



The BASF Ireland Limited Pension & Life Assurance Scheme

Trustees' Annual Report for the Scheme Year ended 31
December 2022

Prepared for The Trustees of the BASF Ireland Limited Pension & Life
Assurance Scheme

Prepared by Aon

Pensions PB 7140
Authority
Number

Aon Solutions Ireland Limited trading as Aon is regulated by the Central Bank of Ireland.
Registered in Ireland No. 356441
Registered office: Block D | Iveagh Court | Harcourt Road | Dublin 2 | Ireland.
Directors: Mairead O'Mahony, Rachael Ingle, Ken Murphy, Paul Schultz (US), Patrick Wall.
aon.com

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Trustees and Advisors

Principal Employer	BASF Ireland Limited
Trustees	Joseph Lynch Alison Wilkins
Consultant & Registered Administrator	Aon Solutions Ireland Limited (t/a Aon), Hibernian House, Building 5200, Cork Airport Business Park, Co. Cork. <i>(appointed with effect from September 2022)</i> Irish Life Assurance plc Irish Life Centre, Lower Abbey Street, Dublin 1. <i>(replaced with effect from September 2022)</i>
Investment Managers of Pension Fund	Irish Life Investment Managers Limited (ILIM), Beresford Court, Beresford Place, Dublin 1.
Actuary	Fred Gilmore FSAI Invesco Ltd, Burtonhall Road, Sandyford, Dublin18.
Key Function Holders	<u>Risk Management Key Function Holder:</u> Seamus O'Shea, Risk Management Consultant, Aon. Email: seamus.oshea@aon.com <u>Internal Audit Key Function Holder:</u> Rav Vithaldas, Director, Ernst Young. Email: rav.vithaldas@ie.ey.com
Auditor	KPMG, Chartered Accountants & Registered Auditor, 1 Harbourmaster Place, IFSC, Dublin 1
Pensions Authority	Verschoyle House, 28-30 Lower Mount Street, Dublin 2.
Pensions Authority Reference No.	PB 7140

If you have any queries on this annual report or on any aspect of the Scheme you should refer them, in the first instance, to:

Alison Wilkins,
BASF plc,
4th & 5th Floors, 2 Stockport Exchange, Railway Road, SK1 3GG
Stockport, United Kingdom.
Email: alison.wilkins@basf.com

Trustees' Report

Introduction

The Trustees are pleased to present here with the annual report to members of The BASF Ireland Limited Pension and Life Assurance Scheme ("the Scheme") for the year ended 31 December 2022. This is the first year of a full report and as the previous year was an abbreviated report which was subject to a review rather than an audit the comparative figures are unaudited. The content of this report conforms to the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), as prescribed by the Minister for Social Protection under the Pensions Act 1990. The report outlines the constitution and structure of the Scheme together with details of financial developments for the year, investment matters and membership movements.

The Scheme, which operates on a defined benefit basis, was established on 1 August 1976 to provide retirement and life assurance benefits for its members and is a distinct legal entity, separate in every respect from the Principal Employer, BASF Ireland Limited. Membership is closed to new entrants.

The Scheme is governed by a definitive Trust Deed and Rules which members are entitled to inspect or receive a copy thereof. Details of members' benefits are also provided in the explanatory booklet which has been distributed to all members.

The Scheme has been approved by the Revenue Commissioners as an "exempt approved scheme" under Section 774 of the Taxes Consolidation Act, 1997, and as such its assets are generally allowed to accumulate free of income and capital gains taxes. In addition, tax relief is given on employer contributions to the Scheme and certain lump sum payments to members can be paid free of tax. The Scheme has also been registered with the Pensions Authority and its registration number is PB 7140.

The Scheme is financed by contributions from the employer. Details of contributions are set out in note 4 to the Financial Statements.

Changes to the Scheme

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

Trustees and Advisors

Stewardship of Scheme assets is in the hands of its Trustees, as outlined on page 1. The right of members to select or approve the selection of trustees to the Scheme is set out in the Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) (No.3) Regulations, 1996, (S.I. No. 376 of 1996).

Under the Trust Deed the Principal Employer has the power by Deed to appoint or remove trustees or amend the number of trustees.

The Trustees have access to appropriate training on their duties and responsibilities as Trustees. Section 59AA of the Pensions Act 1990, which requires trustees of pension plans to undergo training, was brought into force on 1 February 2010 by virtue of the Social Welfare and Pensions Act 2008 (Section 28) (Commencement) Order 2009.

**Trustees and Advisors
(continued)**

We confirm that the Trustees have received appropriate trustee training as required by the Pensions Act 1990, within the time limits set out therein. No costs or expenses were incurred by the Scheme during the year in relation to the provision of trustee training.

The Trustees and registered administrator have access at all times to guidelines, guidance notes and codes of practice issued by the Pensions Authority in accordance with Section 10 of the Pensions Act, 1990.

The Trustees and registered administrator have appropriate procedures in place to ensure that:

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

**Internal Dispute
Resolution (IDR)
Procedures**

The Trustees have drawn up a set of procedures for dealing with complaints from actual or potential beneficiaries under the Scheme, as required under Section 55 of the Financial Services and Pensions Ombudsman Act 2017 (No. 22 of 2017).

Members/beneficiaries may make a complaint in writing to the Trustees of the Scheme. The Trustees will review the complaint and make a decision on the matter. If the member/beneficiary is unhappy with the Trustees' decision, they may make an appeal to the Financial Services and Pensions Ombudsman. Further information about these IDR Procedures is available from the HR Manager.

Members may also contact the Pensions Authority which was established under the terms of the Pensions Act 1990 to safeguard the pension rights of members of pension plans. It has extensive powers to enforce compliance with the legislation, including those of investigating and prosecutions. The address and registration number are provided on page 1 of this report.

Pension Increases

There were no increases payable by the pension scheme during the year (with the exception of former members entitled to preserved benefits under the terms of the Pensions Act) to pensions in the course of payment or deferred pensions payable.

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

Financial Developments

The financial development of the Scheme during the year is shown below:

	€
Opening Value as at 31 December 2021	7,420,881
Net Withdrawals from Dealings with Members	(1,566,654)
Investment Returns	(1,807,972)
Closing Value as at 31 December 2022	<u><u>4,046,255</u></u>

All contributions were received within 30 days of the Scheme year end, and in accordance with the Scheme Rules and the recommendations of the Actuary.

Self Investment

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

Condition of the Scheme

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

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

Further information on this statement can be obtained from the Trustees.

Under the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), the Trustees are required to describe the risks associated with the Scheme and disclose these to members. A Statement of Risks adopted by the Trustees is set out on pages 33 and 34 of this report.

Actuarial Position

The development of the Scheme is monitored by the Scheme Actuary by means of an actuarial valuation which is required to be carried out at least every three years. The latest actuarial valuation was carried out as at 1 January 2020. The Trustees are currently engaged with the Scheme Actuary and the actuarial valuation at 1 January 2023 is in the process of being completed.

An Actuarial Funding Certificate and Funding Standard Reserve Certificate were prepared for the Scheme under Section 42 of the Pensions Act, 1990 with an effective date of 31 December 2019 and showed that, at that date, the Scheme satisfied the funding standard and the funding standard reserve provided for in Section 44 of the Act.

The Actuary carried out a further review of the Scheme as at 31 December 2022 and confirmed that in his opinion the Scheme satisfied the funding standard and the funding standard reserve as at 31 December 2022. A copy of the statement from the Actuary, the

**Actuarial Position
(continued)**

certificates and Report on Actuarial Liabilities are included on pages 28 to 32 of this report.

**Investment
Management**

The Trustees have delegated responsibility for the investment and day to day administration of the pension Scheme's assets to the investment managers. Irish Life Investment Managers Limited are currently responsible for the management of the Scheme's investments and their reports are contained in the investment reports as set out on pages 24 to 27 of this report.

The investment manager has its own appointed custodians which have systems of internal control to ensure the safe custody of assets.

The fees payable to the investment manager is based on the average value for the year of the assets under management. These fees are deducted from the funds at source, prior to valuing the assets.

Overall responsibility for investments and their performance lies with the Trustees of the Scheme. The Trustees hold regular meetings with the investment manager to discuss investment policy. An investment strategy review is currently in being undertaken and a Statement of Investment Policy Principles for this Scheme will be drafted upon its conclusion.

All consulting fees are paid by the Principal Employer. All investment manager fees are borne by the Scheme. Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland requires the disclosure of the nature and extent of credit and market risks the investments are subject to and the risk management processes in place to manage these risks.

These details are included in the Investment Risk note in the Financial Statements.

IORP II

The Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) – “IORP II” – was transposed into Irish law on 22 April 2021 by way of the European Union (Occupational Pension Schemes) Regulations 2021 (Statutory Instrument No. 128/2021). This is the most significant regulation to impact occupational pension schemes since the Pensions Act 1990.

The primary purpose of the IORP II Directive and transposing Regulations is to raise governance standards with a view to improving member outcomes. The administrative deadline for full compliance, with a few exceptions, was 31 December 2022. The Trustees met all deadlines set and worked with their professional advisors to achieve full compliance ahead of time.

Sustainable Finance Disclosure Regulations (SFDR)

All of the Funds available under the Scheme have been classified under Article 6 as defined under the SFDR. The investments underlying these financial products do not take into account the EU criteria for environmentally sustainable economic activities.

The Trustees continue to review the Scheme's approach to sustainability considerations.

Significant Global Events

On 24 February 2022, Russia began a military invasion of Ukraine. In addition to causing intense human suffering, the conflict in Ukraine continues to be a key driver of global markets with commodity markets remaining volatile. The Trustees will continue to monitor the position in conjunction with their investment advisors.

Events Subsequent to the Balance Sheet Date

The impact of the ongoing war in Ukraine has continued post period end. The Trustees continue to monitor the situation.

There are no other events post period end that would require amendments to or disclosure in this report.

Summary of Membership

Membership Movements

The following is a summary of the membership movements in respect of the Scheme year ended 31 December 2022.


	Active Members	Deferred Members	Pensioners
Membership @ 31/12/2021	-	29	-
Adjustment*	-	-	13
Retirements	-	(2)	2
Leavers	-	(3)	(1)
Membership @ 31/12/2022	-	24	14

*All pensions in payment have been secured by an annuity purchased with an insurance company on a "buy in" basis, meaning the Scheme retains full responsibility for payment of the pension, but the cost of same has been hedged fully by annuity purchase. As a result, and contrary to the treatment in previous years, the number of pensioners in payment is shown in this Report.


No members were covered for death benefits only at the year-end (2021: Nil).

Signed by and on behalf of the Trustees

Trustee:

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Trustee:

DocuSigned by:

 526376FDBB214B7...

Date:

Sep 21, 2023

Statement of Trustees' Responsibilities

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

Accordingly, the Trustees must ensure that in the preparation of the Scheme financial statements:

- suitable accounting policies are selected and then applied consistently;
- reasonable and prudent judgements and estimates are made;
- they have assessed 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 they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so; and
- the SORP is followed, or particulars of any material departures have been disclosed and explained.

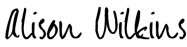
The Trustees are required by law to have appropriate procedures in place throughout the year under review, to ensure that:

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


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

Signed by and on behalf of the Trustees

Trustee:

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Trustee:

DocuSigned by:

 526376FDBB214B7...

Date:

Sep 21, 2023



KPMG

Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

Independent Auditor's Report to the Trustees of BASF Ireland Ltd Pension and Life Assurance Scheme

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BASF Ireland Ltd Pension and Life Assurance Scheme ('the Plan') for the year ended December 31, 2022 set out on pages 13 to 23, which comprise the Fund Account, Statement of Net Assets (available for benefits) and related notes, including the summary of significant accounting policies set out in note 3.

The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. This framework requires disclosure of any material departures from the Statement of Recommended Practice 'Financial Reports of Pension Schemes' in preparing the financial statements.

In our opinion:

- the financial statements give a true and fair view of the financial transactions of the Plan during the year ended December 31, 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 that year;
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements contain the information specified in Schedule A to the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 to 2022, which is applicable and material to the Plan.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 Plan in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.

Other matter – Prior period financial statements

We note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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



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 Plan's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in Trustees and Advisors section, the Trustees' Report, the Summary of Membership, the Statement of Trustees' Responsibilities, the Investment Manager Reports, the Actuarial Funding Certificate, the Funding Standard Reserve Certificate, the Actuary Statement, the Report on Actuarial Liabilities, and the Statement of Risks. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work undertaken during the course of the audit we have not identified material misstatements in the other information.

Our conclusions on other matters on which we are required to report by the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 to 2022, are set out below

In our opinion, the contributions payable to the Plan during the year ended December 31, 2022 have been received by the Trustees within 30 days of the end of the Plan year, and have been paid in accordance with the Plan's rules and the recommendations of the Actuary.

Respective responsibilities and restrictions on use

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustee's responsibilities statement set out on page 9, the Trustees are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Plan'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 they either intend to liquidate the Plan or to cease operations, 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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and



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

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Plan Trustees, as a body, in accordance with the Pensions Act 1990. Our audit work has been undertaken so that we might state to the Trustees 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 Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



John Ahern

25 September 2023

for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5

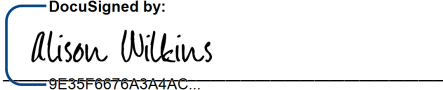
Fund Account

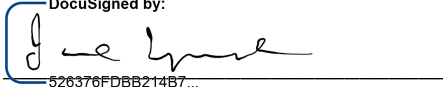
Fund account for the year ended 31 December 2022

	Notes	2022 €	Unaudited 2021 €
Contributions and Benefits			
Contributions	4	-	-
		-	-
Other receipts		-	-
Benefits payable	5	(357,903)	(207,000)
Payments to and on account of leavers	6	(1,183,104)	-
Other expenditure – fees		(25,647)	(11,936)
		<u>(1,566,654)</u>	<u>(218,936)</u>
Net withdrawals from dealings with members		(1,566,654)	(218,936)
Returns on Investments			
Change in Market Value of Investments	7	(1,807,972)	16,531
Net returns on investments		(1,807,972)	16,531
Net decrease in the Fund		(3,374,626)	(202,585)
Net Assets as at 1 January		<u>7,420,881</u>	<u>7,623,466</u>
Net Assets as at 31 December		<u>4,046,255</u>	<u>7,420,881</u>

The notes on pages 15 to 23 form part of the Financial Statements

Signed by and on behalf of the Trustees

Trustee:  9E35F6676A3A4AC...

Trustee:  526376FDBB214B7...

Date: Sep 21, 2023

Statement of Net Assets (Available for Benefits)

Statement of Net Assets as at 31 December 2022

	Notes	2022 €	Unaudited 2021 €
Investments			
Pooled Investment Vehicles	7	2,158,129	4,912,017
Insurance Policies	7	1,851,000	2,200,000
Pooled Investment Vehicles AVCs	7	109,859	308,864
Total Investments		4,118,988	7,420,881
Current Assets	8	3,606	-
Current Liabilities	9	(76,339)	-
Net Assets as at 31 December		4,046,255	7,420,881

Note: The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits, which fall due after the end of the year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities, the Actuarial Funding Certificate and the Actuary's Statement included in the annual report, and these financial statements should be read in conjunction with them.

The notes on pages 15 to 23 form part of the Financial Statements

Signed by and on behalf of the Trustees

Trustee:  9E35F6676A3A4AC...

Trustee:  526376FDDB214B7...

Date: Sep 21, 2023

Notes to the Financial Statements

1. The Fund

The Scheme is established under a trust and is governed by the Trust Deed and Rules. It is a Defined Benefit Scheme which has its own legal entity separate from BASF Ireland Limited and has received approval from the Revenue Commissioners. The scheme is registered with the Pensions Authority. The benefits to which members are entitled are set out in the Trust Deed and Rules. There were no changes to the scheme basis or benefit structure during the year. Last active members left the scheme at 30 September 2011.

Following the imposition of the IORP II Directive and transposing Regulations, this is the first year the Scheme is subject to a full report and as the previous year was an abbreviated report which was subject to a review rather than an audit the comparative figures are unaudited.

2. Basis of Preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended) (“the Regulations”), the guidelines set out in the Statement of Recommended Practice – Financial Reports of Pension Schemes (Revised 2018) (“SORP”), published by the Pensions Research Accountants Group and Financial Reporting Standard 102– The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (“FRS 102”).

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 in the future 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 Actuarial Valuation Report, the Report on Actuarial Liabilities, the Actuarial Funding Certificate and the Actuary’s Statement. The financial statements should be read in conjunction with these. The most recent valuation was carried out at 1 January 2020. The Trustees are currently engaged with the Scheme Actuary and the actuarial valuation at 1 January 2023 is in the process of being completed.

3. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Scheme’s financial statements:

Accruals concept

The financial statements have been prepared on an accruals basis with the exception of individual transfers, which are recognised when received or paid.

Contribution income

Deficit funding and augmentation contributions are accounted for on the basis agreed with the Principal Employer, the Trustees and the Scheme Actuary, or, if there is no agreement, they are accounted on a cash basis.

Members were permitted to make additional voluntary contributions to acquire further benefits on a money-purchase basis. Such contributions are invested separately from the main assets of the Scheme and included in the Statement of Net Assets.

3. Accounting policies (continued)

Transfers to and from other Schemes

Individual transfer values represent the amounts received or paid during the year. All the values are based on methods and assumptions determined by the actuary for the Trustees.

Buy-in annuity policy

Buy-in insurance policies are valued on a buy out basis by the Scheme Actuary.

Change in Market Value

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Investment income

Income is accounted for on an accruals basis. Income earned on investments in unitised funds is not distributed but is accumulated with the capital of the funds and dealt with as part of the change in market value.

Foreign currencies

The functional and presentation currency of the Scheme is the Euro. Balances denominated in foreign currencies are translated into Euro at the rate ruling at the year-end date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

Benefits payable/Payments to leavers

Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate.

Benefits payable and payments to leavers are accounted for in the period in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

Administrative expenses and investment management expenses

Administrative expenses and investment management expenses, which are borne by the Scheme, are accrued as they are incurred.

Valuation and classification of investments

Investments are included at fair value. The fair value of pooled investment vehicles (including unitised funds) is taken at bid price (or single unit price where bid and offer prices are not available), as quoted by the investment manager, as at the date of the Statement of Net Assets.

Where quoted or other unit prices are not available, the Trustees adopt valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the financial statements where used.

The methods of determining fair value for the principal classes of investments are:

3. Accounting policies (continued)

- Pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.
- Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the period end.
- The values of other pooled investment vehicles which are unquoted or not actively traded on a quoted market are estimated by the Trustees. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case an adjustment is made.

Unitised insurance policies are valued on the same basis as pooled investment vehicles with similar characteristics.

Unit trusts and managed funds

Unitised securities are stated at the latest bid prices quoted by the investment managers at the year end.

4. Employer contribution

	2022 €	Unaudited 2021 €
Contributions	-	-
Total	-	-

Per the Actuary's valuation, as the Scheme was sufficiently funded, no contributions were due to the Scheme in the period under review.

5. Benefits payable

	2022 €	Unaudited 2021 €
Retirement lump sums	29,564	-
Purchase of A(M)RF's/Annuities	76,339	-
Pension Payments	252,000	207,000
Total	357,902	207,000

6. Payments to and on account of leavers

	2022 €	Unaudited 2021 €
Transfers out	1,183,104	-
Total	1,183,104	-

7. Investments

a. Summary of movements in investments during the year

	Value at 31-12-21	Purchases at cost	Sales proceeds	Change in market value	Value at 31-12-22
	€	€	€	€	€
Pooled Investment Vehicles	4,912,017	6,150	(1,538,846)	(1,221,192)	2,158,129
Insurance Policies	2,200,000	469,174	(252,000)	(566,174)	1,851,000
Pooled Investment Vehicles AVCs	308,864	69,447	(247,846)	(20,606)	109,859
Totals	7,420,881	544,771	(2,038,692)	(1,807,972)	4,118,988

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on the sales of investments during the year. Where the investments are held in unithised funds, the change in market value also includes expenses both implicit and explicit for the year and any reinvested income, where the income is not distributed.

Transaction costs include fees, commissions, stamp duties and other duties. Transaction costs are incurred by the Scheme in relation to transactions in pooled investment vehicles. Such costs are captured through the bid/offer spread of the pooled investment vehicles. The amounts of transaction costs are not separately provided to the Scheme.

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

The liability for pensions in payment of €252,000 pensioners was fully insured through the purchase of an annuity. This policy was purchased with Irish Life Assurance plc and new Ireland at a cost of €2,200,000 and €469,174, respectively. It valued on a buy out basis by the Scheme Actuary on an annual basis.

b. Summary of investment as a % of net assets

	2022 €	% Net Assets	2021 €	% Net Assets
Irish Life Investment Managers Limited				
Multi Asset Portfolio 5 CB Series B	678,174	16.76%	1,293,187	17.43%
Pension Protection Fund	1,479,955	36.58%	3,618,830	48.77%
	2,158,129		4,912,017	
Insurance Policies				
Insurance Policies	1,851,000	45.75%	2,200,000	29.65%
	1,851,000		2,200,000	

**Irish Life Investment Managers Limited
AVCs**

EMPOWER Cash Fund	69,107	1.71%	-	-
Exempt Active Managed Fund	12,760	0.32%	227,359	3.06%
Exempt Consensus Fund	27,992	0.69%	32,702	0.44%
Consensus Cautious Fund	-	-	48,803	0.66%
AVC Assets	<u>109,859</u>		<u>308,864</u>	
	<u>4,118,988</u>		<u>7,420,881</u>	

c. Pooled Investment Values by type

	2022	2021
	€	€
Pooled investment vehicles		
Multi-Asset Funds	718,926	1,602,051
Cash Funds	69,107	-
Fixed Interest Funds	1,479,955	3,618,830
Insurance Policies	<u>1,851,000</u>	<u>2,200,000</u>
	<u>4,118,988</u>	<u>7,420,881</u>

d. Concentration of Investments

Excluding investments in unit-linked funds as outlined above, there is no investment that accounts for more than 5% of the Scheme's net assets as at 31 December 2022. (2021: Nil).

e. Investment Fair Value Hierarchy

The fair values of the Scheme's investment assets 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.

At 31 December 2022	Level 1	Level 2	Level 3	Total
	€	€	€	€
Pooled investment vehicles	-	2,158,129	-	2,158,129
Insurance Policies	-	-	1,851,000	1,851,000
Pooled investment vehicles AVCs	-	109,859	-	109,859
	<u>-</u>	<u>2,267,988</u>	<u>1,851,000</u>	<u>4,118,988</u>

At 31 December 2021	Level 1	Level 2	Level 3	Total
	€	€	€	€
Pooled investment vehicles	-	4,912,017	-	4,912,017
Insurance Policies	-	-	2,200,000	2,200,000
Pooled investment vehicles AVCs	-	308,864	-	308,864
	-	5,220,881	2,200,000	7,420,881

f. Investment risks

Risk Measurement and Management

FRS 102 requires the disclosure of information in relation to certain investment risks:

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.

There is direct credit risk arising from the purchase of an annuity policy for a number of pensioners on a buy in basis. In the case of annuities this risk is a counterparty risk, ie the risk that the insurer fails to meet its obligations to the Scheme however this risk is mitigated by the fact that the provider (Irish Life Assurance plc and New Ireland) is regulated by the Central Bank of Ireland and the risk is therefore deemed to be minimal. In addition the annuity policies are subject to indirect interest risk due to certain underlying assumptions, such as the discount rate, being sensitive to movements in interest rates.

Market Risk: this risk comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), 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 Trustees determine their investment strategy after taking advice from their professional investment advisor. The Scheme has exposure to the above risks because of the investments it makes in following the investment strategy set out below. The Trustees manage 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 Trustees by regular reviews of the investment portfolio.

Investment Strategy

The investment objective of the Trustees of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the trust deed and rules as they fall due.

The Trustees set the investment strategy for the Scheme taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Scheme and the funding agreed with the Employer. The investment strategy is set out in the Scheme's Statement of Investment Policy Principles ("SIPP").

Further information on the Trustees' approach to risk management, credit and market risks is set out below.

Credit risk

The Scheme is subject to direct credit risk in relation to Irish Life Investment Managers Limited as the Scheme's investments are held by way of policies of assurance or investment funds managed by this investment manager. The investment manager is regulated by the Central Bank.

The Scheme is subject to indirect credit risk arising from underlying investments held in the Multi Asset Funds and the Bond Funds. A portion of these underlying investments include bonds, cash and derivatives.

Credit Funds risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled managers, the regulatory environments in which the pooled managers operate and diversification of investments across a number of investment managers and funds. All investment manager is regulated by the Central Bank of Ireland. The Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environments of the pooled managers. Pooled investment arrangements used by the Scheme comprise unit linked insurance contracts with Irish Life Investment Managers Limited.

Currency Risk

The Scheme is subject to indirect currency risk as some of the underlying investments of the Scheme's pooled investment vehicles are held in overseas markets. Currency risk is managed through investment fund diversification by the investment manager within the funds.

Interest Rate Risk

The Scheme is subject to indirect interest rate risk primarily in the Bond Funds and also in the Multi Asset Funds.

Other price risk

Indirect other price risk arises principally in relation to property, equities and bonds held in the pooled investment vehicles. All of the Scheme's pooled investment funds are exposed to indirect other price risk. The Scheme's investment manager manages this exposure to overall price movements by holding diverse portfolios of investments across various markets within each fund depending on the strategy for the fund.

8. Current Assets

	2022	Unaudited 2021
	€	€
Trustee Bank Account	3,606	-
Total	3,606	-

9. Current Liabilities

	2022	Unaudited 2021
	€	€
Benefits payable	76,339	-
Total	76,339	-

10. Related Party Transactions**The Trustees**

The Trustees of the Scheme during the year under consideration in this report are listed on page 1 of this report. The Trustees did not receive and are not due any remuneration from the Scheme in connection with the management of the Scheme during the year.

The Principal Employer

BASF Ireland Limited is the Principal Employer. Employer contributions to the Scheme are disclosed in the Fund Account. Contributions are made in accordance with the Trust Deed and Rules and the recommendations of the Actuary.

The Registered Administrator

Aon provides consulting and administration services to the Scheme. Fees in respect of such services were paid by the Principal Employer. The administrator operates a trustee bank account on behalf of the Scheme. Cash held on behalf of the Scheme at 31 December 2022 was €3,606 (2021: €nil).

The Investment Managers

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

11. Self Investment

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

12. Contingent Liabilities and Contractual Commitments

There were no contingent liabilities or contractual commitments (save for the liabilities to pay pensions and other benefits in the future which have not been taken into account) at 31 December 2022 (2021: Nil).

**13. Events
Subsequent to
the Year End
Date**

The impact of the ongoing war in Ukraine has continued post period end. The Trustees continue to monitor the situation.

There are no other events post period end that would require amendments to or disclosure in this report.

Investment Manager Reports



Investment Manager's Report

BASF IRELAND LIMITED 5235-01

Investment Report for Year Ended 31 December 2022

Investment Policy

The long term investment objectives of your pension fund are to achieve a return on fund assets which is sufficient, over the long-term, to meet your funding objectives and to earn a rate of return on assets that will exceed inflation and the risk free rate (cash).

In general, this will require a long-term investment return of at least price inflation plus 4% per annum. Examination of the long term return characteristics of asset types indicates that these objectives are most likely to be achieved by allocating a higher proportion of the fund to risk assets, such as equities and property with lower allocations to monetary assets such as bonds and cash. Each scheme however is unique and as such will have its own unique characteristics that determine the appropriate asset allocations between risk & monetary assets. Risk assets as outlined above whilst providing superior longer term returns, tend to be more volatile when compared with monetary assets which historically have provided lower returns but with less volatility.

Investment Performance

Global equities are down over the last twelve months, falling -15.6% in local currency terms although are down less in Euro terms, -12.6%, as the weaker euro boosted returns for euro based investors. Equities have fallen on concerns over tighter central bank policies, higher bond yields, slower growth and uncertainty over the potential fallout on growth and inflation following the invasion of Ukraine by Russia.

Eurozone bonds fell as yields rose through the year with the Eurozone 5yr+ sovereign bond benchmark down -24.4%. Bond yields rose given increasing concerns around inflation which resulted in an expectation of reduced policy accommodation from the ECB and other central banks. There has been a dramatic shift in monetary policy over the last year, from a low interest rate environment to one where official interest rates are rising and are expected to rise further.

Irish commercial property is slightly higher over the last twelve months, with the property fund rising 0.3%. Despite the disruption and uncertainty posed by the Covid-19 pandemic, inward investment into Irish property remained relatively high during the last year. Rental values in the modern office space have held up well despite the pandemic, while the industrial/logistics sector has experienced strong growth over the last twelve months.

Commodities rose 26.0% over the last twelve months and are up 34.2% in Euro terms due to tight supplies. Concerns over possible supply disruptions and sanctions following Russia's invasion of Ukraine have helped push commodity prices higher.

SCHEME SUMMARY INFORMATION

Fund Code	Fund Name	Opening Value	Contributions / Withdrawals	Gain / Loss	Closing Value
GHB	Multi Asset Portfolio 5 CB Series B	€1,293,187.67	€(458,654.50)	€(156,359.27)	€678,173.90
PPF	Pension Protection Fund	€3,618,829.75	€(1,074,041.75)	€(1,064,832.94)	€1,479,955.06
Total		€4,912,017.42			€2,158,128.96

Fund Code	Fund Name	Opening Units	Price	Opening Value	Closing Units	Price	Closing Value
GHB	Multi Asset Portfolio 5 CB	652,137	€1.983	€1,293,187.67	392,689	€1.727	€678,173.90
PPF	Pension Protection Fund	632,110	€5.725	€3,618,829.75	382,813	€3.866	€1,479,955.06
Total				€4,912,017.42			€2,158,128.96

PERFORMANCE AS AT 31 DECEMBER 2022

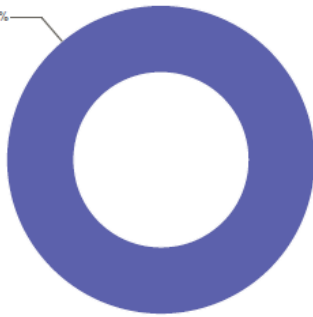
Fund Name	QTD	YTD	1 Year	3 Years p.a.	5 Years p.a.	10 Years p.a.	Since Launch p.a.
Multi Asset Portfolio 5 CB Series B	1.4%	-12.9%	-12.9%	0.8%	2.1%	-	5.9%
Pension Protection Fund	-1.8%	-32.5%	-32.5%	-11.1%	-3.6%	1.4%	4.5%

PENSION PROTECTION FUND

The fund is invested 60% in Active AAA>15 Yr Eurozone Government Bonds and 40% in Indexed > 10 Year Euro Large Corporate Bonds.

ASSET ALLOCATION

Bond 100.0%



ASSET ALLOCATION

BOND	100.0%
Government Bonds	58.4%
Corporate Bonds	41.6%

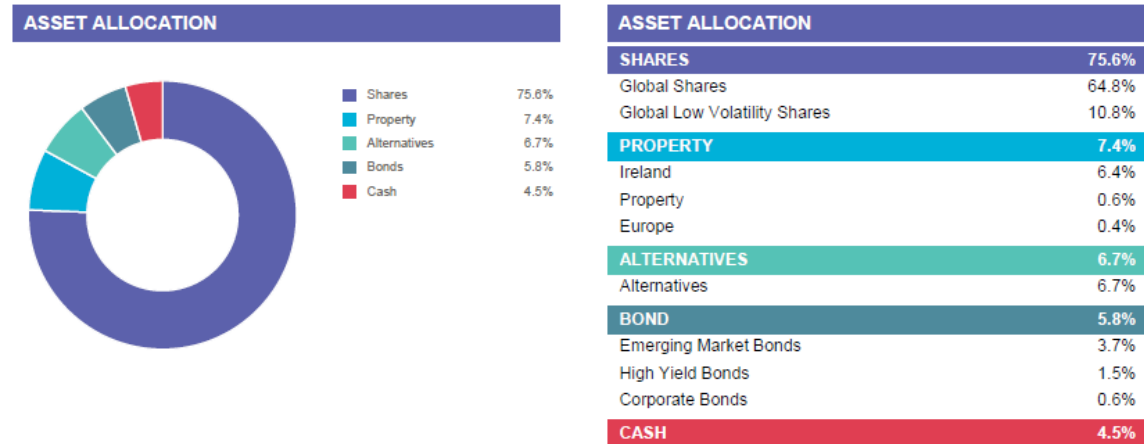
PERFORMANCE AS AT 31/12/2022

	1 Month	3 Month	1 Year	3 Year p.a.	5 Year p.a.	10 Year p.a.	Since Launch p.a.
Fund	-8.50%	-1.75%	-32.47%	-11.08%	-3.62%	1.44%	4.47%
Benchmark	-8.28%	-1.75%	-32.53%	-11.05%	-3.59%	1.74%	4.74%

MULTI ASSET PORTFOLIO 5 CB SERIES B

This fund holds assets across the range of investment options - bonds, shares, cash, property and alternatives. Among other characteristics, the fund aims to promote environmental and social characteristics including enhanced exposure to more sustainable companies and a better alignment to the low carbon transition economy. It features several risk management strategies.

This is a medium to high risk fund, which aims to have a relatively high exposure to high risk assets such as shares and property. The fund manager monitors and rebalances the fund regularly and may change the mix over time.



External asset managers may change over time.

PERFORMANCE AS AT 31/12/2022						
	1 Month	3 Month	1 Year	3 Year p.a.	5 Year p.a.	Since Launch p.a.
Fund	-5.01%	1.35%	-12.91%	0.76%	2.07%	5.93%
Benchmark	0.51%	1.42%	4.54%	4.18%	4.15%	4.24%

Actuarial Funding Certificate



An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BD

Article 4

ACTUARIAL FUNDING CERTIFICATE

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

SCHEME NAME: BASF Ireland Limited Pension and Life Assurance Scheme

SCHEME COMMENCEMENT DATE: 28/08/1984

SCHEME REFERENCE NO.: PB7140

EFFECTIVE DATE: 31/12/2019

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 31/12/2016

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

(1) the resources of the scheme, which are calculated for the purposes of section 44(1) of the Act to be €4,601,000.00, would have been sufficient if the scheme had been wound up at that date to provide for the liabilities of the scheme determined in accordance with section 44(1) of the Act which, including the estimated expenses of administering the winding up of the scheme, amount to €3,235,000.00, and

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

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

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

Signature:

Date:

27/03/2020

Name:

Mr. Brian N. Murray

Qualification:

FSAI

Name of Actuary's Employer/Firm

Irish Life Assurance

Scheme Actuary Certificate No.

P083

Submission Details

Submission Number: SR2328515

Submitted Electronically on: 27/03/2020

Submitted by: Brian Murray

Funding Standard Reserve Certificate



An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BE

Article 4

FUNDING STANDARD RESERVE CERTIFICATE

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

SCHEME NAME: BASF Ireland Limited Pension and Life Assurance Scheme

SCHEME COMMENCEMENT DATE: 28/08/1984

SCHEME REFERENCE NO.: PB7140

EFFECTIVE DATE: 31/12/2019

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 31/12/2016

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

(1) the funding standard liabilities (as defined in the Act) of the scheme amount to €3,235,000.00,

(2) the resources of the scheme (other than resources which relate to contributions or a transfer of rights to the extent that the benefits provided are directly related to the value of those contributions or amount transferred (DC resources)), calculated for the purposes of section 44(1) of the Act amount to €4,601,000.00,

(3) €3,528,000.00, of the amount referred to in paragraph (2) (subject to a maximum of an amount equal to the funding standard liabilities) is invested in securities issued under section 54(1) of the Finance Act 1970 (and known as bonds), securities issued under the laws of a Member State (other than the State) that correspond to securities issued under section 54(1) of the Finance Act 1970, cash deposits with one or more credit institutions and such other assets (if any) as are prescribed under section 44(2)(a)(iv) of the Act,

(4) the amount provided for in section 44(2)(a) of the Act (Applicable Percentage x ((1) minus (3))) is €0.00,

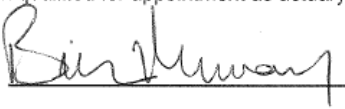
(5) the amount provided for in section 44(2)(b) of the Act, being the amount by which the funding standard liabilities of the scheme would increase if the interest rate or interest rates assumed for the purposes of determining the funding standard liabilities were one half of one per cent less than the interest rate or interest rates (as appropriate) assumed for the purposes of determining the funding standard liabilities less the amount by which the resources of the scheme (other than DC resources) would increase as a result of the same change in interest rate or interest rates is -€118,000.00,

(6) the aggregate of (4) and (5) above amounts to €0.00, and

(7) the additional resources (as defined in the Act) of the scheme amount to €1,366,000.00, of which, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act, €0.00 comprises contingent assets and €0.00 of such contingent assets comprise an unsecured undertaking.

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

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

Signature:  **Date:** 27/03/2020
Name: Mr. Brian N. Murray **Qualification:** FSAI
Name of Actuary's Employer/Firm: Irish Life Assurance **Scheme Actuary Certificate No.:** P083

Submission Details

Submission Number: SR2328908 **Submitted Electronically on:** 27/03/2020
Submitted by: Brian Murray

Actuary Statement



BASF Ireland Limited Pension and Life Assurance Scheme
PB 7140
Actuary's Statement for the year ended 31st December 2022

An Actuarial Funding Certificate and a Funding Standard Reserve Certificate were prepared for the BASF Ireland Limited Pension and Life Assurance Scheme ("the Plan") under Section 42 of the Pensions Act, 1990 ("the Act") with effective date of 31st December 2019 and showed that, at that date, the Plan satisfied the funding standard and the funding standard reserve provided for in Section 44 of the Act.

I can confirm that I am reasonably satisfied that, if I had prepared an Actuarial Funding Certificate and a Funding Standard Reserve Certificate with an effective date 31st December 2022, I would have been able to certify that the Plan satisfied the funding standard and funding standard reserve as at that date.

This Actuary's Statement was prepared in accordance with the requirements of Section 55 of the Act and (when read together with the Actuarial Valuation Report dated 1 January 2020) Actuarial Standard of Practice ASP-PEN 3.

It should be noted that the funding position of the Plan relative to the funding standard is very sensitive to the investment return earned, the yield available on long dated bonds, mortality and changes to insurance company annuity rates as well as other financial and demographic variables. Experience in these areas will be critical in determining whether the Plan will be in a position to satisfy the funding standard in the future.

A handwritten signature in blue ink, appearing to read "Frederik Gilmore".

Frederik Gilmore
Fellow of the Society of Actuaries in Ireland
19 June 2023

Report on Actuarial Liabilities

Report on Actuarial Liabilities (forming part of the Trustees' Report)

Under Section 56 of the Pensions Act, 1990, and associated regulations, the Trustees of defined benefit pension schemes are required to have a valuation¹ of the scheme prepared on a triennial basis. The most recent formal actuarial valuation of the Plan was carried out as at **1 January 2020**. A copy of the report is available to Plan members on request.

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

	€000s
Value of Accumulated Assets	4,601
Value of Accrued Liabilities	4,406

Valuation Method & Assumptions

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

A summary of the most significant actuarial assumptions used to determine the accrued liability is set out below (full details are provided in the report on the actuarial valuation at 1 January 2020):

Financial assumptions	
Discount rate	
- Pre-retirement	1.0%
- Post-retirement	0.5%
Salary increases	n/a
State pension increases	n/a
Revaluation of deferred benefits	1.25%
Pension increases	0.9375%
Demographic assumptions	
Post-retirement Mortality	100% S2PMA Proj 2018 (Age-1) and S2PFA Proj 2018 (Age-1) for males and females respectively adjusted by reducing the post retirement mortality rates by 1.4% pa each year beyond retirement with an addition of 0.3% per annum to the annuity rate for each year between 2018 and the year of retirement.

The next valuation is due to be completed with an effective date not later than 1 January 2023.

¹ It should be borne in mind that a valuation is only a snapshot of a scheme's estimated financial condition at a particular point in time; it does not provide any guarantee of future financial soundness of a scheme. Over time, a scheme's total cost will depend on a number of factors, including the amount of benefits paid and the return earned on any assets invested to pay benefits.

Statement of Risks

The Trustees primary responsibility is to ensure that members receive the benefits to which they are entitled under the rules of the Scheme. In order to provide for these future benefit payments, the Trustees invest the assets of the Scheme in a range of investments, and agree with the employer, on the advice of the actuary, the rate of contributions to be made to the Scheme to meet the balance of the cost of benefits. The Trustees are required to provide a statement of the risks associated with the Scheme to Scheme members.

In a defined benefit plan, the main risk is that there will be a shortfall in the assets (for whatever reason) and the employer will not be willing or able to pay the necessary contributions to make up the shortfall. If that occurs, a member may not get their anticipated benefit entitlements.

The main types of risks which may lead to a shortfall and the steps being taken by the Trustees to minimise these risks are as follows:

Risks	Steps being taken to minimise risk
The assets may not achieve the expected return	This risk will be addressed by ongoing monitoring of investment performance. An investment strategy review is currently in being undertaken and a Statement of Investment Policy Principles for this Scheme will be drafted upon its conclusion.
Some of the assets may be misappropriated	The Trustees have appointed professional investment managers who have custodial agreements in place etc (see the Statement of Investment Policy Principles).
The values placed on the future liabilities may prove to be an underestimate	The Trustees discuss with the actuary the assumptions used for triennial valuations. The Trustees are required by law to obtain an annual statement concerning the ability of the Scheme to meet the funding standard.
The employer may not pay contributions as they fall due	The Trustees monitor the receipt of contributions and pursue any shortfall. If this is not successful, the Trustees would report the matter to the Pensions Authority.
The employer may decide to terminate its liability to contribute to the Scheme	In this event, the Trustees are required to wind up the Scheme and provide benefits for members in accordance with the Rules and the Pensions Act 1990. The Trustees endeavour to ensure that sufficient assets are available at all times to meet the liabilities on wind up, by means of the annual statement mentioned above. If, however, the Scheme has insufficient assets to meet the liabilities, those already in receipt of pensions at the wind-up date are a priority class, and their pensions (subject to certain legislative limits) must be secured before assets are applied to other members. These other members, i.e. active members and deferred pensioners, are therefore more at risk of not receiving their full benefits on wind-up. Future benefit accrual will also cease in these circumstances.
In addition to the shortfall risks outlined above, there is also the risk that the records relating to Scheme members may not be correct.	
The Scheme administration records may not be correct and may fail to comply with the Pensions Act 1990	The Trustees have entered into a service level agreement with the administrator which sets out the administrator's responsibilities. The Trustees receive regular administration reports from the administrator.

The Pensions Authority has powers to pursue breaches of the Pensions Act 1990 and the Financial Services and Pensions Ombudsman may investigate any complaints by members.