plan, agreed to reduce some cross shareholdings and decided to significantly increase shareholder pay-out through a ¥180bn p.a. SBB for three years. While progress on capital allocation has been positive, we continue to encourage a majority independent board. |
| Toyota Industries | 11 June 2024 | Management proposals to elect directors | Against | <p>We also voted against management's and our proxy adviser's recommendations for Items 1.5 and 1.6 to push for a majority independent board. A majority independent Board is more likely to support Mr. Ito in reversing a history of poor governance at the company, which resulted in (i) trapped value from very high levels of cross-shareholdings, (ii) failures of internal control (emissions cheating in forklift trucks) and (iii) a persistently low dividend pay-out ratio.</p> | 1.9% | Both items passed. | We continue to engage with the company on Board independence and cross shareholdings. |

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|-----------------------------|--------------------|--|------------|---|-------------|---------------------------------|---|
| <p>Meta Platforms, Inc.</p> | <p>29 May 2024</p> | <p>Shareholder proposals to: Approve recapitalization plan for all stock to have one-vote per share. Amend Corporate Governance Guidelines.</p> | <p>For</p> | <p>Mondrian voted for Item 5 as it would align economic interest with voting power and give shareholders greater ability to influence capital allocation decisions, specifically the highly speculative Metaverse investments. Mondrian also voted for Item 9 as it would give the lead independent director greater power to bring items to the board independently. This would improve the independence of the board and bring the company into line with best practices.</p> | <p>3.1%</p> | <p>Both items did not pass.</p> | <p>We continue to monitor the company's corporate governance practices.</p> |
|-----------------------------|--------------------|--|------------|---|-------------|---------------------------------|---|

Van Berkom Small Cap Core

4.18 Where Van Berkom voted against the management, this was not explicitly communicated to the company ahead of the vote.

4.19 Van Berkom were only able to provide their three most significant votes. GSAM, on behalf of the Trustee, requested five votes.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary/Rationale | Why is this vote considered significant? | Approx size of the holding as at the date of the vote (as a % of the Scheme's mandate) | Next steps, including whether the manager intends to escalate stewardship efforts |
|---------------------------|-------------------|---|------------------|---|--|--|---|
| Envestnet | 23 September 2024 | Merger/Acquisition of Envestnet by a private investment firm (Bain Capital) | For | Envestnet's board of directors decided to sell the company to private equity firm Bain Capital for 63.15\$ per share in cash, a roughly 24% premium to the trading price of the stock just before rumours of a potential takeout started to leak in the financial press. The last three years have been rather difficult for this company that has enjoyed a dominant position in the wealth management industry with its platform, as organic growth has slowed, and as profit margins and free cash flow generation have been pressured from the significant investments made in its product offering. With uneven financial results and stalled profits, investors became increasingly frustrated with the lack of earnings growth at the company in recent years, leading to the retirement of the long-time management team, including its co-founder. | Major decision as it impacts the company and our investment. In reality, the vast majority of our proxy votes are routine votes. We approve auditors, directors and executive remuneration in a fairly "routine" way, after analysing each situation, and with very little controversy, so it's very difficult in this context to "rank" our votes in order of significance because their relative importance is very similar. | 1.1% | No answer provided |
| MarketAxess Holdings Inc. | 6 April 2024 | Advisory Vote on Executive Compensation | Against | <p>Compensation Complexity: The company's compensation plan is overly complex and too generous, offering multi-million-dollar payouts even when performance is below expectations. Despite actual pay often being lower than the awarded amounts due to unmet conditions, the ongoing grants remain excessive, with participants rarely receiving less than 60% of the total even during poor performance years.</p> <p>Excessive Compensation for Company Size: For a company with a \$7.7bn market cap, compensation levels, especially for the former CEO turned Chairman, are too high. The Chairman's salary increased significantly after transitioning from CEO, which seems excessive. Other executive compensation packages also appear overly generous compared to industry norms, where many companies have the CEO serve as Chairman to avoid an additional salary.</p> <p>Non-Equity Incentive Plan: The CEO and Chairman received</p> | Voted against Management. | 0.9% | |

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|---------------|--------------|-------------------|---------|---|---------------------------|------|
| | | | | substantial bonuses under the non-equity incentive plan, with the CEO earning \$1.3m (80% of the possible total) and the Chairman \$1.2m (80% as well), which is considered excessive and poorly designed. | | |
| Blackbaud Inc | 12 June 2024 | Board Nominations | Against | We are concerned that the Board's aversion to conducting a strategic review process in presence of a base bid and rejection of the suitor's bids without significant engagement overlooks a key opportunity to maximize value for shareholders. | Voted against Management. | 1.5% |

SSgA All World Developed Equity Index Life Fund

4.20 SSGA do not publicly communicate their votes in advance.

4.21 SSGA were unable to provide details on the outcome of the vote or any next steps, though the manager notes that where appropriate, they will contact the company to explain their voting rationale and conduct further engagements. GSAM, on behalf of the Trustee, requested this information.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary / Rationale | Why is this vote considered significant? | Approx size of the scheme's holding as at the date of the vote |
|-------------------------|--------------|--|------------------|---|---|--|
| Amazon.com, Inc. | 22 May 2024 | Advisory Vote to Ratify Named Executive Officers' Compensation | Abstain | | In compliance with the UK SRD II, SSGA developed a framework that identifies their most significant votes for UK clients as follows: | 3.1% |
| Tesla, Inc. | 13 June 2024 | Advisory Vote to Ratify Named Executive Officers' Compensation | Against | | 1. All votes on environmental-related shareholder proposals. | 1.7% |
| Alphabet Inc. | 7 June 2024 | Report on Climate Risk in Retirement Plan Options | Against | This proposal does not merit support as the company's climate-related disclosures are reasonable. | 2. All votes on compensation proposals where SSGA voted against the management's recommendation. | 1.7% |
| | | | | | 3. All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score*). | |

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|---------------------------------|---------------|---|---------|--|---|------|
| Broadcom, Inc. | 22 April 2024 | Advisory Vote to Ratify Named Executive Officers' Compensation | Abstain | | 4. All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies (as measured by their R-Factor CorpGov score**). 5. All against votes on the re-election of board members due to a lack of gender diversity on the board. | 1.6% |
| JPMorgan Chase & Co. | 21 May 2024 | Review Proxy Voting Record and Policies Related to Climate Change and Diversity | Against | This proposal does not merit support as the company's disclosures pertaining to the item are reasonable. | | 1.0% |

SSGA Smart Beta:

4.22 SSGA do not publicly communicate their votes in advance.

4.23 SSGA were unable to provide details on the outcome of the vote or any next steps, though the manager notes that where appropriate, they will contact the company to explain their voting rationale and conduct further engagements. GSAM, on behalf of the Trustee, requested this information.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary / Rationale | Why is this vote considered significant? | Approx size of the scheme's holding as at the date of the vote |
|-------------------------------------|-------------|---|------------------|--|--|--|
| Costco Wholesale Corporation | 18 Jan 2024 | Issue Audited Report on Fiduciary Relevance of Decarbonization Goal | Against | This proposal does not merit support as the company's disclosures pertaining to climate change are reasonable. | <p>In compliance with the UK SRD II, SSGA developed a framework that identifies their most significant votes for UK clients as follows:</p> <ol style="list-style-type: none"> 1. All votes on environmental-related shareholder proposals. 2. All votes on compensation proposals where SSGA voted against the management's recommendation. 3. All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score*). 4. All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies (as measured by their R-Factor CorpGov score**). 5. All against votes on the re-election of board members due to a lack of gender diversity on the board. | 2.5% |
| Walmart Inc. | 5 June 2024 | Commission a Third Party Audit on Workplace Safety and Violence | Against | This proposal does not merit support as the company's disclosures related to facility safety are reasonable. | | 1.5% |
| Berkshire Hathaway Inc. | 4 May 2024 | Establish a Railroad Safety Committee | Against | This item does not merit support due to concerns with the terms of the proposal. | | 1.0% |

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|-------------------------------|-------------|---|---------|--|--|------|
| General Motors Company | 4 June 2024 | Report on Sustainability Risk in the Company's Supply Chain | Against | This proposal does not merit support as the company's sustainability disclosures are reasonable. | | 0.8% |
| Altria Group, Inc. | 16 May 2024 | Report on Benefits of Extended Producer Responsibility Laws for Spent Tobacco Filters | Against | This proposal does not merit support as the company's disclosures related to this item are reasonable. | | 0.7% |

DWS Global Infrastructure

4.24 DWS were unable to provide details on the size of Scheme's holdings of each company, if vote was communicated in advance, outcome, the rationale for the vote or any next steps. GSAM, on behalf of the Trustee, requested this information.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Outcome of the vote | Why is this vote considered significant? | Next steps, including whether the trustee / asset manager / service provider intends to escalate stewardship efforts |
|---------------------------------|---------------|---|------------------|---------------------|--|--|
| PG&E Corporation | 16 May 2024 | Advisory Vote to Ratify Named Executive Officers' Compensation | For | Pass | DWS determines which five meetings from the portfolio in question hold the highest outstanding votable share positions and selects one votable item (resolution) from each of those five meetings as a "significant vote." | Currently DWS Americas does not have a formal engagement policy and is in the process of establishing escalation strategies, reporting structure, operational and monitoring requirements. DWS anticipate engaging in a two-way dialogue with investee companies on strategy, risk, capital structure and relevant corporate governance, environmental and social topics which impact financial performance. |
| NiSource Inc. | 13 May 2024 | Amend Qualified Employee Stock Purchase Plan | For | Pass | | |
| CenterPoint Energy, Inc. | 26 April 2024 | Adopt GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal | For | Fail | | |
| Exelon Corporation | 30 April 2024 | Provide Right to Call a Special Meeting at a 25 Percent Ownership Threshold | For | Pass | | |
| Kinder Morgan, Inc. | 8 May 2024 | Disclose GHG Emissions Reductions Targets | For | Fail | | |

PGIM Global Real Estate

4.25 PGIM were unable to provide details on any next steps after the votes or implications of the outcome.

4.26 PGIM consider their votes as significant in the event where votes are against management.

4.27 Where PGIM voted against the management, this was not communicated to the company ahead of the vote.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary / Rationale | Approx size of the scheme's holding as at the date of the vote | Outcome of the vote | Next steps, including whether the trustee / asset manager / service provider intends to escalate stewardship efforts |
|-------------------------------------|-----------------|---------------|------------------|--|--|---------------------|--|
| Sun Communities, Inc. | 13 May 2024 | Board Related | Against | Voting against all members of the audit committee after failing to recognize Park Holiday impairments appropriately. | 0.9% | Pass | Not answered |
| Iron Mountain Inc. | 30 May 2024 | Board Related | Against | We think the company can still attract top quality executive talent without further limiting liability for breach of duty | 1.2% | Pass | |
| Sun Hung Kai Properties Ltd. | 7 November 2024 | Board Related | Against | The board is not sufficiently independent. Glass Lewis recommends voting Against or Abstain. PM Note: Vote in line with GL | 1.1% | Not answered | |
| Veris Residential Inc | 12 June 2024 | Compensation | Against | Non-employee directors are eligible to receive awards under the plan. | 2.1% | Pass | |
| Tritax Big Box Reit Plc | 1 May 2024 | M&A | Against | Board did not obtain a fairness opinion from an investment bank. | 1.2% | Pass | |

Wellington Systematic Emerging Markets Equity

- 4.28 Wellington were unable to provide details on the outcome of the vote or any next steps, though the manager notes that they will potentially enhance company engagement as a next step. GSAM, on behalf of the Trustee, requested this information.
- 4.29 Wellington consider votes significant where they are: votes against management, specific holdings, or specific resolution types.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary / Rationale | Approx size of the scheme's holding as at the date of the vote |
|------------------------------------|-------------|--|------------------|--|--|
| Taiwan Semiconductor Manufacturing | 4 June 2024 | Elect named director | Against | Low attendance | 6.8% |
| Taiwan Semiconductor Manufacturing | 4 June 2024 | Elect named director | Against | Committee oversight/accountability/independence | 6.8% |
| Tencent Holdings Ltd. | 14 May 2024 | Authority to Issue Shares w/o Pre-emptive Rights | Against | Discount exceeds reasonable limits | 4.5% |
| Media Tek Inc | 27 May 2024 | Elect named director | Against | Committee oversight/accountability; Board independence/composition | 2.3% |
| Media Tek Inc | 27 May 2024 | Elect named director | Against | Overboarded director | 2.3% |

JO Hambro Emerging Market Equity

- 4.30 JO Hambro uses a process where proxy votes are cast in the best interest of the client, leveraging ISS as their proxy voting and research service. Where ISS research or the work of the investment manager highlights issues which do not represent best practice, the matter may be escalated to the Head of Investments to discuss the issues with the relevant investment manager before agreeing a course of action. In addition, investment managers may choose to discuss specific issues directly with company management.
- 4.31 Where JO Hambro voted against the management, this was not communicated to the company ahead of the vote

| Issuer Name | Vote Date | Vote Instruction | Proposal Text | Vote Commentary / Rationale | Why is this vote considered significant? | Outcome of the vote | Approx size of the scheme's holding as at the date of the vote |
|-------------------------------------|---------------|------------------|--|--|---|---------------------|--|
| Wal-Mart de Mexico SAB de CV | 30 April 2024 | Against | Approve Report: Employee Stock Purchase Plan; Approve New Employee Stock Purchase Plan | A vote against was warranted because of a lack of disclosure regarding the key terms of the proposed equity compensation plan, which prevents international institutional shareholders from fully assessing whether the plan adequately aligns the interest of its beneficiaries and shareholders. | The vote is significant as it highlights governance issues which should be addressed. The proposed stock option plan lacks sufficient details and controls that could favour unduly reward management at the expense of minority shareholders | Passed | 1.29% |
| Meituan | 14 June 2024 | Against | Elect named director | A vote against the election of the director is warranted given that their failure to ensure the company's compliance with relevant laws and regulations raise serious concerns on their ability to fulfil their fiduciary duties in the company. | The vote is significant as it highlight governance issues. Directors have the fiduciary duties in the company to ensure the company comply with laws and regulations. | Passed | 4.82% |
| Tongcheng | 26 June 2024 | Against | Approve Issuance of Equity or Equity-Linked Securities without Pre-emptive Rights | A vote against these resolutions is warranted for the following as the aggregate share issuance limit is greater than 10 percent of the relevant class of shares for issuance for cash and non-cash consideration and the company has not specified the discount limit for issuance for cash and non-cash consideration. | The vote is significant as it highlights governance issues which should be addressed. The issuance lacks sufficient details. | Passed | 0.66% |
| China Oilfield | 28 May 2024 | Against | Amend Independent Director System | A vote against is warranted given the lack of information on the details of the proposed amendments to the Independent Director System would make it difficult for shareholders to review and assess the impact of the proposed amendments on shareholder rights and value. | The vote is significant as it highlights governance issues when shareholders lack details to assess the impact of the proposed changes. | Passed | 1.36% |
| Kunlun Energy | 30 May 2024 | Against | Authorize Reissuance of Repurchased Shares | A vote against these resolutions is warranted as the aggregate share issuance limit is greater than 10 percent of the relevant class of shares for issuance for cash and non-cash consideration and the company has not specified the discount limit for issuance for cash and non-cash consideration. | The vote is significant as it highlights governance issues which should be addressed. The issuance lacks sufficient details. | Passed | 0.44% |

Axiom Investors

- 4.32 Where Axiom voted against the management, this was not communicated to the company ahead of the vote
- 4.33 Axiom were unable to provide details on the outcome of each vote as they do not subscribe to this data. They were also unable to provide any next steps or implications of the vote. GSAM, on behalf of the Trustee, requested this information.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary / Rationale | Why is this vote considered significant? | Approx size of the scheme's holding as at the date of the vote |
|---|-------------------|--|------------------|---|---|--|
| Eastroc Beverage (Group) Co., Ltd. | 17 May 2024 | Approve Remuneration of Directors and/or Committee Members | Against | A vote AGAINST is warranted due to a lack of sufficient disclosure. | Remuneration transparency is integral to shareholder alignment and the company did not provide sufficient detail to justify the year over year growth rate | 0.67% |
| China Petroleum & Chemical Corp. | 28 June 2024 | Elect named director | Against | A vote AGAINST the incumbent chair of the committee responsible for climate risk oversight is warranted because the company is not aligned with investor expectations on Net Zero by 2050 targets and commitments. A vote FOR the remaining director nominees is warranted. | Proper oversight of efforts to achieve stated carbon reduction targets is integral to upholding environmental initiatives and the current Chairman of the board committee responsible for climate risk oversight does not appear to be making resource allocation decisions consistent with stated reduction targets | 0.94% |
| Reliance Industries Ltd. | 29 August 2024 | Elect named director | Abstain | A vote AGAINST named directors is warranted because the board independence norms are not met (as per our re-classification), and the candidates are non-independent director nominees. A vote AGAINST the incumbent members of the committee responsible for climate risk oversight is further warranted because the company is not aligned with investor expectations on Net Zero by 2050 targets and commitments. | Board independence is a critical element of proper governance and risk management and board candidates who do not meet objective criteria for acting independently should be closely scrutinized on that basis | 2.12% |
| MakeMyTrip Limited | 12 September 2024 | Re-elect named director | Against | A vote AGAINST the non-independent director is warranted for failing to establish a board on which a majority of the directors are independent directors and due to the company's lack of a formal nominating committee. A vote FOR another director is warranted. | Board independence is a critical element of proper governance and risk management and board candidates who do not meet objective criteria for acting independently should be closely scrutinized on that basis. Furthermore, a formal nominating committee is an important consideration as part of a well functioning board and this company does not have such a committee currently. | 1.29% |

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|---|-------------------|---|---------|---|--|-------|
| Dixon Technologies (India) Limited | 25 September 2024 | Approve Material Related Party Transactions with Dixon Electro Appliances Private Limited | Against | A vote AGAINST this resolution is warranted given that: * The terms of the request do not provide for further shareholder review and vote on related-party transactions on a periodic basis. * The company has not provided details regarding the proposed purchase or sale of fixed assets between PEPL and I IPL. | Related party transactions should be closely scrutinized as part of proper governance oversight and the inability of shareholders to express a view on the validity of related party transactions is a source of concern in terms of achieving proper shareholder alignment. | 1.13% |
|---|-------------------|---|---------|---|--|-------|

Baillie Gifford Global Equities

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary / Rationale | If the vote was against management, was the intention communicated to the company ahead of the vote? | Outcome of the vote | Approx size of the scheme's holding as at the date of the vote | Why is this vote considered significant? | Next steps, including whether the trustee / asset manager / service provider intends to escalate stewardship efforts |
|-----------------------|------------------|-------------------------------------|------------------|---|--|---------------------|--|--|--|
| Autozone, Inc. | 18 December 2024 | Appoint / Pay Auditors | Against | We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls. | No | Pass | 1.20% | This resolution is significant because we opposed the election of auditors. | We continued to oppose the ratification of the auditor because Ernst & Young has served as the auditor for 36 consecutive years. As in previous years, we followed up with the company to explain our opinion that regular rotation helps to ensure independent oversight of the company's audit process and internal financial controls. |
| Autozone, Inc. | 18 December 2024 | Shareholder Resolution - Governance | Against | We opposed the shareholder resolution to reduce the ownership threshold to call a special meeting of shareholders to 10 per cent. We note that management has proposed reducing the current threshold to 25 per cent and believe in the context of this particular company this strikes a balance between enhancing shareholder rights and the protection of long-term shareholder interests. | N/A | Fail | 1.20% | This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support. | At the shareholder meeting both a management resolution and a shareholder resolution were proposed. Both requested the company reduce the ownership threshold to call a special meeting. The management resolution sought to reduce the threshold from 50 to 25 per cent, whereas the shareholder resolution sought to reduce the threshold to 10 per cent. We decided on this occasion to oppose the shareholder resolution and support the management resolution. We are cognisant that the company permits proxy access which provides an avenue for shareholder recourse, and further we do not have concerns with the company's management which would necessitate the strengthening of accountability provisions. While the shareholder resolution received 44 per cent support, it failed, with the management resolution passing with 90 per cent support. |

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|------------------------------|------------------|---------------------------------|---------|---|-----|------|-------|--|--|
| Microsoft Corporation | 10 December 2024 | Shareholder Resolution - Social | Against | We opposed a shareholder resolution requesting a report on the implications of siting datacentres in countries with human rights concerns. We believe the company has a robust framework in place and ranks highly on its governance practices and there is clear evidence of a commitment to protect human rights. | N/A | Fail | 4.23% | This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support. | This was the second consecutive year this resolution was filed receiving 33 and 32 per cent support at the 2023 and 2024 annual general meetings respectively. We do not have concerns with the company's approach on this topic and continued to oppose the request. |
| Microsoft Corporation | 10 December 2024 | Appoint / Pay Auditors | Against | We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls. | Yes | Pass | 4.23% | This resolution is significant because we opposed the election of auditors. | We opposed the ratification of the auditor because Deloitte has served as the auditor for 41 consecutive years. Following the 2023 annual general meeting we engaged with the company to understand their relationship with their external auditor. The company outlined the policies they have in place to support an independent and quality audit, however noted that they have never retendered their auditor and have no plans to do so. We explained that we think periodic rotation of the company's auditor can provide fresh look benefits which have a positive effect on audit quality. |
| Microsoft Corporation | 10 December 2024 | Shareholder Resolution - Social | Against | We opposed a shareholder resolution requesting a report on risks presented by the unethical or improper usage of external data in the development and training of its artificial intelligence offerings. Considering the company's current, and planned, disclosures and practices and looking at these relative to their peers, we don't have concerns with the company's approach and do not believe at this time additional disclosure is warranted. | N/A | Fail | 4.23% | This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support. | This resolution received 36 per cent support. We do not have concerns with the company's disclosures and therefore did not support the request. |

Principal International Small Cap

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary / Rationale | Approx size of the scheme's holding as at the date of the vote | Why is this vote considered significant? | Next steps, including whether the trustee / asset manager / service provider intends to escalate stewardship efforts |
|----------------------------------|---------------|---|------------------|--|--|---|--|
| Kinden Corp. | 25 June 2024 | Shareholder proposal to approve Additional Allocation of Income so that Final Dividend per Share Equals to JPY 86 | For | A vote FOR this shareholder proposal is recommended because:- Given the firm's position in cash and equivalents and long-term securities, the additional payment should be achievable without causing problems for the company's financial health. | 0.6% | This as a significant vote in that it directly enhanced shareholder value. We are continuously encouraging Japanese companies to improve their use of company capital and not be overly conservative. | The outcome of the vote was not to approve the increased dividend. This proposal was beneficial in that it spurred management to set out a medium-term growth plan to enhance corporate value. |
| Fuji Media Holdings, Inc. | 26 June 2024 | Elect Director and Audit Committee Member | Against | This outside director served on the board for a period of more than ten years. This calls into question their continued independence. | 0.6% | The board should serve the interest of shareholders. An outside director being their longer than 10-years indicates that they are not following what we believe to be best practices for enhancing shareholder value. | The director continued to serve on the board but is likely not a proactive independent board member. We will continue to engage with the company on improving their board practices. |
| Toyo Suisan Kaisha, Ltd. | 27 June 2024 | Shareholder proposal to Amend Articles to Disclose Measures Taken to Realize Management with Cost of Capital and Share Price Considered | For | A vote FOR this shareholder proposal is warranted because:- While the company's ROE and PBR performance is favourable, shareholders should still be able to benefit from the disclosure as requested by the proponent. | 0.7% | This directly aligns with unlocking shareholder value. | While the 40% payout ratio and repurchase plan was not approved the company increased their payout ratio to 30%. Mgmt. said it is committed to steady increases in the dividend. |
| Credit Saison Co., Ltd. | 19 June 2024 | Shareholder proposal to Amend Articles to Require Individual Compensation Disclosure for Directors and Executive Officers | For | A vote FOR this shareholder proposal is recommended because:- The proposed disclosure would promote accountability and help shareholders make better-informed decisions. | 0.8% | Shareholder transparency is important to making well informed decision and builds trust with the investment community which will ultimately improve shareholder returns. | While the proposal was ultimately rejected, the need for increased transparency is crucial and shareholders have continued to push them on this topic. |
| Brunello Cucinelli SpA | 23 April 2024 | Approve 2024-2026 Stock Grant Plan | Against | A vote AGAINST this resolution is warranted because of the lack of disclosure on performance targets. Moreover, the plan has only one performance objective in contrast to market standards, and allows for full accelerated vesting in case of launch of public purchase or exchange offer. | 0.7% | Variable compensation structure should be well aligned to shareholder value. | While the resolution was accepted there was a high level of dissent at over 20% of the shares. Through engagement the company has recognized this and plans to address these concerns in the future. |

Motorola Pension Scheme (DC Section): Annual Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustee has been followed during the year to 31 December 2024, including the Trustee’s voting and engagement policies. This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

The Implementation Statement is also required to describe the voting behaviour during the year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee, or on its behalf) and state any use of the services of a proxy voter during that year.

This Implementation Statement should be read in conjunction with the SIP which can be accessed at [Scheme SIP](#).

The disclosures here relate to the Defined Contribution (DC) Section of the Scheme. The Trustee prepares a separate statement in relation to the Defined Benefit (DB) Section. This Implementation Statement relates to the relevant SIPs in force over the period, namely:

- The SIP dated July 2023, which was in force up to 30 August 2024.
- The SIP dated August 2024, which was in force thereafter.

In relation to investment governance, the Trustee Board meets at least four times per year. During the year covered by this Statement, the Trustee also held three DC-only Trustee meetings to focus solely on DC matters.

The Trustee is supported by an independent DC adviser, who attends Trustee meetings when DC matters are considered. The Trustee’s legal adviser and representatives of the administrator also provide support and attend meetings of the Trustee Board and / or the Scheme’s Administration and Communication Committee when required.

Stewardship Priorities

The Trustee has set its stewardship priorities as follows:

- Climate change
- Human capital management, including diversity, equity, and inclusion
- Governance and compliance.

These priorities have been set based on their financial materiality as regards long term returns and risks for the DC Section investments. We also note that the priorities are broadly aligned with three of the sponsoring employer’s six pillar environmental, social, and governance (ESG) framework.

Review of the SIP

The Trustee reviewed the SIP during the third quarter of 2024, and a final revised SIP was agreed in August 2024. The main change to the SIP was the addition of a policy on investment in illiquid assets, which is a new requirement from the Government. However, the Trustee’s investment strategy did not change during the year.

Assessment of how the SIP policies have been followed for the Scheme year

The information provided in the following table highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the policies in the SIP. The SIP is included within the report and accounts and sets out the policies referenced below. **In summary, it is the Trustee’s view that the policies in the SIP have been followed during the Scheme year to 31 December 2024.**

Motorola Pension Scheme (DC Section): Annual Implementation Statement

| Requirement | Relevant Policy in SIP | In the year to 31 December 2024 |
|---|--|---|
| Securing compliance with the legal requirements about choosing investments. | Section 1. | <p>There were no new investments chosen by the Trustee during the Scheme year.</p> <p>The Scheme's DC investment adviser attended DC Trustee meetings during the year and provided updates on the investments and, where required, appropriateness of the funds used.</p> |
| Kinds of investments to be held and the balance between different kinds of investments. | Section 3, including disclosures on the default investment strategy. | <p>The default investment arrangements are reviewed triennially, and the last review was concluded in 2023. Details of the review are set out in the Chair's Statement. The review concluded that the default strategy remained appropriate, and therefore no changes have been made to the kinds of investments held, or the balance between different kinds of investments in the default strategy or wider fund range. Therefore, the kinds of investment held in the Scheme and the balance between those investments remain consistent with the SIP.</p> <p>The Scheme's default strategy uses a multi-asset fund and a lifestyle strategy. As part of ongoing governance, the Trustee reviewed the asset allocation of the multi-asset fund on a six-monthly basis, and the performance of the lifestyle strategy, using reports prepared by the DC adviser. The kinds of investments held, and the balance between them, was deemed to be in line with the policies set out in the SIP. The overall Scheme asset allocation was also consistent with the SIP policies.</p> <p>In developing the Trustee's policy on illiquid assets during the year, the Trustee considered whether investment in such assets may be suitable. The Trustee concluded that it is comfortable <i>indirectly</i> investing in a small proportion of the default arrangements in these less liquid assets, to gain access to the potential for positive returns and the benefits of diversification. However, the Trustee is also aware of the risks of investment in illiquid assets. These risks include the potential for valuations of illiquid assets to not reflect their true value at a given time, and liquidity constraints (meaning there can be delays in accessing funds); as such the Trustee considers <i>direct</i> investment into an illiquid asset fund as not currently appropriate, although this is kept under review.</p> |

Motorola Pension Scheme (DC Section): Annual Implementation Statement

| Requirement | Relevant Policy in SIP | In the year to 31 December 2024 |
|--|---|---|
| <p>Risk and return, including the ways in which risks are to be measured and managed, and the expected return on investments.</p> | <p>Section 3, including the references to benchmarks for expected returns.</p> | <p>The Trustee formally reviewed the measurement of key investment risks on a six-monthly basis during the year as part of its investment monitoring process. These reports were provided by the Scheme's DC investment adviser, independently of the underlying investment managers.</p> <p>One of the key risks noted in the SIP relates to inflation, and the risk that DC fund returns fail to keep pace with the cost of living. To monitor this risk, the Trustee reviews the performance of the default investment strategy relative to Consumer Price Inflation (CPI) plus a margin. This helps us to test whether the strategy is adequately mitigating inflation risk over the long term.</p> <p>At a Trustee meeting on 30 September 2024, the Trustee received a presentation from the main DC investment manager, L&G, which included performance and risk analysis, and ESG-related updates. This assisted the Trustee with its assessment of performance risk, investment manager risk, and ESG risks, including climate change.</p> <p>As part of a review of the Scheme's legacy additional voluntary contribution (AVC) policies during the year, the Trustee considered the returns produced by the unit-linked funds managed by one of the AVC providers. The Trustee concluded that these funds did not offer good value for members and that there were performance risks associated with the legacy arrangement. Therefore, the Trustee agreed to transfer these unit-linked funds to the DC Section funds with L&G. This transfer will be completed in 2025 and the Trustee looks forward to communicating with members on their options later this year.</p> |
| <p>Realisation of investments.</p> | <p>Section 3.</p> | <p>No changes to the liquidity of the funds used by the Scheme were experienced during the year.</p> <p>All DC funds are daily dealt pooled investment vehicles, accessed via insurance contracts.</p> <p>The Trustee receives reports from the administrator each quarter which detail the extent to which core financial transactions have been processed within service level agreements and regulatory timelines. There were no issues experienced with realisation of investments during the period.</p> |
| <p>Financial and non-financial considerations and how those are taken into account in the selection, retention and realisation of investments.</p> | <p>The Trustee considers the risks in the SIP to be 'financially material'.</p> | <p>There were no updates to this policy during the year but the risks identified and how they are measured and managed formed part of the investment monitoring conducted during the year, as noted above.</p> <p>A key financial risk, which is evolving over time, relates to climate change. The Trustee completed an extensive review of climate change related risks during the year covered by this Statement. This included considering climate metrics for the Scheme's investments (for example, carbon footprint, and the extent to which the companies in the Scheme's investment portfolio have set science-based targets around decarbonisation).</p> |

Motorola Pension Scheme (DC Section): Annual Implementation Statement

| Requirement | Relevant Policy in SIP | In the year to 31 December 2024 |
|--|------------------------|---|
| Exercise of rights (including voting rights) attaching to investments and undertaking engagement activities. | Section 3. | <p>The Trustee has delegated voting rights to its investment managers. As the Scheme invests solely in pooled funds, the Trustee requires the investment managers to engage with investee companies on the Trustee's behalf. There has been no change in this policy during the year.</p> <p>However, the Trustee requests and reviews annually voting and engagement activities for the two investment managers to the DC Section. This information is summarised later in this Statement.</p> <p>Voting and engagement activities were also a key part of the agenda when the Trustee met with the investment manager of the default investment strategy at our 30 September 2024 meeting. Topics discussed included stewardship themes and priorities, the manager's voting and engagement activity during the year, and the manager's escalation policies should voting and engagement fail to be effective. The Trustee considered that the investment manager's approach was aligned with the policies stated in the SIP.</p> |
| How the arrangements incentivise the manager to align its strategy & decisions with Trustee policies. | Section 3. | No changes to policy during the year. The Trustee believes that meeting with the main investment manager to the DC Section annually helps to facilitate a two-way conversation allowing the Trustee to articulate its beliefs and priorities to the manager, thus incentivising alignment. |
| How the arrangement incentivises the manager to make decisions based on assessment of medium to long-term financial and non-financial performance of an issuer and to engage with issuers to improve their performance in the medium to long-term. | Sections 3. | <p>No changes to policy during the year.</p> <p>The Trustee met with the Scheme's main DC investment manager on 30 September 2024. As part of this meeting, the investment manager explained their decision-making process as regards the funds managed for the Scheme, and the Trustee also received an update on the engagement activity carried out by the manager (further details are provided later in this Statement).</p> <p>The Trustee concluded that the investment manager's approach was consistent with the Scheme's SIP policies.</p> |
| How the method & time horizon of evaluation of the manager's performance and the remuneration for asset management services are in line with the trustees' policies. | Section 3. | <p>The Trustee reviewed both short and longer term investment performance formally on a six-monthly basis, using reports prepared by the DC adviser. There was also a detailed discussion of manager performance with the main DC investment manager at the 30 September 2024 meeting.</p> <p>The Trustee reviews investment management fees (i.e. remuneration for asset management services) paid by members annually, as part of the preparation of the Chair's Statement and related disclosures regarding value for members. These were deemed to be in line with the SIP policies during the year.</p> |

Motorola Pension Scheme (DC Section): Annual Implementation Statement

| Requirement | Relevant Policy in SIP | In the year to 31 December 2024 |
|---|--------------------------|---|
| How the Trustees monitor portfolio turnover costs incurred by the manager, and how they define and monitor targeted portfolio turnover or turnover range. | Section 3. | <p>Transaction costs are monitored annually as part of preparation of the annual Chair's Statement which is published on a public website.</p> <p>The Trustee will continue to monitor transaction costs in this way but has not set portfolio turnover targets; the Trustee instead assess performance net of the impact of the costs of turnover.</p> |
| The duration of the arrangement with the asset manager. | Section 3 and Section 4. | <p>No changes to policy during the year.</p> <p>As noted earlier in this table, the Trustee took the decision to transfer underperforming funds from a legacy AVC provider to the Scheme's main DC funds with L&G. While members will have an option to remain in their existing AVC funds should they wish to (as the Trustee wants to ensure members have options rather than acting on their behalf), this transfer is expected to materially reduce the level of assets with the legacy AVC provider, demonstrating that as stated in the SIP policy, the Trustee "reviews the continuing suitability of the Scheme's investments, including the appointed managers, the range of fund choices and the balance between active and passive management, which may be adjusted from time to time."</p> |

Motorola Pension Scheme (DC Section): Annual Implementation Statement

Non-financial Matters

As stated in the SIP policy, members' views are not currently taken into account in the selection, retention and realisation of investments, but members have a variety of methods by which they can make views known to the Trustee. No feedback was received during the Scheme year from members as regards investment views.

Manager Selection, Review and Monitoring

The Trustee has put in place six-monthly independent investment performance reporting, provided by the DC investment adviser. These reports include:

- Details of how each fund is delivering against the specific benchmark and target set over both short term and long-term periods.
- Risk metrics for the default strategy, such as volatility and maximum drawdown statistics.
- The investment experience of members in the default investment strategy, in both the growth phase and the de-risking phase. This is assessed against inflation measures to ensure that the strategy delivers real returns in excess of inflation (this being one of the policies associated with the default strategy, as set out in the SIP).
- Monitoring of the de-risking phase of the strategy relative to annuity price movements, as the strategy is designed to meet the needs of members who will buy an annuity with a portion of their Scheme DC benefits at retirement.
- Asset allocation, to assist the Trustee in monitoring the balance between different types of investment in order to ensure this remains in line with the SIP.
- The investment research ratings assigned by the DC investment adviser's research team to each fund. These ratings denote the adviser's research views on the funds, including the prospects for the manager achieving the investment objectives and the extent to which ESG considerations are integrated in the manager's process, portfolio, and in their voting and engagement activities.

ESG, Stewardship (Voting and Engagement) and Climate Change

The Trustee has set its stewardship priorities as follows:

- Climate change
- Human capital management, including diversity, equity, and inclusion
- Governance and compliance.

These priorities have been set based on their financial materiality as regards long term returns and risks for the DC Section investments. We also note that the priorities are broadly aligned with three of the sponsoring employer's six pillar framework.

The SIP includes the Trustee's overall policies on ESG factors, stewardship (voting and engagement) and climate change. The policy sets out the Trustee's beliefs and the processes followed by the Trustee in relation to stewardship. The Trustee has complied with the policies in the SIP on voting and engagement as detailed here.

The Trustee has appointed two DC investment managers, Legal & General Investment Management ("L&G"), and the Prudential Assurance Company Limited ("Prudential"). In respect of the Prudential investments, Prudential have delegated the investment management of the fund used by the Scheme to M&G Investment Management Ltd ("M&G"). During the year, the DC Section continued to invest solely in pooled funds, where stewardship activities are delegated to the investment managers, with Trustee oversight.

The following work was undertaken during the year to 31 December 2024 relating to the implementation of the Trustee's policies on ESG factors, stewardship and climate change:

- The Trustee will consider the investment manager's policies relating to ESG issues for new fund selections or appointments and will seek to obtain ongoing reports from the manager on the

Motorola Pension Scheme (DC Section): Annual Implementation Statement

implementation of these policies. The Trustee also considers research ratings (which include ESG considerations) published by Mercer, the Scheme's DC investment adviser, when considering any new investments for the DC Section. No new investment managers or funds were appointed during the year.

- L&G produce quarterly reports which include details of engagement activities. M&G (the underlying investment manager in respect of the Prudential fund used by the Scheme) produce an annual stewardship report with this information.
- For example, engagements noted by L&G during the Scheme year, which are aligned with the Trustee's stewardship priorities, included:
 - Instigating a cycle of engagements with c.100 "dial mover" companies under L&G's Climate Impact Pledge, in 20 "climate critical" sectors. L&G selected these companies for in-depth engagement on account of their scale and influence across their sectors and value chains, and their potential to drive market-wide improvements. In the engagements for the 2024-2025 cycle, L&G are focused on outcome-driven objectives, reflecting the progress over time from commitments and targets to climate transition plans, actions and investments, and to interrelated nature dependencies.
 - At global climate conference COP16, L&G joined over 70 global leaders from across civil society, Indigenous Peoples, business and finance in signing an open letter to Presidents Gustavo Petro (Colombia) and Luiz Inácio Lula da Silva (Brazil), requesting that they take the following actions:
 - i) Strengthen national climate plans to deliver a triple win for people, nature and food security
 - ii) Scale up investment for nature and food system transformation
 - iii) Support the full and effective participation of farmers, Indigenous Peoples, and local communities across climate, food system and nature policy development, decision-making and monitoring.
 - In June 2024, Hong Kong Exchange and Clearing Ltd published a consultation paper on corporate governance code enhancements. Proposals included improvement of board effectiveness, strengthening board independence, promoting diversity, enhancing risk management and internal control, and enhancing capital management disclosure. L&G participated in this consultation, advocating for changes to "over-boarding" (when one director sits on too many boards, which diminishes their ability to serve an organisation effectively), director training, board diversity and board evaluation. L&G believe that responding to such consultations is an important mechanism for feeding into the improvement of corporate governance standards around the world.
 - L&G launched a campaign on human rights, focused on high-risk sectors including utilities, energy, mining & minerals, apparel and textiles, technology and automotives. L&G wrote to the chairs of a number of companies in these sectors, setting out their human rights expectations. Additionally, L&G asked companies to provide information and feedback about their human rights practices to inform better assessment of risks in this area.
- Engagements noted by M&G (as manager of the Prudential funds used by the Scheme), which are aligned with the Trustee's stewardship priorities, included:
 - Via participation in the European Policy Working Group (EUWG) convened by the Institutional Investors Group on Climate Change (IIGCC), M&G advocate on material topics for investors including sustainable finance regulation, creating incentive structures to direct more capital towards the transition and sectoral policies to support delivery of climate targets. The EUWG convened in Brussels in January 2024. Items raised included progress on the European Green Deal and the Clean Industrial Deal, increasing capital flows to adaptation and resilience finance, and strategies to remain competitive along the decarbonisation journey. M&G was able to contribute on lessons learned from the use of the IIGCC Net Zero Investment Framework as a tool to support investors to assess how portfolios are positioned to achieve net zero including the credibility of transition plans.

Motorola Pension Scheme (DC Section): Annual Implementation Statement

- M&G have established a “Hot 100 list” of companies to engage with, encompassing the 100 companies that account for the majority of its financed carbon emissions. During the year, M&G engaged with 28 of these companies, representing 41% of the Hot 100 financed carbon emissions.
- During 2024, M&G engaged with 39 companies on the topic of diversity. Engagements within the scope of the programme generally have two main objectives: firstly, to convey M&G’s expectations on board gender diversity and subsequently discuss board refreshment and any targets that might be in place to facilitate a more balanced board. M&G will vote against board elections where they believe insufficient progress has been made. In 2024, M&G opposed the election of directors at 17 of the identified laggard companies and also contacted 188 of its FTSE 250 holdings to inform them of the voting stance on ethnic diversity at board level, which will come into effect in 2025.
- The Trustee reviews six-monthly investment reporting, which includes the DC adviser’s research ratings. The ratings include ESG factors relevant to each fund, including assessment of the investment manager’s stewardship capabilities and their integration of ESG factors in asset portfolios.
- The two DC investment managers are signatories to the UK Stewardship Code and the UN Principles for Responsible Investment. Note that M&G, who Prudential appoint to carry out day-to-day asset management, may themselves appoint other underlying investment managers and will assess the appointed managers’ investment processes periodically, including a review of their relevant policies covering engagement, voting and ESG integration.
- To engage with the Scheme’s main DC investment manager on ESG matters, the Trustee meets with L&G annually. During the year, this meeting was held on 30 September 2024. At the meeting, L&G discussed their approach to responsible investment, including:
 - Details of L&G six stewardship themes, which are climate (e.g. climate change mitigation and adaptation), nature (e.g. deforestation), people (e.g. diversity, human capital), health (e.g. anti-microbial resistance), digitisation (e.g. cyber security), and governance (e.g. investor rights).
 - An update on the manager’s “net zero” emissions roadmap, including the decarbonisation pathway that has been implemented.
 - The results of L&G’s 2023-2024 engagement cycle, in terms of number of companies targeted and the number of escalations considered necessary.
 - How the manager uses voting rights to exert influence.
 - Ways in which ESG considerations are integrated in the investment process.
 - Use of screens to identify investments that may present ESG risks. Examples cited included companies in violation of the UN Global Compact, and those where a material component of company revenue derived from coal and oil sands.
 - Details of engagements, and circumstances under which L&G will escalate any concerns.
 - L&G also shared statistics in relation to the number of engagements carried out, and the highlights of voting activity.

Voting Activity

The Trustee has delegated the voting rights attached to the DC assets to the investment managers. Investment managers are expected to provide vote reporting on a regular basis, at least annually. The Trustee does not use the direct services of a proxy voter. Over the last 12 months, the key voting activity on behalf of the Trustee is set out in the following section.

Manager 1 (L&G)

The Trustee has been provided with the voting disclosures relating to the funds made available to members that invest in equities (which have voting rights attached), covering the year to 31 December 2024. These are summarised in the following table.

Motorola Pension Scheme (DC Section): Annual Implementation Statement

| L&G Funds | World Equity Index | Diversified |
|--|--------------------|-------------|
| Value of Scheme assets in fund | £4,121,608 | £5,702,435 |
| No. of underlying equity holdings | 2,840 | 7,317 |
| No. of meetings eligible to vote | 2,912 | 10,851 |
| No. of resolutions eligible to vote | 35,761 | 108,048 |
| % of resolutions voted | 100% | 100% |
| % of resolutions voted with management | 79% | 77% |
| % of resolutions voted against management | 20% | 22% |
| % of resolutions abstained | 0% | 1% |
| % of resolutions voted against recommendation of proxy adviser | 15% | 14% |

Source: L&G. Totals may not sum due to rounding.

The following tables set out voting issues that arose within each fund (that hold equities with voting rights), that is considered significant, as it relates to the Trustee's stewardship priorities as noted earlier.

| | | | | | |
|--|---|------------------------|-----|----------------|--------|
| Fund | L&G World Equity Index | | | | |
| Company | Walmart | | | | |
| Item | Proposal requesting a Compensation Policy of paying a living wage | | | | |
| Criteria for assessing as significant | Relates to human capital management, which is one of the Trustee's stewardship priorities. | | | | |
| Rationale | <p>L&G co-filed this proposal to request that Walmart establish pay policies that are "designed to provide workers with the minimum earnings necessary to meet a family's basic needs, because company compensation practices that fail to provide a living wage are harmful to the economy and therefore to the returns of diversified shareholders".</p> <p>L&G wished to encourage Walmart to establish this policy as they believe that paying a living wage may reduce the potential negative financial impacts that stem from low worker morale, poor health, absenteeism / presenteeism, and high employee turnover. Despite some support from shareholders, the resolution received less than 5% support, indicating a lack of broad consensus among shareholders. L&G will therefore continue to engage with Walmart's management on this issue.</p> | | | | |
| Date of Vote | 5 June 2024 | Voting Decision | For | Outcome | Failed |

Motorola Pension Scheme (DC Section): Annual Implementation Statement

| | | | | | |
|---------------------------------------|---|-----------------|---------|---------|--------|
| Fund | L&G Diversified | | | | |
| Company | Shell Plc | | | | |
| Item | Approval of the Shell Energy Transition Strategy | | | | |
| Criteria for assessing as significant | Relates to climate change, which is one of the Trustee's stewardship priorities. | | | | |
| Rationale | <p>L&G voted against management on its proposed Energy Transition Strategy. The manager also chose not to support Shell's management on this topic in the prior year, and we highlight this vote as a good example of how an investment manager will be persistent in raising their concerns over time.</p> <p>L&G acknowledge the progress Shell has made in respect of climate disclosures in recent years, and views positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, and a pledge to not pursue frontier exploration activities beyond 2025.</p> <p>However, in light of revisions made to Shell's climate-related targets, and taking into account the company's ambition to grow its gas and liquefied natural gas business, L&G expect Shell to better demonstrate how these plans are consistent with a transition to net-zero emissions by 2050. L&G want more clarity on the expected lifespan of the assets Shell is looking to develop, the level of flexibility in revising production levels in a range of scenarios, and actions to deliver decarbonisation. Additionally, L&G want to see more transparency around lobbying activities, among other disclosures.</p> | | | | |
| Date of Vote | 21 May 2024 | Voting Decision | Against | Outcome | Passed |

Manager 2 (Prudential)

The voting and engagement policy of the manager has been made available to the Trustee, including information that applies specifically to the Scheme's investments with Prudential (which are held in a With Profits Fund).

This year, Prudential have also provided fund-specific information on voting along with its overall policies and processes, which are available at [Prudential Voting and Engagement](#). The Trustee is pleased to see the disclosure of fund-specific voting information for the first time this year and summarises this below.

| Prudential Fund | With Profits Fund |
|--|-------------------|
| Value of Scheme assets in fund | £6,228,072 |
| No. of underlying equity holdings | Not disclosed* |
| No. of meetings eligible to vote | 4,291 |
| No. of resolutions eligible to vote | 51,817 |
| % of resolutions voted | 99% |
| % of resolutions voted with management | 93% |
| % of resolutions voted against management | 7% |
| % of resolutions abstained | 1% |
| % of resolutions voted against recommendation of the proxy adviser | 1% |

* Prudential state that the fund holds a number of underlying collective funds and segregated mandates, and an accurate figure for the number of underlying equity holdings is not available.

Source: Prudential. Totals may not sum due to rounding.

Motorola Pension Scheme (DC Section): Annual Implementation Statement

The following table sets out a vote that arose within the fund that is considered significant, as it relates to the Trustee's stewardship priorities as noted earlier.

| | | | | | |
|---------------------------------------|--|-----------------|---------|---------|--------|
| Fund | Prudential With Profits | | | | |
| Company | Yangzijiang Shipbuilding (Holdings) Ltd | | | | |
| Item | Election of director | | | | |
| Criteria for assessing as significant | Relates to governance, which is one of the Trustee's stewardship priorities. | | | | |
| Rationale | <p>Yangzijiang Shipbuilding (Holdings) Ltd is an investment holding company mainly engaged in the agency service for shipbuilding and related activities.</p> <p>Prudential opposed the election of a director due to concerns around independence. The independence of directors is considered important, as it helps to ensure that a company's board can act in the best interests of all shareholders, free from undue influence. This independence also facilitates objective decision-making regarding strategy, risk, and executive remuneration, ultimately promoting long-term value creation and sustainable growth.</p> <p>While the vote still passed, voting against management on director elections sends an important signal and can help to drive change over time.</p> | | | | |
| Date of Vote | 27 March 2024 | Voting Decision | Against | Outcome | Passed |

MOTOROLA PENSION SCHEME ("THE SCHEME")

ANNUAL GOVERNANCE STATEMENT FOR THE SCHEME YEAR ENDING 31 DECEMBER 2024

1. INTRODUCTION

- 1.1 I am pleased to present this statement describing how the Trustee has governed the Defined Contribution (DC) Section of the Scheme and the Additional Voluntary Contribution (AVC) arrangements during the year, covering the period from 1 January 2024 to 31 December 2024. In doing so, we provide the various statutory disclosures required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.
- 1.2 The statement covers four principal areas:
1. Investment, with particular focus on the Scheme's default investment arrangements.
 2. Internal controls, including the processing of core financial transactions.
 3. Value, and details of the charges and transaction costs deducted from members' funds.
 4. The knowledge and resources available to the Trustee, including how the Trustee maintained the statutory levels of knowledge and understanding to govern the Scheme, and how this helps the Trustee ensure that the Scheme is governed effectively.
- 1.3 References to "the Scheme" throughout this document relate to the DC section of the Motorola Pension Scheme, unless otherwise stated.

2. INVESTMENT ARRANGEMENTS

Statement of Investment Principles

- 2.1 A statement of investment principles (SIP) prepared in accordance with Section 35 of the Pensions Act 1995, regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 and subsequent legislation is in place and is appended to this document. The SIP covers our aims and objectives in relation to the default investment arrangement as well as our policies in relation to matters such as risk, diversification and how environmental, social and governance (ESG) issues, including climate change, are considered within the Scheme. The SIP details how we seek to provide a range of investment options, including the default investment arrangement, with the needs of our members in mind.
- 2.2 The Trustee reviewed the SIP during the third quarter of 2024, and a final revised SIP was agreed in August 2024. The main change to the SIP was the addition of a policy on investment in illiquid assets, which is a new requirement from the Government. However, the Trustee's investment strategy did not change during the year.

Default Investment Arrangement and Review Process

- 2.3 Although the Scheme is now closed to future contributions, investments have historically been placed into a default investment option. There were no changes to the default investment option during the period, and the SIP includes detailed information on the default arrangement.
- 2.4 In summary, the default investment option is a "lifestyle" arrangement designed to be broadly appropriate for members who intend to take 25% of their funds as cash at retirement and to purchase an annuity with the balance of their DC fund.
- 2.5 The default investment option's growth phase investment is a multi-asset fund. This fund is diversified across traditional and alternative asset classes, including equities, bonds, property, and infrastructure. These investments are expected to provide long term growth with some protection against inflation erosion, with lower volatility than a pure equity portfolio. As members' invested funds grow, investment risk will have a greater impact on retirement outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce risk as the member approaches retirement is appropriate. This is achieved via automated lifestyle switches over the eight-year period prior to a member's retirement date. Investments are switched to a mix of cash (for capital preservation purposes) and UK bonds (to provide a broadly appropriate match to short-term annuity price movements).
- 2.6 The last strategic review of the default investment strategy was concluded in 2023. We include details of this review for completeness here. The areas considered by the Trustee included:
- **Membership analysis:** The Trustee reviewed the size of members' savings pots, the range of pot sizes, the age profile, and members' investment choices. Of note, only approximately 7% of members with DC benefits are invested solely in the default lifestyle profile, which is unusual for DC schemes,

where typically the majority of members are invested in the default arrangement. This relates to the fact that when the Scheme was open, there was no statutory requirement to make a default investment option available, and hence most of our members selected their own funds.

- **Impact of the underpin:** In contrast to a traditional DC arrangement, the Scheme has a guaranteed minimum pension (GMP) underpin within the benefit structure. At retirement, a portion of a member's "pre-1997" fund must first be used to secure the GMP. In some cases, this may not be sufficient and a top up payment from the employer is made to meet the cost. The GMP element is required to be paid as a pension (unless the member requests a transfer). This brings different risks to the DC investments, and consideration of the underpin therefore formed a part of the review process.
- **Member outcomes:** The review considered the projected size of members' benefits at retirement. The Scheme is closed and therefore it is not expected that DC benefits will make up members' primary retirement benefits, but the Trustee still considered the projections a useful way of understanding members' likely needs at retirement, including the type of benefit they may withdraw.
- **Analysis of retirement experience:** A review of the experience of the Scheme was completed, in terms of the age at which members take benefits, and the way in which they draw funds (e.g. cash, annuity, or transfer out, potentially to access income drawdown). This was particularly useful when deciding on the "target" benefit type for the default arrangements.
- **Consideration of broader UK-wide experience:** Using the Financial Conduct Authority (FCA) Retirement Income Market Data, the Trustee considered industry trends in the withdrawal of funds at retirement from DC pension schemes.

2.7 Following the review described above, it was agreed that the objective and overall investment strategy in respect of the current default investment arrangements remained appropriate. The underlying investment managers and funds used to implement the investment strategy are reviewed regularly via investment performance and risk reporting (as described later in this section), and no issues were identified.

2.8 Accordingly, no changes were deemed to be necessary in respect of the current default investment option, although the Trustee agreed to prepare member communications to remind members with DC benefits of how their Scheme benefits work (including the underpin arrangements), and to regularly review their investments. These communications were issued with members' annual benefit statements during 2024.

2.9 The next triennial review of the default investment strategy is due to commence in late 2025 / early 2026.

Other Investment Governance activity

2.10 The Trustee reviewed the legacy AVC arrangements in place with Standard Life in 2023. This included consideration of investment performance, costs and charges, and the prospects for the funds meeting their risk and return objectives. Subsequently, the Trustee carried out further work during 2024 to identify alternative arrangements capable of offering better value for members. Following this review, the Trustee has decided to transfer unit-linked AVC funds from Standard Life to funds with lower charges and better expected performance prospects with L&G. Members will have the option to stay in the Standard Life funds if preferred, so that no forced changes take place without providing our members with options. The Trustee is working with the Scheme administrator to plan this project and looks forward to communicating with the relevant members in 2025.

2.11 During the Scheme year the Trustee also continued with its regular programme of investment monitoring. This includes independent monitoring of the DC investment arrangements, provided by the Trustee's specialist DC adviser. Over the year to 31 December 2024, these performance and risk-based reviews were considered by the Trustee on a six-monthly basis. The reports provide detailed analysis of the performance of the Scheme's investments against benchmarks and target performance levels, as well as risk measures (for example, the volatility of returns).

Net Investment Returns

2.12 Investment returns after charges and costs for the funds available to members during the year are provided in the following table. For the default strategy, the analysis assumes a retirement age of 65 and its performance has been calculated based on a fixed weighted average of underlying fund performance in the lifestyle strategy that is in place, with the weightings as at the ages shown.

2.13 As context, while 2024 was a positive year for growth assets such as those within the growth phase of the default strategy, and the equity fund, bond markets generated negative returns, This followed volatile market conditions in 2022 and 2023. In 2022 for example, UK Government bonds fell in value materially, which affected the 5 year returns for the two bond funds and the default strategy. Over the same period however, annuity prices moved in a similar direction (i.e. annuities became cheaper) which means that the "annuity purchasing power" of members' savings has been supported.

| Default investment option – lifestyle strategy returns (net of fees) % p.a. | | |
|---|--------|---------|
| Age of member | 1 year | 5 years |
| Up to age 57 | 7.1 | 3.8 |
| Age 60 | 0.9 | 0.4 |
| Age 65 | -5.0 | -4.5 |
| Self-select fund returns (net of fees) % p.a. | | |
| Fund | 1 year | 5 years |
| L&G Diversified | 7.1 | 3.8 |
| L&G All Stocks Index-Linked Gilt Index | -8.4 | -6.7 |
| L&G Sterling Liquidity | 5.2 | 2.3 |
| L&G World Equity Index | 19.4 | 12.2 |
| L&G All Stocks Gilt Index | -3.4 | -4.8 |
| Prudential With Profits | 2.5 | 1.5 |

Data sourced from Legal & General Investment Management (L&G) and Prudential Assurance Company Limited (Prudential). Returns shown net of member-borne charges and costs. Returns over periods longer than 5 years are not available because the Scheme’s funds were only launched by the investment manager or added to the Scheme more recently.

Asset allocation disclosure

- 2.14 The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 introduced new requirements for trustees and managers of certain occupational pension schemes. These requirements include disclosing the asset allocation of investments in default arrangements.
- 2.15 Note that the regulations suggest showing asset allocation at age 25. However, as the youngest member of the Scheme with DC benefits is approximately 43 years old, we show age 43 rather than age 25 on the basis this is more relevant for our membership. In practice, because the lifestyle de-risking programme does not begin until a member is eight years from their target retirement date (assumed here to be 65), the asset allocation for ages 43, 45, and 55 is identical.

| | Allocation – Age 43 (%) | Allocation – Age 45 (%) | Allocation – Age 55 (%) | Allocation – age 65 (%) |
|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Cash | 0.3 | 0.3 | 0.3 | 22.5 |
| Bonds | 38.0 | 38.0 | 38.0 | 77.5 |
| Listed Equities | 50.4 | 50.4 | 50.4 | - |
| Private Equity | - | - | - | - |
| Infrastructure | - | - | - | - |
| Property/Real Estate | 4.7 | 4.7 | 4.7 | - |
| Private Debt/Credit | 2.0 | 2.0 | 2.0 | - |
| Other | 4.6 | 4.6 | 4.6 | - |

Source: L&G as at 31 December 2024. “Other” category includes commodities and alternative risk premia.

- 2.16 The following describes the types of investments covered by the above asset classes:
- **Cash** – Cash and assets that behave similarly to cash e.g. treasury bills. It only includes invested cash and not the cash balance held by the Plan.
 - **Bonds** – Loans to an issuer such as a government or a company, to be repaid at a later date.
 - **Listed Equity** – Shares in companies that are listed on global stock exchanges. Owning shares makes the Plan a part owner of the company, entitled to a share of the profits (if any) payable as dividends.

- **Private Equity** – Unlisted equities that are not publicly traded on stock exchanges.
- **Property** – Real estate, such as offices, retail, and industrial buildings rented out to businesses.
- **Infrastructure** - physical structures, facilities, systems, or networks that provide or support services including water, gas and electricity networks, roads, telecommunications, schools, hospitals, and prisons
- **Private Debt** – Other forms of loan that do not fall within the definition of a ‘Bond’, and are not traded on a listed market.
- **Other** – Any assets that do not fall within the above categories. This may include assets that are synthetic and do not have a physical allocation, for example derivatives.

3. INTERNAL CONTROLS AND CORE FINANCIAL TRANSACTIONS

Introduction

- 3.1 The Scheme is closed to future contributions, and so the core financial transactions that relate to the Scheme are payments to, or in respect of, members. These are, for example (but not limited to), a transfer of a member’s assets out of the Scheme, an investment switch, or a payment as part of a member’s retirement.
- 3.2 The Trustee has received assurance from the Scheme’s administrator, and has taken steps to seek to ensure, that there were adequate internal controls to ensure that core financial transactions were processed promptly and accurately during the year. Our processes in this regard are documented below.

Administration Standards

- 3.3 The Trustee has appointed a professional third-party administrator in the case of funds managed by L&G, and by selecting a “bundled” arrangement in the case of the legacy funds managed by Prudential. Under the latter policy, Prudential outsource administration to a professional third-party administrator.
- 3.4 Service Level Agreements (SLAs) are in place with the Scheme administrator, which are monitored by the Trustee at each quarterly meeting. These SLAs cover both accuracy and timeliness of core financial transaction processing. Over the year to 2024, the percentage level of SLA achieved for the DC Section of the Scheme stood at 98% - 99% across the four quarters of the year. For the legacy Prudential policies, where administration is bundled, the Trustee considers standards on an ad-hoc basis, including through reports from its advisers where requested.
- 3.5 The Trustee has established an Administration and Communication Committee, which has a particular focus on administration issues. This Committee meets on a quarterly basis and will also consider relevant administration matters outside of meetings, as required.
- 3.6 The third-party administrator provides an AAF internal controls audit report each year which the Trustee receives a copy of for review.
- 3.4 The Trustee appoints a professional firm to undertake an annual audit of the Scheme’s accounts. As part of the audit, core financial transactions are investigated.

Broader Controls

- 3.7 The Trustee maintains and monitors a risk register which includes risks in relation to core financial transactions, along with details of the controls / mitigations in place. The risk register is monitored and reviewed on at least an annual basis.
- 3.8 The Trustee has sought to ensure that detailed disaster recovery plans are in place with the administrator, other relevant third parties, and within the sponsoring employer.
- 3.9 All third-party providers are required to share their cyber risk policies and practices with the Trustee. These policies are reviewed, and the parties are questioned on any areas requiring clarity. The risk register has a dedicated section covering cyber security, with mitigation strategies documented.

Conclusion

- 3.10 In the last Scheme year there have been no material administration matters or internal controls issues. The Trustee is confident that the processes and controls in place with the administrator are robust and will ensure that the requirements of regulation 24 of the Regulations have been met, and that core financial transactions have been processed promptly and accurately.

4. CHARGES AND TRANSACTION COSTS

- 4.1 The charges applicable to the funds available to members are detailed in this section.
- 4.2 The Scheme is not used for auto-enrolment purposes and as such the charge cap is not a legislative requirement, although we note that the charges associated with the funds used in the default investment strategy are all comfortably below the DC charge cap level of 0.75% p.a.
- 4.3 There were no performance-based fee arrangements in respect of the DC investments during the year.

Charges and Transaction Costs as at 31 December 2024

Funds used as part of the default investment option are shaded in blue.

| Fund | Total Expense Ratio* % p.a. | Transaction Costs** % p.a. |
|--|-----------------------------|----------------------------|
| L&G Diversified | 0.33 | 0.03 |
| L&G All Stocks Index-Linked Gilt Index | 0.10 | 0.04 |
| L&G Sterling Liquidity | 0.13 | -0.07 |
| L&G World Equity Index | 0.20 | 0.02 |
| L&G All Stocks Gilt Index | 0.10 | 0.05 |
| Prudential With Profits | 1.00*** | 0.17 |

* A "total expense ratio" reflects the total costs associated with managing and operating an investment fund, including investment management fees, fund legal fees, investment platform fees and any other expenses.

** When buying / selling investments, transaction costs can be incurred. Such costs are not explicitly deducted from a fund but are captured in its performance. The FCA's guidance to investment managers (Policy Statement 17/20) is used in calculating and disclosing costs. Due to the way in which the costs must be calculated, they can be negative or positive; a negative figure is effectively a gain from trading, whilst a positive figure is effectively a cost from trading.

*** Prudential does not state an explicit TER for its With Profits Fund as charges are deducted before bonuses are applied, however, they are estimated to be in the region of 1%.

- 4.4 The Trustee has assessed the extent to which the charges and transaction costs set out above represent good value for members. I am pleased to confirm that the Trustee concluded that the Scheme offers good value for its members. This was assessed as part of the review of the AVC arrangements referenced earlier in this statement, when the AVC charges were compared against the DC fund charges listed in the tables above.
- 4.5 To arrive at this conclusion, the Trustee considers the following factors:
- Costs borne by members.
 - Net of cost performance.
 - Administration performance.
 - Scheme governance arrangements.
 - Investment manager ratings, including an assessment of the managers' environmental, social and corporate governance policies.

- 4.6 The only fund remaining in the DC Section with relatively high charges is the Prudential With Profits Fund. This fund has embedded guarantees which may be valuable for members and would be difficult to replicate through alternative arrangements.

- 4.7 As noted earlier in this statement, the costs and charges associated with the legacy AVC arrangements with Standard Life were reviewed during the year. As a consequence of the review, the Trustee has agreed to transfer of these funds to new arrangements with a view to improving value for members. This project will continue into 2025 and we look forward to communicating the next steps to members in due course.

Impact of Costs and Charges

- 4.8 Using the charges and transaction cost data provided by the investment managers and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. Statutory guidance provided has been considered when providing these examples.
- 4.9 To represent the range of funds available to members we are required to show the effect on a member's savings of investment in the following:

- The fund or strategy with the most members invested in it.
- The fund with the highest charges. Whilst the table above notes that the Prudential With Profits Fund has the highest charges, it is not possible to model investment growth for this fund due to the embedded guarantees in the fund, and the fact that the charges include the cost for guarantees, which can be valuable and will differ for different members. Accordingly, the next most expensive fund in the table above is used in the illustrations that follow.
- The fund with the lowest charges.

- 4.10 The illustrations have taken into account the typical Scheme savings pot size, the fact that the Scheme is closed, and hence no new contributions are being paid, as well as allowing for real terms investment returns gross of costs and charges, adjusted for the effect of costs and charges.
- 4.11 An important point to note is that in the case of the Sterling Liquidity Fund, the assumed inflation rate is higher than the assumed investment return rate. This means that fund values decline when presented in “today’s terms” (allowing for inflation). In essence, If the growth rate used is lower than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.
- 4.12 To make the analysis representative of the membership, the approximate age of the youngest member in the DC Section has been used, which is 43 (hence 22 years are shown, up to normal retirement date). The average starting pot is assumed to be £11,100, which again represents the approximate average savings pot value at that age.

| Year End | Fund with most members invested: Default Lifestyle | | Fund with highest charges: L&G Diversified | | Fund with lowest charges: L&G Sterling Liquidity | |
|----------|--|--------------------------------|--|--------------------------------|--|--------------------------------|
| | Pot Size with no Charges Incurred | Pot Size with Charges Incurred | Pot Size with no Charges Incurred | Pot Size with Charges Incurred | Pot Size with no Charges Incurred | Pot Size with Charges Incurred |
| 1 | £11,267 | £11,229 | £11,267 | £11,229 | £11,045 | £11,030 |
| 3 | £11,608 | £11,493 | £11,608 | £11,493 | £10,934 | £10,890 |
| 5 | £11,959 | £11,762 | £11,959 | £11,762 | £10,825 | £10,752 |
| 10 | £12,884 | £12,463 | £12,884 | £12,463 | £10,557 | £10,416 |
| 15 | £13,924 | £13,250 | £13,881 | £13,207 | £10,296 | £10,090 |
| 20 | £15,620 | £14,673 | £14,955 | £13,994 | £10,041 | £9,774 |
| 22 | £16,434 | £15,379 | £15,408 | £14,322 | £9,941 | £9,650 |

- i. Projected pension pot values are shown in today’s terms.
- ii. To make this analysis representative of the membership, the Trustee has based this on the approximate age of the youngest members (aged 43), for consistency (and to assist members with comparing the projections) using the average DC pot value at this age of £11,100 which was used in respect of the statement to 31 December 2023. The Scheme is closed and as such no contributions are being paid in.
- iii. Inflation is assumed to be 2.5% per annum.

5. TRUSTEE KNOWLEDGE AND UNDERSTANDING

- 5.1 The requirement under the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Scheme year by the Trustee as a body in dealing with the whole Scheme (including the Defined Benefit and DC Sections). The Trustee has put in place arrangements for ensuring its Directors take responsibility for keeping up to date with relevant developments and consider their training requirements. Training logs are maintained for each Director and training for the full board is provided during quarterly meetings, on a bespoke basis, tailored to issues that arise on the Trustee’s business plan.
- 5.2 The Trustee receives advice from professional advisors and the relevant skills and experience of those advisors is a key criterion when evaluating advisor performance or selecting new advisors. Mercer is appointed as the Scheme’s consultant and CMS Cameron McKenna Nabarro Olswang LLP as the legal advisers. The Trustee’s professional advisers support the Trustee in governing the Scheme in line with the Trust Deed and Rules. If there are any ambiguities over the Scheme Rules, legal advice is sought.
- 5.3 The Trustee completes training and considers topical updates from its DC adviser and other relevant advisers at each Trustee meeting. During the Scheme year, training topics considered included:
- The new General Code from the Pensions Regulator
 - Climate change, and in particular best practice guidance on climate change disclosures.
 - Various topical updates and developments to regulations affecting DC schemes, including pensions dashboards, changes to the Value for Members framework, and the new Government’s policy agenda relating to pensions.
- 5.4 The Trustee is conversant with, and have a working knowledge of, the SIP. The Trustee reviewed the SIP during the year, which helped to ensure that this knowledge remains up-to-date. The Trustee undertakes regular training on investment matters and reviews the investments held by the Scheme at each meeting.

The Trustee considers that as a board it has sufficient knowledge of investment matters to be able to challenge our advisors.

- 5.5 All of the Trustee Directors in office in 2024 have completed the Pension Regulator's Trustee Toolkit. New Trustee Directors are required to complete this within six months of taking up office.
- 5.6 Taking account of actions taken individually and as a trustee body, and the professional advice available to them, the Trustee Directors consider they are enabled properly to exercise their function as a Trustee.

6. **STATEMENT OF DC GOVERNANCE**

- 6.1 The Trustee considers that its systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's relevant Codes of Practice.

Signed by:

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Dean Dyson

Signed by the Chair of Trustees for and on behalf of Motorola Solutions Pension Trustees Ltd

Date Signed: 18-Jul-2025 | 17:03 BST