Husqvarna UK Limited Pension Scheme

Annual Report and Financial Statements
31 December 2022
Scheme Registration number 10274766

Contents

Section 1 – Trustee and its Advisers

The Directors

The Trustee of the Husqvarna UK Limited Pension Scheme are set out below:

Trustee	Husqvarna Pension Scheme Trustee Limited

Directors of Husqvarna Pension Scheme Trustee Limited:

Christopher Clifton (Independent Chairman)	Paul Mather - Member Nominated ~~(resigned 15 February 2023)~~
Harald Larsson	Peter Roughead - Member Nominated
Anne Marie Gardener	John Thompson - Member Nominated (resigned 30 June 2022)
Andrew Moore	

Secretary to the Trustee	Christopher Clifton

Advisers

The advisers to the Trustee are set out below:

Principal Employer	Husqvarna UK Limited
Scheme Administrator	Hymans Robertson LLP 20 Waterloo Street Glasgow G2 6DB
Actuary	Jane Curtis Aon Verulam Point, Station Way St Albans Hertfordshire AL1 5HE
Independent auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Legal advisors	Sacker & Partners LLP 20 Gresham Street London EC2V 7JE

Trustee and its Advisers (continued)

Investment managers	Legal & General Assurance (Pension Management) Limited Bucklersbury House 2 Queen Victoria Street London EC4V 4LA
	Insight Investment (terminated July 2022) 160 Queen Victoria Street London EC4V 4LA
	Aon Investments Limited (appointed July 2022) The Aon Centre The Leadenhall Building 122 Leadenhall Street London EC3V 4AN
AVC Providers	Zurich Assurance Limited UK Life Centre Station Road Swindon SN1 1EL
	Utmost Life and Pension Walton Street Aylesbury HP21 7QW
Investment custodians	Legal & General Assurance Limited One Coleman Street London EC2R 5AA
	BNY Mellon Fund Services (Ireland) Designated Activity Company (appointed July 2022) One Dockland Central Guild Street IFSC Dublin Ireland
Investment advisor	Aon Investment Limited The Leadenhall Building 122 Leadenhall Street London EC3V 4AN
Bankers	Barclays Bank PLC Level 27 Churchill Place London E14 5HP

Section 2 - Report of the Trustee

The Trustee of the Husqvarna UK Limited Pension Scheme ("the Scheme") are pleased to present its Annual report together with the audited financial statements and actuarial statements of the Scheme for the year ended 31 December 2022. The purpose of the report is to describe how the Scheme and its investments have been managed during the year.

Management of the Scheme

Trustee

The Trustee of the Scheme during the year was Husqvarna Pension Scheme Trustee Limited.

The Pensions Act 1995 introduced the requirement that at least a third of Trustees should be member nominated Trustees. The Husqvarna Pension Scheme Trustee Limited board of directors consists of one independent Trustee, three Company-appointed Trustees and one member nominated Trustees and therefore meets the requirement.

The power of appointing a new or additional Trustee is exercised in accordance with the Trust Deed.

Statement of Trustee's responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- 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 the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".
- Are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis. The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions (other than voluntary contributions) payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The 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 are made to the Scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by law to consider making reports to the Pensions Regulator and the members.

Report of the Trustee (continued)

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

Financial Development of the Scheme

The financial statements have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995.

The fund account shows that the net assets of the Scheme decreased from £148,816,955 at 31 December 2021 to £93,792,967 at 31 December 2022. The decrease in net assets is accounted for by:

	2022 £	2021 £
Member related income	783,330	3,500,265
Member related payments	(4,929,059)	(6,492,677)
Net withdrawals from dealings with members	**(4,145,729)**	**(2,992,412)**
Net returns on investments	(50,878,259)	10,327,115
Net (decrease)/increase in net assets for the year	**(55,023,988)**	**7,334,703**
Net assets at the start of the year	148,816,955	141,482,252
Net assets at the end of the year	**93,792,967**	**148,816,955**

Membership

The membership of the Scheme is given below:

Pensioners	
Pensioners at 31 December 2021	**443**
Prior year adjustments	2
Pensioners at 1 January 2022	**445**
New pensioners	11
Pensioners who died during the year	(21)
New spouses and dependents	6
Pensioners at 31 December 2022	**441**

Deferred Pensioners	
Deferred pensioners at 31 December 2021	**428**
Prior year adjustments	(2)
Pensioners at 1 January 2022	**426**
Pensioners retiring during the year	(11)
Transfers out	(3)
Full commutation	(1)
Death in Deferment	(1)
Deferred pensioners at 31 December 2022	**410**

Total Membership	
At 31 December 2022	**851**
At 31 December 2021	**871**

Report of the Trustee (continued)

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 technical provisions. The technical provisions represent the present value of benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2021. The previous valuation of the Scheme was carried out as at 31 December 2018. The results show that over the period 31 December 2018 to 31 December 2021 the Scheme funding position improved from a deficit of £13.3 million to a surplus of £10.2 million.

Funding position (£m)	
	Actuarial valuation as at 31 December 2021
Assets (including AVCs and insured pensions)	**148.5**
Technical Provisions	**138.3**
Deficit	**10.2**
Funding level	**107.4%**

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 Projected Unit Method.

Significant actuarial assumptions

Discount interest rate: rates set by reference to the market yields on fixed-interest gilts at the valuation date plus 1% pre-retirement and the market yields on fixed-interest gilts at the valuation date post retirement.

Future Retail Price inflation: term dependent rates derived from the difference between the market yields on fixed-interest gilts and index-linked gilts at the valuation date.

Future Consumer Price inflation: term dependent rates derived from the assumption for future Retail Price Inflation less an adjustment equal to Aon’s best estimate of the difference between Retail Price Inflation and Consumer Price Inflation from time to time. At the valuation date this adjustment was 0.9% per annum up to 2030 and 0.1% per annum thereafter.

Pension increases: derived from the relevant price inflation assumption allowing for the caps and floors on pension increases according to the provisions in the Scheme’s rules.

Post-retirement Mortality: for the period in retirement, standard tables S3PMA_H with a scaling factor of 90% for male deferred and pensioner members; and S3PFA_H with a scaling factor of 100% for female deferred and pensioner members. An allowance for future improvements has been made in line with the CMI_2021 Core Projections with smoothing factor S_K of 7.0 and ‘A’ parameter of 0.5, and assuming a long-term annual rate of improvement in mortality rates of 1.50% for men and women.

Report of the Trustee (continued)

Report on Actuarial Liabilities (continued)

Significant actuarial assumptions (continued)

Pre-retirement Mortality: The standard tables AMC00 will be used for males and AFC00 for females.

Guaranteed Minimum Pension ("GMP") equalisation: an allowance of 1.4% of liabilities is made for GMP equalisation.

Following discussions, it has been agreed that the Company will pay:

- £0.4M each year payable in equal monthly instalments to cover the costs of administering the Scheme (including levies payable by the Scheme to the Pensions Regulator);
- The Pension Protection Fund levy and other levies collected by the Pensions Regulator; and
- The cost of any augmentations to benefits.

The Actuary has certified the Schedule of Contributions on page 29.

A copy of the actuarial valuation report is available from the Secretary to Trustee, Christopher Clifton at prosceniumpensions@outlook.com.

Pension Protection Fund Levy

The 2022/23 Pension Protection Fund Levy was £2,552 (2021/22: £13,869). This was paid by the Company.

Status of the Scheme

The Scheme is constituted under the Definitive Trust Deed and Rules dated 2 July 2009 and is contracted out of the State Second Pension.

The Scheme is approved as a "Registered Scheme" under the terms of the Finance Act 2004 and to the knowledge of the Trustee there is no reason why such approval should be prejudiced or withdrawn. This approval ensures that no income tax or capital gains tax on investment return is paid by the Scheme.

Preparation and audit of the financial statements

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

Cash equivalents

Cash equivalents paid during the Scheme period with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits.

Pension increases

Pensions from the Scheme are reviewed each year subject to any legal requirements to increase pensions. The increase to pensions in excess of the guaranteed minimum pension at 1 April 2022 was 4.9% on pension earned before 5th April 2002.

Pension accrued after 6th April 2001 received a 4.9% increase.

Pension accrued after 6th April 2005 received a 2.5% increase and GMP received a Statutory Increase.

This increase reflects the increase in the Retail Prices Index in the year to September 2021, which was 4.9%.

Report of the Trustee (continued)

Scheme investments

The investment managers appointed on behalf of the Trustee to manage funds under section 34(4) of the Pensions Act 1995 are appropriately authorised under the Financial Services Act 1986 to manage investments or are specifically exempted from the requirements of the Act. The investment managers appointed have the appropriate knowledge and experience necessary to manage the particular investments delegated to them.

A Statement of investment principles has been produced as required by Section 35 of the Pensions Act 1995 and is set out on pages 30 to 37.

Investment objective and strategy

The Trustee has an objective of investing the Scheme's assets to achieve returns in excess of the growth in liabilities, whilst maintaining a prudent approach to meeting the Scheme's liabilities. In setting this strategy, the Trustee assumed that equities will deliver a return higher that the return achievable from government bonds over the long term.

The Scheme's strategic asset allocation as set out in the Statement of Investment Principles ("SIP") is as follows:

Asset Class	Target Weighting (%)
Equities	**35.0**
Multi-factor global equities	100.0
Liability Driven Investment	**55.0**
Leveraged gilts and index-linked gilts	70.0*
Corporate Bonds	30.0*
Alternatives	**10.0**
Multi-Asset Credit	100.0

*Weights are approximate allocations – there is no explicit target weight within the LDI portfolio.

The Liability Driven Investment portfolio looks to protect the Scheme from 100% of its interest rate and inflation risk.

Report of the Trustee (continued)

Scheme investments (continued)

Investment Policy

At 31 December 2022 the investment assets (excluding AVC investments) were invested in the following way:

	£m	£m	%
Equities			
Developed Balanced Factor Equity Index Fund – LGIM	20.0		
		20.0	**22**
Multi Asset Credit			
Aon Sustainable MAC Fund	13.2		
		13.2	**14**
Bonds			
AAA-AA-A - LGIM	13.6		
Index linked - LGIM	2.3		
Fixed interest – LGIM	4.9		
Leveraged Fixed Interest – LGIM	9.6		
Leveraged Index Linked – LGIM	12.3		
Cash - LGIM	17.5		
		60.2	**64**
Total		**93.4**	**100**

The liability driven investment portfolio was overweight when compared to the strategic asset allocation in the SIP. This was due to market movements. The SIP was updated in February 2023.

Investment performance

The percentage return on Scheme investments for the year ended 31 December 2022 was -39.1% (2021: 7.5%). Over the last three years the return was -10.3% per annum. The Trustee monitors the performance of the investments on a regular basis.

Investment managers' remuneration

The investment managers charge a fee based on the market value of our investments for the full year. The remuneration for Legal & General for the period to 30 September 2022 was £16,859 (full year 2021: £49,134). The Aon Sustainable MAC fees are included in the unit prices of the fund.

Environment, Social and Governance ("ESG")

In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

Report of the Trustee (continued)

Scheme investments (continued)

Cost Transparency

In setting and implementing the Scheme's investment strategy the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

The Trustee is aware of the importance of monitoring its asset managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by its asset managers that can increase the overall cost.

The Trustee collects annual cost transparency reports covering all of its investments and asks that the investment managers provide this data in line with the appropriate Cost Transparency Initiative (“CTI”) template for each asset class. This allows the Trustee to understand exactly what it is paying its investment managers.

Portfolio Turnover

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager’s style and historic trends. Where the Trustee’s monitoring identifies a lack of consistency the mandate will be reviewed.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers’ fund holdings change over a year. The Scheme’s investment consultant monitors this on behalf of the Trustee as part of the manager monitoring, they provide to the Trustee and flags to the Trustee where there are concerns.

Evaluation of Performance and Remuneration

The Trustee will review the investment managers relative to their objectives to ensure that the net of fees performance has met its requirements.

Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as ultimately this creates long-term financial value for the Scheme and its beneficiaries.

As part of their delegated responsibilities, the Trustee expects the Scheme's investment managers to:

- Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee voting rights in relation to the Scheme's assets.

The Trustee regularly reviews the suitability of the Scheme’s appointed asset managers and takes advice from its investment consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee has set out in its policy, the Trustee undertakes to engage with the manager and seek a more sustainable position but may look to replace the manager.

The Trustee reviews the stewardship activities of its asset managers on an annual basis, covering both engagement and voting actions.

Report of the Trustee (continued)

Scheme investments (continued)

Custodial arrangements

The Scheme invests in pooled funds managed by Legal & General Assurance (Pensions Management) Limited (‘PMC’). The responsibility for the monitoring of the custody of the underlying investments is with Legal & General Investment Management Limited under its delegated authority from PMC.

The Scheme invests in an open-ended multi asset credit fund managed by Aon Investments Limited. The responsibility for the monitoring of the custody of the underlying investments is with Bank of New York Mellon.

Marketability of investments

At the year-end all investments are considered to be marketable on a short-term basis.

AVC investments

Members’ additional voluntary contributions (“AVCs”) are invested separately from the main fund into one of three funds with Zurich. The funds are Newton Global Balanced Fund, Threadneedle UK Index Tracker Fund and Threadneedle Secure Fund. Each member receives an annual statement at the year-end confirming the amount held in his or her account. Some members have AVCs at Utmost Life, but this fund is closed to new members.

The Utmost Life AVCs remain in the Electrolux Trustee’s policy because members would lose guaranteed minimum returns if they were transferred to a new policy in the Husqvarna Trustee’s name.

The Scheme’s investments are made in accordance with the Occupational Pension Schemes (Investment) Regulations 1996.

All investments, monies and assets of the Scheme are held under the legal control of the Trustee which delegates that control to the investment managers shown above. AVCs are invested with Zurich Life and the Utmost Life (previously known as Equitable Life Assurance Society).

The Scheme held no direct investment in any Husqvarna Group companies or associated Husqvarna companies during the year. However, as the assets are in pooled funds, it is possible that there may be a small investment in Husqvarna Group companies.

The Trustee has produced a Statement of Investment Principles as required by Section 35 of the Pensions Act 1995 and a copy is attached on pages 30 - 37.

Operational Resilience

No significant operational issues have been identified as a result of the Coronavirus pandemic. Challenges relating to the day-to-day administration of the Scheme have been mitigated by the various teams working remotely, with service levels remaining largely unaffected.

The Trustee is comfortable that the operation of the Scheme remains robust and the control environments in which the Scheme operates have not deteriorated as a result of the Coronavirus pandemic.

Further Information

Internal Dispute Resolution ("IDR") Procedures

It is a requirement of the Pensions Act 1995 that the Trustees of all occupational pension schemes must have Internal Dispute Resolution procedures in place for dealing with any disputes between the Trustees and the scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustee, details of which can be obtained by writing to the Secretary to the Trustee, Christopher Clifton at prosceniumpensions@outlook.com.

Contact for Further Information

Any enquiries or complaints about the Scheme, including requests from individuals about their benefits or for a copy of Scheme documentation, should be sent to the Secretary to the Trustee, Christopher Clifton at prosceniumpensions@outlook.com.

The Money and Pensions Advisory Service ("MaPS")

This service is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the trustees of the Scheme. MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the government and free to use.

The Money and Pensions Service
Holborn Centre
120 Holborn
London
EC1N 2TD
Tel: 0800 011 3797
www.moneyhelper.org.uk

The Pensions Ombudsman

Members have the right to refer their complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) the member is complaining about happened – or, if later, within three years of when they first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London
E14 4PU
Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
www.pensions-ombudsman.org.uk

Members can also submit a complaint form online:
https://www.pensions-ombudsman.org.uk/making-complaint

Further Information (continued)

The Pensions Regulator

The Pensions Regulator ("TPR") has the objectives of protecting the benefits of members, promoting good administration and reducing the risk of claims on the Pension Protection Fund. TPR has the power to investigate schemes, to take action to prevent wrongdoing in or maladministration of pension schemes and to act against employers failing to abide by their pension obligations. TPR may be contacted at the following address:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW
www.thepensionsregulator.gov.uk

Pension Tracing Service

The Pension Schemes Registry has been replaced with the Pension Tracing Service and is now provided by the Department for Work and Pensions. Responsibility for compiling and maintaining the register of occupational pension schemes has been passed to The Pensions Regulator.

Contact details for the services are as follows:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU
www.gov.uk/find-pension-contact-details

Approval of the Report by the Trustee

The investment report included in this annual report and financial statements forms part of the Trustee's report.

Signed for and on behalf of the Trustee of the Husqvarna UK Limited Pension Scheme by:

Trustee Director

27 July 2023

Date

Section 3 – Independent Auditors' Report

Independent Auditors' Report to the Trustee of the Husqvarna UK Limited Pension Scheme

Opinion

We have audited the financial statements of the Husqvarna UK Limited Pension Scheme for the year ended 31 December 2022 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditors' Report (continued)

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Responsibilities of the Trustee

As explained more fully in the statement of Trustee's responsibilities set out on page 3, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the scheme. This is addressed by obtaining direct confirmation from the investment managers of investments held at the Statement of Net Assets date.

Independent Auditors' Report (continued)

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

- Diversion of assets through large investment transactions. A sample of transactions are agreed to supporting documentation.

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

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

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

Use of our report

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

Crowe U.K. LLP.

Crowe U.K. LLP
Statutory Auditor
London

Date: 28 July 2023

Section 4 - Financial Statements

Fund Account for year ended 31 December 2022

	Note	2022 £	2021 £
CONTRIBUTIONS AND BENEFITS			
Employer contributions	4	**783,330**	3,499,992
Other income	5	**8,443**	273
		791,773	3,500,265
Benefits paid or payable	6	**(3,332,851)**	(3,335,565)
Payments to and on account of leavers	7	**(1,136,705)**	(2,806,277)
Administrative expenses	8	**(459,503)**	(350,835)
		(4,929,059)	(6,492,677)
Net withdrawals from dealings with members		**(4,137,286)**	(2,992,412)
RETURNS ON INVESTMENT			
Investment management expenses	9	**(202,162)**	(173,501)
Change in market value of investments	10.1	**(50,684,540)**	10,500,616
Net returns on investments		**(50,886,702)**	10,327,115
Net (decrease)/increase in the Scheme		**(55,023,988)**	7,334,703
Net assets of the Scheme at the start of the year		**148,816,955**	141,482,252
Net assets of the Scheme at end of the year		**93,792,967**	148,816,955

The notes on pages 19 to 26 form part of these financial statements.

Section 4 - Financial Statements (continued)

Statement of Net Assets (available for benefits) as at 31 December 2022

	Note	**2022** £	2021 £
Investment assets			
Pooled investment vehicles	*10*	**93,453,366**	148,168,048
AVC investments	*10*	**267,975**	361,459
Total Net Investments		**93,721,341**	148,529,507
Current assets	*11*	**388,055**	582,322
Current liabilities	*12*	**(316,429)**	(294,874)
Net assets available for benefits at the end of the year		**93,792,967**	148,816,955

The financial statements summarise the transactions and net assets of the Scheme. Liabilities to pay pensions and other benefits which are expected to become payable after the end of the Scheme year are not dealt with in the financial statements. The actuarial position of the fund, which does take account of such liabilities, is dealt with in the Trustee report on pages 6 to 7 and these financials statements should be read in conjunction with them.

Signed for and on behalf of the Trustee of the Husqvarna Limited Pension Scheme by:

Trustee Director

27 July 2023

Date

The notes on pages 19 to 26 form part of these financial statements.

Section 5 – Notes to the Financial Statements

Notes to the financial statements for the year ended 31 December 2022

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirements 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 and the guidance set out in the Statement of Recommended Practice (Revised 2018) ("the SORP").

2 IDENTIFICATION OF THE FINANCIAL STATEMENTS

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

3 ACCOUNTING POLICIES

The principal accounting policies, which have been consistently applied during the year, are set out below.

3.1 Investments

Pooled investment vehicles are valued at the bid prices provided by the relevant fund manager, which reflects the market value of the underlying investments.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held any time during the year, including profits and losses realised on sales of investments during the year and unrealised changes in market value.

AVC investments are valued at the market value of these investments at the year-end as advised by the AVC providers.

3.2 Contributions and benefits

Contributions and benefits are accounted for in the period in which they fall due.

3.3 Expenses

Expenses are accounted for on an accrual's basis. The Scheme bears all the costs of administration.

3.4 Other income

Income from cash and short-term deposits is accounted for on an accrual's basis.

3.5 Transfers

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

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 CONTRIBUTIONS

The employer pays the balance required to fund the benefits and to meet fund administration and management costs. For details, please refer to the actuarial position explained on page 7.

	Total 2022	Total 2021
	£	£
Employer contributions		
Deficit funding	**433,332**	3,199,992
Other – administrative expenses	**349,998**	300,000
	783,330	3,499,992

Following the completion of the 31 December 2021 Actuarial Valuation it was agreed the Company would pay:

- £0.4M each year payable in equal monthly instalments to cover the costs of administering the Scheme (including levies payable by the Scheme to the Pensions Regulator);

5 OTHER INCOME

	Total 2022	Total 2021
	£	£
Other income	**8,433**	273

Other income relates to bank interest received.

6 BENEFITS PAID OR PAYABLE

	Total 2022	Total 2021
	£	£
Pensions	**3,069,942**	3,002,648
Commutation of pensions	**219,527**	319,845
Death benefits	**43,382**	13,072
	3,332,851	3,335,565

Notes to the financial statements for the year ended 31 December 2022 (continued)

7 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Total 2022	Total 2021
	£	£
Individual transfers to other pension arrangements	**1,136,705**	2,806,277

8 ADMINISTRATIVE EXPENSES

	Total 2022	Total 2021
	£	£
Administration and processing	**80,046**	129,606
Audit fees	**13,495**	11,950
Other professional fees	**365,962**	209,279
	459,503	350,835

The Pension Protection Fund Levy was paid directly by the Employer during the current and previous year.

9 INVESTMENT MANAGEMENT EXPENSES

	Total 2022	Total 2021
	£	£
Administration and management processing	**202,162**	173,501

Notes to the financial statements for the year ended 31 December 2022 (continued)

10 INVESTMENTS

10.1 RECONCILIATION OF INVESTMENTS

	Opening value	Purchase cost	Sales proceeds	Change in market value	Closing value
	£	£	£	£	£
Pooled investment vehicles	148,168,048	81,933,711	(85,971,975)	(50,676,418)	93,453,366
AVC investments	361,459	-	(85,362)	(8,122)	267,975
	148,529,507	81,933,711	(86,057,337)	(50,684,540)	93,721,341

During the year the Scheme fully redeemed its holding in the Insight Broad Opportunities Fund (£13,374,265) and invested the proceeds in the Aon Sustainable Multi-Asset Credit Fund (£13,370,000).

During the year the Scheme also engaged in de-risking whereby there were transitions of £32,166,800 between the funds held in the Equities portfolio, with the proceeds being invested in the Liability Driven Investment portfolio as part of the move to a lower risk strategy.

There were also several capital calls and distribution events that took place within the Liability Driven Investment Portfolio. These were triggered by the significant volatility witnessed in bond markets over the year which gave rise to periods where the Scheme's Liability Drive Investment manager (Legal & General) had to take cash from the portfolio to maintain the desired level of leverage and hedging arrangements during times of high bond yields. Cash was also distributed back to the portfolio in periods where yields were low and the amount of leverage in the portfolio was above the optimal level.

All of these transactions are included in both sales and purchases in the table above.

The change in the market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

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

The pooled investment vehicles are managed by companies registered in the UK.

10.2 AVC INVESTMENTS

	2022	2021
	£	£
Zurich (included in the table above)	267,975	361,459
Utmost Life (excluded from table above – see below)	63,237	61,203

AVC investments provide money purchase benefits and are invested separately with Zurich Assurance Limited and Utmost Life.

The Utmost Life AVCs of £63,237 (2021: £61,203) are held in respect of members in the name of the Trustees of the Electrolux Group Pension Scheme to avoid penalties if they were put into a new policy at Utmost Life.

Notes to the financial statements for the year ended 31 December 2022 (continued)

10 INVESTMENTS (CONTINUED)

10.3 POOLED INVESTMENTS VEHICLES

As at 31 December 2022 the Scheme's investment in pooled investment vehicles comprised:

	2022	2021
	£	£
Equities	**20,046,138**	57,990,024
Bonds / Liability Driven Investment	**60,191,448**	75,605,571
Aon Sustainable MAC fund	**13,215,780**	-
Diversified growth fund	**-**	14,572,453
	93,453,366	148,168,048

10.4 FAIR VALUE DETERMINATION

The fair value of investments have been determined using the following hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability.

As at 31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Pooled investment vehicles	**-**	**93,453,366**	**-**	**93,453,366**
AVC investments	**-**	**267,975**	**-**	**267,975**
	-	**93,721,341**	**-**	**93,721,341**

As at 31 December 2021	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	148,168,048	-	148,168,048
AVC investments	-	361,459	-	361,459
	-	148,529,507	-	148,529,507

Notes to the financial statements for the year ended 31 December 2022 (continued)

10 INVESTMENTS (CONTINUED)

10.5 INVESTMENT RISKS

Market risk includes currency risk, interest rate risk and other price risk. Credit risk 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 comprises currency risk, interest rate risk and other price risk as follows:

- Currency risk 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 is the risk that the fair value or future cash flows of financial asset will fluctuate because of changes in market interest rates.
- Other price risk is the risk that 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines their investment strategy after taking advice from the investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio. Further details of the investment strategy are provided in the Report of the Trustee under Investment Strategy.

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 relation to the overall investments of the Scheme.

OTHER PRICE RISK

The Scheme is subject to other price risk on the equity funds as detailed in note 11.3. The Scheme has set a target asset allocation of 45% (2021: 45%) of investments being held in return seeking investments, although the asset allocation will fluctuate due to market movements. As a 31 December 2022, 35.6% (2021: 49.0%) of the portfolio was held in the return seeking portfolio, based on the fair value of the investments. Any variance from the target asset allocation is within an acceptable range and will vary depending on normal market movements. Other price risk varies depending on the particular market and arises on the equity funds and multi-asset credit funds. The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

INTEREST RATE RISK

The Scheme is subject to interest rate risk on the investments held in the bond funds as detailed in note 11.3. The Trustee has set a benchmark for total investment in bond funds of 55% (2021: 55%) of the total investment portfolio, as part of the liability matching investment strategy, although this will fluctuate due to market/interest rate movements. As at 31 December 2022 the investment in bond and Liability Driven Investment funds represented 64.4% (2021: 51.0%) of the total investment portfolio based on the fair value of the investments. Any variance from the target asset allocation is within an acceptable range and will vary depending on normal market/interest rate movements which impact on the return seeking portfolio and interest rates which impact on the bond portfolio.

Notes to the financial statements for the year ended 31 December 2022 (continued)

10 INVESTMENTS (CONTINUED)

10.5 INVESTMENT RISKS (COMTINUED)

CURRENCY RISK

The Scheme is subject to currency risk indirectly through the investment in a developed balanced factor equity fund (2021: developed balanced factor equity fund) which represents 100% (2021: 100%) of the total equity funds and the multi asset credit fund although the extent of the risk is dependent on the underlying portfolio held at the time held by the Scheme. The overseas equity fund does not hedge the currency risk. Currency risk within the multi-asset credit fund is managed at the discretion of the manager. This currency risk is accepted where this facilitates overseas investments, taking into account the risks and expected reward.

CREDIT RISK

The Scheme invests in pooled investment vehicles as detailed in note 11.3 and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. Pooled funds are generally unrated.

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 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 manager with the assistance of the investment consultant.

Pooled investment arrangements used by the Scheme comprise units in insurance linked contracts of £80,237,586 (2021: £133,595,595) and shares in open ended investment company of £13,215,780 (2021: £14,572,453).

Indirect credit risk arises in relation to underlying investments held in the bond and Liability Driven Investment funds as detailed in note 11.3, although the proportion subject to credit risk will depend on the investment held at the time. This risk is mitigated by only investing in funds which hold at least investment grade investments, and through counterparty diversification and collateralisation for the derivative positions held within the funds. This is the position at the year-end and at the comparative year end.

11 CURRENT ASSETS

	Total 2022	Total 2021
	£	£
Cash balances	**374,914**	572,979
Other Debtors	**13,141**	9,343
	388,055	582,322

Notes to the financial statements for the year ended 31 December 2022 (continued)

12 CURRENT LIABILITIES

	Total 2022 £	Total 2021 £
Unpaid benefits	**43,616**	94,706
Accrued expenses	**272,813**	200,168
	316,429	294,874

13 EMPLOYER RELATED INVESTMENTS

There were no employer related investments at any time during the period or at the period end (2021: nil).

14 RELATED PARTY TRANSACTIONS

For the year ended 31 December 2022, fees in relation to secretarial and management services payable to a Trustee totalled £114,243 (2021: £55,605).

P Mather and P Roughead were Trustee Directors and members of the Scheme during the year. They are entitled to benefits calculated in accordance with the Scheme rules.

15 GUARANTEED MINIMUM PENSION

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. On 20 November 2020, the High Court also ruled that pension schemes will need to revisit individual transfer payments made since May 1990. The Trustee of the Scheme is aware that these issues will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps.

Under the rulings schemes are required to backdate benefit and transfer out adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Included in the actuarial valuation as at 31 December 2021 is a provision of 1.4% of the total actuarial liabilities to the Scheme's technical provision basis. This provision includes both past and future liabilities, therefore based on this assessment the likely backdated amounts and related interest, the Trustee does not expect these to be material to the financial statements and therefore has not included a liability in respect of these matters in these financial statements.

Section 6 – Independent Auditors’ Statement about Contributions

Independent Auditors' Statement about Contributions to the Trustee of The Husqvarna UK Limited Pension Scheme

We have examined the summary of contributions to The Husqvarna UK Limited Pension Scheme for the Scheme year ended 31 December 2022 which is set out in the Trustee’s report on page 28.

In our opinion contributions for the Scheme year ended 31 December 2022 as reported in the summary of contributions and payable under the schedules of contributions have in all material aspects been paid at least in accordance with the schedules of contributions certified by the actuary on 28 November 2019 and 20 October 2022.

Basis of opinion

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

Responsibilities of the Trustee

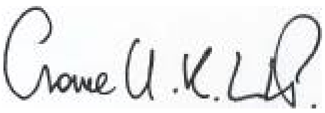
As explained more fully in the Statement of Trustee’s Responsibilities, the Scheme’s Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions which sets out the rates and due dates of certain contributions payable towards the Scheme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

Auditor’s responsibilities for the statement about contributions

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

Use of our statement

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



Crowe U.K. LLP
Statutory Auditor
London

Date 28 July 2023

Trustee's Summary of Contributions payable during the Scheme year ended 31 December 2022

Contributions payable to the Scheme by the employer under the Schedules of Contributions in respect of the year ended 31 December 2022 were as follows:

	£
Employer deficit contributions	**433,332**
Expense contributions	**349,998**
Total Contributions	**783,330**

Signed for and on behalf of the Trustee of the Husqvarna UK Limited Pension Scheme by:

Trustee Director

27 July 2023

Date

Section 7 – Actuarial Statement & Certificate

Certification of schedule of contributions

Husqvarna UK Limited Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective 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 20 October 2022.

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

Signature	DocuSigned by: Jane Curtis EF912E09761C4E1...	**Date**	20 October 2022
Name	Jane Curtis	**Qualification**	
		Fellow of the Institute and Faculty of Actuaries	
Address	Verulam Point Station Way St Albans AL1 5HE	**Name of the employer**	
		Aon Solutions UK Limited	

Section 8 – Statement of Investment Principles and Implementation Statement

Engagement Policy Implementation Statement ("EPIS")

Husqvarna UK Limited Pension Scheme (the "Scheme")

Scheme Year End – 31 December 2022

The purpose of the EPIS is for the Trustee of the Husqvarna UK Limited Pension Scheme, to explain what it has done during the year ending 31 December 2022 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP"). It includes:

1. How the policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme's investments have been followed during the year; and

2. How the Trustee has exercised its voting rights or how these rights have been exercised on its behalf, including the use of any proxy voting advisory services, and the 'most significant' votes cast over the reporting year.

Conclusion

Based on the activity the Trustee has undertaken during the year; the Trustee believes that the policies set out in the SIP have been implemented effectively.

In the Trustee's view, most of the Scheme's material investment managers were able to disclose good evidence of voting and/or engagement activity, that the activities completed by its managers align with its stewardship priorities, and that its voting policy has been implemented effectively in practice.

LGIM only provided high level information on their fund level engagement examples. The Trustee, through Aon, will engage with LGIM to encourage improvements in its reporting. In addition, the Trustee will invite at least one investment manager to present at a meeting, to allow the Trustee to get a better understand of their engagement practices.

The Trustee expects improvements in disclosures over time in line with the increasing expectations on investment managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement. The Trustee expects improvements from LGIM on its reporting of fund level engagement examples. The Trustee and its investment advisor, Aon, will engage with LGIM to pursue improvements in its disclosures.

Scheme Stewardship Policy

The below bullet points summarise the Scheme's stewardship policy in force over the Scheme year to 31 December 2022.

The full SIP can be found here: https://www.husqvarna.com/uk/pension-scheme/

The Trustee updated its stewardship policy in June 2023 to reflect the new regulatory requirements with regards to stewardship reporting via the SIP and EPIS.

The below bullet points summarise the Scheme's stewardship policy that was applicable for the reporting year to 31 December 2022.

- *The Trustee recognise the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as ultimately this creates long-term financial value for the Scheme and its beneficiaries.*
- *As part of their delegated responsibilities, the Trustees expect the Scheme's investment managers to:*
  1. *Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and*
  2. *Exercise the Trustees' voting rights in relation to the Scheme's assets*

How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers. The Trustee reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in its view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections.

Manager Appointments

Over the year, following written advice provided by Aon, the Trustee agreed to replace the Insight Broad Opportunities Fund with an allocation into the Adept Investment Management Sustainable Multi-Asset Credit ("MAC") Fund. The Fund invests only in MAC managers that take a sustainable investment approach – either through a dedicated climate focus or targeting companies that positively contribute to the UN's Sustainable Development Goals ("SDGs").

Following consultation with the sponsor, the Trustee implemented revised wording and updated the Responsible Investment section of the SIP to reflect this.

Ongoing Monitoring

The Trustee receives a quarterly monitoring report from its Investment Consultant, Aon. The reports include ESG ratings and highlight any areas of concern, or where action is required. The ESG rating system is for Aon's "Buy" rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager.

Aon’s researchers also conduct a review of the managers' responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund's level of ESG integration or broader responsible investment developments.

Aon's manager research team regularly engage with the Scheme's investment managers on behalf of the Trustee on a variety of ESG issues. Aon will report back to the Trustee any areas of concern on which the Trustee may wish to engage directly with the manager.

At the end of the reporting period, the LGIM Multi-Factor Equity Index Fund was rated “Advanced” and the LGIM LDI Portfolio was rated “N/A”. An “Advanced” rating means that the fund management team demonstrates an advanced awareness of potential ESG risks in the investment strategy. The fund management team can demonstrate advanced processes to identify, evaluate and potentially mitigate these risks across the entire portfolio. Due to conflict of interest reasons, Aon are unable to provide a rating on their own products.

The Trustee notes that the “N/A” ESG rating Aon has assigned to the Legal & General Investment Management ("LGIM") Liability Driven Investment (“LDI”) mandate is due this being invested predominantly in derivatives and UK Government Bonds and therefore there is a limited ability to influence ESG risks.

Each year, the Trustee reviews the voting and engagement policies of the Scheme’s investment managers to ensure they align with the Trustee’s own policies for the Scheme and help it to achieve them.

Engagement Action Plan

Based on the work the Trustee has done for the EPIS, it has decided to take the following steps over the next 12 months:

1. Engage with managers that didn’t meet its standards of engagement reporting to better understand their engagement practices and discuss the areas which are behind those peers. More specifically:

    a. Although LGIM was able to provide a complete list of fund level engagements, the information provided lacked significant detail and was not provided in line with ICSWG guidance which is considered best practice.

2. Invite at least one investment manager to present at a meeting, to allow the Trustee to get a better understand of their engagement practices and how these help it fulfil the Trustee’s Responsible Investment policies.

Aon's engagement activity

The Trustee invests some of the Scheme's assets in the Aon Investments Limited ("Aon") Sustainable Multi-Asset Credit Strategy. This is a fund of funds arrangement, where Aon selects the underlying investment managers on the Trustee's behalf.

The Trustee delegates monitoring of ESG integration and stewardship of the underlying managers to Aon. The Trustee has reviewed Aon's latest annual Stewardship Report and it believes it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code.

Managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. The Trustee expects the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 December 2022.

	Number of resolutions eligible to vote on	**% of resolutions voted**	**% of votes against management**	**% of votes abstained from**
LGIM – Developed Balanced Factor Equity Fund	11,634	99.7%	20.3%	0.2%
Insight – Broad Opportunities Fund	69	100.0%	0.0%	0.0%

Source: Managers

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

	Description of use of proxy voting adviser(s)
Legal and General Investment Management ("LGIM")	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
Insight Investment Management ("Insight")	Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. Minerva Analytics monitors company meeting agendas and items to be voted on. Minerva reviews each vote against Insight's specific criteria and provides a recommendation for each item. Insight votes in line with the recommendations of the proxy voting agent and documents where it makes a voting decision against the recommendation. The rationale for, abstaining or voting against the voting recommendation is retained on the Minerva platform on a case-by-case basis.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on the Trustee's behalf, it asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

Managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e. is not necessarily specific to the fund invested in by the Scheme.

Funds	**Number of engagements**		**Key Themes engaged on at a fund-level**
	Fund specific	Firm level	
LGIM – Developed Balanced Factor Equity Fund	279	902	Climate change, Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health and Remuneration.
Insight – Broad Opportunities Fund	34	948	Climate change, Capital allocation, Financial performance, Strategy/purpose, Human capital management (e.g. inclusion & diversity, employee terms, safety), Board effectiveness - Independence or Oversight and Natural resource use/impact (e.g. water, biodiversity).
Robeco – SDG Credit Income Fund (part of the Sustainable Multi-Asset Credit fund)	23	252	Climate change, Human and labour rights (e.g. supply chain rights, community relations), Pollution, Waste, SDG Engagement and Board effectiveness – Other.
LGIM – Global Diversified Credit SDG Fund (part of the Sustainable Multi-Asset Credit fund)	79	902	Climate change, Natural resource use/impact (e.g. water, biodiversity), Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Board effectiveness – Diversity and Remuneration.

Source: Managers. Insight did not provide fund level themes; themes provided are at a firm-level.

Data limitations

At the time of writing, the following managers did not provide all the information requested:

- Insight did not provide significant voting examples. The rationale that the manager has set out for this can be found in the appendix.
- LGIM provided complete but high level information on their fund level engagement examples.

This report does not include commentary on the Scheme's liability driven investments/gilts and cash because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's managers. Each manager has its own criteria for determining whether a vote is significant. Examples of what might be considered a significant vote are:

- a vote where a significant proportion of the votes (e.g. more than 15%) went against the management's proposal
- where the investment manager voted against a management recommendation or the recommendation of a third-party provider of proxy voting
- a vote that is connected to wider engagement with the company involved
- a vote that demonstrates clear and considered rationale
- a vote that the Trustee considers inappropriate or based on an inappropriate rationale
- a vote that has significant relevance to members of the Scheme.

LGIM – Developed Balanced Factor Equity Fund	**Company name**	Apple Inc.
	Date of vote	04-Mar-2022
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM (Annual General Meeting) as our engagement is not limited to shareholder meeting topics.
	Summary of the resolution	Report on Civil Rights Audit
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.6%
	Outcome of the vote	Pass
	Rationale for the voting decision	Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.
	Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate its position on this issue and monitor company and market-level progress.
	Criteria on which the vote is considered significant?	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.
Insight – Broad Opportunities Fund	The strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social and public, renewable energy and economic infrastructure sectors. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework, that is with an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the strategy's exposures.	

Source: Manager

Engagement Policy Implementation Statement

This document sets out the actions undertaken by the Trustee, its service providers and investment managers, to implement the stewardship policy set out in the Statement of Investment Principles ("SIP"). The document includes voting and engagement information that has been gathered from the asset managers and an overview of how the policies within the SIP have been implemented during the reporting period.

This is the engagement policy implementation statement the Trustee has prepared and covers the year ending 31 December 2022.

Scheme stewardship policy summary

The Trustee updated its stewardship policy in September 2021 to reflect the new regulatory requirements with regards to additional disclosures as well as the most recent changes to the investment strategy. The SIP can be found on this website: https://docplayer.net/202679605-Husqvarna-uk-limited-pension-scheme-statement-of-investment-principles-september-2021.html

The below bullet points summarise the Scheme's stewardship policy that was applicable for the majority of the reporting year to 31 December 2021.

- *The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as ultimately this creates long-term financial value for the Scheme and its beneficiaries.*
- *As part of their delegated responsibilities, the Trustees expect the Scheme's investment managers to:*
    1. *Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and*
    2. *Exercise the Trustees' voting rights in relation to the Scheme's assets.*

Through this report, the Trustee reviews how the actions of its asset managers have aligned with its expectations and principles set out in the SIP.

Scheme stewardship activity over the year

Training

Over the year, the Trustee had the responsible investment training session with its investment consultant, Aon, which provided the Trustee with updates on the evolving regulatory requirements and the importance of stewardship activity and appropriate consideration of ESG factors in investment decision making.

Updating the stewardship policy

In line with regulatory requirements to expand the SIP for a number of policies such as costs transparency and incentivising managers, the Trustee also reviewed and expanded the stewardship policy in September 2020 to be more explicit on expectations and recourse where necessary.

The expanded policy sets out in greater detail the Trustee's expectations of its appointed investment managers, how the Trustee will review and engage with its investment managers and the reporting that Scheme members can expect from the Trustee.

Whilst these changes were made part way through the year, this report will set out how the Trustee and the Scheme's investment managers have engaged throughout the full year.

Engagement Policy Implementation Statement (continued)
Scheme stewardship activity over the year (continued)

Ongoing monitoring

The Trustee received a quarterly monitoring report from its Investment Consultant, Aon. This report includes ESG ratings and highlight any areas of concern, or where action is required. The ESG rating system is for Aon's "Buy" rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager.

Aon's researchers also conduct a review of the managers' responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund's level of ESG integration or broader responsible investment developments.

Aon's manager research team regularly engage with the Scheme's investment managers on behalf of the Trustee on a variety of ESG issues. Aon will report back to the Trustee any areas of concern on which the Trustee may wish to engage directly with the manager.

There were no major changes to the manager ratings over the year, and all of the Trustee's investment managers continue to be 2 (average) rated (out of 4, with 4 being strong)[1]. Simply put, this rating means that the fund management team is aware of potential ESG risks in the investment strategy and has taken some steps to identify, evaluate and potentially mitigate these risks.

The Trustee notes that the 2 rating Aon has assigned to the Legal & General Investment Management ("LGIM") Multi-Factor Equity Fund is a rating that covers all of LGIM's passive equity products. Passive managers tend to have limited ability to select stocks according to their ESG risks. However, as noted below, the Multi-Factor Equity Fund in which the Trustee is invested has recently evolved to take into account ESG related risks. Over time, we expect ratings may diverge.

Evolution of the Legal & General Investment Management ("LGIM") Multi-Factor Equity Fund

Over the year, the LGIM Developed Balanced Factor Equity Index Fund evolved to incorporate a low-carbon tilt, as well as including explicit exclusions on several sectors. These sector exclusions include tobacco, thermal coal, controversial weapons and companies in violation of the United Nations Compact. These changes have been made to reduce ESG risks, without impacting the primary objective of gaining exposure to robust sources of return.

[1]More information on the ESG Ratings process can be accessed here: https://www.aon.com/getmedia/0b52d7ec-db77-41bc-bb45-9386034db392/AonCanada-Publication-Investment-GuideESGRatings.aspx

Engagement Policy Implementation Statement (continued)
Voting and engagement activity
LGIM Multi Factor Equity Fund ("LGIM")

Voting

	1 Jan 2020 – 31 Dec 2020
% resolutions voted	99.71%
% of resolutions voted against management	17.90%
% resolutions abstained	0.12%

LGIM makes use of the Institutional Shareholders Service's (ISS) proxy voting platform to electronically vote and augment its own research and proprietary ESG assessment tools but does not outsource any part of the strategic decisions. It has put in place a custom voting policy with specific instructions that apply to all markets globally, which seek to uphold what it considers to be minimum best practice standards all companies should observe. Even so, LGIM retains the ability to override any voting decisions based on the voting policy if appropriate, for example of engagements with the company have provided additional information.

Amazon

An example of a significant vote at a company was in May 2020, when LGIM supported 10 out of 12 shareholder proposals put forward against the management of Amazon, the largest number of shareholder proposals put on the table for any US company this proxy season. Two resolutions were in relation to governance structures that benefit long-term shareholders, and the remaining eight were in relation to disclosure to encourage a better understanding of process and performance of material issues. The resolutions received between 1.5% and 30% support from shareholders, meaning they were not passed.

Despite shareholders not giving majority support to the raft of shareholder proposals, the sheer number and focus on these continues to dominate the landscape for the company. LGIM's engagement with the company continues as it pushes it to disclose more and to ensure it is adequately managing its broader stakeholders, and most importantly, its human capital.

Olympus Corporation

Japanese companies in general have trailed behind European and US companies, as well as companies in other countries, in ensuring more women are appointed to their boards. The lack of women is also a concern below board level. LGIM states that it has for many years promoted and supported an increase of women on boards, at the executive level and below. On a global level it believes that every board should have at least one female director and deem this a de minimis standard. Globally, it aspires to all boards comprising 30% women.

In February 2019 LGIM sent letters to the largest companies in the MSCI Japan which did not have any women on their boards or at executive level, indicating that they expect to see at least one woman on the board. One of the companies targeted was Olympus Corporation.

In the beginning of 2020, LGIM announced that it would commence voting against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for those companies included in the TOPIX100. As a result, LGIM voted against the election of a director for Olympus Corporation at the July 2020 board meeting.

While c. 95% of shareholders voted in favour of the election of the director, LGIM stated it will continue to engage with and require increased diversity on all Japanese company boards.

Engagement Policy Implementation Statement (continued)
Voting and engagement activity (continued)

Pearson

In September 2020, LGIM voted against a remuneration policy put forward by an investee company Pearson. Pearson issued a series of profit warnings under its previous CEO. Despite this, shareholders have been continuously supportive of the company, believing that there is much value to be gained from new leadership and a fresh approach to their strategy. However, the company decided to put forward an all-or-nothing proposal in the form of an amendment to the company's remuneration policy. This resolution at the extraordinary general meeting (EGM) was seeking shareholder approval for the grant of a co-investment award, an unusual step for a UK company, yet if this resolution was not passed the company confirmed that the proposed new CEO would not take up the CEO role.

This is an unusual approach and many shareholders felt backed into a corner, whereby they were keen for the company to appoint a new CEO but were not happy with the plan being proposed. However, shareholders were not able to vote separately on the two distinctly different items and felt forced to accept a less-than-ideal remuneration structure for the new CEO.

LGIM spoke with the chair of the board earlier this year on the board's succession plans and progress for the new CEO. It also discussed the shortcomings of the company's current remuneration policy.

LGIM spoke with the chair directly before the EGM and relayed its concerns that the performance conditions were weak and should be re-visited to strengthen the financial underpinning of the new CEO's award. LGIM also asked that the post-exit shareholding requirements were reviewed to be brought into line with expectations for UK companies. In the absence of any changes, LGIM took the decision to vote against the amendment to the remuneration policy.

33% of shareholders voted against the co-investments plan and therefore, by default, the appointment of the new CEO. While this resulted in the plan being passed, it highlighted concerns around governance, which LGIM has stated will need to be addressed through continuous engagement going forward.

Engagement

LGIM has a six-step approach to its investment stewardship engagement activities. Broadly, these are:
Identify the most material ESG issues,

- Formulate the engagement strategy,
- Enhancing the power of engagement,
- Public Policy and collaborative engagement,
- Voting, and
- Reporting to stakeholders on activity.

More information can be found on LGIM's engagement policy here: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf

Engagement Policy Implementation Statement (continued)
Voting and engagement activity (continued)

Procter & Gamble:

An example of engagement over 2020 was with Proctor and Gamble (P&G). P&G uses both forest pulp and palm oil as raw materials within its household goods products. A key issue identified was that the company has only obtained certification from the Roundtable on Sustainable Palm Oil for one third of its palm oil supply, despite setting a goal for 100% certification by 2020. Furthermore, two of their Tier 1 suppliers of palm oil were linked to illegal deforestation.

Following a resolution proposed by Green Century that P&G should report on effort to eliminate deforestation (that was voted on in October 2020), LGIM engaged with the P&G, the resolution proponent, and with the Natural Resource Defence Counsel to fully understand the issues and concerns.

Through this round of engagements, LGIM decided to support this resolution; while P&G has introduced objectives and targets to ensure its business does not impact deforestation, LGIM felt it was not doing as much as it could. LGIM has asked P&G to respond to the CDP Forests Disclosure and continue to engage on the topic and push other companies to ensure more of their pulp and wood is from FSC-certified sources. More detail on this stewardship example can be found here: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/cg-quarterly-report.pdf

Insight Broad Opportunities Fund

Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of markets, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the

vote.

	1 Jan 2020 – 31 Dec 2020
% resolutions voted	**100%**
% of resolutions voted against management	**0%**
% resolutions abstained	**0%**

In February 2020, Insight voted in a number of resolutions at the AGM of GCP Infrastructure Investments Limited (GCP). It voted in favour of all resolutions, which included approval of the director's remuneration report, re-election of a selection of directors to the company, authorisation of the Audit & Risk Committee and authorisation to purchase its own shares.

Insight engaged with several companies over the year on topics such as portfolio outlook and ESG integration. For example, Insight engaged several times with Greencoat UK Wind plc to discuss the portfolio, raising equity and their COVID19 impact assessment, concluding that this was managed appropriately. Insight met with the incoming and retiring chair to discuss prospective strategy including preservation and transfer of corporate knowledge in April 2020. Engagements with the company remain ongoing.

Engagement Policy Implementation Statement (continued)

In summary

Based on the activity over the year by the Trustee and its service providers, the Trustee is of the opinion that the stewardship policy has been implemented effectively in practice. The Trustee notes that all of its applicable asset managers were able to disclose strong evidence of voting and engagement activity.

The Trustee expect improvements in disclosures over time in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.