



**MOTOROLA PENSION SCHEME
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**
Scheme Registration Number: 10057133

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

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Motorola Pension Scheme

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Trustee, Principal Employer and Advisers

Trustee

Motorola Solutions Pension Trustees Limited

Employer-nominated Trustee Directors

Uygar Gazioglu

David England - Chair

Tetyana Vasylevska

Member-nominated Trustee Directors

David Merrick (appointed 1 June 2023)

Dean Dyson (appointed 26 January 2023)

Ian Park (resigned 29 November 2022)

Viv Williams

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

Secretary to the Trustee

David England (appointed 12 August 2022)

Nigel Bottom (resigned 9 June 2022) and Janice Cox (appointed 14 June 2022 and resigned 6 September 2022)

Principal Employer

Motorola Solutions UK Limited

Scheme Actuary

Ruairi Campbell, FFA

Mercer Limited

Independent Auditors

PricewaterhouseCoopers LLP

Administrators

Mercer Limited

Investment Managers

Defined Contribution Section

Prudential Assurance Company Limited

Legal and General

Investment Custodian

Northern Trust Global Advisers Limited

Investment Advisers

Defined Benefit Section

Goldman Sachs Assets Management Limited

Defined Contribution Section

Mercer Investment Consulting Limited

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Trustee, Principal Employer and Advisers

Additional Voluntary Contribution (AVC) Providers

Standard Life Assurance Ltd
Prudential Assurance Company Ltd
Phoenix Life

Bank

HSBC Bank plc

Legal Adviser

CMS Cameron McKenna Nabarro Olswang LLP

Covenant Assessors

BDO LLP

Fiduciary Managers

Goldman Sachs Asset Management International

Contact for further information

Pegasus Pensions plc
8th Floor
100 Bishopsgate
London
EC2N 4AG
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Motorola Pension Scheme

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Trustee's Report

Introduction

The Trustee of the Motorola Pension Scheme (the Scheme) is pleased to present its report together with the audited financial statements for the year ended 31 December 2022. The Scheme is a hybrid scheme, comprising a Defined Benefit Section and a Defined Contribution Section.

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

Management of the Scheme

Trustee

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

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

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

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

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

Statement of Trustee's Responsibilities

The Statement of Trustee's Responsibilities is set out on page 41 and forms part of this Trustee's Report.

Governance and risk management

The Trustee has in place a business plan which sets out its objectives in areas such as administration, investment and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustee run the Scheme efficiently. On 12 August 2022, the Trustee appointed Pegasus Pensions plc to provide pension executive support, including scheme secretarial support.

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

Trustee knowledge and understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective from 6 April 2006 and which was revised and reissued in November 2009.

Principal Employer

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

Parental Guarantee

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

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

Motorola Pension Scheme

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Financial development

The financial statements on pages 45 to 64 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995., except that they were not prepared and audited within the 7 month timeline. They show that the value of the fund decreased from £1,379,370,000 at 31 December 2021 to £886,182,000 at 31 December 2022.

The decrease shown above comprised net withdrawals from dealings with members of £35,007,000 together with net returns on investments of (£458,181,000).

Report on actuarial liabilities

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

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2020. An updated valuation was performed on 31 December 2021. These showed:

| | 31 December 2020 | 31 December 2021 |
|---------------------------------------|------------------|------------------|
| The value of Technical Provisions was | £1,273 million | £1,236 million |
| The value of assets was | £1,343 million | £1,356 million |
| Percentage of Technical Provisions | 105% | 110% |

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

Method

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

Principal actuarial assumptions for valuation as at 31 December 2020

| | |
|--------------------------------------|--|
| Discount rate | Fixed government bond yield plus 0.9% p.a. |
| Retail Price inflation | Market-implied inflation |
| Consumer Price inflation | 0.9% p.a. lower than RPI assumption until 2030 and equal to RPI assumption thereafter |
| Pension increases in payment | Linked to CPI or RPI as appropriate |
| Mortality | S3PA year of birth tables with scheme-specific adjustments to reflect the characteristics of the liability profile as follows: 105% / 100% for non-retired males/females. 102% / 99% for retired males/females |
| Provision for longevity improvements | CMI 2020 1.5% improvements |

Motorola Pension Scheme

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Report on actuarial liabilities (continued)

Financial assumptions

Discount rate

Projected future payments of benefits are discounted using spot rates from a conventional UK gilt yield curve with a fixed addition of 0.9% p.a. to reflect the prudent allowance the Trustee has agreed for additional investment return.

Inflation (RPI)

The assumption for the rate of increase in the Retail Price Index (RPI) is derived from the market-implied rate using spot rates from conventional and Index-linked gilt yield curves.

An adjustment has been made to the assumption to reflect market views that the prices of nominal gilts include a 'risk premium' to reflect, for example, future inflation uncertainty. The deduction used at the 2017 valuation was 0.05% p.a.

Inflation (CPI)

The assumption for the rate of increase in the Consumer Price Index (CPI) is derived from the RPI inflation assumption with an appropriate adjustment to recognise the difference between expectations of future RPI increases and future CPI increases. The adjustment will be reviewed at each valuation; at the 2020 valuation the adjustment was a deduction of 0.9% p.a.

Pension increases

Assumptions for the rate of pension increases applying to different tranches of benefit are derived from price inflation annual forward rates allowing for the maximum and minimum annual increase entitlements.

Demographic assumptions

Mortality

The mortality assumptions are based on up-to-date information published by the Continuous Mortality Investigation (CMI) and National Statistics, making allowance for future improvements in longevity and the experience of the Scheme. The underlying mortality tables are S3PA Year of Birth tables with improvements based on the CMI 2020 model with a long term improvement rate of 1.5%.

Scheme-specific adjustments are made to the standard tables that reflect the characteristics of the liability profile. Male members who have not yet retired are assumed to experience 105% of the standard table; for females in this category, the adjustment is 100%. The corresponding adjustments for retired members are 102% males/99% females.

Contributions

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

Motorola Pension Scheme

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Membership

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

Defined Benefit Section

| | Pensioners | Deferred | Total |
|------------------------------|--------------|--------------|--------------|
| At 1 January 2022 | 3,023 | 4,866 | 7,889 |
| Adjustments | 4 | 1 | 5 |
| Retirements | 145 | (145) | - |
| Deaths | (68) | (6) | (74) |
| Leavers with refunds | - | (1) | (1) |
| Transfers out | - | (32) | (32) |
| Spouses and dependants | 32 | - | 32 |
| Pensions commuted for cash | (25) | - | (25) |
| Pensions ceasing | (8) | - | (8) |
| DC deferred become pensioner | 7 | - | 7 |
| At 31 December 2022 | <u>3,110</u> | <u>4,683</u> | <u>7,793</u> |

Defined Contribution Section

| | | | |
|---------------------|--|----------|------------|
| At 1 January 2022 | | Deferred | 641 |
| Retirements | | | (8) |
| Deaths | | | (1) |
| Transfers out | | | (10) |
| At 31 December 2022 | | | <u>622</u> |

Pensioners include 375 beneficiaries (2021: 368) receiving a pension.

Pension increases

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

Pensions in payment are increased as follows:

Post 2009 Pension increased by 2.5% or RPI

Post 1988 GMP increased by 3% or CPI

Post 1997 pension increased by 5% or CPI

Post 2005 pension increased by RPI (max 2.5%)

Pension in excess of Post 1997 pension increased by 5% or RPI

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

Calculation of transfer values

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

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Climate Change Governance and Reporting

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

Investment management

General

All investments have been managed during the year under review by the investment managers and AVC providers detailed in the list of Scheme advisers on pages 1 to 2. There is a degree of delegation of responsibility for investment decisions.

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

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

Investment principles

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

Responsible investment and corporate governance

The Covid-19 pandemic and other more recent geopolitical and economic issues have presented risks for all aspects of the Scheme. The Trustee has been conscious of the risks and engaged with service suppliers and has concluded that business continuity plans are in place and appropriate. The Trustee will continue to monitor its key suppliers in order to consider actions as necessary. Investment performance has also been scrutinised and volatility in asset values is subject to ongoing monitoring however existing investment strategy has remained appropriate. The Investment strategy has a high degree of liquidity which supports benefit payments from the scheme. In addition, the Trustee will continue to monitor the ability of the sponsoring company to provide financial support if required. The Trustee will continue to monitor developments in order to take action when necessary.

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Implementation statements

Defined Benefit Section

1. Overview of this statement

1.1 In this section of the Statement the Trustees have set out information describing the management of the Scheme's Defined Benefit ("DB") assets and in particular how the management of the assets has reflected the Trustees' policies as set out in the Statement of Investment Policies (the "SIP") over the period from 1 January 2022 to 31 December 2022 (the "Scheme Year").

1.2 In the Trustees' opinion, all aspects of the SIP in relation to the DB section of the Scheme have been followed.

1.3 A copy of this statement will be published on a publically available website.

1.4 The Trustees have split this DB section of the Statement into several sections covering the main aspects of the management of the Scheme over the financial year:

- Section 2: Summary of changes to the SIP
- Section 3: Implementing policies within the SIP
- Section 4: Voting information

2. Summary of changes to the SIP:

2.1 Over the Scheme Year, there were no changes the SIP

2.2 The most recent SIP, dated September 2020, is publicly available at the website below:

https://www.motorolasolutions.com/content/dam/msi/docs/about-us/careers/motorola_pension_scheme_statement_of_investment_principles.pdf

3. Implementing policies within the SIP

3.1 Overall the Trustees are of the opinion that the policies outlined in the SIP were implemented over the Scheme Year.

3.2 The table below sets out the key sections of the SIP and actions taken over the period to implement key policies within each section of the SIP.

3.3 The Trustees retain responsibility for high level investment decisions with many other decisions delegated to GSAM, as the Scheme's Fiduciary Manager.

Overall the Trustee is of the opinion that the policies outlined in the SIP were implemented over the Scheme's year. The table below sets out the key sections of the SIP and actions taken over the period to implement key policies within each section. The Trustee retains responsibility for high level investment decisions with many other decisions delegated to GSAMI as the fiduciary manager.

| SIP Section | SIP Policy Overview | Notes on Implementation over the Year |
|-----------------------------------|--|--|
| Investment Policy | Consider a full range of asset classes given risk and rewards | The strategic asset allocation was broadly unchanged for 2022, and performance was assessed by the Trustees on at least a monthly, quarterly and annual basis. |
| | Delegate all day-to-day decisions to GSAMI within provided parameters | GSAM managed the portfolio within the provided investment guidelines over the period including regular rebalancing across the period at month / quarter ends or when deemed opportunistically appropriate to do so. GSAM also aligned this rebalancing action to raise cash when needed to pay benefits. The Trustees review GSAM annually based on Strategic Objectives agreed with the Trustees covering a range of investment objectives and service levels. The alternative risk premia allocation was reviewed and three managers were removed from the portfolio and replaced with a better diversified blend of risk premia strategies. |
| Realisation of investments | If an asset class is determined to no longer be suitable it will be withdrawn from future investment | Not applicable for 2022. |

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| | | |
|--|---|--|
| Risk Management and measurement | Risks are considered in a qualitative manner during strategy reviews and annual updates. Quarterly reporting assists in monitoring these risks | Multiple review points over the year considered risk exposures: Regular reporting: GSAM provided the Trustees with regular reporting on a monthly and quarterly basis. TCFD Training: Over the year the Trustees received training on TCFD regulation to better understand climate related risks. |
| Environmental, Social, Governance, Stewardship and Alignment Considerations | Financially material considerations must be taken into account. | In selecting investments and managers on the Trustees' behalf, GSAM took into account appropriate financially material considerations. |
| | Selection, retention and realisation of investments has been delegated to GSAM and GSAM should consider financially material considerations when selecting investments and managers | Reporting provided by GSAM to the Trustees included how it takes into account financially material factors over the Scheme Year, for example how the appointed managers are assessed for ESG factors, financially material considerations and consideration as to the extent to which stewardship has been integrated into GSAM portfolio decisions and actions. |
| | The Trustee does not explicitly take into account non-financial matters, such as the view of Scheme members. | Confirmed. |
| | The Trustee expects GSAM to ensure that investment managers align to the SIP and focuses on medium to long-term performance. Investment manager fees are reviewed by GSAM periodically. | GSAM ensured compliance with the SIP regarding appointed managers over the Scheme Year. Reporting provided by GSAM covers performance reporting over monthly and quarterly time periods, and also since inception of each mandate in order to monitor managers over longer time horizons. |
| | GSAM reports to the Trustee on costs and charges, including turnover and transaction costs in the portfolio. | MiFID II Costs and Charges reports provided over the Scheme Year. Fee reports were also provided on a quarterly basis covering management fees and transaction costs. |
| | When selecting and reviewing the performance of investment managers, the Trustee expects GSAM to take into account the managers' stewardship and ESG policies relative to both the Trustee's and GSAM's policies. | GSAM reviewed and monitored the voting and engagement activity carried out by external managers over the year as part of its regular manager oversight processes. |

4. Voting Information

Collection of voting data

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

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4.4 The table below sets out at a high level the asset classes and weights with voting applicability as the end of the Scheme Year:

| Asset Class | Weight | Voting Applicability |
|---------------------------------|---------------|------------------------------|
| Equities | 17.3% | Voting information available |
| Fixed Income* | 69.9% | Limited voting exposure |
| Real Assets | 1.1% | Voting information available |
| Alternatives | 5.6% | Limited voting exposure |
| Passive exposures with no votes | 6.1% | No voting exposure |
| Total: | 100.0% | |

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

4.5 In order to collate voting data GSAM contacted the managers in the portfolio to request appropriate voting information. The information provided represents the best efforts approach to obtain voting information. The Trustee expects that as the industry aligns on standardised disclosures, quality of voting information will be improved.

4.6 For asset classes other than equities and real assets, information is generally less available with many managers noting that voting doesn't apply to their asset class / strategy or noting that they have been awaiting additional clarity on industry standards for collating voting information before building capabilities to provide voting information.

For the purposes of this Statement, the Trustee has not reported on the limited voting activity in these asset classes but expect GSAM to take into account engagement policies for these asset classes when selecting managers and assessing performance.

4.6.1 In addition, GSAM receive policies, reports and qualitative information through their External Manager Selection Group's ESG Due Diligence Questionnaire as well as through an annual dedicated ESG questionnaire. Additionally, GSAM engages with the managers regularly on their ESG integration and engagement efforts during regular meetings with managers.

4.7 GSAM will continue to work with managers to seek to ensure appropriate information is being collated and provided and that as industry standards evolve, managers also evolve the information provided. The ability of a manager to provide more granular data may become part of GSAM's selection criteria.

4.8 The Trustee believes that for asset classes where voting is a key aspect of ownership the policy of the Trustee, which substantially delegates voting to individual managers, has been followed as set out below.

4.9 Voting information is provided for all of the Scheme's equity and real asset mandates:

- 7 equity mandates
- 1 listed real estate mandates
- 1 listed infrastructure mandates

4.10 The Trustee has set out a summary of all voting data as well as the "significant votes" made over the Scheme Year.

Summary of all voting data

4.11 The table below shows a summary of the voting activity of the managers over the Scheme Year.

4.12 Where the table sets out "For" / "Against" this indicates that the manager voted for / against the company board's recommendations for each item. Additionally, where managers have provided information noting votes for which they have used proxy voting services, this has also been indicated.

4.13 Votes of abstain can be counted both as a vote of abstain but also as a vote against management and hence figures may sum to more than the total number of votes.

| Mandate | Asset Class | Active / Passive | 31 Dec 2022 Portfolio Weight | Total votes | For | Against | Abstain / Do not vote / Proposal Not Votable | Proxy Advisor Used |
|---|-------------|------------------|------------------------------|-------------|--------|---------|--|--------------------|
| Mondrian Global Equity* | Equities | Active | 1.8% | 826 | 736 | 77 | 13 | 826 |
| SSgA All World Developed Equity Index Life Fund | Equities | Passive | 8.9% | 29,584 | 26,532 | 2,930 | 122 | 29,462 |

Motorola Pension Scheme

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Trustee's Report

| | | | | | | | | |
|--|-------------|---------|------|--------|--------|-------|-----|--------|
| SSgA Smart Beta Equity | Equities | Passive | 1.7% | 12,324 | 11,158 | 1,126 | 40 | 12,284 |
| Van Berkom US Small Cap* | Equities | Active | 1.0% | 144 | 142 | 2 | 0 | 141 |
| Principal International Small Cap Equity | Equities | Active | 0.6% | 3,095 | 2,653 | 250 | 192 | 2,926 |
| Baillie Gifford Global Alpha Strategy | Equities | Active | 1.2% | 1,121 | 1,089 | 29 | 3 | - |
| GMS Emerging Markets Equity Fund of Funds (underlying funds shown below) | Equities | Active | 2.1% | 4,534 | 3,761 | 660 | 113 | 4,534 |
| DWS Global Infrastructure* | Real Assets | Active | 0.5% | 606 | 563 | 31 | 12 | 606 |
| Prudential Global Real Estate* | Real Assets | Active | 0.6% | 1,016 | 961 | 31 | 24 | 1,016 |

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

| GMS Emerging Markets Underlying Funds | Asset Class | Active / Passive | Total votes | For | Against | Abstain / Do not vote / Proposal Not Votable | Proxy Advisor Used |
|--|-------------|------------------|-------------|-------|---------|--|--------------------|
| Wellington Management Company, LLP | Equities | Active | 2,727 | 2,176 | 440 | 111 | 2,727 |
| Axiom Investors | Equities | Active | 1,198 | 1,051 | 147 | - | 1,198 |
| J O Hambro Capital Management Limited* | Equities | Active | 609 | 534 | 73 | 2 | 609 |

*Voting data shown represents the managers voting instructions i.e. whether they voted for and against the proposal and not whether they voted for or against management.

Details of significant votes

- 4.14 Details of significant votes have been requested from each manager by GSAM, on behalf of the Trustee. Provided data is set out below, however some managers were unable to provide all of the data requested. Details specific to each manager are provided below.
- 4.15 Unless otherwise stated, the tables below set out all votes that managers deemed to be significant.
- 4.16 For the funds managed by SSgA and Baillie Gifford, the Trustee has filtered 3 significant votes from the list of all significant votes provided by the manager based on the weight of the stock in the portfolio, i.e. picking the 3 stocks with the highest weights in the portfolio.

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Trustee's Report

Mondrian Global Equity

4.17 Mondrian were unable to provide details on the size of Scheme's holdings of each company or any next steps. GSAM, on behalf of the Trustee, requested this information.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary/ rationale | If the vote was against management, was the intention communicated to the company ahead of the vote? | Why is this vote considered significant? | Outcome of the Vote | Next steps, including whether the Trustee / asset manager / service provider intends to escalate stewardship efforts |
|---------------------|------------|-----------------------------|------------------|--|--|---|---------------------|--|
| GlaxoSmithKline Plc | 04/05/2022 | Approve Remuneration Policy | For | Historically GSK's remuneration structure has failed to achieve alignment between management and shareholder outcomes. Our perspective was that GSK has historically been rather tolerant of underperformance against stated objectives. The new remuneration plan awards higher pay-outs for strong outperformance but strongly penalizes underperformance. The proxy advisor recommended voting against the new plan, objecting mainly to the increase in the bonus opportunity from 2x to 3x. In Mondrian's view, the new policy, which results in better alignment with shareholders, was a clear step forward for the company and its owners. | Not applicable | Vote against proxy adviser's recommendation | Passed | Not applicable |
| Continental AG | 09/04/2022 | Approve Remuneration Report | Against | Mondrian voted against the remuneration report due to several reasons: <ul style="list-style-type: none"> - the legacy defined benefit pension plans resulted in excessive pension contributions for certain executives. - the targets and performance metrics under the Long-Term Incentive plan to be sufficiently challenging - excessive severance payment for the outgoing CFO, Wolfgang Schafer, with a lack of clarity on the conditions for the payment to be realized - lack of disclosure on average employee remuneration. Mondrian engaged over email prior to the vote to let them know of our voting intentions and rationale. We encouraged the company to have an early dialogue in future with the proxy advisors and large shareholders well in advance of the voting deadline so any controversial issues can be explored in good time. | Yes | Vote against management's recommendation | Passed | Mondrian will continue to engage with the company regarding its remuneration policies. |

Motorola Pension Scheme

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| | | | | | | | | |
|---------------------------|------------|---|---------|--|--|--|--------------|--|
| Mitsubishi Electric Corp. | 29/06/2022 | Elect Director Kawagoishi, Tadashi | Against | The company has seen significant quality control issues with numerous cases of improper practices identified over many years. Mr Kawagoishi was CFO at the time of disclosure and we believed should be held responsible along with the company President (who we voted against in line with our proxy adviser's recommendation). These issues have weighed on the share price and were disclosed just after last year's AGM, so investors had no opportunity to express their views then, despite the company being aware of them before the AGM date. Mondrian felt voting against Mr Kawagoishi would support the view that the company should look to improve its corporate governance more meaningfully which could help to realise more shareholder value. | Yes | Vote against management's recommendation | Passed | Mondrian continues to engage with the company to improve its corporate governance practices. |
| Toyota Industries Corp. | 10/06/2022 | Elect Director Toyoda, Tetsuro | Against | At the 2022 AGM in June, Mondrian voted against the election of two directors - due to the excessive cross-shareholdings of those directors. Mondrian also voted against items 2.3 and 2.5 as Yojiro Mizuno is an internal director in a board lacking independence, and Masahiko Maeda is from Toyota Motor which can be seen to exert undue influence on Toyota Industries and is designated a non-independent outsider. | Yes | Vote against management's recommendation | Passed | In August 2022 Mondrian met with Koichi Ito, Senior Executive Officer of TICO, along with Investor Relations to further discuss our key corporate governance concerns. TICO continues to be a corporate governance laggard with issues including remuneration not aligned with shareholders, lack of board independence or diversity, and large cross-shareholdings. TICO has not yet progressed any of the governance items raised; we continue to monitor and engage with the company on these issues. |
| Toyota Industries Corp. | 10/06/2022 | Elect Director Onishi, Akira | | | Vote against management's recommendation | Passed | | |
| Toyota Industries Corp. | 10/06/2022 | Elect Director Mizuno, Yojiro | | | Vote against management's and our proxy adviser's recommendation | Passed | | |
| Toyota Industries Corp. | 10/06/2022 | Elect Director Maeda, Masahiko | | | Vote against management's and our proxy adviser's recommendation | Passed | | |
| Meta Platforms, Inc. | 25/05/2022 | Commission Assessment of Audit and Risk Oversight Committee | For | Mondrian's vote against both the recommendation of Meta's board and our proxy advisor was on a proposed audit of Meta's Risk Oversight Committee. The proxy advisor and the board believe the company have sufficient internal audits in place to ensure this Committee is functioning correctly. However, a number of high-profile controversies and public allegations threw some doubt on this view. Allegations made by whistle-blower Frances Haugen were damaging for Meta's share price and brand, especially her concerns that the company would look to retaliate against her. Mondrian believed an external audit of the Risk Oversight Committee would help to assuage fears that the company is not policing itself correctly. | No | Vote against management's and our proxy adviser's recommendation | Not approved | Mondrian continues to monitor Meta's governance practices. |

Motorola Pension Scheme

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Trustee's Report

Van Berkom Small Cap Core

4.18 Van Berkom were unable to provide details on the size of Scheme's holdings of each company, why the vote was significant, the outcome of the vote or any next steps. GSAM, on behalf of the Trustee, requested this information.

| Issuer Name | Vote Date | Proposal Text | If the vote was against management, was the intention communicated to the company ahead of the vote? | Vote Instruction | Vote Commentary/ rationale |
|-----------------------------------|------------|--|--|------------------|--|
| Marriott Vacations Worldwide Corp | 12/05/2022 | Advisory Vote on Executive Compensation | When the manager votes against any proposals on proxies, that outcome is generally communicated to companies in two ways: 1) via a Van Berkom direct outreach to the company, and 2) the vote down and associated comments on the ballot are transcribed and provided to the Secretary of the Company by Glass Lewis, given they vote proxy statements using Viewpoint, their web-based proxy voting software. | For | Van Berkom agree with the proxy advisor's assessment that the one time adjustment for executive compensation is without merit. The pandemic has impacted all stakeholders from shareholders to employees and customers. It is a misalignment of interest for the management to be compensated based on arbitrary adjustments to meet compensation targets. They believe compensation should be aligned with long term shareholder returns. |
| Maximus Inc. | 14/03/2022 | Shareholder Proposal Regarding Racial Equity Audit | Van Berkom generally reach out to management teams or board of directors to discuss disagreements on specific proposals. This call may occur before or after the proxy is voted, depending on the timing of the call. Lastly, in the case of Glass Lewis, this information is shared after the vote is sent. | Against | Van Berkom voted against this shareholder proposal for a racial audit, as the company already has extensive and well-developed diversity and inclusion programs across its locations and the geographies that it operates, with very good results and outcomes, and more progress ahead expected based on the strength and quality of its programs. Therefore, this racial audit proposal is unnecessary, in our opinion. |
| Universal Health Services, Inc. | 17/05/2022 | Shareholder Proposal Regarding Majority Vote for Director Election | | For | With so much value created for shareholders over time, and appropriate governance standards in place, Van Berkom are against this stockholder proposal, as it would not add any value or improve current governance. |

SSGA Passive Global Equity

4.19 SSGA were unable to provide details on the outcome of the vote or any next steps. GSAM, on behalf of the Trustee, requested this information.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary / Rationale | If the vote was against management, was the intention communicated to the company ahead of the vote? | Why is this vote considered significant? | Approx size of the scheme's holding as at the date of the vote | Next steps, including whether the trustee / asset manager / service provider intends to escalate stewardship efforts |
|-------------|------------|--|------------------|--|--|--|--|--|
| Apple Inc. | 04/03/2022 | Advisory Vote to Ratify Named Executive Officers' Compensation | Against | This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company. | SSGA do not publicly communicate their vote in advance. | In compliance with the UK SRD II, SSGA developed a framework that identifies their most significant votes for UK clients as follows: 1. All votes on environmental-related shareholder proposals. 2. All votes on compensation proposals where we voted against the management's recommendation. 3. All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score*). 4. All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies (as measured by their R-Factor CorpGov score**). 5. All against votes on the re-election of board members due to a lack of gender diversity on the board. | 4.7% | Where appropriate we will contact the company to explain our voting rationale and conduct further engagement. |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Trustee's Report

| | | | | | | | | |
|-----------------------|------------|--------------------------|---------|--|---|--|------|---|
| Microsoft Corporation | 13/12/2022 | Report on Climate Change | Against | This proposal does not merit support as the company's disclosure and/or practices related to climate change are reasonable | SSGA do not publicly communicate their vote in advance. | In compliance with the UK SRD II, SSGA developed a framework that identifies their most significant votes for UK clients as follows: 1. All votes on environmental-related shareholder proposals. 2. All votes on compensation proposals where we voted against the management's recommendation. 3. All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score*). 4. All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies (as measured by their R-Factor CorpGov score**). 5. All against votes on the re-election of board members due to a lack of gender diversity on the board. | 3.7% | Where appropriate we will contact the company to explain our voting rationale and conduct further engagement. |
| Amazon.com, Inc. | 25/05/2022 | Facility Safety | Abstain | SSGA is abstaining on the proposal as the company's disclosure and/or practices related to facility safety are broadly in line with market standard but could be enhanced. | SSGA do not publicly communicate their vote in advance. | In compliance with the UK SRD II, SSGA developed a framework that identifies their most significant votes for UK clients as follows: 1. All votes on environmental-related shareholder proposals. 2. All votes on compensation proposals where we voted against the management's recommendation. 3. All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score*). 4. All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies (as measured by their R-Factor CorpGov score**). 5. All against votes on the re-election of board members due to a lack of gender diversity on the board. | 2.0% | Where appropriate we will contact the company to explain our voting rationale and conduct further engagement. |

SSGA Smart Beta

4.20 SSGA were unable to provide details on the outcome of the vote or any next steps. GSAM, on behalf of the Trustee, requested this information.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary / Rationale | If the vote was against management, was the intention communicated to the company ahead of the vote? | Why is this vote considered significant? | Approx size of the scheme's holding as at the date of the vote | Next steps, including whether the trustee / asset manager / service provider intends to escalate stewardship efforts |
|------------------------------|------------|---------------|------------------|---|--|--|--|--|
| Costco Wholesale Corporation | 20/01/2022 | GHG Emissions | Abstain | SSGA is abstaining on the proposal as the company's disclosure and/or practices related to climate change are broadly in line with market standard but could be enhanced. | SSGA do not publicly communicate their vote in advance. | In compliance with the UK SRD II, SSGA developed a framework that identifies their most significant votes for UK clients as follows: In compliance with the UK SRD II, SSGA developed a framework that identifies their most significant votes for UK clients as follows: 1. All votes on environmental-related shareholder proposals. 2. All votes on compensation proposals where we voted against the management's recommendation. 3. All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score*). 4. All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies (as measured by their R-Factor CorpGov score**). 5. All against votes on the re-election of board members due to a lack of gender diversity on the board. | 1.9% | Where appropriate we will contact the company to explain our voting rationale and conduct further engagement. |

Motorola Pension Scheme

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Trustee's Report

| | | | | | | | |
|--------------------------------|------------|--|---------|--|--|------|--|
| Walmart Inc. | 01/06/2022 | Advisory Vote to Ratify Named Executive Officers' Compensation | Against | This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company. | | 1.3% | |
| Archer-Daniels-Midland Company | 05/05/2022 | Product Toxicity and Safety | Against | SSGA is abstaining on the proposal as the company's disclosure and/or practices pertaining to the item are broadly in line with market standard but could be enhanced. | | 1.2% | |

DWS Global Infrastructure

4.21 Note that none of the votes below were against management, and so it is not relevant to disclose whether the voting intention was communicated to the company ahead of the vote.

4.22 DWS were unable to provide details on the size of Scheme's holdings of each company, the rationale for the vote or any next steps. GSAM, on behalf of the Trustee, requested this information.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Why is this vote considered significant? | Outcome of the vote | Next steps, including whether the trustee / asset manager / service provider intends to escalate stewardship efforts |
|---------------------------------|------------|--|------------------|--|---------------------|--|
| Gibson Energy Inc. | 03/05/2022 | Amend Omnibus Stock Plan | For | DWS utilized companies which had high share totals being voted, selected a mixture of For and Against votes, and a diverse votable item sampling | For | Currently DWS Americas does not have a formal engagement policy and is in the process of establishing escalation strategies, reporting structure, operational and monitoring requirements. DWS anticipate engaging in a two-way dialogue with investee companies on strategy, risk, capital structure and relevant corporate governance, environmental and social topics which impact financial performance. |
| NiSource Inc. | 24/05/2022 | Reduce Ownership Threshold for Shareholders to Call Special Meeting | For | | For | |
| COSCO SHIPPING Ports Limited | 26/05/2022 | Authorize Repurchase of Issued Share Capital | For | | For | |
| TOHO GAS Co., Ltd. | 29/06/2022 | Amend Articles to Disclose Shareholder Meeting Materials on Internet | For | | For | |
| China Tower Corporation Limited | 30/12/2022 | Approve Measures on Payroll Management | For | | For | |

Motorola Pension Scheme

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Trustee's Report

PGIM Global Real Estate

4.23 PGIM were unable to provide details on the size of Scheme's holdings of each company. GSAM, on behalf of the Trustee, requested this information.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary/ Rationale | If the vote was against management, was the intention communicated to the company ahead of the vote? | Why is this vote considered significant? | Outcome of the vote | Next steps, including whether the trustee / asset manager / service provider intends to escalate stewardship efforts |
|-------------------------------|------------|--|------------------|---|--|--|--|--|
| Scentre Group | 31/03/2022 | Elect Catherine Brenner | Against | Principal will follow Glass Lewis recommendation to vote against Catherine Brenner nomination because of her track record at the AMP board. From prior experience at AMP, we believe the board is not capable to handle crisis and is not controlling management well. There was another scandal of the board ignoring the new CEO history of sexual harassment in 2020 at AMP, after the royal commission investigation scandal in 2018. The SCG board already have another two AMP related board members. | No | Because of Board accountability and independence. Catherine Brenner was from AMP and the Board already had two AMP related Board members. Through several scandals at Scentre Group, the Board had proven ineffective at controlling management. | 81.87% voted FOR | Continued dialogue with management regarding best governance practices. |
| VGP N.V. | 05/03/2022 | Authority to Repurchase and Reissue Shares as a Takeover Defense | Against | We do not believe takeover defense measures such as this are in the best interests of shareholders. | N/A | Policies are not shareholder friendly | 99.82% voted FOR | |
| VGP N.V. | 05/03/2022 | Change in Control Clause | Against | We do not believe takeover defense measures such as this are in the best interests of shareholders. | N/A | Policies are not shareholder friendly | 98.94% voted FOR | |
| SL Green Realty Corp. | 28/05/2022 | Elect Edwin T. Burton III Elect Lauren B. Dillard Elect John S. Levy | Against | The company has historically failed to align pay with performance. | No | The company has historically failed to align pay with performance so we voted against the Compensation Committee slate | Burton: 82.6% voted FOR Dillard: 97.36% voted FOR Levy: 90.12% voted FOR | |
| Rexford Industrial Realty Inc | 06/10/2022 | Elect Michael S. Frankel Elect Howard Schwimmer Elect Richard Ziman | Against | The board is not sufficiently independent. | No | The Board is not sufficiently independent so we voted against the inside/affiliated members | Frankel: 98.58% FOR Schwimmer: 98.58% FOR Ziman: 90.68% FOR | |

Wellington Systematic Equity

4.24 Wellington were unable to provide details on whether the vote was against management, the size of Scheme's holdings of each company or the outcome of the vote. GSAM, on behalf of the Trustee, requested this information.

| Issuer name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary/ Rationale | Why is this vote considered significant? | Next steps, including whether the trustee / asset manager / service provider intends to escalate stewardship efforts |
|---|------------|--|------------------|--------------------------------|--|--|
| Tencent Holdings Ltd. | 18/05/2022 | Elect LI Dong Sheng | Against | Over boarded director | Vote against management; holdings; resolution type | Potentially enhance company engagement |
| ICICI Bank Ltd. | 30/08/2022 | Approval and adoption of the ICICI Bank - Employees Stock Unit Scheme - 2022 | Against | Excessive discount | Vote against management; holdings; resolution type | |
| NetEase Inc | 16/06/2022 | Elect LEUNG Man Kit | Against | Over boarded director | Vote against management; holdings; resolution type | |
| Bank of Communications Co., Ltd. | 28/06/2022 | Elect LI Xiaohui | Against | Over boarded director | Vote against management; holdings; resolution type | |
| PTT Exploration and Production Public Company Limited | 28/03/2022 | Elect Teerapong Wongsiawilas | Against | Board independence/composition | Vote against management; holdings; resolution type | |

Motorola Pension Scheme

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Trustee's Report

JO Hambro Equity

4.25 JO Hambro were unable to provide details on the size of Scheme's holdings of each company. GSAM, on behalf of the Trustee, requested this information.

| Issuer Name | Vote Date | Vote Instruction | Proposal Text | Vote Commentary/ Rationale | Why is this vote considered significant? | Outcome of the Vote | Next steps, including whether the trustee / asset manager / service provider intends to escalate stewardship efforts |
|-----------------------------|-----------|------------------|--|--|---|---------------------|--|
| Samsung Electronics | Mar-22 | Against | Approve re-election of non executive directors | JO Hambro voted against the re-election of 2 non-executive directors, because of their failure to remove Lee Jae-Yong from the board of the company following his conviction for corruption in 2017. Improving corporate governance is a key part of the investment case for Samsung Electronics. | This vote was significant because it is against management recommendations and supports our investment case for the company. | Approved | We will continue our dialogue with management to seek to achieve our specific aims. |
| Walmart de Mexico | Apr-22 | Against | Approve directors | Voted against six non-independent directors to attempt to increase the independence of the board to protect the interests of minority shareholders | Increasing board independence aligns with our view that increased focus on ESG can lead to a rerating of the company and improve shareholder return and is part of our stewardship duties as investors | Approved | Although the company has a majority shareholder, we will continue to seek to improve the position of minority shareholders |
| ENN Energy Holdings Limited | May-22 | Against | Approve Executive Share Option Plan | The company could be considered a mature company, and the limit under the proposed scheme, together with other share incentive schemes of the company, exceeds 5 percent of the company's issued capital. In addition, performance conditions and meaningful vesting periods were not been disclosed. The directors eligible to receive options under the New Scheme are involved in the administration of the scheme. | The vote is significant as it highlights governance issues which should be addressed. The proposed share option plan lacks sufficient details and controls that could favour unduly reward management at the expense of minority shareholders | Approved | Continue to monitor and control executive compensation |
| Tencent Holdings Limited | May-22 | Against | Approve Stock Option Plan Grants | Tencent Music could be considered a mature company, and the limit under the scheme is 10 percent of its issued capital; The absence of challenging performance criteria and meaningful vesting periods; and the potential for conflict of interests in the administration of the scheme. | The vote is significant as it highlights governance issues which should be addressed. The proposed stock option plan lacks sufficient details and controls that could favour unduly reward management at the expense of minority shareholders | Approved | |
| Mr Price | Aug-22 | Against | Approve management recommendations for board appointments. | Voted against management recommendations for board appointments because the company's remuneration committee was insufficiently independent | Increasing board committee independence and disclosure. Aligns with our view that increased focus on ESG can lead to a rerating of the company and improve shareholder return. | Approved | |

Motorola Pension Scheme

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Trustee's Report

Axiom Investors

4.26 Axiom were unable to provide details on the size of Scheme's holdings of each company. GSAM, on behalf of the Trustee, requested this information.

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary / Rationale | If the vote was against management, was the intention communicated to the company ahead of the vote? | Why is this vote considered significant? | Next steps, including whether the trustee / asset manager / service provider intends to escalate stewardship efforts |
|--|------------|--|------------------|---|--|--|--|
| Anglo American Plc | 19/04/2022 | Approve Climate Change Report | For | A Vote FOR the Climate Change Report is warranted. The plan features several positive aspects, including: * The Company meets expectations in terms of disclosure and governance surrounding climate change. * The Company's long-term goals have a shorter time frame than many peers (2040, as opposed to 2050). Its ambition is for carbon neutrality across operations by 2040. * Although the Scope 3 ambitions do not include a net zero target, it has provided targets to 2040, accompanied by clear descriptions of the challenges it faces and its intended actions to decrease its scope 3 targets. * There has been accelerated progress towards Scope 1 and 2 emissions reduction. | N/A | Axiom considers the selected votes to be significant as we have directly engaged at least once on ESG issues with these companies during the period. This vote was related to the environmental stewardship theme. | The examples provided continue to be stocks that Axiom monitor and engage with on a regular basis. |
| Capitec Bank Holdings Ltd. | 27/05/2022 | Approve Implementation Report of Remuneration Policy | Against | A vote AGAINST this item is warranted: * For LTIP awards granted in 2019 and vesting 2022, the Remuneration Committee has excluded any reference to the 2021 financial performance, thus effectively shortening the performance period to two years. This is considered a significant deviation from investor expectations. | No | | |
| Samvardhana Motherson International Limited | 29/08/2022 | Approve Loans, Investments, Corporate Guarantees in Other Body Corporate | Against | A vote AGAINST this resolution is warranted due to lack of information. | No | | |
| Shenzhen Mindray Bio-Medical Electronics Co., Ltd. | 10/05/2022 | Approve Amendments to Articles of Association | Against | A vote AGAINST is warranted because the proposed articles amendments are not considered to adequately provide for accountability and transparency to shareholders. | No | | |
| Samsung BioLogics Co., Ltd. | 29/03/2022 | Elect Heo Geun-nyeong as Outside Director | Against | Votes AGAINST Dong-jung Kim (Item 4) are warranted. While the court's ruling on the administrative lawsuit filed against the regulator's sanction as well as the indicted charges on embezzlement and destruction of evidence have yet to be heard, the severity of the issue raises serious concern on the director qualification and ability to perform fiduciary duties. Votes AGAINST Geun-nyeong Heo (Item 2.2, 4.1), Jaewan Park (Item 2.3), and Eunice Hyunghee Kim (Item 4.2) are warranted, as their record of inaction to remove problematic directors is indicative of material failure of governance and oversight at the company. The company is involved in moderate to severe ESG controversies. Samsung BioLogics Co., Ltd faces allegations of failing to prevent accounting fraud in South Korea. Source: ISS ESG research dated August 19, 2021. | No | | |
| Samsung BioLogics Co., Ltd. | 29/03/2022 | Elect Park Jaewan as Outside Director | Against | Votes AGAINST Dong-jung Kim (Item 4) are warranted. While the court's ruling on the administrative lawsuit filed against the regulator's sanction as well as the indicted charges on embezzlement and destruction of evidence have yet to be heard, the severity of the issue raises serious concern on the director qualification and ability to perform fiduciary duties. Votes AGAINST Geun-nyeong Heo (Item 2.2, 4.1), Jaewan Park (Item 2.3), and Eunice Hyunghee Kim (Item 4.2) are warranted, as their record of inaction to remove problematic directors is indicative of material failure of governance and oversight at the company. The company is involved in moderate to severe ESG controversies. Samsung BioLogics Co., Ltd faces allegations of failing to prevent accounting fraud in South Korea. Source: ISS ESG research dated August 19, 2021. | No | | |
| Samsung BioLogics Co., Ltd. | 29/03/2022 | Elect Heo Geun-nyeong as a Member of Audit Committee | Against | We recommend to vote AGAINST Geun-nyeong Heo and Eunice Kyunghee Kim (Items 4.1 and 4.2), as their inaction to remove the concerned directors (discussed in the director election section of this report) is indicative of a material failure of governance and oversight at the company. | No | | |
| Samsung BioLogics Co., Ltd. | 29/03/2022 | Elect Kim Eunice Kyunghee as a Member of Audit Committee | Against | We recommend to vote AGAINST Geun-nyeong Heo and Eunice Kyunghee Kim (Items 4.1 and 4.2), as their inaction to remove the concerned directors (discussed in the director election section of this report) is indicative of a material failure of governance and oversight at the company. | No | | |

Motorola Pension Scheme

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Trustee's Report

Baillie Gifford Global Equities

| Issuer Name | Vote Date | Proposal Text | Vote Instruction | Vote Commentary / Rationale | If the vote was against management, was the intention communicated to the company ahead of the vote? | Outcome of the vote | Approx size of the scheme's holding as at the date of the vote | Why is this vote considered significant? | Next steps, including whether the trustee / asset manager / service provider intends to escalate stewardship efforts |
|-----------------------|------------|----------------------------------|------------------|--|--|---------------------|--|--|---|
| TESLA, INC. | 04/08/2022 | Shareholder Resolution - Climate | Against | BG opposed the resolution requesting a report on how the company's corporate lobbying is aligned with the Paris Climate Agreement. Given Tesla's core mission is to accelerate the world's transition to sustainable energy and its entire business strategy is in alignment with the Paris Agreement, BG believe additional disclosures would be a burdensome with no real benefit to shareholders. | No | Fail | 1.70% | This resolution is significant because it was submitted by shareholders and received greater than 20% support. | We did not support this proposal. While we have been supportive of similar proposals put forward at our other US holdings, we don't believe there is the same rationale for supporting at Tesla. We are not aware of any concerns that Tesla are executing their strategy in contravention of the Paris Agreement and continue to trust management. |
| BOOKING HOLDINGS INC. | 09/06/2022 | Remuneration | Against | BG opposed executive compensation due to concerns with adjustments made to the plan and the granting of retention awards. | No | Fail | 1.44% | This resolution is significant because it received greater than 20% opposition. | We engaged with the company in advance of the AGM, specifically discussing executive compensation. We outlined our concerns that the adjustments to executive pay and the special payments do not align with shareholders' experience or provide appropriate incentives for management. Following that engagement we decided to oppose the executive compensation resolution and communicated our decision to the company. We intend to re-engage with the company to learn how it intends to respond to the vote outcome and shareholders' concerns. |
| THE TRADE DESK, INC. | 26/05/2022 | Remuneration | Against | BG opposed the executive compensation due to concerns over the quantum and performance conditions attached to the large off-cycle grant made during the year. | No | Pass | 1.18% | This resolution is significant because it received greater than 20% opposition. | We did not feel that the executive compensations large quantum and poor performance aligned with shareholders interests. |

Principal International Small Cap

The manager has not provided any significant votes. GSAM, on behalf of the Trustee, has requested this information.

Motorola Pension Scheme

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Trustee's Report

Defined Contribution Section

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the year to 31 December 2022, including the Trustee's voting and engagement policies. This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

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

This Implementation Statement should be read in conjunction with the SIP which can be accessed at Scheme SIP and on pages 55 to 65. The disclosures here relate to the Defined Contribution (DC) Section of the Scheme and should be read in conjunction with the Defined Benefit (DB) Implementation Statement. The Implementation Statement covers the Scheme's accounting year to 31 December 2022 and relates to the relevant SIP in force over the period, namely the SIP dated 9 September 2020.

In relation to investment governance, the Trustee Board meets at least four times per year, and considers matters relating to the DC Section at each meeting. The Trustee is supported by an independent DC adviser, who attends Trustee meetings. The Trustee's legal adviser and representatives of the Scheme administrator also provide support and attend meetings of the Trustee Board and / or the Scheme's Administration and Communication Committee when required.

Stewardship Priorities

The Trustee has set their stewardship priorities as follows:

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

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

Review of the SIP

Following a detailed review of the SIP in 2020, the Trustee did not review the SIP during the Scheme year covered by this Statement, as there were no changes to the overall investment principles, investment strategy, or the Trustee's policies in this respect. The date of the last review of the SIP was September 2020. The Trustee expects to review the SIP in 2023 as part of the triennial review of the default investment strategy.

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

The information provided in the following table highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee policies in the SIP. The SIP is included within the Scheme's report and accounts, and sets out the policies referenced below.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Scheme year to 31 December 2022.

Motorola Pension Scheme

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Trustee's Report

Implementation statement - continued

| | Requirement | Relevant Policy in SIP | In the year to 31 December 2022 |
|---|---|---|--|
| 1 | Securing compliance with the legal requirements about choosing investments. | Section 1.2 and 1.3. | There were no new investments chosen by the Trustee during the Scheme year. The Scheme's DC investment adviser attended Trustee meetings during the year and provided updates on the investments and, where required, appropriateness of the funds used. |
| 2 | Kinds of investments to be held and the balance between different kinds of investments. | Section 3.7 – 3.9. | The investments (fund type, management style and asset allocations) used in the default investment option and the wider fund range did not change over the Scheme year. Therefore, the kinds of investment held in the Scheme and the balance between those investments remain consistent with the SIP. The Scheme's default investment arrangement makes use of a multi-asset investment fund. As part of ongoing governance of the DC investments, the Trustee reviewed the asset allocation of this fund on a six-monthly basis, using reports prepared by the Trustee's DC adviser. The kinds of investments held, and the balance between them, was deemed to be in line with the expectations set out in the SIP. The overall Scheme asset allocation was also considered to be consistent with the SIP policies. |
| 3 | Risk and return, including the ways in which risks are to be measured and managed, and the expected return on investments. | Section 3.3 – 3.6. Section 3.14 and 3.24 also reference benchmarks for expected returns. | As detailed in the SIP, the Trustee considers a number of risks when deciding investment policies, strategic asset allocation, the choice of fund managers, funds and asset classes. The Trustee reviewed the measurement of key investment risks on a six-monthly basis during the year as part of enhanced investment monitoring that was first put in place with effect from 31 December 2020. These reports were provided by the Scheme's DC investment adviser, independently of the underlying investment managers. One of the key risks noted in the SIP relates to inflation, and the risk that DC fund returns fail to keep pace with the cost of living. To monitor this risk, the Trustee reviews the performance of the default investment strategy relative to Consumer Price Inflation (CPI) plus a margin. This helps us to test whether the strategy is adequately mitigating inflation risk over the long term. At our Trustee meeting on 29 November 2022, the Trustee received a detailed presentation from the main DC investment manager, L&G, which included performance and risk analysis, and ESG updates. This assisted the Trustee with its assessment of performance risk, investment manager risk, and ESG risks, including climate change. |
| 4 | Realisation of investments. | Section 3.6. | No changes to the liquidity of the funds used by the Scheme were experienced during the year. All DC funds are daily dealt pooled investment vehicles, accessed via insurance contracts. The Trustee receives reports from the administrator each quarter which detail the extent to which core financial transactions have been processed within service level agreements and regulatory timelines. There were no issues experienced with realisation of investments during the period. |
| 5 | Financial and non-financial considerations and how those are taken into account in the selection, retention and realisation of investments. | The Trustee considers the risks stated in the SIP to be 'financially material'. See also sections 3.3 - 3.5. ESG policy is set out in section 3.28 – 3.31. | There were no updates to this policy during the year but the risks identified and how they are measured and managed formed part of the investment monitoring conducted during the year, as noted above. |

Motorola Pension Scheme

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Trustee's Report

Implementation statement - continued

| | Requirement | Relevant Policy in SIP | In the year to 31 December 2022 |
|---|--|-------------------------------|---|
| 6 | Exercise of rights (including voting rights) attaching to investments and undertaking engagement activities. | Section 3.22, 3.28 – 3.31. | <p>The Trustee has delegated voting rights to its investment managers. As the Scheme invests solely in pooled funds, the Trustee requires the investment managers to engage with investee companies on the Trustee's behalf. There has been no change in this policy during the year.</p> <p>However, the Trustee requests and reviews annually voting and engagement activities for the two investment managers to the DC Section. This information is summarised later in this Statement.</p> <p>Voting and engagement activities were also a key part of the agenda when the Trustee met with the investment manager of the default investment strategy at our 29 November 2022 Board meeting. Topics discussed included stewardship themes and priorities, the manager's approach to collaborative engagement with other stakeholders, and the circumstances in which the manager would vote against company management. The Trustee considered that the investment manager's approach was aligned with the policies stated in the SIP.</p> |
| 7 | How the arrangements incentivise the manager to align its investment strategy and decisions with Trustee policies. | Section 3.17. | No changes to policy during the year. |
| 8 | How the arrangement incentivises to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers to improve their performance in the medium to long-term. | Section 3.17 – 3.19. | <p>No changes to policy during the year.</p> <p>The Trustee met with the Scheme's main DC investment manager at the 29 November 2022 Trustee meeting. As part of this meeting, the investment manager explained their decision-making process as regards the funds managed for the Scheme, and the Trustee also received an update on the engagement activity carried out by the manager (further details are provided later in this Statement). The Trustee concluded that the investment manager's approach was consistent with the Scheme's SIP policies in this regard.</p> |
| 9 | How the method & time horizon of evaluation of the asset manager's performance and the remuneration for asset management services are in line with the trustees' policies. | Section 3.17 and 3.23 - 3.26. | <p>The Trustee reviewed both short and longer term investment performance formally on a six monthly basis. These reviews took place at the 14 June 2022 and 6 September 2022 Trustee meetings. There was also a detailed discussion of manager performance with the main DC investment manager at the 29 November 2022 meeting. The extent to which the aims and objectives of the default arrangement were being met was also assessed as part of this discussion, commencing the Trustee's triennial review of the default investment strategy.</p> <p>The Trustee reviews the investment management fees (i.e. remuneration for asset management services) paid by members annually, as part of the preparation of the Chair's Statement and related disclosures regarding value for members. These were deemed to be in line with the SIP policies during the year.</p> |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Trustee's Report

| | | | |
|----|---|----------------------|---|
| 10 | How the Trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range. | Section 3.27. | Transaction costs are monitored annually as part of preparation of the annual Chair's Statement which is published on a public website. The Trustee will continue to monitor transaction costs in this way, but has not set portfolio turnover targets; the Trustee instead assess performance net of the impact of the costs of turnover. |
| 11 | The duration of the arrangement with the asset manager. | Section 3.23 – 3.26. | No changes to policy during the year, and no changes to the duration of the investment manager appointments. |

Non-financial Matters

As stated in the SIP policy (section 3.2), members' views are not currently taken into account in the selection, retention and realisation of investments, but members have a variety of methods by which they can make views known to the Trustee. No feedback was received during the Scheme year from members as regards investment views.

Manager Selection, Review and Monitoring

The Trustee established six-monthly independent investment performance reporting, provided by the DC investment adviser, during the year. These reports include:

- Details of how each fund is delivering against the specific benchmark and target set over both short term and long term periods.
- Investment risk metrics for the default investment strategy, including volatility and "maximum drawdown" statistics.
- The investment experience of members in the default investment strategy, in both the growth phase and the de-risking phase. This is assessed against inflation measures to ensure that the strategy delivers real returns in excess of inflation (this being one of the policies associated with the default strategy, as set out in section 3.8 of the SIP).
- Monitoring of the de-risking phase of the strategy relative to annuity price movements, as the strategy is designed to meet the needs of members who will buy an annuity with a portion of their Scheme DC benefits at retirement.
- Asset allocation, to assist the Trustee in monitoring the balance between different types of investment in order to ensure this remains in line with the SIP.
- The investment research ratings and ESG ratings assigned by the DC investment adviser's research team to each fund. These ratings denote the adviser's research views on the funds, including the prospects for the manager achieving the investment objectives and the extent to which ESG considerations are integrated in the manager's process, portfolio, and in their voting and engagement activities.

ESG, Stewardship (Voting and Engagement) and Climate Change

As noted in the information, the Trustee has set their stewardship priorities as follows:

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

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

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

Motorola Pension Scheme

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Trustee's Report

Implementation Statement - Continued

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

The following work was undertaken during the year to 31 December 2022 relating to the implementation of the Trustee's policies on ESG factors, stewardship and climate change:

- The Trustee will consider the investment manager's policies relating to ESG issues for new fund selections or appointments, and will seek to obtain ongoing reports from the manager on the implementation of these policies. The Trustee also considers ESG ratings published by Mercer, the Scheme's DC investment adviser, when considering any new investments for the DC Section. No new investment managers were appointed during the year.
- L&G produce quarterly reports which include details of engagement activities. M&G (the underlying investment manager in respect of the Prudential fund used by the Scheme) produce an annual stewardship report with this information.
- For example, engagements noted by L&G during the Scheme year, which are aligned with the Trustee's stewardship priorities, included:
 - ◊ L&G joined more than 50 investors representing \$10 trillion in collective assets to set out expectations of companies when it comes to addressing physical climate risks and opportunities. The group wrote to 50 highly exposed companies to ask them to implement climate risk plans, including planning for multiple climate scenarios, integrating adaptation into business decisions, and providing enhanced climate reporting.
 - ◊ 2022 was the first year in which L&G started to place votes targeted at companies with poor board diversity in relation to ethnicity. Initially, L&G expected to vote against seven companies that failed to meet its requirement of one ethnically diverse person on the board, in the UK and US (these are markets in which the Scheme invests via L&G's funds). However, during the main voting season L&G voted against only one company for lack of ethnic representation. This was because two of the companies on the original list changed their board such that they met L&G's expectations, and an engagement approach will be used for others on the list, as they have committed to making improvements.
 - ◊ L&G engaged with a large FTSE100 company where the remuneration committee had proposed granting a one-off award to an executive director. L&G had concerns regarding the use of this type of structure where total pay is already significant and in particular when a single person is rewarded, rather than a whole team, for achieving a goal. L&G engaged with the company multiple times to dissuade the remuneration committee to make such an award, including escalating discussions to the Chair of the Board and putting concerns in writing. L&G were pleased to report that the company took this feedback constructively and decided not to proceed with the additional one-off award.
- Engagements noted by M&G (as manager of the Prudential fund used by the Scheme), which are aligned with the Trustee's stewardship priorities, included:
 - ◊ The investment manager launched a Coal Policy in April 2022. As part of this, the manager will aim to use its influence to drive positive change, to decarbonise the energy system, and to increase energy and resource efficiency. The Coal Policy commits to phasing out exposure to unabated coal by 2030 in OECD countries and the EU, and by 2040 across the rest of the world. Engagements with companies now therefore focus on the transition towards net-zero emissions, and on seeking to phase out coal from the energy system.
 - ◊ In an example of a collaborative engagement, the investment manager was a co-signatory of a letter prepared by NGO ShareAction, which was sent to a number of global banks, asking them to publish short-term climate-related targets covering all relevant financial services ahead of their 2022 AGMs, and to integrate aspects of climate scenario analysis into their climate strategy.

Motorola Pension Scheme

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Trustee's Report

Implementation Statement - Continued

- For companies listed in the UK, Europe, North America and Australia, the investment manager set a minimum expectation for boards to be 33% or more female by their Annual General Meeting (AGM) held in 2022, and to be 40% by the AGM held in calendar 2023. Engagement activity with companies therefore included discussing progress on these goals.
- The Trustee reviews six-monthly investment reporting, which includes the DC investment consultant's research ratings (both general and specific to ESG). The ESG ratings include assessment of the investment manager's voting and engagement capabilities and their integration of ESG factors.
- The two DC investment managers are signatories to the UK Stewardship Code and the UN Principles for Responsible Investment. Note that M&G, who Prudential appoint to carry out day-to-day asset management, may themselves appoint other underlying investment managers and will assess the appointed manager's investment processes periodically, including a review of their relevant policies covering engagement, voting and ESG integration.
- In order to engage with the Scheme's main DC investment manager on ESG matters, the Trustee meets with L&G annually. During the year, this meeting was with the Trustee board on 29 November 2022. At the meeting, L&G discussed their approach to responsible investment, including:
 - ◇ An update on the manager's "net zero" emissions roadmap, including the decarbonisation pathway that has been implemented.
 - ◇ How the manager uses voting rights to exert influence.
 - ◇ Ways in which ESG considerations are integrated in the investment process.
 - ◇ Use of screens to identify investments and companies that may present ESG risks. Notable examples cited included companies in violation of the UN Global Compact, and those where a material component of company revenue derived from coal and oil sands.
 - ◇ Details of engagements carried out with investee companies, and the circumstances under which L&G will escalate any concerns.
 - ◇ L&G also shared statistics in relation to the number of engagements carried out, and the highlights of voting activity.

Motorola Pension Scheme

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Trustee's Report

Implementation statement - continued

Voting Activity

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

Manager 1 (L&G)

The voting policy of the manager was discussed with the Trustee at the 29 November 2022 Trustee meeting and the Trustee deems the manager's approach to be consistent with its investment beliefs.

The Trustee has been provided with the voting disclosures relating to the funds made available to members that invest in equities (which have voting rights attached), covering the year to 31 December 2022. These are summarised in the following table.

| | L&G World Equity Index | L&G Diversified |
|--|-----------------------------------|----------------------------|
| Value of Scheme assets in fund | £3,086,528 | £5,561,118 |
| No. of underlying equity holdings | 2,612 | 6,496 |
| No. of meetings eligible to vote | 3,113 | 9,567 |
| No. of resolutions eligible to vote | 38,295 | 98,795 |
| % of resolutions voted | 99.8% | 99.8% |
| % of resolutions voted with management | 78.9% | 77.4% |
| % of resolutions voted against management | 20.4% | 21.9% |
| % of resolutions abstained | 0.7% | 0.7% |
| % of resolutions voted against recommendation of the proxy adviser | 14.4% | 12.5% |

Motorola Pension Scheme

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Trustee's Report

Implementation statement - continued

The following tables provides an example of voting issue that arose within each one of the Scheme's funds with L&G (those that hold equities with voting rights), that is considered significant by the Trustee, as it relates to the Trustee's stewardship priorities as described earlier.

| | | | | | |
|--|---|------------------------|---------|----------------|--------|
| Fund | L&G World Equity Index | | | | |
| Company | Total Energies SE | | | | |
| Item | Resolution to approve the company's Sustainability and Climate Transition Plan | | | | |
| Criteria for assessing as significant | Relates to climate change, which is one of the Trustee's stewardship priorities. | | | | |
| Rationale | <p>L&G recognise the progress this company has made with respect to its net zero emissions commitment, specifically around investments in low carbon solutions and by strengthening its public disclosures.</p> <p>However, L&G were still concerned about the company's planned upstream production growth in the short term, and the absence of further details in the published Sustainability and Climate Transition Plan on how such plans are consistent with a 1.5°C global warming trajectory</p> <p>Therefore, L&G voted against the approval of the Sustainability and Climate Transition Plan.</p> | | | | |
| Date of Vote | 25 May 2022 | Voting Decision | Against | Outcome | Passed |

| | | | | | |
|--|--|------------------------|---------|----------------|--------|
| Fund | L&G Diversified | | | | |
| Company | Amazon | | | | |
| Item | Resolution to elect a named Director | | | | |
| Criteria for assessing as significant | Relates to both human capital management and to governance & compliance, which are two of the Trustee's stewardship priorities. | | | | |
| Rationale | <p>L&G voted against the election of a particular Director, as the individual had been a long-standing member of Amazon' Leadership Development & Compensation Committee which L&G consider has been accountable for human capital management failings.</p> <p>A number of investors had noted that despite repeated requests, the Leadership Development & Compensation Committee had not met with institutional investors to discuss improvements to its human capital management oversight and disclosure, and had not adequately overseen health and safety, with adverse consequences for Amazon and its employees.</p> | | | | |
| Date of Vote | 25 May 2022 | Voting Decision | Against | Outcome | Passed |

Manager 2 (Prudential)

The voting and engagement policy of the manager has been made available to the Trustee, including information that applies specifically to the Scheme's investments with Prudential (which are held in a With Profits Fund). Prudential have not provided fund-specific information on voting but has shared its overall policies and processes, which are available at Prudential Voting and Engagement. The underlying investment manager appointed by Prudential, M&G, has also provided voting records across its business. However, this is not available at the individual fund level. The Trustee will continue to work with its advisers and Prudential to seek to obtain voting and engagement disclosures, although we have been encouraged to see more public disclosures on policies, as well as annual stewardship reporting from Prudential.

Motorola Pension Scheme

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Trustee's Report

Review of investment performance

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

Defined Benefit Section

| | 1 year ended 31/12/2022 | 3 years ended 31/12/2022 | 5 years ended 31/12/2022 |
|--------------|----------------------------|-----------------------------|-----------------------------|
| | % | % p.a. | % p.a. |
| Scheme Total | (34.2) | (8.0) | (3.0) |
| Benchmark* | N/A | N/A | N/A |

*Northern Trust do not report on total scheme benchmark returns due to the nature of the investments held.

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

Return Generating Investments are assessed with reference to:

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

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

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

Motorola Pension Scheme

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Trustee's Report

Over 2022, the macro backdrop was challenging as growth was weaker than expected, inflation was significantly higher than expected, and monetary policy was tightened in most major economies to tame inflation.

Consumer price inflation surprised almost everyone and proved to be the main driver of monetary policy and financial markets. Inflation rose across the world as food, energy, and goods prices grew across the globe. In addition, the availability of goods due to pandemic induced supply chain bottlenecks improved at a slower pace than expected, adding further to inflation surprises. The failure of policy makers and market participants to anticipate inflation correctly led to significant market volatility.

In Q1 2022, Russia invaded Ukraine leading to chaotic geopolitical background, especially in Europe. Given that both Russia and Ukraine are major commodity producers, commodity prices rallied as fear of supply disruption increased. As a result, global inflation accelerated and global growth decelerated, as both developed and emerging economies slowed noticeably. Some slowdown was expected as very high growth in 2021 was largely driven by massive monetary and fiscal stimulus combined with pent up demand as economies reopened post Covid. Nonetheless, the actual growth turned out to be weaker than expected at the start of 2022.

The European Central Bank (ECB) hiked rates by 200bps in H2 2022 to combat inflation and is expected to hike further. While the energy crisis was not as long lasting and deep as people initially feared, elevated energy prices and tighter monetary policy are expected to continue to weigh on European growth in 2023.

In September 2022, the UK government briefly added further to uncertainty through its proposed mini – budget, which was later reversed. It led to significant volatility in the UK assets, which forced the Bank of England to announce its plan to resume bond purchases to restore financial market stability on 28 September 2022. Given this chaos, the UK government announced on 3rd Oct 2023 that it will reverse its plans to scrap the top 45% rate of income tax paid by higher earners, which was one of the most controversial proposal within the mini budget. Ultimately, this led to the resignation of Liz Truss as the UK Prime Minister after 45 days in office, becoming the shortest serving PM in UK history.

China and Japan were two exceptions where monetary policy was steady and loose. In China, monetary policy was kept loose as growth was weak due to intermittent Covid-19 flare ups and a crisis in the real estate sector. Similarly, in Japan, the Bank of Japan continued to remain dovish and maintained its yield curve control program for most of the year as inflation accelerated to reach 3.8% in November.

Over 2022, both equities and bonds sold off simultaneously as higher inflation led to tighter monetary policy, which weighed on equity valuations and bond prices. As a result, 2022 turned out to be a very challenging year for conventional portfolios which largely rely on allocation to equities and bonds.

Global developed market equities (MSCI World LCL) and emerging market equities (MSCI EM LCL) were down 15% and 20% respectively. High yield credit (Bloomberg Global High Yield Index) and investment grade credit (Bloomberg Global Credit Index) were down 13% and 14% respectively. Global government bonds (FTSE WGBI i.e. World Government Bond Index) were down 12%. However, commodities (GSCI Total Return) and the US dollar (GS USD TWI) proved to be good hiding places as they were up 26% and 6% respectively.

Within developed market equities, Japanese equities (TOPIX) outperformed whereas US equities (SPX) underperformed. TOPIX was down a mere 4% benefitting from dovish BoJ and weaker JPY. On the other hand, Euro Area equities (SX5E) and US equities (SPX) were down 10% and 18% respectively.

In bonds, US 10Y and German 10Y yields were up 230bps and 270bps respectively driven by higher inflation leading to tighter monetary policy. The move higher in US 10Y yield was entirely driven by higher real yield, which went up by 264bps whereas breakeven inflation came down by 34bps.

In commodities, WTI and Brent spot prices were up 7% and 10% respectively. Metals had a relatively weak spot price performance as copper was down 15% on concerns around China, Covid-19 and property markets. Silver was up 3% and gold was flat.

In currencies, the USD proved to be the king again. Despite giving back some of its gain towards the end of the year, the USD (GS USD TWI) was still up 6% in 2022 though was up 12% at its peak in October.

In summary, 2022 proved to be a challenging year for financial markets as inflation surprised significantly to the upside leading to global synchronized monetary tightening, which weighed on asset prices. Both macroeconomic and geopolitical uncertainty remained high throughout the year given rapid hawkish shift in policy stance from the major central banks, Russia Ukraine war, Covid-19 flare ups in China, lingering concerns around the Chinese property markets, proposal and reversal of the UK mini budget, and Bank of Japan widening its yield curve control band. Going forward, market watchers expect inflation to moderate but risks of a recession remain high, especially if inflation moderates slower than expected, leading to even tighter monetary policy. However, on the upside, starting valuation level for asset prices are relatively cheaper compared to the start of 2022. Lastly, the key macro themes for next year are expected to be how quickly inflation falls, how quickly the labour market weakens, and how quickly the Chinese economy reopens.

Motorola Pension Scheme

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Trustee's Report

Defined Contribution ('DC') Section

Introduction

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

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

Responsible Investment and Corporate Governance

The Trustee's policy on responsible investment and corporate governance is detailed in the Statement of Investment Principles, a copy of which is included in the financial statements on pages 55 to 65.

Investment Performance

Investment returns along with the associated benchmark returns over periods to 31 December 2022 are shown in the following table.

| Fund Name | 1 Year | | 3 Years | | 5 Years | |
|--|----------|------------|---------------|-----------------|---------------|-----------------|
| | Fund (%) | B'Mark (%) | Fund (% p.a.) | B'Mark (% p.a.) | Fund (% p.a.) | B'Mark (% p.a.) |
| L&G Diversified | -9.3 | -12.0 | 1.4 | 6.9 | 2.9 | 7.5 |
| L&G World Equity Index | -7.4 | -7.2 | 8.3 | 8.5 | 8.5 | 8.7 |
| L&G All Stocks Gilt Index | -23.9 | -23.8 | -8.0 | -7.9 | -3.5 | -3.4 |
| L&G All Stocks Index-Linked Gilt Index | -33.7 | -33.6 | -8.5 | -8.4 | -4.1 | -4.0 |
| L&G Sterling Liquidity | 1.3 | 1.4 | 0.5 | 0.5 | 0.5 | 0.5 |
| Prudential With Profits | 1.0 | n/a | 1.1 | n/a | 1.1 | n/a |

Source: L&G and Prudential. All returns shown net of fees. Note that the L&G funds have only been used by the Scheme since September 2019. As such, for the 5-year period, performance is based on the underlying pooled funds.

The principal economic and market factors over the year to 31 December 2022 that affected performance were as follows:
Overall economic backdrop

- 2022 started on a positive note. The continued easing of COVID-related restrictions in developed countries supported economic demand. Although inflation came in at elevated levels, a combination of improving supply chains and moderate monetary tightening was expected to bring it under control.

- However, the conflict in Ukraine and subsequent spike in commodity markets completely changed this narrative. Growth expectations were dialled down, and the recovery in supply chains was nipped in the bud due to the conflict, sanctions on Russia and to a lesser degree China locking down large swathes of its economy again.

- During the second half of the year, inflation and central bank policy remained as key themes. Inflation readings in most major regions remained high and rising. Central banks therefore continued to tighten monetary policy, resulting in elevated market volatility, with markets pricing in a higher risk of recession. Political change in the UK, including the announcement of an unfunded fiscal budget, contributed to a crisis in UK Government bond (gilt) markets, including extreme falls in the price of gilts.

- Towards the end of the year, an apparent peaking of inflation and resilient economic growth drove positive equity returns during October and November, but more negative messaging from central banks in December led to a premature end of the "Santa rally".

Motorola Pension Scheme

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Trustee's Report

Investment market returns ¹

•Against this backdrop, sterling returns for developed market equities were negative (-7.2% for the MSCI World Index), and emerging market equities also posted negative returns. The Scheme's L&G World Equity Index Fund therefore produced negative returns over the year, driven by the performance of equities around the world. The performance of the L&G Diversified Fund was also affected by negative returns from most major asset classes.

•UK Government Bonds as measured by the FTSE Gilts All Stocks Index, returned -23.8%, while long dated issues as measured by the corresponding Over 15 Year Index had a return of -40.1% over the year. This was driven by the sharp rise in UK Government borrowing costs triggered by the "mini budget" announced by then-Chancellor Kwasi Kwarteng in September. Inflation-linked gilts saw similar market conditions, with the FTSE All Stocks Index-Linked Gilts Index returning -33.6% and the corresponding over 15 Year Index exhibiting a return of -46.9%. The combination of falling inflation expectations and increasing nominal yields led to a sharp rise in real yields and underperformance of index-linked gilts relative to nominal gilts given the much longer duration for the former.

•These market conditions were the drivers of the returns on the Scheme's L&G All Stocks Gilt Index Fund and the L&G All Stocks Index-Linked Gilt Index, both of which are index-tracking funds that aim to track the return of the underlying benchmark index. It should be noted that these investments are used within the Scheme to provide members with fund choices that will move in a similar way to annuity price movements. As annuities became "cheaper" over the period, these funds have broadly met their objectives in this regard.

•In respect of the L&G Sterling Liquidity Fund, the continued relatively low level of base interest rates led to returns from this Fund being modestly positive.

¹Statistics sourced from Thomson Reuters Datastream unless otherwise specified.

Management Charges

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

Employer Related Investments

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

There were no direct employer-related investments held in the DB Section within the meaning of Section 40[2] of the Pensions Act 1995, however the Trustee recognises that indirect investments in the Principal Employer is possible through investing in pooled investment vehicles. Based on information provided by the investment managers any indirect exposure to shares in the Principal Employer did not exceed 5% (2021: 5%) of the Scheme's assets at the year end.

Custodial arrangements

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

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

Motorola Pension Scheme

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Trustee's Report

GMP Equalisation

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

Detailed calculations to assess the impact have not yet been carried out by the Scheme Actuary, therefore the cost of backdating pension benefits and related interest has not been recognised in these financial statements. These will be recognised once the Trustee is able to reach a reliable estimate. The Trustee currently includes a funding reserve of 1% of Scheme liabilities in the technical provisions for funding purposes – this reserve will be refined once more detailed analysis has been carried out.

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

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

Market Conditions

Since March 2020, Covid-19 has had a profound effect on domestic and global economies, with disruption and volatility in the financial markets. In February 2022 the crisis in Ukraine was swiftly followed by the imposition of sanctions on Russia impacting the value of many Russian denominated assets. Notwithstanding the humanitarian impact of the invasion, the direct impact on the Scheme's assets has been limited.

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

As a result of the diverse investments in the DB Section, exposure to Russian and Ukrainian assets has been maintained at a relatively low level and so the primary impact of the crisis thus far on the assets was through the broader global market movements.

The funds available through the DC Section of the Scheme invest in diverse portfolios of securities, which limit the impact of any single event. As a result, only a very small proportion of Scheme assets have any direct exposure to Russia or Russian companies and therefore there has been no significant direct impact. The Scheme's DC investment managers will also comply in full with trade sanctions.

The majority of the DC funds are managed on a passive (index tracking) basis, where the aim is to track the performance of a particular market or index. Many benchmark index providers have taken active steps to remove certain holdings from the market indices and / or write down the value of the holdings to zero. For the Scheme's actively managed funds, the individual fund managers decide which assets each fund invests in and the manager will seek to make decisions based on their assessment of the risks and opportunities in the market. Again, direct exposure to Russia is minimal.

The extent of the impact on the Scheme's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Trustee's Report

The Pensions Regulator

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

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW
Telephone: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

Pensions tracing

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

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU
Telephone: 0800 731 0193

Pensions Ombudsman

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

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

The Pension Protection Fund

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

Approval

The Trustee's Report was approved on behalf of Motorola Solutions Pension Trustees Limited and signed on its behalf by:

David England
..... Trustee Director

Tetyana Vasylevska
..... Trustee Director

01-Sep-2023 | 16:34 BST

Date:

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Annual Statement regarding Governance of the Defined Contribution Section

1. INTRODUCTION

- 1.1 I am pleased to present this statement describing how the Trustee has governed the Defined Contribution (DC) Section of the Scheme during the year, covering the period from 1 January 2022 to 31 December 2022. In doing so, we provide the various statutory disclosures required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.
- 1.2 The statement covers four principal areas:
1. Investment, with particular focus on the Scheme's default investment arrangements.
 2. Internal controls, including the processing of core financial transactions.
 3. Value, and details of the charges and transaction costs deducted from member's funds.
 4. The knowledge and resources available to the Trustee, including how the Trustee maintained the statutory levels of knowledge and understanding to govern the Scheme, and how this helps the Trustee ensure that the Scheme is governed effectively.
- 1.3 References to "the Scheme" throughout this document relate to the DC section of the Motorola Pension Scheme, unless otherwise stated.

2. INVESTMENT ARRANGEMENTS

Statement of Investment Principles

- 2.1 A statement of investment principles (SIP) prepared in accordance with Section 35 of the Pensions Act 1995, regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 and subsequent legislation is in place and is appended to this document. The SIP covers our aims and objectives in relation to the default investment arrangement as well as our policies in relation to matters such as risk, diversification and how environmental, social and governance (ESG) issues, including climate change, are considered within the Scheme. The SIP details how we seek to provide a range of investment options, including the default investment arrangement, with the needs of our members in mind.
- 2.2 There were no changes to the SIP during the year, as no changes were made to the Scheme's overall investment policies or the investment strategy for the DC Section.

Default Investment Arrangement and Review Process

- 2.3 Although the Scheme is now closed to future contributions, investments have historically been placed into a default investment option. There were no changes to the default investment option during the period, and the SIP includes detailed information on the default arrangement.
- 2.4 In summary, the default investment option is a 'lifestyle' arrangement designed to be broadly appropriate for members who intend to take 25% of their funds as cash at retirement and to purchase an annuity with the balance of their DC fund.
- 2.5 The default investment option's growth phase investment is a multi-asset fund. This fund is diversified across traditional and alternative asset classes, including equities, bonds, property, and infrastructure. These investments are expected to provide long term growth with some protection against inflation erosion, with lower volatility than a pure equity portfolio. As members' invested funds grow, investment risk will have a greater impact on retirement outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce risk as the member approaches retirement is appropriate. This is achieved via automated lifestyle switches over the eight-year period prior to a member's retirement date. Investments are switched to a mix of cash (for capital preservation purposes) and UK bonds (to provide a broadly appropriate match to short-term annuity price movements).

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Annual Statement regarding Governance of the Defined Contribution Section

- 2.6 The last strategic review of the default investment option was completed in 2019. As a result of the review, changes were implemented during the second half of 2019, to adopt the strategy outlined above.
- 2.7 In 2022, the Trustee commenced its review of the current default investment option by meeting with the investment manager of the strategy at the Trustee Board meeting held on 29 November 2022. At this meeting the Trustee, with the assistance of its DC adviser, considered:
- The performance of the funds used within the default investment option, both in absolute terms and also relative to suitable benchmarks and targets.
 - Risk levels within the growth phase fund, assessed by considering volatility levels over time.
 - Asset allocation, including the investment manager's views on new potential investments for the portfolio.
 - Environmental, social, and governance (ESG) factors, and how these have been integrated within the strategy. In particular, the investment manager presented their decarbonisation pathway, describing how risks in relation to climate change were being addressed.
- 2.8 Following this review of the investment manager, no changes to the default investment option were deemed necessary at the current time. However, the Trustee's review of the default investment option will continue into 2023, with the next phase being to examine the profile of the Scheme's membership in order to test whether the strategy remains appropriate. We look forward to sharing the outcome of this review with members once complete.

Other Investment Governance activity

- 2.9 During the Scheme year the Trustee continued with its regular programme of investment monitoring. This includes independent monitoring of the DC investment arrangements, provided by the Trustee's specialist DC adviser. Over the year to 31 December 2022, these performance and risk-based reviews were considered by the Trustee on a six-monthly basis. The reports provide detailed analysis of the performance of the Scheme's investments against benchmarks and target performance levels, as well as risk measures (for example, the volatility of returns). The Trustee discusses these reports at its Board meetings.

Net Investment Returns

- 2.10 From 1 October 2021, trustees of relevant pension schemes are required to calculate and state the return on investments, for all funds available to members, net of transaction costs and charges. This information is recorded in this statement and published on a publicly accessible website.
- 2.11 Investment returns after charges and costs for the funds available to members during the year are provided in the following table. For the default strategy, the analysis assumes a retirement age of 65 and its performance has been calculated based on a fixed weighted average of underlying fund performance in the lifestyle strategy that is in place, with the weightings as at the ages shown.
- 2.12 Note that returns over periods longer than 5 years are not available because the Scheme's funds were only launched by the investment manager or added to the Scheme more recently.
- 2.13 As context, 2022 was a volatile year for investment markets. Global equities produced a return over the year of -7.8%, whilst UK Government bonds returned -40.1%. Very few investment markets and regions were spared from concerns around inflation, geopolitical tensions such as the conflict in Ukraine, and the ongoing economic impact of the pandemic.

| Default investment option – lifestyle strategy returns (net of fees) % p.a. | | |
|---|--------|--------|
| Age of Member | 1 Year | 5 Year |
| Up to age 57 | -9.3 | 2.9 |
| Age 60 | -19.1 | 0.1 |
| Age 65 | -33.4 | -3.0 |
| Self-select fund returns (net of fees) % p.a. | | |
| Fund | 1 Year | 5 Year |
| L&G Diversified | -9.3 | 2.9 |
| L&G All Stocks Index-Linked Gilt Index | -33.7 | -4.1 |
| L&G Sterling Liquidity | 1.3 | 0.5 |
| L&G World Equity Index | -7.4 | 8.5 |
| L&G All Stocks Gilt Index | -23.9 | -3.5 |
| Prudential With Profits | 1.0 | 1.1 |

Data sourced from Legal & General Investment Management (L&G) and Prudential Assurance Company Limited (Prudential). Returns shown net of member-borne charges and costs.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Annual Statement regarding Governance of the Defined Contribution Section

3. INTERNAL CONTROLS AND CORE FINANCIAL TRANSACTIONS

Introduction

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

Administration Standards

- 3.3 The Trustee has appointed a professional third party administrator in the case of funds managed by L&G, and by selecting a "bundled" arrangement in the case of the legacy funds managed by Prudential. Under the latter policy, Prudential outsource administration to a professional third party administrator.
- 3.4 Service Level Agreements (SLAs) are in place with the Scheme administrator, which are monitored by the Trustee at each quarterly meeting. These SLAs cover both accuracy and timeliness of core financial transaction processing. Over the year to 31 December 2022, the average percentage level of SLAs achieved for DC Section of the Scheme stood at 98%. For the legacy Prudential policies, where administration is bundled, the Trustee considers standards on an ad-hoc basis, including through reports from its advisers where requested.
- 3.5 The Trustee has established an Administration and Communication Committee, which has a particular focus on administration issues. This Committee meets on a quarterly basis and will also consider relevant administration matters outside of meetings, as required.
- 3.6 The third party administrator provides an AAF internal controls audit report each year which the Trustee receives a copy of for review.
- 3.7 The Trustee appoints a professional firm to undertake an annual audit of the Scheme's accounts.

Broader Controls

- 3.8 The Trustee maintains and monitors a risk register which includes risks in relation to core financial transactions, along with details of the controls / mitigations in place. The risk register is monitored and reviewed on at least an annual basis.
- 3.9 The Trustee has sought to ensure that detailed disaster recovery plans are in place with the administrator, other relevant third parties, and within the sponsoring employer.
- 3.10 All third-party providers are required to share their cyber risk policies and practices with the Trustee. These policies are reviewed, and the parties are questioned on any areas requiring clarity. The risk register has a dedicated section covering cyber security, with mitigation strategies documented.
- 3.11 During the year, the Covid-19 pandemic continued to require the Trustee and its providers to work flexibly, including making use of their previously prepared business continuity measures at times when access to workplaces was restricted, or when individuals were only able to work remotely. The Trustee is pleased to confirm that all of the Scheme's operations have been maintained successfully. The Trustee Board and its Committees completed their 2022 meeting schedules via a mixture of in-person and video conference meetings. Important administration functions such as preparing benefit quotations, issuing benefit payments, and updating member records continue to be processed promptly by the administrator.

Conclusion

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

4. CHARGES AND TRANSACTION COSTS

- 4.1 The charges applicable to the funds available to members are detailed in this section.
- 4.2 The Scheme is not used for auto-enrolment purposes and as such the charge cap is not a legislative requirement, although we note that the charges associated with the funds used in the default investment strategy are all comfortably below the DC charge cap level of 0.75% p.a.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Annual Statement regarding Governance of the Defined Contribution Section

4.3 Charges and Transaction Costs as at 31 December 2022

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

| Fund | *Total Expense Ratio % p.a. | **Transaction Costs % p.a. |
|---|-----------------------------|----------------------------|
| L&G Diversified | 0.32 | 0.03 |
| L&G All Stocks Index-Linked Gilt Index) | 0.10 | 0.18 |
| L&G Sterling Liquidity | 0.13 | 0.06 |
| L&G World Equity Index | 0.20 | 0.07 |
| L&G All Stocks Gilt Index | 0.10 | 0.18 |
| Prudential With Profits | 1.41 | 0.10 |

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

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

4.4 The Trustee has assessed the extent to which the charges and transaction costs set out above represent good value for members. I am pleased to confirm that the Trustee concluded in its meeting on 21 March 2023, following receipt of a report from its DC adviser, that the Scheme offers good value for its members.

4.5 To arrive at this conclusion, the Trustee considers the following factors:

- Costs borne by members.
- Net of cost performance.
- Administration performance.
- Scheme governance arrangements.
- Investment manager ratings, including an assessment of the managers' environmental, social and corporate governance policies.

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

Impact of Costs and Charges

4.7 Using the charges and transaction cost data provided by the investment managers and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. Statutory guidance provided has been considered when providing these examples.

4.8 To represent the range of funds available to members we are required to show the effect on a member's savings of investment in the following:

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

4.9 Using the charges and transaction cost data provided by the investment managers and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance provided has been considered when providing these examples.

4.10 The illustrations have taken into account the typical Scheme savings pot size, the fact that the Scheme is closed, and hence no new contributions are being paid, as well as allowing for real terms investment returns gross of costs and charges, adjusted for the effect of costs and charges.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Annual Statement regarding Governance of the Defined Contribution Section

4.11 An important point to note is that in some cases, the assumed inflation rate is higher than the assumed investment return rate. This means that fund values can decline when presented in "today's terms" (allowing for inflation). In essence, if the growth rate used is lower than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.

| Year End | Fund with most members invested: Default Lifestyle | | Fund with highest charges: L&G Diversified | | Fund with lowest charges: L&G Sterling Liquidity | |
|----------|--|--------------------------------|--|--------------------------------|--|--------------------------------|
| | Pot Size with no Charges Incurred | Pot Size with Charges Incurred | Pot Size with no Charges Incurred | Pot Size with Charges Incurred | Pot Size with no Charges Incurred | Pot Size with Charges Incurred |
| 1 | £11,191 | £11,155 | £11,191 | £11,155 | £10,904 | £10,889 |
| 2 | £11,375 | £11,266 | £11,375 | £11,266 | £10,522 | £10,480 |
| 3 | £11,562 | £11,379 | £11,562 | £11,379 | £10,153 | £10,086 |
| 5 | £12,043 | £11,665 | £12,043 | £11,665 | £9,287 | £9,165 |
| 10 | £12,544 | £11,958 | £12,544 | £11,958 | £8,495 | £8,327 |
| 15 | £12,660 | £11,897 | £13,065 | £12,258 | £7,771 | £7,567 |
| 20 | £12,057 | £11,239 | £13,498 | £12,504 | £7,236 | £7,008 |
| 25 | £14,654 | £13,535 | £7,278 | £7,052 | £7,103 | £6,875 |

- i. Projected pension pot values are shown in today's terms.
- ii. To make this analysis representative of the membership, the Trustee has based this on the approximate age of the youngest members (aged 41), for consistency (and to assist members with comparing the projections) using the average DC pot value at this age of £11,100 which was used in respect of the statement to 31 December 2021. The Scheme is closed and as such no contributions are being paid in.
- iii. Inflation is assumed to be 2.5% per annum.
- iv. Values shown are estimates at end of each year and are not guaranteed.

5. TRUSTEE KNOWLEDGE AND UNDERSTANDING

- 5.1 The requirement under the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Scheme year by the Trustee as a body in dealing with the whole Scheme (including the Defined Benefit and DC Sections). The Trustee has put in place arrangements for ensuring its Directors take responsibility for keeping up to date with relevant developments and consider their training requirements. Training logs are maintained for each Director and training for the full board is provided during quarterly meetings, on a bespoke basis, tailored to issues that arise on the Trustee's business plan.
- 5.2 The Trustee receives advice from professional advisers and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers. Mercer is appointed as the Scheme's consultant and CMS Cameron McKenna Nabarro Olswang LLP as the legal advisers. The Trustee's professional advisers support the Trustee in governing the Scheme in line with the Trust Deed and Rules. If there are any ambiguities over the Scheme Rules, legal advice is sought.
- 5.3 The Trustee considers topical updates from its DC adviser and other relevant advisers at each Trustee meeting. During the period covered by this Statement, topics considered included:
 - Training on climate change risks and opportunities, including new climate change reporting requirements for UK pension schemes.
 - Updates on the draft consolidated Code of Practice, published by the Pensions Regulator.
 - Cyber security. In particular, in order to help the Trustee Board to assess and mitigate cyber risk, the Trustee Directors arranged for its third party advisers and service providers to complete a cyber risk questionnaire. The results of this exercise have been reviewed by the Board.
 - Current issues within the pensions industry at each meeting.
- 5.4 The Trustee is conversant with, and have a working knowledge of, the current SIP. The Trustee undertakes regular training on investment matters and reviews the investments held by the Scheme at each meeting. The Trustee considers that as a board it has sufficient knowledge of investment matters to be able to challenge our advisors.
- 5.5 The majority of Trustee Directors in office in 2022 have completed the Pension Regulator's Trustee Toolkit and new Trustee Directors are required to complete this within six months of taking up office.
- 5.6 Taking account of actions taken individually and as a trustee body, and the professional advice available to them, the Trustee Directors consider they are enabled properly to exercise their function as a Trustee.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Annual Statement regarding Governance of the Defined Contribution Section

6. STATEMENT OF DC GOVERNANCE

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

Signed for and on behalf of Motorola Solutions Pension Trustees Ltd
01-Sep-2023 | 16:34 BST

David England

.....
Chair

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Statement of Trustee's Responsibilities

The Trustee's responsibilities in respect of the financial statements

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

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

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

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

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

The Trustee's responsibilities in respect of contributions

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

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

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

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Independent Auditors' Report to the Trustee

Independent Auditors' Report to the Trustee of Motorola Pension Scheme

Report on the audit of the financial statements

Opinion

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

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 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 (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report, which comprise: the Statement of Net Assets available for benefits as at 31 December 2022; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Independent Auditors' Report to the Trustee

Reporting on other information

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Independent Auditors' Report to the Trustee

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

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

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

Use of this report

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

Date..... *4/9/23*

Motorola Pension Scheme**Annual Report for the year ended 31 December 2022****Financial Statements****Fund Account**

| | Note | Defined Benefit Section £000 | Defined Contribution Section £000 | 2022 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2021 Total £000 |
|---|------|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Other income | 4 | - | - | - | 1 | - | 1 |
| Benefits paid or payable | 5 | (25,456) | (104) | (25,560) | (23,187) | - | (23,187) |
| Transfers to other plans | 6 | (7,016) | (533) | (7,549) | (7,663) | (289) | (7,952) |
| Administrative expenses | 7 | (1,898) | - | (1,898) | (2,356) | - | (2,356) |
| | | <u>(34,370)</u> | <u>(637)</u> | <u>(35,007)</u> | <u>(33,206)</u> | <u>(289)</u> | <u>(33,495)</u> |
| Net withdrawals from dealings with members | | <u>(34,370)</u> | <u>(637)</u> | <u>(35,007)</u> | <u>(33,205)</u> | <u>(289)</u> | <u>(33,494)</u> |
| Returns on investments | | | | | | | |
| Investment income | 8 | 15,212 | - | 15,212 | 13,486 | - | 13,486 |
| Change in market value of investments | 9 | (469,983) | (1,067) | (471,050) | 32,679 | 2,191 | 34,870 |
| Investment management expenses | 10 | (2,343) | - | (2,343) | (2,522) | - | (2,522) |
| Net returns on investments | | <u>(457,114)</u> | <u>(1,067)</u> | <u>(458,181)</u> | <u>43,643</u> | <u>2,191</u> | <u>45,834</u> |
| Net (decrease)/ increase in the fund during the year | | <u>(491,484)</u> | <u>(1,704)</u> | <u>(493,188)</u> | <u>10,438</u> | <u>1,902</u> | <u>12,340</u> |
| Transfers between sections | 12 | 1,215 | (1,215) | - | 593 | (593) | - |
| Net assets at 1 January | | <u>1,353,545</u> | <u>25,825</u> | <u>1,379,370</u> | <u>1,342,514</u> | <u>24,516</u> | <u>1,367,030</u> |
| Net assets at 31 December | | <u>863,276</u> | <u>22,906</u> | <u>886,182</u> | <u>1,353,545</u> | <u>25,825</u> | <u>1,379,370</u> |

The notes on pages 47 to 64 form part of these financial statements.

Motorola Pension Scheme**Annual Report for the year ended 31 December 2022****Financial Statements****Statement of Net Assets available for benefits**

| | Note | Defined Benefit Section £000 | Defined Contribution Section £000 | 2022 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2021 Total £000 |
|--|------|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Investment assets | | | | | | | |
| Equities | | 47,189 | - | 47,189 | 59,968 | - | 59,968 |
| Bonds | | 784,868 | - | 784,868 | 1,190,339 | - | 1,190,339 |
| Pooled investment vehicles | 13 | 312,080 | 15,996 | 328,076 | 479,881 | 17,551 | 497,432 |
| Derivatives | 14 | 2,493 | - | 2,493 | 7,307 | - | 7,307 |
| Amounts receivable under reverse repurchase agreements | 15 | 90,593 | - | 90,593 | 107,344 | - | 107,344 |
| AVC investments | 17 | - | 7,075 | 7,075 | - | 8,189 | 8,189 |
| Cash | 18 | 7,386 | - | 7,386 | 16,688 | - | 16,688 |
| Other investment balances | 19 | 160,703 | - | 160,703 | 47,690 | - | 47,690 |
| | | <u>1,405,312</u> | <u>23,071</u> | <u>1,428,383</u> | <u>1,909,217</u> | <u>25,740</u> | <u>1,934,957</u> |
| Investment liabilities | | | | | | | |
| Derivatives | 14 | (6,670) | - | (6,670) | (514) | - | (514) |
| Amounts due under repurchase agreements | 16 | (465,914) | - | (465,914) | (556,372) | - | (556,372) |
| Other investment balances | 19 | (70,323) | - | (70,323) | (11) | - | (11) |
| | | <u>(542,907)</u> | <u>-</u> | <u>(542,907)</u> | <u>(556,897)</u> | <u>-</u> | <u>(556,897)</u> |
| Total net investments | 9 | 862,405 | 23,071 | 885,476 | 1,352,320 | 25,740 | 1,378,060 |
| Current assets | 24 | 3,392 | 49 | 3,441 | 3,113 | 129 | 3,242 |
| Current liabilities | 25 | (2,521) | (214) | (2,735) | (1,888) | (44) | (1,932) |
| Net assets at 31 December | | 863,276 | 22,906 | 886,182 | 1,353,545 | 25,825 | 1,379,370 |

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the Defined Benefit Section, is dealt with in the report on actuarial liabilities on pages 4 to 5 of the annual report and these financial statements should be read in conjunction with this report.

The notes on pages 47 to 64 form part of these financial statements.

The financial statements on pages 45 to 64 were approved on behalf of Motorola Solutions Pension Trustees Limited and signed on its behalf by:

David England
..... Trustee Director

Tetyana Vasylevska
..... Trustee Director

01-Sep-2023 | 16:34 BST
Date:

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

1. Identification of the financial statements

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

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

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

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

2. Basis of preparation

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

3. Accounting policies

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

3.1 Accruals concept

The financial statements have been prepared on an accruals basis.

3.2 Currency

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

3.3 Contributions

The Scheme is closed to further contributions.

3.4 Transfers

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

3.5 Other income

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

3.6 Payments to members

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

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

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

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

3.7 Administrative and other expenses

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

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

3.8 Investment income

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

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

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

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

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

Income received as a result of stock lending is accounted for on an accruals basis.

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

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

3.9 Change in market value of investments

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

3.10 Valuation of investments

Investments are included at fair value as follows:

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

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

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

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

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

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

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

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

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

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

3.11 Critical accounting judgements and estimation uncertainty

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

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

4. Other income

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2022 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2021 Total £000 |
|----------------------|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Miscellaneous income | - | - | - | 1 | - | 1 |

5. Benefits paid or payable

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2022 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2021 Total £000 |
|--|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Pensions | 21,167 | - | 21,167 | 19,911 | - | 19,911 |
| Commutation of pensions and lump sum retirement benefits | 3,906 | 104 | 4,010 | 3,216 | - | 3,216 |
| Lump sum death benefits | 152 | - | 152 | 58 | - | 58 |
| Taxation where lifetime or annual allowance exceeded | 231 | - | 231 | 2 | - | 2 |
| | 25,456 | 104 | 25,560 | 23,187 | - | 23,187 |

6. Transfers to other plans

The individual transfer values paid to other Schemes during the year amounted to £7,549k (2021: £7,952k): Defined Benefit Section £7,016k (2021: £7,663k); and Defined Contribution Section £533k (2021: £289k).

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

7. Administrative expenses

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2022 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2021 Total £000 |
|--|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Actuarial fees | 437 | - | 437 | 351 | - | 351 |
| Audit fees | 74 | - | 74 | 79 | - | 79 |
| Trustee fees | 12 | - | 12 | 18 | - | 18 |
| Legal fees | 291 | - | 291 | 202 | - | 202 |
| Miscellaneous expenses | 1 | - | 1 | 4 | - | 4 |
| Scheme levies | 390 | - | 390 | 741 | - | 741 |
| Bank charges paid | 1 | - | 1 | 1 | - | 1 |
| Administration and pension consultancy fees | 692 | - | 692 | 960 | - | 960 |
| | 1,898 | - | 1,898 | 2,356 | - | 2,356 |

The expenses accounted for exclude recoverable VAT.

8. Investment income

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2022 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2021 Total £000 |
|--|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Dividends from equities | 920 | - | 920 | 1,420 | - | 1,420 |
| Income from bonds | 14,349 | - | 14,349 | 12,746 | - | 12,746 |
| Net interest on swaps | 630 | - | 630 | 19 | - | 19 |
| Income from cash equivalents | 2,294 | - | 2,294 | - | - | - |
| Stock lending income | - | - | - | 14 | - | 14 |
| Net interest expense on repurchase agreements | (2,981) | - | (2,981) | (713) | - | (713) |
| | 15,212 | - | 15,212 | 13,486 | - | 13,486 |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

9. Reconciliation of investments

Defined Benefit Section

| | Market value at 1 January 2022 £000 | Cost of investments purchased and derivative payments £000 | Proceeds of sales of investments and derivative receipts £000 | Change in market value £000 | Market value at 31 December 2022 £000 |
|----------------------------|--|---|--|-----------------------------------|---|
| Equities | 59,968 | 44,594 | (28,718) | (28,655) | 47,189 |
| Bonds | 1,190,339 | 251,708 | (230,524) | (426,655) | 784,868 |
| Pooled investment vehicles | 479,881 | 772,873 | (921,038) | (19,636) | 312,080 |
| Derivatives | 6,793 | 36,354 | (47,846) | 522 | (4,177) |
| | <u>1,736,981</u> | <u>1,105,529</u> | <u>(1,228,126)</u> | <u>(474,424)</u> | <u>1,139,960</u> |
| Repurchase agreements | (449,028) | | | - | (375,321) |
| Cash | 16,688 | | | 4,441 | 7,386 |
| Other investment balances | 47,679 | | | - | 90,380 |
| | <u>1,352,320</u> | | | <u>(469,983)</u> | <u>862,405</u> |

Defined Contribution Section

| | Market value at 1 January 2022 £000 | Cost of investments purchased £000 | Proceeds of sales of investments £000 | Change in market value £000 | Market value at 31 December 2022 £000 |
|----------------------------|--|---|--|-----------------------------------|---|
| Pooled investment vehicles | 17,551 | 306 | (1,176) | (685) | 15,996 |
| AVC investments | 8,189 | - | (732) | (382) | 7,075 |
| | <u>25,740</u> | <u>306</u> | <u>(1,908)</u> | <u>(1,067)</u> | <u>23,071</u> |

9.1 Transaction costs

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

9.2 Defined contribution assets

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

All assets are allocated to members (2021: all assets were allocated to members).

10. Investment management expenses

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2022 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2021 Total £000 |
|--|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Administration, management and custody fees | <u>2,343</u> | <u>-</u> | <u>2,343</u> | <u>2,522</u> | <u>-</u> | <u>2,522</u> |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

11. Taxation

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

12. Transfers between sections

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2022 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2021 Total £000 |
|---------------------------|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Transfer between sections | <u>1,215</u> | <u>(1,215)</u> | <u>-</u> | <u>593</u> | <u>(593)</u> | <u>-</u> |

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

13. Pooled investment vehicles

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2022 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2021 Total £000 |
|---------------------|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Equities | 116,412 | 3,088 | 119,500 | 227,129 | 3,480 | 230,609 |
| Bonds | 103,865 | 814 | 104,679 | 131,024 | 1,027 | 132,051 |
| Fund of hedge funds | 23,791 | - | 23,791 | 44,685 | - | 44,685 |
| Mixed Funds | - | 5,580 | 5,580 | - | 6,550 | 6,550 |
| Cash | 68,012 | 257 | 68,269 | 77,043 | 203 | 77,246 |
| With Profits | - | 6,257 | 6,257 | - | 6,291 | 6,291 |
| | <u>312,080</u> | <u>15,996</u> | <u>328,076</u> | <u>479,881</u> | <u>17,551</u> | <u>497,432</u> |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

14. Derivatives

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

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

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

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

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

Defined Benefit Section

| | Assets £000 | Liabilities £000 | 2022 £000 | Assets £000 | Liabilities £000 | 2021 £000 |
|--------------------------|----------------|---------------------|----------------|----------------|---------------------|--------------|
| Options | 7 | - | 7 | 799 | - | 799 |
| Futures | 91 | (1,678) | (1,587) | 1,661 | (260) | 1,401 |
| OTC Swaps | 2,393 | (2,486) | (93) | 892 | (232) | 660 |
| Forward foreign exchange | 2 | (2,506) | (2,504) | 3,955 | (22) | 3,933 |
| | <u>2,493</u> | <u>(6,670)</u> | <u>(4,177)</u> | <u>7,307</u> | <u>(514)</u> | <u>6,793</u> |

14.1 Options

Defined Benefit Section

| Nature | Notional amounts £000 | Expiration | Aggregate asset value £000 | Aggregate liability value £000 |
|-----------------------|--------------------------|------------|-------------------------------------|---|
| Interest rate options | 628 | 13/3/23 | 1 | - |
| Interest rate options | 625 | 19/6/23 | 6 | - |
| Total 2022 | <u>1,253</u> | | <u>7</u> | <u>-</u> |
| Total 2021 | <u>1,256</u> | | <u>799</u> | <u>-</u> |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

14.2 Futures

Defined Benefit Section

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

| Nature | Economic exposure £000 | Expiration | Aggregate asset value £000 | Aggregate liability value £000 |
|-------------------------------------|---------------------------|---------------------|-------------------------------|-----------------------------------|
| Various Contracts (Exchange Traded) | 51,042 | Less than 12 months | 91 | (1,678) |
| Total 2022 | 51,042 | | 91 | (1,678) |
| Total 2021 | 133,263 | | 1,661 | (260) |

14.3 OTC Swaps

Defined Benefit Section

| Nature | Notional amounts £000 | Expiration | Aggregate asset value £000 | Aggregate liability value £000 |
|--|--------------------------|------------|-------------------------------|-----------------------------------|
| Interest Rate - Pay Variable (Exchange Rate) | 272,794 | | 2,393 | (2,486) |
| Total 2022 | 272,794 | | 2,393 | (2,486) |
| Total 2021 | 165,639 | | 892 | (232) |

14.4 Forward foreign exchange

Defined Benefit Section

| Contract | Settlement date | Currency bought | Currency sold | Aggregate asset value £000 | Aggregate liability value £000 |
|--------------------|--------------------|--------------------|--------------------|-------------------------------|-----------------------------------|
| OTC (60 contracts) | Less than 3 months | Various currencies | Various currencies | 2 | (2,506) |
| Total 2022 | | | | 2 | (2,506) |
| Total 2021 | | | | 3,955 | (22) |

14.5 Collateral

The Defined Benefit Section of the Scheme has collateral which is accepted from and provided to certain market counterparties in respect of derivative financial instruments and repurchase agreements to mitigate counterparty risk in the event of default. As at 31 December 2022, the Scheme had accepted £56.9m (2021: £41.0m) of cash as collateral that will be required to be repaid at the maturity of the Repurchase Agreements and Derivative Contracts. The Scheme had also pledged collateral of £142.9m (2021: £52.7m) in relation to the Repurchase Agreements and Derivative Contracts entered into. Both the collateral received and pledged by the Scheme have been included in the Net Asset Statement.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

15. Amounts receivable under reverse repurchase agreements

Reverse repurchase agreements are a form of short term lending, where the Scheme has purchased assets with the agreement to resell at a fixed date and price. The Defined Benefit Section of the Scheme has entered reverse repurchase agreements giving rise to assets of £90.6m (2021: £107.3m).

16. Amounts due under repurchase agreements

Repurchase agreements are a form of short term borrowing, where the Scheme has sold assets with the agreement to repurchase at a fixed date and price. The Defined Benefit Section of the Scheme has entered repurchase agreements giving rise to liabilities of £465.9m (2021: £556.4m).

Repurchase Agreements

Bonds of £306.6m (2021: £436.2m) and Nil Cash (2021: Nil) are provided as collateral to secure the financing under these repurchase agreements. The Trustee aims to manage the interest rate and inflation risk exposure associated with the Scheme's liabilities. The Trustee has permitted the use of repurchase agreements as a potential tool to help achieve this liability matching.

17. AVC investments

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

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

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2022 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2021 Total £000 |
|----------------------------------|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Standard Life Assurance Ltd | - | 6,245 | 6,245 | - | 7,275 | 7,275 |
| Prudential Assurance Company Ltd | - | 667 | 667 | - | 725 | 725 |
| Phoenix Life | - | 163 | 163 | - | 189 | 189 |
| | - | 7,075 | 7,075 | - | 8,189 | 8,189 |

18. Cash

Defined Benefit Section

| | Assets £000 | Liabilities £000 | 2022 £000 | Assets £000 | Liabilities £000 | 2021 £000 |
|------------------|----------------|---------------------|--------------|----------------|---------------------|--------------|
| Sterling | 1,183 | - | 1,183 | 14,765 | - | 14,765 |
| Foreign currency | 611 | - | 611 | 703 | - | 703 |
| Cash equivalents | 5,592 | - | 5,592 | 1,220 | - | 1,220 |
| | 7,386 | - | 7,386 | 16,688 | - | 16,688 |

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

Motorola Pension Scheme**Annual Report for the year ended 31 December 2022****Notes to the Financial Statements****19. Other investment balances****Defined Benefit Section**

| | Assets | Liabilities | 2022 | Assets | Liabilities | 2021 |
|--------------------------------|-----------------------|------------------------|----------------------|---------------|--------------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Investment income receivable | 3,025 | - | 3,025 | 3,859 | - | 3,859 |
| Outstanding settlements | 13,435 | (13,426) | 9 | 31,488 | (11) | 31,477 |
| Tax recoverable on investments | 148 | - | 148 | 268 | - | 268 |
| Amounts due from brokers | 1,165 | - | 1,165 | 391 | - | 391 |
| Other investments | 142,930 | (56,897) | 86,033 | 11,684 | - | 11,684 |
| | <u>160,703</u> | <u>(70,323)</u> | <u>90,380</u> | <u>47,690</u> | <u>(11)</u> | <u>47,679</u> |

The other investments above are in relation to Cash Collateral as per Note 14.5.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

20. Fair value hierarchy

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

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

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

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

| | 2022 Level 1 £000 | 2022 Level 2 £000 | 2022 Level 3 £000 | 2022 Total £000 |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Defined Benefit Section | | | | |
| Equities | 47,189 | - | - | 47,189 |
| Bonds | - | 784,868 | - | 784,868 |
| Pooled investment vehicles | 50,413 | 220,621 | 41,046 | 312,080 |
| Derivatives | (1,587) | (2,590) | - | (4,177) |
| Repurchase assets | - | 90,593 | - | 90,593 |
| Repurchase liabilities | - | (465,914) | - | (465,914) |
| Cash | 1,794 | 5,592 | - | 7,386 |
| Other investment balances | 3,182 | 87,198 | - | 90,380 |
| | <u>100,991</u> | <u>720,368</u> | <u>41,046</u> | <u>862,405</u> |
| Defined Contribution Section | | | | |
| Pooled investment vehicles | - | 9,739 | 6,257 | 15,996 |
| AVC investments | - | - | 7,075 | 7,075 |
| | <u>-</u> | <u>9,739</u> | <u>13,332</u> | <u>23,071</u> |
| | <u>100,991</u> | <u>730,107</u> | <u>54,378</u> | <u>885,476</u> |

Motorola Pension Scheme**Annual Report for the year ended 31 December 2022****Notes to the Financial Statements****20. Fair value hierarchy - continued**

Analysis for the prior year end is as follows:

| | 2021 Level 1 £000 | 2021 Level 2 £000 | 2021 Level 3 £000 | 2021 Total £000 |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Defined Benefit Section | | | | |
| Equities | 59,968 | - | - | 59,968 |
| Bonds | - | 1,190,339 | - | 1,190,339 |
| Pooled investment vehicles | 48,918 | 375,076 | 55,887 | 479,881 |
| Derivatives | 1,400 | 5,393 | - | 6,793 |
| Repurchase assets | - | 107,344 | - | 107,344 |
| Repurchase liabilities | - | (556,372) | - | (556,372) |
| Cash | 15,468 | 1,220 | - | 16,688 |
| Other investment balances | 35,604 | 12,075 | - | 47,679 |
| | <u>161,358</u> | <u>1,135,075</u> | <u>55,887</u> | <u>1,352,320</u> |
| Defined Contribution Section | | | | |
| Pooled investment vehicles | - | 11,260 | 6,291 | 17,551 |
| AVC investments | - | - | 8,189 | 8,189 |
| | <u>-</u> | <u>11,260</u> | <u>14,480</u> | <u>25,740</u> |
| | <u>161,358</u> | <u>1,146,335</u> | <u>70,367</u> | <u>1,378,060</u> |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

21. Investment risks

Introduction

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

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

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

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

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

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

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

Investment Risk- DB

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

| | Credit Risk | Currency Risk | Interest Rate Risk | Other Price Risk | 2022 £000 | 2021 £000 |
|--------------------------------------|--------------------|----------------------|---------------------------|-------------------------|----------------------|----------------------|
| Equity | H | P | H | S | 47,189 | 59,968 |
| Bonds | P | H | S | H | 784,868 | 1,190,339 |
| Pooled Investments - Direct | S | P | H | P | | |
| | | | | | 312,080 | 479,881 |
| Pooled Investments - Indirect | P | P | P | P | | |
| Derivatives | P | P | P | P | (4,177) | 6,793 |
| Cash | S | P | H | H | 7,386 | 16,688 |
| Due from Brokers | P | P | H | H | 1,165 | 391 |
| Accrued Investment Income | P | H | H | H | 3,173 | 4,127 |
| Repurchase Agreements | P | H | P | H | (375,321) | (449,028) |
| Unsettled Transactions | P | P | H | H | 9 | 31,477 |
| Obligation to return cash collateral | P | P | H | H | (56,897) | (41,012) |
| Cash collateral held elsewhere | P | P | H | H | 142,930 | 52,696 |
| Total | | | | | 862,405 | 1,352,320 |

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

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

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

21. Investment risk - continued

Investment Strategy

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

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

The current Strategic Asset Allocation comprises:

- 40% in Return Generating Investments comprising global equities, global sub investment grade fixed income, listed real estate and infrastructure securities, hedge funds and alternative risk premia.
- 60% in Liability Matching Investments, comprising a portfolio of UK government bonds, derivatives and repurchase agreements designed to match the interest rate and inflation characteristics of the Scheme's liabilities.
- Overseas currency exposure of 15%-35% of the Return Generating Investments. The Trustee has delegated the implementation of this currency policy to their Fiduciary Manager.

Credit risk

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

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

| Pooled Investment Vehicles by legal type | 2022 £000 | 2021 £000 |
|---|----------------|----------------|
| Open Ended Investment Company | 55,071 | 70,932 |
| Alternative Investment Fund | 20,744 | 20,942 |
| Limited Partnership | - | 4,868 |
| Limited Purpose Trust Company | 14,844 | 32,850 |
| Irish Collective Asset-Management Vehicle | 6,308 | 6,650 |
| Limited Company | 77,030 | 152,517 |
| Limited Liability Company | 9,336 | 10,296 |
| Investment Company with Variable Capital | 48,559 | 92,415 |
| Exempted Company | 4,742 | - |
| Undertakings for Collective Investment in Transferable Securities | 75,446 | 88,411 |
| Total | 312,080 | 479,881 |

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

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

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

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

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

21. Investment risk - continued

Credit risk arising on derivatives depends on whether the derivative is exchange traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is managed by collateral arrangements (see note 14.5). Credit risk also arises on forward foreign currency contracts. There are no collateral arrangements for these contracts but all counterparties are required to be at least investment grade.

Credit risk on repurchase agreements is mitigated through collateral arrangements as disclosed in note 15.

Currency risk

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

Interest Rate Risk

The Scheme is subject to interest rate and inflation risk as a result of the sensitivity of the present value of the expected benefit payments to interest rate and inflation movements. The Trustee has implemented a liability hedging policy, through investment in government bonds, interest rate and inflation swaps, and repurchase agreements, to mitigate a proportion of these risks. The Trustee has delegated implementation of this policy to their Fiduciary Manager, although retains control over the strategic interest rate and inflation hedge ratios. At the end of the year, the proportion of liability interest rate and inflation risk being matched by the liability hedging policy was ~87.2% (2021: ~83.0%) measured on an economic basis.

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

Other Price Risk

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

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

Investment Strategy - DC

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

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

The DC investments are managed by Legal & General Investment Management Limited ("L&G") and Prudential Assurance Company Limited ("Prudential").

The DC investments are all accessed via pooled fund arrangements. Day-to-day management of the assets is delegated to these professional investment managers. The Trustee expects the investment managers to manage the assets delegated to them under the terms of their contracts. The investment managers have full discretion to buy and sell investments on behalf of the Scheme, subject to agreed constraints and applicable legislation.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

21. Investment risk - continued

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

Direct Credit and Market Risk

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

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

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

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

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

Indirect Credit and Market Risk

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

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

| Pooled Fund Type | Indirect Risk Exposures | | | | Fund value (£000) | |
|-------------------------------|-------------------------|---------------|--------------------|------------------|-------------------|------------------|
| | Credit risk | Currency risk | Interest rate risk | Other price risk | 31 December 2022 | 31 December 2021 |
| Pooled Investments - Direct | S | H | H | P | 15,996 | 17,551 |
| Pooled Investments - Indirect | P | P | P | P | | |
| AVC Investments | S | P | P | S | 7,075 | 8,189 |
| Total | | | | | 23,071 | 25,740 |

22. Concentration of investments

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

| | 2022 | | 2021 | |
|---|--------|-----|---------|------|
| | £000 | % | £000 | % |
| SSGA All World Developed Equity Index Life Fund | 77,031 | 8.7 | 147,425 | 10.7 |
| PGIM Global Corp Bond Fund | 75,446 | 8.5 | 88,411 | 6.4 |
| UK(GOVT OF) 1.125% I/L GILT 11/2037 | N/A | N/A | 70,159 | 5.1 |
| UK(GOVT OF) 1.125% I/L GILT 03/2058 | N/A | N/A | 69,309 | 5.0 |
| Goldman Sachs AM Sterling Liquid Reserve | 50,413 | 5.7 | 48,917 | 3.5 |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

23. Employer-related investments

There were no direct employer-related investments held within the meaning of Section 40[2] of the Pensions Act 1995, however the Trustee recognises that indirect investments in the Principal Employer is possible through investing in pooled investment vehicles. Based on information provided by the investment managers any indirect exposure to shares in the Principal Employer did not exceed 5% (2021: 5%) of the Scheme's assets at the year end.

24. Current assets

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2022 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2021 Total £000 |
|------------------------------|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Amounts due between sections | 213 | - | 213 | 44 | - | 44 |
| Sundry debtors | 5 | - | 5 | 5 | - | 5 |
| Cash in transit | - | - | - | - | 6 | 6 |
| Cash deposits held | 3,174 | 49 | 3,223 | 3,064 | 123 | 3,187 |
| | 3,392 | 49 | 3,441 | 3,113 | 129 | 3,242 |

Included in the cash deposits shown above is £2,209 (2021: £1,676) which is not allocated to members.

25. Current liabilities

| | Defined Benefit Section £000 | Defined Contribution Section £000 | 2022 Total £000 | Defined Benefit Section £000 | Defined Contribution Section £000 | 2021 Total £000 |
|--|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Lump sums on retirement payable | 238 | 1 | 239 | 298 | - | 298 |
| Death benefits payable | 2 | - | 2 | 2 | - | 2 |
| Taxation payable | 283 | - | 283 | 254 | - | 254 |
| Administrative expenses payable | 658 | - | 658 | 350 | - | 350 |
| Investment management expenses payable | 1,340 | - | 1,340 | 984 | - | 984 |
| Amounts due between sections | - | 213 | 213 | - | 44 | 44 |
| | 2,521 | 214 | 2,735 | 1,888 | 44 | 1,932 |

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Notes to the Financial Statements

26. Related party transactions

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

The Scheme was recharged with £1.398m (2021: £1.925m) costs of administration and independent advisers borne by the Principal Employer.

Note 7 Administrative Expenses includes the amount payable to Motorola Solutions UK Limited £0.134m (2021: £0.257m) for internal administration costs and Trustee fees and expenses during the year.

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

Of the five Trustee Directors during the year, two were pensioners of the Scheme.

None of the Trustee Directors receive remuneration for their services to the Scheme.

(c) Other related parties

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

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

27. Contingent Liabilities

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

Detailed calculations to assess the impact have not yet been carried out by the Scheme Actuary, pending clarification of these issues. Therefore, the cost of backdating pension benefits and related interest has not been recognised in these financial statements. These will be recognised once the Trustee is able to reach a reliable estimate. The Trustee currently includes a funding reserve of 1% of Scheme liabilities in the technical provisions for funding purposes – this reserve will be refined once more detailed analysis has been carried out.

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

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

28. Covid-19 and other matters

Since March 2020, Covid-19 and other more recent geopolitical and economic issues have had a profound effect on domestic and global economies, with disruption and volatility in the financial markets.

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

The extent of the impact on the Scheme's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted.

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Independent Auditors' Statement about Contributions to the Trustee

Independent Auditors' Statement about Contributions to the Trustee of the Motorola Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions payable under the Schedule of Contributions for the Scheme year ended 31 December 2022 as reported in Motorola Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the Scheme actuary on 30 November 2021.

We have examined Motorola Pension Scheme's summary of contributions for the Scheme year ended 31 December 2022 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

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

Auditors' responsibilities in respect of the statement about contributions

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

Use of this report

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

Date: 4/9/23

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Summary of Contributions

During the year ended 31 December 2022, the contributions payable under the Schedule of Contributions by the Employer were nil.

Approved on behalf of Motorola Solutions Pension Trustees Limited and signed on its behalf by:

David England
..... Trustee Director

Tetyana Vasykevskya
..... Trustee Director

01-Sep-2023 | 16:34 BST

Date:

Motorola Pension Scheme

Annual Report for the year ended 31 December 2022

Actuarial Certificate

Certification of schedule of contributions

Adequacy of rates of contributions

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

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated November 2021.

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

Signature

Ruairi Campbell

Scheme Actuary

Ruairi Campbell

Qualification

Fellow of the Institute and Faculty of Actuaries

Date of signing

30 November 2021

Name of employer

Mercer Limited

Address

5 George Square
Glasgow
G2 1AR

Appendix 1:
Statement of Investment Principles

MOTOROLA PENSION SCHEME

**STATEMENT OF INVESTMENT
PRINCIPLES**

9 September 2020

Motorola Pension Scheme Statement of Investment Principles 9 September 2020

Appendix 1: Statement of Investment Principles

Motorola Pension Scheme

Statement of Investment Principles 9 September 2020

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

1. Introduction

Purpose of Statement

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

Advice

- 1.2 The Trustee has obtained written advice on the content of this statement from its investment Adviser, Goldman Sachs Asset Management International ("GSAMI") regarding the Defined Benefit section. The Trustee is satisfied that GSAMI has the knowledge and experience required by the Pensions Act 1995 in performing this role.
- 1.3 The Trustee has also consulted a suitably qualified person in connection with the Defined Contribution Section by obtaining written advice from Mercer Limited ("Mercer").

Consultation

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

2. Defined Benefit Section

Investment Policy

- 2.1 It is the Trustee's policy to consider a full range of asset classes including, but not limited to, equities, bonds, property and absolute return and their suitability to the overall asset allocation given their associated risks and rewards. The asset allocation for the Defined Benefit section was set following an asset-liability study which considered a range of different asset classes with different risks and rewards.
- 2.2 The Trustee also considers the need for appropriate diversification both across and within asset classes.
- 2.3 The Trustee's policy is to delegate all day-to-day decisions about the investments to GSAMI who shall select investments and investment managers within parameters given to them by the Trustee. The Trustee will satisfy itself that each investment manager appointed by it has the appropriate knowledge and experience for managing the investments of the Scheme. The Trustee expects each fund manager to carry out the investment powers delegated to them with a view to giving effect to the principles in this statement, so far as is reasonably practical.

Appendix 1: Statement of Investment Principles

Expected return

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

Realisation of investments

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

Risk management and measurement

- 2.6 The Trustee recognises that the key risk to the Defined Benefit section of the Scheme is that it has insufficient assets to pay benefits when due. The Trustee has identified a number of risk factors which have the potential to contribute to these key risks. These are as follows:
- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and its advisers considered this mismatching risk when setting the investment strategy.
 - The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("liquidity risk"). The Trustee and its advisers monitor the Scheme's cash flows to minimise the probability that this occurs.
 - The failure by the fund managers to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and their advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
 - The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Scheme's investment strategy.
 - The possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
 - The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
- 2.7 Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially) and its annual updates. Some of these risks may also be modelled explicitly during the course of such reviews.

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

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

Environmental, Social, Governance, Stewardship and Alignment Considerations

Financially material considerations

- 2.8 The Trustee recognises that it has a legal duty to take account of financially material considerations over the appropriate time horizon of the investments, which may include environmental, social and corporate governance (ESG) factors (such as climate change), in the selection, retention and realisation of investments. The Trustee recognises that these ESG factors may, to varying degrees, impact investments and therefore funding outcomes and can therefore be financially material. The Trustee takes account of such factors over the period for which the Trustee expects Scheme investments to be required to fund future Scheme benefits.
- 2.9 The strategic asset allocation and the planned derisking within the Journey Plan reflect the Trustee's approach to managing the broad set of financially material factors applicable to the Scheme, over the appropriate time horizon.
- 2.10 The Trustee has delegated all day-to-day decisions about the Scheme's investments, including the selection, retention and realisation of investments and the selection and retention of investment managers, to GSAM. As part of its delegated responsibilities, the Trustee expects GSAM to consider financially material considerations (including ESG factors such as long-term risks posed by sustainability concerns, including climate change risks).
- 2.11 Financially material factors are taken into account when selecting investments and investment managers. As part of their delegated responsibilities, the Trustee expects the investment managers to consider financially material factors, which may include corporate governance, social, and environmental considerations (including ESG factors such as long-term risks posed by sustainability concerns, including climate change risks) in the selection, retention and realisation of investments.
- 2.12 GSAM's selection process for investment managers includes the consideration of ESG factors where deemed relevant as part of the criteria which may be taken into consideration in their research and selection of investment managers and investments included in the portfolio. The Trustee expects that for some types of investment, ESG factors may be less relevant e.g. liquid alternatives and Hedge Funds.
- 2.13 The Trustee regularly engages with GSAM to monitor performance of the portfolio, including, where relevant, how it takes account of financially material factors.

Alignment of Interests

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

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- 2.15 Investment managers are typically paid an ad valorem fee which is normal market practice, with some investment managers paid a performance fee with appropriate hurdle rates and high water marks. As part of the selection process, GSAM considers the fee structures of investment managers and seeks to ensure fee structures are aligned to an appropriate degree with Trustee's interests. Additionally, GSAM reports regularly to the Trustee setting out portfolio costs and charges at a total portfolio level but also for each individual strategy within the portfolio. GSAM also provides regular reporting which includes turnover costs based on calculation assumptions in line with MIFID costs and charges reporting in relation to allocation charges at the overall portfolio level.
- 2.16 Investment managers' performance is regularly reviewed and monitored by GSAM and reported to the Trustee monthly with a process in place to identify investment managers that either have underperformed or are at risk of future underperformance with appropriate action taken by GSAM. Investment manager fees are also reviewed by GSAM periodically to confirm that they are in line with market practices and remain in line with the Trustee's policies and investment strategy.
- 2.17 The Trustee and GSAM appoint investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. Given this, the Trustee's arrangements with its investment managers have no set duration, but have appropriate termination rights included in their terms.
- 2.18 The Trustee expects GSAM to be cognisant of the turnover of the portfolio and costs associated with turnover but the Trustee has no target turnover or turnover ranges. GSAM considers turnover and associated costs at several levels: 1) at the total portfolio level turnover costs are taken into account as part of regular rebalancing decisions; 2) turnover at the level of investment managers is periodically reviewed as part of the wider ongoing investment manager review processes; 3) investment manager performance is reviewed net of turnover costs; and 4) total portfolio turnover costs are incorporated into portfolio costs reporting.
- Non-financial matters
- 2.19 The Trustee's current investment policy does not specifically take into account non-financial matters such as the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme.
- Stewardship
- 2.20 The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility. The Trustee recognises that ultimately this protects the financial interests of the Scheme and its members and beneficiaries.
- 2.21 The Trustee does not engage with debt or equity issuers directly but has adopted a policy of delegating voting decisions to GSAM and investment managers.
- 2.22 When selecting and reviewing the performance of investment managers, the Trustee expects GSAM to take into account the managers' stewardship and ESG policies relative to both the Trustee's and GSAM's policies.
- 2.23 The Trustee believes it is appropriate for GSAM and investment managers to engage in stewardship activity with key stakeholders. Such stakeholders may include corporate management of debt or equity issuers, other holders of the debt or equity, others with an interest in the issuer or debt or equity, or regulators and governance bodies (as appropriate to the

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Trustee's investments). As part of this, the Trustee expects GSAM and investment managers to discuss with these stakeholders matters concerning the relevant issuer of debt or equity, including corporate governance, management of potential conflicts of interest, capital structure, performance, strategy, risks and ESG factors.

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

3. Defined Contribution Section

Investment Objectives

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

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

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

Risk

- 3.3 The objectives set out above and the risks and other factors referenced in the Defined Contribution section of this statement are those that the Trustee considers to be financially material considerations in relation to the Defined Contribution section as a whole.
- 3.4 The Trustee believes that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on a member's age and when they plan to take benefits from the Scheme. In considering the range of funds to offer to members, the Trustee acknowledges that the investment time horizon of each member is different. As the Scheme has been closed to new entrants since 2005, the Trustee also recognises that the Scheme has a maturing membership profile.
- 3.5 In designing the lifestyle investment options, the Trustee has taken the proximity to the target retirement date into account when designing the strategy and the associated financially material risks over the strategy's full time horizon.
- 3.6 With this context in mind, the Trustee has considered, on behalf of the members, the following aspects of risk and the risk mitigation strategies set out below. We also set out here the Trustee's approach to risk mitigation:

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

Default investment option

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

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

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

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

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

As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce risk as the member approaches retirement is appropriate. This is achieved via

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

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

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

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

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

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

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

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

Alternatives to the default investment option

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

Investment Manager Arrangements

Overview

- 3.10 The Trustee delegates day-to-day management of the assets of the Defined Contribution Section to professional investment managers. The investment managers are appointed based on their capabilities and suitability as regards meeting the Scheme's objectives. Their

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appointments are therefore also based on the investment managers' perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

- 3.11 The Trustee receives advice from its Defined Contribution investment adviser in relation to forward-looking assessments of a manager's ability to outperform over a market cycle, for mandates where outperformance is the objective. This view will be based on the Investment Consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment portfolio(s) that the Scheme invests in. The advisor's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee and are used in decisions around selection, retention and realisation of manager appointments.
- 3.12 For passively managed mandates, or those where outperformance is not the primary goal, the Trustee will seek guidance from the investment adviser in relation to their forward looking assessment of the manager's ability to achieve the stated mandate objectives.
- 3.13 The Trustee will review periodically the balance between active and passive management, which may be adjusted from time to time. If the investment objective for a particular investment manager's fund changes, the Trustee will review the fund appointment, with the investment adviser's assistance, to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.
- 3.14 Each of the appointed managers has been set a specific benchmark and performance objective by the Trustee. Performance of the managers is monitored by the Trustee on an ongoing basis and where possible, the managers meet with the Trustee to report on their performance.
- 3.15 An appointment will be reviewed following periods of sustained underperformance or failure to meet the mandate objectives.
- 3.16 As the Trustee invests in pooled investment vehicles it accepts that there is no ability to specify the risk profile and return targets of the investment manager. However, appropriate mandates are selected to align with the overall investment strategy as documented in this Statement.
- Investment Manager Remuneration*
- 3.17 The investment managers to the Defined Contribution Section are remunerated by way of a fee calculated as a percentage of assets under management. Investment managers are not remunerated based on portfolio turnover. In each case, the principal incentive is for the investment manager to retain their appointment (in full), by achieving their objectives, in order to continue to receive their fee.
- 3.18 As part of the annual Defined Contribution Value for Money assessment, the Trustee reviews the costs and charges within the Scheme's Defined Contribution arrangements, including transaction costs.
- Evaluating Investment Managers*
- 3.19 Investment managers are aware that their continued appointment is based on their success in delivering the objectives of the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then it will look to replace the manager or mandate.
- 3.20 Where practical, the Trustee meets with its investment managers, as deemed appropriate. During such meetings the Trustee is able to review the decisions made by the managers.

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including investment decisions, voting history (in respect of equities) and engagement activity with investee companies, and can question such activities.

- 3.21 The Trustee is able to request its Defined Contribution investment adviser's investment research and ESG research ratings, and to request period investment performance reporting. Through the research and ESG ratings, the Trustee is able to assess for example how each investment manager embeds ESG considerations into its investment process and how each manager's investment philosophy aligns with the Trustee's policies as documents in this Statement. The Trustee also considers the research and ESG ratings as part of any new selection of investment funds.
- 3.22 Where equity funds are held, equity managers registered with the appropriate regulator are expected to report on their adherence to the UK Stewardship Code annually. This information is not currently reviewed in detail by the Trustee but will form part of discussions with investment managers when the investment managers attend Trustee meetings.

Time horizon and Duration of Appointments

- 3.23 The Trustee receives investment manager performance reports on a quarterly basis from the main investment manager to the Defined Contribution Section, L&G, which present performance information (where available) over 3 months, 1 year, 3 years and 5 years. The Scheme also retains investments in a with-profits fund and a property fund managed by Prudential. Prudential supply performance information annually in respect of these funds, covering 1 year, 3 year and 5 year periods.
- 3.24 The Trustee reviews the performance of the investments on an absolute basis and relative to defined benchmarks (over the relevant period) on a net of fees basis. The Trustee's focus is long-term performance but will put a manager "on watch" if there are short-term performance concerns.
- 3.25 If a manager is not meeting its performance objectives, over a sustained period of time, and after consideration of all relevant factors, the Trustee may take the decision to terminate the manager. The Trustee is a long-term investor. Accordingly, it does not seek to change the investment arrangements on a frequent basis unless there is an appropriate reason to do so.
- 3.26 The majority of the funds invested in are open-ended with no set end date for the arrangement. The Trustee will retain an investment manager unless:
- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager; or
 - The manager appointment has been reviewed and the Trustee has decided to terminate the manager.

Portfolio turnover costs

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

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Environmental, Social and Governance Considerations

- 3.28 The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole.
- 3.29 The Trustee also recognises that long-term sustainability issues, particularly climate change, present risk and opportunities that increasingly may require explicit consideration. The Trustee has taken into account the expected time horizon of the Defined Contribution Section of the Scheme when considering how to integrate these issues into the investment decision making process.
- 3.30 The Trustee has given the appointed investment managers to the Defined Contribution Section full discretion in evaluating ESG factors, including climate change considerations. In addition, the Trustee has delegated to them engagement with companies, and exercising voting rights and stewardship obligations attached to the investments, including considering climate change impacts.
- 3.31 The Trustee has not set any investment restrictions (including ESG restrictions) on the appointed investment managers, but may consider this in future.

Frequency of review

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

4. Additional Assets

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

5. Frequency of review

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