



**AVX LIMITED PENSION SCHEME
ANNUAL REPORT
FOR THE YEAR ENDED 5 APRIL 2025**
Scheme Registration Number: 10023435

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

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AVX Limited Pension Scheme

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Trustees, Principal Employer and Advisers

Trustees

Employer-nominated Trustees

MH McCann - Chair
N Birkett - Deputy Chair
Dalriada Trustees Limited
R J Lawrence

Member-nominated Trustees

S H Cunday
P Fenwick
W McIlmoyle

Principal Employer

Kyocera AVX Components Limited

Scheme Actuary

Simon Hall, F.I.A.
Mercer Limited

Independent Auditor

Cooper Parry Group Limited

Administrator

Aptia UK Limited

Investment Manager

Mercer Global Investments

Investment Custodian

State Street Custodial Services (Ireland) Limited

Additional Voluntary Contribution (AVC) Providers

Prudential Assurance
Phoenix Life and Pensions Limited
Aviva Life & Pensions UK Limited

Bank

HSBC Bank plc

Legal Adviser

Burges Salmon

AVX Limited Pension Scheme

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Trustees, Principal Employer and Advisers

Contact for further information and complaints about the Scheme

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AVX Limited Pension Scheme

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Trustees' Report

Introduction

The Trustees of AVX Limited Pension Scheme (the Scheme) are pleased to present their report together with the audited financial statements for the year ended 5 April 2025. The Scheme is a defined benefit scheme.

The Scheme was closed to new entrants with effect from 1 April 1997. With effect from 30 September 2013 the defined benefit section of AVX Retirement Plan merged into AVX Limited Pension Scheme.

Constitution

The Scheme was established on 1 November 1987 and is governed by a definitive trust deed dated 20 September 1991, with subsequent amendments.

The Scheme is an occupational pension scheme established in the United Kingdom under trust and according to the law of England.

The registered address of the Scheme is Kyocera AVX Components Limited, Prospect House, 6 Archipelago, Lyon Way, Frimley, Surrey, GU16 7ER.

Management of the Scheme

Trustees

In accordance with the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006, members have the option to nominate and vote for Member-nominated Trustees.

The three Member-nominated Trustees (2024: three), as shown on page 1, are nominated by the members under the rules notified to the members of the Scheme to serve for a period of five years. They may be removed before the end of their five year term only by agreement of all the remaining Trustees, although their appointment ceases if they cease to be members of one of the pension plans of the Principal Employer, Kyocera AVX Components Limited.

In accordance with the trust deed, the Principal Employer, Kyocera AVX Components Limited, has the power to appoint and remove the other Trustees of the Scheme.

The current directors of Dalriada Trustees Limited are: S Ahmad, SL Ballantyne, AK Banister, L Coomber, GM Farmer, J Fish, RD Fogarty, JA Jones, B Galvin, AB Kennett, T Lukic, T Perrella, CJ Roberts (resigned 5 November 2024), C Sidebottom, KS Stafford, V Vassou, CC Ward and SA Soper (appointed 30 April 2025).

S Ahmad, SL Ballantyne, AK Banister, L Coomber, GM Farmer, J Fish, JA Jones, T Perrella, C Sidebottom and CC Ward were appointed with effect from 12 August 2024.

The directors of Dalriada Trustees Limited were appointed in accordance with that company's Memorandum and Articles of Association.

The Trustees have met twice during the year (2024: two times).

Statement of Trustees' Responsibilities

The Statement of Trustees' Responsibilities is set out on page 15 and forms part of this Trustees' Report.

Governance and risk management

The Trustees have in place a business plan which sets out their objectives in areas such as administration, investment and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustees run the Scheme efficiently and serves as a useful reference document.

The Trustees have 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 Trustees.

AVX Limited Pension Scheme

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Trustees' Report

Trustee knowledge and understanding

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

Principal Employer

The Scheme is provided for all eligible employees of the Principal Employer whose registered address is Kyocera AVX Components Limited, Prospect House, 6 Archipelago, Lyon Way, Frimley, Surrey, GU16 7ER.

Financial development

The financial statements on pages 19 to 31 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund decreased from £97,626,377 at 5 April 2024 to £91,210,317 at 5 April 2025.

The decrease shown above comprised net withdrawals from dealings with members of £4,894,297 together with net returns on investments of (£1,521,763).

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 Trustees 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 5 April 2024. The table below shows the funding position as at 5 April 2024 and the last valuation as at 5 April 2021 for comparison.

	Actuarial Valuation 5 April 2024	Actuarial Update 5 April 2021
The value of Technical Provision was*	£89.8 million	£128.4 million
The value of assets was	£97.6 million	£145.0 million
Percentage of Technical Provisions	109%	113%

* An allowance of 0.3% of the liabilities has been made for GMP equalisation.

Method

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

Significant actuarial assumptions

Financial assumptions for valuation as at 5 April 2024

Discount interest rate:	4.63% p.a.
Price inflation (RPI):	3.36% p.a.
Price Inflation (CPI):	RPI less 1% pre 2030 / in line with RPI thereafter
Pension increases in payment:	Derived from the RPI/CPI inflation assumptions above with adjustment for the caps and collars in place.

A full yield curve valuation has been carried out, the Single Equivalent Rates above are for presentation purposes only (for both valuations).

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Trustees' Report

Report on actuarial liabilities (continued)

Demographic assumptions as at 5 April 2024	
Retirement:	Age 65. Allowance for equalization periods (where age 60 applies).
Mortality - base table:	112%/105% (M/F) for non-pensioners and 99%/98% (M/F) of pensioners of S4PA Year of Birth Tables ("standard" tables for males and "middle" table for females).
Mortality - future improvements:	CMI 2023 projections with 1.75% p.a. long term rate of improvements and smoothing parameter of 7.0 (no weight is placed on 2020 and 2021 data, 15% weight is placed on 2022 and 2023 data, and an initial addition to mortality improvements parameter of 0).
Commutation:	25% of pension.
Proportion married:	90% males/75% females.
Spouse/partner's age:	Males are three years older than their female spouses/partners, with females being three years younger than their male spouses/partners.
Cash Equivalent Transfer Values:	No allowance.
GMP Equalization:	Allowance of 0.3% of liabilities.

GMP Equalisation

The High Court judgment on 26 October 2018 in respect of the equalisation of GMPs for the Lloyds Banking Group could have accounting implications for defined benefit pension schemes with unequal GMPs for members who were contracted out between 17 May 1990 and 5 April 1997. The ruling clarifies and confirms a legal obligation on scheme trustees to equalise GMPs through other scheme benefits. Equalisation includes backdating of benefit adjustments and related interest to 17 May 1990, subject to scheme rules which may have time limits on backdating. In November 2020, the High Court determined that historical transfers out are within the scope of GMP equalisation. Consequently, schemes are required to revisit individual transfer payments made since 17 May 1990 to check if any additional value is due as a result of GMP equalisation. Under FRS 102 and the Pension SORP the obligation in respect of backdating benefits and related interest should be recognised as a liability in pension scheme financial statements where material and it can be measured reliably (SORP:3.6.3). Details of the impact of this for the Scheme are detailed in note 23 on page 31 of the financial statements.

Virgin Media Ltd v NTL Pension Trustees

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The court decision was upheld on appeal on 25 July 2024. There is potential for legislative intervention following industry lobbying efforts that may retrospectively validate certain rule amendments. Having consulted with their advisers, the Trustees have no reason to believe that there is a material impact on the financial statements but will continue to monitor developments.

On the 5 June 2025 the Government stated that it is aware that following last year's Court of Appeal judgment in Virgin Media v NTL Pension Trustees Limited, there is increased uncertainty in the pensions industry. They state that they recognise that schemes and sponsoring employers need clarity around scheme liabilities and member benefit levels in order to plan for the future. The Government will therefore introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.

Membership

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

	Pensioners	Members with Preserved Benefits	Total
At 6 April 2024	563	359	922
Retirements	35	(35)	-
Deaths	(18)	-	(18)
Spouses and dependants	5	-	5
At 5 April 2025	<u>585</u>	<u>324</u>	<u>909</u>

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

Pensioners include 95 beneficiaries (2024: 96) receiving a pension. The above pensioners include 6 (2024: 6) annuitants receiving a pension payment.

AVX Limited Pension Scheme

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Trustees' Report

Pension increases

The following pension increases are disclosed as at 6 April 2024, as these reflect the pensions in payment during the year:

As at 6 April 2024 all pensions in payment to Tantalum members of the Scheme were increased as follows:

- 3.0% on pre 97 excess over Guaranteed Minimum Pension;
- 3.0% on post 1988 Guaranteed Minimum Pension;
- 5% on the post 1997 pension; and
- 2.5% on the post 6 April 2006 pension.

As at 6 April 2024, all pensions in payment to Varelco members of the Scheme were increased as follows:

- 5.0% on pre 97 excess over Guaranteed Minimum Pension;
- 3.0% on post 1988 Guaranteed Minimum Pension;
- 5.0% on the post 1997 pension; and
- 2.5% on the post 6 April 2006 pension.

As at 6 April 2024, all pensions in payment to ex-Retirement Plan members were increased as follows:

- 0.0% on benefits earned before 6 April 1997;
- 5% on the post 1997 pension; and
- 2.5% on the post 6 April 2006 pension.

No discretionary pension increase was awarded during the year.

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 and do not include discretionary benefits. None of the transfer values paid was less than the amount provided by the Regulations.

Investment management

General

The Trustees have delegated day-to-day management of the AVX Limited Pension Scheme's ("the Scheme") assets (excluding AVCs) to Mercer Limited ("Mercer"). The Scheme's assets are invested in multi-client collective investment schemes ("Mercer Funds"), domiciled in Ireland and managed by a management company (Mercer Global Investments Management Limited ("MGIM")). MGIM has appointed Mercer Global Investments Europe Limited ("MGIE") as investment manager of the Mercer Funds. MGIE is responsible for the selection, appointment, removal and monitoring of the underlying investment managers. The underlying investment managers have full discretion to buy and sell investments on behalf of the Scheme subject to constraints Mercer have agreed with the managers.

Mercer has been managing the Scheme's assets since 10 February 2016. On 18 May 2016, the Trustees implemented a de-risking strategy whereby the level of investment risk inherent in the Scheme's investment arrangements reduces as the Scheme's funding level improves. The Trustees agreed the way in which the investment risk should be reduced and have delegated the implementation of the de-risking strategy to Mercer. Mercer constructs portfolios of investments that are expected to maximise the return given the targeted level of risk. Following a review of the Scheme's investment strategy in March 2018, the Trustees implemented a diversified portfolio of equities in the Scheme's Growth Portfolio which included investments in Passive Global Equity (Hedged), Passive Global Equity - Fundamental Indexation (Hedged), Global Low Volatility Equity (Hedged), Global Small Cap Equity and Passive Emerging Markets Equity. This revised Growth Portfolio was implemented in July 2018. In December 2019, the Trustees transferred the allocation to Global Small Cap Equity into a currency hedged share class. In July 2024, the Trustees reduced the overall allocation to equities to 10% and introduced a 5% allocation to cash.

AVX Limited Pension Scheme

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Trustees' Report

Investment principles

The Trustees have produced a Statement of Investment Principles (the "SIP") to comply with the requirements of the Pensions Act 1995 and associated legislation including the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). The SIP is available at the following website:

https://avxlimitedpensionscheme.com/pdfs/AVX_SIP-September_2023.pdf

Following the changes implemented in July 2024, although the investments are not held in line with the target allocations set out in the SIP, there are no tolerance ranges stated in the SIP.

The Trustees understand that taking some investment risk, with the support of the Sponsor, is necessary to improve the Scheme's current and ongoing solvency funding positions. The Trustees recognise that equity investment will bring increased volatility to the funding level, but in the expectation of improvements in the Scheme's funding level through equity outperformance of the liabilities over the long term.

The Trustees' objective is to invest the Scheme's assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest in the sole interest of the members and beneficiaries. Within this framework the Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed. The Trustees' primary objectives are as follows:

- To restore/retain the funding position of the Scheme on an ongoing basis to at least 100%.
- To ensure that it can meet its obligation to the beneficiaries of the Scheme.
- To pay due regard to the Company's interest in the size and incidence of contribution payments.
- To achieve a return on the total Scheme assets which is compatible with the level of risk considered appropriate.

The Trustees have set up a secondary objective of achieving full funding on a gilts +0.15% p.a. basis over a period of 10 years.

ESG, Stewardship, and Climate Change

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

As noted above, the Trustees have appointed Mercer to act as discretionary investment manager in respect of the Scheme's assets and such assets are invested in a range of Mercer Funds managed by MGIE. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the 'investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The United Nations' Sustainable Development Goals (SDGs) inform Mercer's long term investment beliefs and direct Mercer's and the Trustees thinking when it comes to converting systemic risks into transformational investment opportunities as outlined in Mercer's Sustainability Policy.

The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's and MGIE's investment processes and those of the underlying asset managers in the monitoring process. Mercer and MGIE are expected to provide reporting to the Trustees on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios.

The Trustees have also considered the Sponsors responsible investment policy, and note the alignment with Mercer's commitment to a target of net-zero absolute carbon emissions by 2050 for UK, European and Asian clients with discretionary portfolios and the majority of its multi-client, multi asset funds domiciled in Ireland.

Mercer undertake climate scenario modelling and stress testing on the Mercer multi sector funds used by the Plan, in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations. The results of the latest climate scenario modelling are within the TCFD compliant Climate Change Management Report. The findings of the modelling are integrated into the asset allocation and portfolio construction decisions, with portfolios increasingly aligned with a 2°C scenario, where consistent with investment objectives and for consistency with the Paris Agreement on Climate Change.

The Trustees recognise the conflict of interest which may arise in the context of responsible investment. Mercer and MGIE make investment decisions with the aim of improving long-term risk adjusted returns and assesses whether selected sub-investment managers have policies and procedures that manage conflicts in relation to stewardship. Sub-investment managers are required to report on any conflicts of interest and demonstrate that they have adhered to their conflicts of interest policies and reported any breaches.

AVX Limited Pension Scheme

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Trustees' Report

Member views

Member views are currently not taken into account in the selection, retention and realisation of investments. However, the Trustees believe that the delegation of portfolio construction to Mercer will lead to ESG considerations that are in the best interests of the Scheme as a whole.

Trustees' policies with respect to arrangements with, and evaluation of the performance and remuneration of, asset managers and portfolio turnover costs

When engaging Mercer as discretionary investment manager to implement the Trustees' investment strategy outlined in section 3 of the SIP, the Trustees monitor the investment performance to ensure the SIP continues to meet the aims and objectives. Mercer is incentivised to align its strategy and decisions with the profile and duration of the liabilities of the Scheme, in particular, long-term liabilities.

As Mercer manages the Scheme's assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, The Trustees accept that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds but the Trustees expect Mercer to manage the assets in a manner that is consistent with the Trustees' overall investment strategy as outlined in section 3 of the SIP. The Trustees have taken steps to satisfy themselves that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review.

Should Mercer fail to align its investment strategies and decisions with the Trustees' policies, it is open to the Trustees to disinvest some or all of the assets invested managed by Mercer, to seek to renegotiate commercial terms or to terminate Mercer's appointment.

As part of its review and appointment process, Mercer and MGIE assesses whether selected underlying assets managers have policies and procedures that are designed to manage conflicts in relation to stewardship. Asset managers are required to report on any conflicts of interest and demonstrate that they have adhered to their conflicts policy and reported any breaches.

To evaluate performance, the Trustees receive, and consider, investment performance reports produced on a quarterly basis, which presents performance information and commentary in respect of the Scheme's funding level and the Mercer Funds in which the Trustees are invested. Such reports have information covering fund performance for the previous three months, one-year, three years and since inception. The Trustees review the absolute performance and relative performance against a portfolio's and underlying investment manager's benchmark (over the relevant time period) on a net of fees basis. The Trustees' focus is on the medium to long-term financial and non-financial performance of Mercer and the Mercer Funds.

Neither Mercer nor MGIE make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by MGIE to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustees are, however, able to consider Mercer's and MGIE's assessment of how each underlying third party asset manager embeds ESG into their investment process and how the manager's responsible investment philosophy aligns with the Trustees' own responsible investment policy. This includes the asset managers' policies on voting and engagement.

Section 9 of the SIP provides further details of the steps taken, and information available, to review the decisions made by managers, including voting history and the engagement activities of managers to identify decisions that appear out of line with a Mercer Fund's investment objectives or the objectives/policies of the Scheme.

Engagement activities will generally occur when Mercer, MGIE or the underlying asset managers have identified underperformance by a company, where the company has failed to meet accepted corporate practice, or where the company's conduct places in doubt its reputation and value. The issues addressed will generally focus on material ESG factors or business strategy issues — for example, mergers and acquisitions, capital structure and capital allocation, remuneration, climate change risk management and workforce management, including workforce diversity.

The asset managers are incentivised as they will be aware that their continued appointment by MGIE will be based on their success in meeting MGIE's expectations. If MGIE is dissatisfied then it will, where appropriate, seek to replace the manager.

The Trustees are long-term investors and are not looking to change their investment arrangements on an unduly frequent basis. However, the Trustees do keep those arrangements under review, including the continued engagement of Mercer using, among other things, the reporting described above.

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Trustees' policies with respect to arrangements with, and evaluation of the performance and remuneration of, asset managers and portfolio turnover costs (continued)

The Trustees monitor, and evaluate, the fees it pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives as outlined in section 3 of the SIP. Mercer's, and MGIE's, fees are based on a percentage of the value of the Scheme's assets under management which covers the design and annual review of the de-risking strategy, and investment management of the assets. In addition, the underlying third party asset managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance.

MGIE reviews the fees payable to third party asset managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Scheme. Mercer's, MGIE's, and the third party asset managers', fees are outlined in a quarterly investment strategy report prepared for the Trustees, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.

Details of all costs and expenses are included in the Mercer Funds' Supplements, the Report & Accounts and within the Scheme's annualized, MiFID II compliant Personalised Cost & Charges statement. The Scheme's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds.

The Trustees do not have an explicit targeted portfolio turnover range, given the de-risking mandate, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.

Market Background

Inflation in developed market ("DM") economies fell towards target early in the 12-month period to 31 March 2025, setting the stage for reductions in interest rates by central banks. There was an interest rate cut in the euro zone in June and signs of a gradual loosening of labour markets in the US prompted markets to price in two interest cuts by the US Federal Reserve (the "Fed") by the end of 2024. However, despite waning price pressures in the UK, markets pushed back expectations of the first rate reduction by the Bank of England as service inflation remained elevated.

In the middle of 2024, the Fed reduced interest rates. In contrast, the Bank of Japan diverged from other DM central banks and increased rates by 0.15% p.a. in anticipation of the impact of robust wage negotiations on inflation. Market sentiment during this time tilted back towards a controlled economic slowdown as fears of a US recession subsided. However, there was some volatility in markets as a result of uncertainty around the US election result and tensions in the Middle East.

Interest rate cuts by DM central banks continued into the final quarter of 2024. Although the Fed moved to reduce rates, a resilient economic background led to the Fed indicating that markets should anticipate fewer cuts in 2025 and 2026. Meanwhile, the European Central Bank and the Bank of England adopted a cautious tone in their rate cutting approach. Towards the year end market sentiment continued to be driven by the controlled economic slowdown narrative in the US, despite uncertainty over the impact of potential US tariffs and policies under Donald Trump-led US presidency.

Specifically in the UK, weak GDP growth data, combined with rising inflation prints towards the end of 2024 raised heightened concerns about the UK economy. Additionally, the UK Autumn Budget spending plans, combined with uncertainty in the US, resulted in gilt yields rising once again.

In early 2025, expectations of interest rate cuts by DM central banks continued to positively influence markets but market volatility increased suddenly in response to an announcement by DeepSeek, a Chinese artificial intelligence (AI) company, that it had developed a model that rivalled US AI technology while costing far less to create. Volatility then increased further because of uncertainty over President Trump's tariff plans. In the end, the Fed kept rates unchanged in Q1 2025, however it revised lower its economic growth forecasts for the year on the back of 'uncertainty around the economic outlook'. In Europe, Germany's political landscape and the approval of its €500bn fiscal package took center-stage.

Overall, the 12-month period to 31 March 2025 saw a decline in inflation, prompting interest rate cuts by DM central banks, and a positive momentum in equity markets until February 2025, which then started to fade due to uncertainties surrounding President Trump's presidency and signs of economic weakness.

On 2 April, following President Trump's tariff announcements, equity markets experienced a sharp sell-off, accompanied by significant movements in credit spreads, government bond yields, and exchange rates. Consequently, market volatility spiked throughout the month. However, by the end of April, stocks had recovered somewhat after President Trump announced a 90-day pause in the implementation of reciprocal tariffs for countries that had not yet enacted retaliatory measures, as well as the removal of tariffs on various electronic products. Despite these developments, the situation remains highly fluid.

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Market Background (continued)

Equity Markets

Overall the positive momentum started to fade in the second half of the 12-month period owing to uncertainties surrounding under Trump's Presidency. Mainly tariff threats, economic weakness added worries around the global economic outlook.

At a global level, developed markets as measured by the FTSE World index, returned 4.8%. Meanwhile, a return of 10.1% was recorded by the FTSE All World Emerging Markets index.

At a regional level, European markets returned 3.8% as indicated by the FTSE World Europe ex UK index. At a country level, UK stocks as measured by the FTSE All Share index returned 10.5%. The FTSE USA index returned 6.2% while the FTSE Japan index returned -3.4%.

Equity market total return figures are in Sterling terms over the 12-month period to 31 March 2025.

Bonds

UK Government Bonds as measured by the FTSE Gilts All Stocks Index registered negative returns of 1.19%, while long-dated issues as measured by the corresponding Over 15 Year Index had a negative return of 8.16% over the year. The yield for the FTSE Gilts All Stocks index rose over the year from 4.20% to 4.87%, while the Over 15 Year index yield rose from 4.34% to 5.15%.

UK index-linked gilts posted negative returns for the period under review, with return on the FTSE All Stocks Index-Linked Gilts index down 7.96% and returns for the corresponding over 15-year index declining 15.33%.

Corporate debt as measured by the ICE Bank of America Merrill Lynch Sterling Non-Gilts index returned 2.44%.

Bond market total return figures are in Sterling terms over the 12-month period to 31 March 2025.

Property

Over 12-month period to 31 March 2025, the MSCI UK All Property Index returned 8.52% in Sterling terms. All the three main sectors of the UK Property market Retail, Industrial & Office recorded positive returns over the period (retail: 11.35%; industrial 10.37%; and office: 2.35%).

Commodities

The price of Brent Crude Oil fell to 14.5% from \$87.42 per barrel to \$74.78 over the one-year period. Over the same period, the price of Gold rose 41.1% from \$2214.3 per troy ounce to \$3125.25.

The S&P GSCI Commodity Spot Index returned -4.5% over the one-year period to 31 March 2025 in Sterling terms.

Currencies

Over the 12-month period to 31 March 2025, Sterling appreciated 2.2% against the US Dollar from \$1.263 to \$1.291. Sterling also appreciated 1% against the Yen from ¥191.19 to ¥193.02. Sterling appreciated 2.2% against the Euro, from €1.17 to €1.195 over the year.

Implementation statement

There is a requirement for most trust-based pension schemes to produce an annual Implementation Statement which covers the Scheme year. The Implementation Statement sets out how, and the extent to which, the Trustees have followed their SIP during the year, as well as details of any review of the SIP and an explanation of any changes made to the SIP during the year. The Scheme's Implementation Statement, covering the period 6 April 2024 to 5 April 2025, is set out in the appendices on pages 35 - 43 and forms part of this Trustees' Report.

Code of Best Practice

The principles set out in the Code of Best Practice are high level principles which aid trustees in their investment and governance decision making. While they are voluntary, pension scheme trustees are expected to consider their applicability to their own scheme and report on a 'comply or explain' basis how they have used them.

The principles emphasise the essentials of investment governance, notably the importance of effective decision making, clear investment objectives and a focus on the nature of each scheme's liabilities. The principles also require that trustees include a statement of the scheme's policy on responsible ownership in the Statement of Investment Principles and report periodically to members on the discharge of these responsibilities.

The Trustees consider that their investment policies and their implementation are in keeping with these principles.

AVX Limited Pension Scheme

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Investment Review

Asset Allocation as 5 April 2025

The Scheme's asset allocations are listed in the tables below, divided between a "Growth" and a "Matching Portfolio." In July 2024, the Trustees agreed to reduce the equity allocation to 10% and introduce a 5% allocation to cash.

Total Portfolio	Actual Asset Allocation				Target as at 5 April 2025 (%)
	Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)	
Total Growth	15.3	13.5	15.8	14.9	15.0
Total Matching	81.7	77.3	84.2	85.1	85.0
Total	97.0	90.8	100.0	100.0	100.0

Source: Mercer.

Figures may not sum to total due to rounding.

Growth Portfolio	Actual Asset Allocation			
	Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)
Passive Global Equity CCF (Hedged)	3.8	2.1	24.9	15.6
Passive Global Equity - Fund. Indexation (Hedged)	4.0	2.1	26.0	15.7
Global Low Vol. Equity (Hedged)	3.0	1.8	19.9	13.2
Global Small Cap Equity (Hedged)	1.5	0.9	9.9	6.5
Passive Emerging Markets Equity	2.9	1.8	19.2	13.7
UK Cash ^(a)	-	4.8	-	35.3
Total Growth	15.3	13.5	100.0	100.0

Source: Mercer.

Figures may not sum to total due to rounding.

^(a) The Sub-Fund is authorised under the Money Market Fund Regulation as a VNAV Money Market Fund and is classified as a Standard Money Market Fund

Matching Portfolio	Actual Asset Allocation			
	Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)
Tailored Credit I	30.5	29.1	37.3	37.7
Passive UK Long Gilts	15.9	9.1	19.4	11.7
Passive Inflation-Linked Bonds	34.4	18.9	42.1	24.4
Tailored Credit II	-	8.1	-	10.4
Passive Short Dated UK Gilts	1.0	2.1	1.2	2.7
Passive Short Dated UK Index Linked Gilts	-	10.1	-	13.0
Total Matching	81.7	77.3	100.0	100.0

Source: Mercer.

Figures may not sum to total due to rounding.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Trustees' Report

Investment Performance to 31 March 2025

Growth Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	Target (% p.a.)	Portfolio (% p.a.)	Target (% p.a.)	Portfolio (%)	Target (%)
Total Growth^(a)	18/06/2016	9.3	9.8	6.3	6.6	6.0	6.0

Matching Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (%)	B'mark (%)
Tailored Credit I ^(b)	08/03/2019	-1.4	-	-4.5	-	-1.7	-
Passive UK Long Gilts	22/09/2020	-14.1	-14.1	-14.9	-14.9	-8.1	-8.2
Passive Inflation-Linked Bonds	08/08/2019	-8.8	-8.8	-16.6	-16.6	-10.4	-10.4
Tailored Credit II ^(b)	19/04/2024	-0.6	-	-	-	-	-
Passive Short Dated UK Gilts	20/11/2023	4.2	4.3	-	-	4.0	4.0
Passive Short Dated UK Index Linked Gilts	19/04/2024	1.2	1.3	-	-	-	-

Total Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (%)	B'mark (%)
Total (Net of Fees)^(c)	18/05/2016	0.9	-0.6	-10.0	-10.6	-3.5	-4.3
Comparator							
Composite Fund Benchmark	18/05/2016	0.6		-11.6		-2.8	

Performance provided by State Street Fund Services (Ireland) Limited, Mercer estimates and Refinitiv. Performance is in £ terms using unswung returns for the underlying Mercer portfolios; gross of Mercer and net of underlying manager fees; gross of hedging fees (where applicable); net of all other expenses including custody and administration costs. Where the since inception track record is less than one year, performance shown is cumulative and not annualize.

Total returns use official (swung) prices. Where applicable, it includes performance of terminated mandates.

^(a) Target is measured against 1 Month Sterling LIBID + 4% p.a.

^(b) The portfolio is not managed relative to a benchmark index and instead aims to generate income sufficient to meeting investors' long dated liabilities by minimising the number of defaults and downgrades of underlying securities.

^(c) Total returns are net of Mercer and of underlying manager fees; net of hedging fees (where applicable); net of all other expenses including custody and administration costs. Benchmark shown is the change in value of liabilities. Composite fund benchmark is a composite of relevant comparators for the underlying funds.

Custodial arrangements

State Street Custodial Services (Ireland) Limited is the custodian and administrator of the pooled Mercer funds that the Scheme invests in order to implement its investment strategy.

Where the Mercer funds invest in pooled funds, the portfolio of securities and cash which underlie the pooled fund units issued by the underlying investment managers are held by independent corporate custodians and are regularly audited by external auditors.

The custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodians' nominee companies, in line with common practice for pension scheme investments.

HSBC Bank plc was appointed by the Trustees as custodian of the cash held in connection with the administration of the Scheme.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Trustees' Report

Basis of investment manager's fees

The fee payable by the Scheme to Mercer Global Investments will, in aggregate, amount to 0.15% p.a. The Scheme will also pay variable sub-investment manager fees. These fees will be deducted from the account.

State Street Global Advisors charges fees quarterly based on an annual fixed charge of £1,000 plus variable rates bands of 0.100% to 0.275% on investment fund balances.

The Pensions Regulator

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

The Pensions Regulator
Telecom House
125 - 135 Preston Road
Brighton
BN1 6AF

Telephone: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionregulator.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
Post Handling Site A
Wolverhampton
WV98 1AF
Telephone: 0800 731 0175
Website: <https://www.gov.uk/find-pension-contact-details>

The Money and Pensions Service

The Money and Pensions Service can give you information about matters relating to workplace and personal pensions.

Money and Pension Services
Borough Hall
Cauldwell Street
Bedford
MK42 9AB
Telephone: 0115 965 9570
Email: contact@maps.org.uk
Website: <https://maps.org.uk>

Pensions Ombudsman

Any concerns connected with the Scheme should be referred to Helen McCann, Kyocera AVX Components Limited, Prospect House, 6 Archipelago, Lyon Way, Frimley, Surrey GU16 7ER, 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 Trustees 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

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Trustees' Report

The Pension Protection Fund

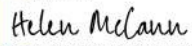
The Pension Protection Fund (PPF) was established to pay compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover PPF levels of compensation. The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

Further information

Further information about the Scheme is given in the explanatory booklet, dated April 1999, which is issued to all members.

Approval

The Trustees' Report on pages 3 to 14, and the Implementation Statement on pages 35 to 43, were approved by the Trustees and signed on their behalf by:

Signed by:

..... Trustee
1A678B27BAD54FE...

DocuSigned by:

..... Trustee
D110FDDEDB94CC...

Date: 29 September 2025
.....

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Statement of Trustees' Responsibilities

The Financial Statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustees. Pension Scheme regulations require, and the Trustees are 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 the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustees are also responsible for making available certain other information about the scheme in the form of an annual report.

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

The Trustees are responsible under pensions legislation for preparing, maintaining 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 Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the Members.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Independent Auditor's Report to the Trustees

Independent Auditor's Report to the Trustees of the AVX Limited Pension Scheme

Opinion

We have audited the financial statements of the AVX Limited Pension Scheme for the year ended 5 April 2025 which comprise the fund account, the statement of net assets and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 5 April 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon and our auditor's statement about contributions. The Trustees are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Independent Auditor's Report to the Trustees

Other information (continued)

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Scheme's Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Our assessment focussed on key laws and regulations the Scheme has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Pensions Act 1995 and United Kingdom Generally Accepted Accounting Practice.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Scheme and how the Scheme is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Scheme's control environment and how the Scheme has applied relevant control procedures, through discussions and sample testing of controls;
- obtaining an understanding of the Scheme's risk assessment process, including the risk of fraud;
- reviewing Trustees meeting minutes throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing the appropriateness of journal entries and other adjustments made.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Independent Auditor's Report to the Trustees

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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



COOPER PARRY GROUP LIMITED
Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 29 September 2025

AVX Limited Pension Scheme**Annual Report for the year ended 5 April 2025****Financial Statements****Fund Account**

	2025	2024
	Total	Total
Note	£	£
Employer contributions	4 230,000	230,000
Other income	5 19,397	37,909
	<u>249,397</u>	<u>267,909</u>
Benefits paid or payable	6 (4,585,502)	(4,331,222)
Payments to and on account of leavers	7 (25,358)	-
Administrative expenses	8 (532,834)	(215,972)
	<u>(5,143,694)</u>	<u>(4,547,194)</u>
Net withdrawals from dealings with members	<u>(4,894,297)</u>	<u>(4,279,285)</u>
Returns on investments		
Investment income	9 2,828,398	3,411,512
Change in market value of investments	10 (4,492,265)	(4,542,670)
Investment management expenses	11 142,104	143,777
Net returns on investments	<u>(1,521,763)</u>	<u>(987,381)</u>
Net decrease in the fund during the year	(6,416,060)	(5,266,666)
Net assets at 6 April	97,626,377	102,893,043
Net assets at 5 April	<u>91,210,317</u>	<u>97,626,377</u>

The notes on pages 21 to 31 form part of these financial statements.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Financial Statements

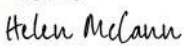
Statement of Net Assets available for benefits

	Note	2025 Total £	2024 Total £
Investment assets			
Pooled investment vehicles	13	90,779,459	97,004,396
AVC investments	14	43,850	68,236
Other investment balances	15	272,667	283,420
Total investments	10	91,095,976	97,356,052
Current assets	20	507,447	504,430
Current liabilities	21	(393,106)	(234,105)
Net assets at 5 April		91,210,317	97,626,377

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, 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 21 to 31 form part of these financial statements.

The financial statements on pages 19 to 31 were approved by the Trustees and signed on their behalf by:

Signed by:

 Trustee

DocuSigned by:

 Trustee

Date: 29 September 2025

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Notes to the Financial Statements

1. Identification of the financial statements

The Scheme is established as a trust under English law.

The Scheme was established to provide retirement benefits to certain groups of employees of Kyocera AVX Components Limited. The address of the Scheme's principal office is Prospect House, 6 Archipelago, Lyon Way, Frimley, Surrey, GU16 7ER.

The Scheme is a defined benefit scheme.

Enquiries should be addressed to the Trustees at the address shown on page 1.

2. Basis of preparation

The financial statements 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 102 (FRS 102) - The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (the SORP) (Revised 2018).

The financial statements have been prepared on the going concern basis which the Trustees believe to be appropriate based on their expectations for a 12 month period from the date of approval of these financial statements which indicate that sufficient funds should be available to enable the Scheme to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due. Since the year end the employer has continued to make the required contributions as set out in the Schedule of Contributions.

3. Accounting policies

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

3.1 Accruals concept

The financial statements have been prepared on an accruals basis.

3.2 Currency

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

3.3 Contributions

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

3.4 Transfers

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

3.5 Other income

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

3.6 Payments to members

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

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

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

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.

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

3.8 Investment income

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

Receipts from annuity policies are accounted for as investment income 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:

The market value of pooled investment vehicles is based on the bid price operating at the year end, as advised by the investment manager.

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.

4. Contributions

	2025 Total £	2024 Total £
Employer contributions:		
Additional	<u>230,000</u>	<u>230,000</u>

The Employer will pay an allowance of £230,000 p.a. to cover the administrative and other expenses incurred by the Trustees in the running of the Scheme. The contributions shall be paid monthly.

5. Other income

	2025 Total £	2024 Total £
Interest on cash deposits held by the Trustees	<u>19,397</u>	<u>37,909</u>

6. Benefits paid or payable

	2025 Total £	2024 Total £
Pensions	3,684,177	3,544,984
Commutation of pensions and lump sum retirement benefits	892,284	764,516
Lump sum death benefits	9,041	21,722
	<u>4,585,502</u>	<u>4,331,222</u>

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Notes to the Financial Statements

7. Payments to and on account of leavers

	2025	2024
	Total	Total
	£	£
Individual transfers out to other schemes	<u>25,358</u>	<u>-</u>

8. Administrative expenses

	2025	2024
	Total	Total
	£	£
Administration fees	94,761	87,545
Pension consultancy and actuarial	419,227	109,078
Trustee fees	11,200	11,200
Scheme levies	7,100	7,445
Bank charges paid	506	660
Miscellaneous expenses	40	44
	<u>532,834</u>	<u>215,972</u>

The audit fees of £9,450 for 2025 (2024: £9,000) are met by the Employer. The Pension consultancy and actuarial fees for 2025 include £272,160 of fees paid to PricewaterhouseCoopers LLP, in relation to the equalisation project.

The Administration fees include the reversal of prior year fees of £55,416 not recharged to the Scheme.

In addition to the Trustee fees paid by the Scheme £11,200 (2024: £11,200), the Trustee fees paid to Dalriada Trustees Limited £23,413 (2024: £22,649) are met by the Employer.

9. Investment income

	2025	2024
	Total	Total
	£	£
Income from pooled investment vehicles	2,800,902	3,389,448
Annuity income	27,496	22,064
	<u>2,828,398</u>	<u>3,411,512</u>

Income from pooled investment vehicles includes distribution income from the Mercer UK Credit Fund, Mercer Tailored Credit Fund I and the Mercer Sterling Nominal LDI Bond Fund and also includes distribution income reinvested in Mercer Tailored Credit Fund 2.

10. Reconciliation of investments

	Market value at 6 April 2024 £	Cost of investments purchased £	Proceeds of sales of investments £	Change in market value £	Market value at 5 April 2025 £
Pooled investment vehicles	97,004,396	30,156,726	(31,879,065)	(4,502,598)	90,779,459
AVC investments	68,236	-	(34,719)	10,333	43,850
	<u>97,072,632</u>	<u>30,156,726</u>	<u>(31,913,784)</u>	<u>(4,492,265)</u>	<u>90,823,309</u>
Other investment balances	283,420			-	272,667
	<u>97,356,052</u>			<u>(4,492,265)</u>	<u>91,095,976</u>

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Notes to the Financial Statements

10.1 Transaction costs

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

11. Investment management expenses

	2025 Total £	2024 Total £
Fee rebates	<u>(142,104)</u>	<u>(143,777)</u>

The total of the negative fee rebates £141,204 (2024: £143,777) relates to the investments managed by Mercer Global Investments.

12. Taxation

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

13. Pooled investment vehicles

	2025 Total £	2024 Total £
Equities	8,726,413	15,288,020
Bonds	77,292,855	81,716,376
Cash	4,760,191	-
	<u>90,779,459</u>	<u>97,004,396</u>

The pooled investments are held in the name of the Scheme. Income generated by these units are not distributed, but reflected in the market value of the units, with the exception of the income distributions received for the Mercer UK Credit Fund, Mercer Tailored Credit Fund I and the Mercer Sterling Nominal LDI Bond Fund, as detailed in note 9.

The company managing the pooled investments is registered in the United Kingdom.

14. AVC investments

The Trustees hold assets which are separately invested from the main fund in the form of individual 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 made up to 5 April each year, confirming the amounts held to their account and the movements during the year.

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

	2025 Total £	2024 Total £
Prudential Assurance	29,701	37,516
Phoenix Life and Pensions Limited	9,243	8,489
Aviva Life & Pensions UK Limited	4,906	22,231
	<u>43,850</u>	<u>68,236</u>

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Notes to the Financial Statements

15. Other investment balances

	Assets £	Liabilities £	2025 £	Assets £	Liabilities £	2024 £
Investment income receivable	<u>272,667</u>	<u>-</u>	<u>272,667</u>	<u>283,420</u>	<u>-</u>	<u>283,420</u>

AVX Limited Pension Scheme**Annual Report for the year ended 5 April 2025****Notes to the Financial Statements****16. 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 fall within the above hierarchy as follows:

	2025 Level 1 £	2025 Level 2 £	2025 Level 3 £	2025 Total £
Pooled investment vehicles	-	90,779,459	-	90,779,459
AVC investments	-	-	43,850	43,850
Other investment balances	272,667	-	-	272,667
	<u>272,667</u>	<u>90,779,459</u>	<u>43,850</u>	<u>91,095,976</u>

Analysis for the prior year end is as follows:

	2024 Level 1 £	2024 Level 2 £	2024 Level 3 £	2024 Total £
Pooled investment vehicles	-	97,004,396	-	97,004,396
AVC investments	-	-	68,236	68,236
Other investment balances	283,420	-	-	283,420
	<u>283,420</u>	<u>97,004,396</u>	<u>68,236</u>	<u>97,356,052</u>

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Notes to the Financial Statements

17. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Scheme is exposed at the end of the reporting period: this is set out in the revised Statement of Recommended Practice (SORP), published in July 2018.

All risk disclosures are based on Mercer's interpretation of guidance issued by the Pensions Research Accountants Group (PRAG). For further information on all Mercer funds, please refer to the audited fund financial statements.

The risks set out by FRS 102 for disclosure are as follows:

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: currency risk, interest rate risk and other price risk, each of which is further detailed 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:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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.

The Scheme has exposure to the above risks through the assets held to implement its investment strategy. The investment strategy has been designed to balance the risk and return while allowing the Scheme to achieve its objectives.

The Trustees have taken the step to reduce investment risk within their portfolio by implementing a de-risking strategy whereby the level of investment risk inherent in the Scheme's investment arrangements will reduce further as the Scheme's funding level improves. The Trustees agreed the way in which the investment risk should be reduced and have delegated the implementation of the de-risking strategy to Mercer. The de-risking strategy comprises funding level triggers which are monitored daily by Mercer. When a pre agreed trigger level is breached, Mercer opportunistically switches the assets from the Growth Portfolio to the Matching Portfolio. Mercer constructs portfolios of investments that are expected to maximise the return given the targeted level of risk.

The investment objectives and risk limits of the Scheme are further detailed in the SIP. Further information on the Trustees' approach to risk management, credit and market risk is set out below.

(i) Investment Strategy

The investment objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the Trust Deed and Rules as they fall due. The investment strategy is agreed by the Trustees, taking into account considerations such as the strength of the Employer covenant, the long-term liabilities of the Scheme and the Recovery Plan agreed with the Employer. The key decision is the split between the Growth and Matching Portfolios in the investment strategy. More details on the investment strategy are set out in the SIP.

The Scheme's current target investment strategy is as follows:

- 85.0% in investments that share characteristics with the long-term liabilities of the Scheme, referred to as the Matching Portfolio. The Matching Portfolio is invested in assets including government and corporate bonds as well as funds incorporating derivative instruments to hedge the impact of interest rate movements and inflation expectations on the long term liabilities.
- 15.0% in investments that seek to generate a return above the liabilities, referred to as the Growth Portfolio. The Growth Portfolio currently consists of 10% in global developed market and emerging market equities, and 5% in cash.
- 86.7% currency hedge ratio within the Growth Portfolio. This is achieved through a currency hedging policy using currency hedging derivatives such as forwards and swaps within the various Growth Portfolio's Mercer Funds held. Please note that additional currency risk may arise when underlying managers take active currency positions or from allocations to fixed income assets denominated in non-sterling currencies.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Notes to the Financial Statements

17. Investment risks (continued)

The actual allocations will vary from the above due to market price movements, dynamic asset allocation decisions, trigger breaches and intervals between rebalancing the portfolio. Additionally, during the year, a target hedge ratio of 108% was implemented to protect the Scheme's total liabilities.

Financial Risk Breakdown

The following table summarises the extent to which the various asset classes of investments are affected by financial risks. Since the assets are all invested in pooled funds as opposed to being held on a direct basis, the risks are referred to as indirect:

Fund	Portfolio	Indirect Currency Risk	Indirect Interest Rate Risk	Indirect Credit Risk	Indirect Other Price Risk
Passive Global Equity CCF (Hedged)	Growth	X	X		X
Passive Global Equity - Fund. Indexation (Hedged)	Growth	X	X		X
Global Low Vol. Equity (Hedged)	Growth	X	X		X
Global Small Cap Equity (Hedged)	Growth	X	X		X
Passive Emerging Markets Equity	Growth	X	X		X
UK Cash	Growth		X	X	
Tailored Credit I	Matching		X	X	
Passive UK Long Gilts	Matching		X		
Passive Inflation-Linked Bonds	Matching		X		X
Tailored Credit II	Matching		X	X	
Passive Short Dated UK Gilts	Matching		X		
Passive Short Dated UK Index Linked Gilts	Matching		X		X

(ii) Market risk

a. Currency risk

Indirect currency risk arises from the Scheme's investment in sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currency. To control this risk, a strategic target currency hedge ratio of 86.7% has been set for the Growth portfolio. Currency risk is not undertaken where the costs of hedging are excessive or the currency exposure is expected to be rewarded by return.

b. Interest rate risk

The Scheme's Growth and Matching Portfolios are subject to indirect interest rate risk because some of the Scheme's investments are held in pooled funds which comprise bonds, Gilt repurchase agreements and cash.

The Trustees hold assets under Matching portfolio as part of their LDI investment strategy. Under this strategy, Indirect interest rate risk exposures within the Growth portfolio are expected to be rewarded with return. Indirect interest rate risk within the Matching portfolio is used to protect the Scheme against the interest rate risk inherent in the Scheme's liabilities and thus help control funding volatility.

c. Other price risk

Other price risk arises principally in relation to the Scheme's Growth Portfolio and, specifically, the equity risk premium, and also in relation to the Matching portfolio which is exposed to inflation risk. The equity risk premium is expected to be rewarded with return whilst the inflation risk is used to protect the Scheme against the inflation risk inherent in the Scheme's liabilities. The benchmark set for investment in Growth Portfolio was 15.0% of the total investment portfolio as at 5 April 2025.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Notes to the Financial Statements

17. Investment risks (continued)

(iii) Credit risk

The Scheme's Growth and Matching Portfolio are subject to indirect credit risk.

Indirect credit risk largely relates to the Scheme holding of bond assets held within both the Growth and Matching portfolios. This credit risk is expected to be rewarded with an additional return over risk-free bond assets. Credit risk is managed diversification and active management of the bond assets.

Credit risk also arises from counterparties to derivative contracts that the Scheme enters into, particularly within the Matching portfolio. This risk is managed by ensuring that derivative positions are suitably collateralised and that the credit-worthiness of the counterparties is restricted to the highest credit ratings.

The Scheme's holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustees manage and monitor the credit risk arising from its pooled investment arrangements by considering the nature of the pooled fund vehicles, the legal structure and regulatory environment.

Mercer is responsible to manage credit risk within the Scheme's Matching Portfolio and the Trustees review this periodically.

The Growth and Matching portfolios are exposed to direct credit risk by nature of their investment in the Mercer Funds as opposed to the underlying assets held. The Mercer Funds are collective investment schemes incorporated as limited liability variable capital companies as well as an open-ended umbrella common contractual fund. These are authorised by the Central Bank of Ireland. The Mercer Funds are not rated by credit rating agencies and so the Trustees manage and monitor the direct risk by considering the nature of the Mercer Funds, their legal structure and the regulatory environment they are required to work within. Direct credit risk arising from the Mercer Funds is also mitigated by the underlying assets that are directly held by the Mercer Funds being predominantly ring-fenced from the underlying investment managers and custodians.

A summary of the pooled investment vehicles by type of arrangement is set out below.

Arrangement type	Start of Year (£m)	End of Year (£m)
Unit linked Insurance contracts	-	-
Authorised unit trust	-	-
Open ended investment companies	89.2	86.6
Shares of limited liabilities partnerships	-	-
Common Contractual Funds	7.8	4.2
Total	97.0	90.8

18. Concentration of investments

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

	2025		2024	
	£	%	£	%
Mercer Tailored Credit Fund	29,135,195	31.9	30,450,205	31.2
Mercer UK Inflation-Linked Bond Fund	18,856,368	20.7	34,393,167	35.2
Mercer Pass Short Dated UK Ind Lnkd Gilt	10,069,134	11.0	N/A	N/A
Mercer UK Long Gilt Fund	9,074,517	9.9	15,890,980	16.3
Mercer Tailored Credit Fund 2	8,060,965	8.8	N/A	N/A
MGI UK Cash Fund Class M-2GBP	4,760,191	5.2	N/A	N/A

19. Employer-related investments

There was no employer-related investment as at 5 April 2025 (2024: £Nil).

AVX Limited Pension Scheme**Annual Report for the year ended 5 April 2025****Notes to the Financial Statements****20. Current assets**

	2025	2024
	Total	Total
	£	£
Contributions due from the employer in respect of:		
- Employer	19,167	19,167
Pensions paid in advance	37,300	40,718
Cash deposits held	450,980	444,545
	<u>507,447</u>	<u>504,430</u>

The cash deposits held as at 5 April 2025 represent the balance held with the HSBC Bank plc.

21. Current liabilities

	2025	2024
	Total	Total
	£	£
Reimbursement of pensions received in advance	1,544	1,495
Lump sums on retirement payable	97,227	-
Death benefits payable	1,069	-
Taxation payable	31,096	51,350
Administrative expenses payable	262,170	181,260
	<u>393,106</u>	<u>234,105</u>

22. Related party transactions**(a) Key management personnel of the Scheme or its parent (in aggregate)**

R J Lawrence, P Fenwick, S H Cunday and W McIlmoyle were pensioners of the Scheme during the year.

R J Lawrence, P Fenwick and S H Cunday are being paid for services as Trustees. This is because they are Employer-nominated and Member-nominated Trustees who are no longer employed by the Company. The fees are met by the Scheme: S H Cunday £2,600 (2024: £2,600); P Fenwick £2,600 (2024: £2,600); and R J Lawrence £6,000 (2024: £6,000).

Dalriada Trustees Limited are paid for services as a Trustee. The fees for the year ended 5 April 2025 are met by the Employer £23,413 (2024: £22,649). The amount outstanding at the year end totalled £1,139.

During the year the Employer paid out directly £9,450 as audit fees for the year ended 5 April 2025 (2024: £9,000).

(b) Other related parties

The Trustees and the Guarantor, AVX Corporation, have agreed that the Scheme will have the benefit of a guarantee from the Guarantor in respect of the liabilities of AVX Limited to the Scheme.

23. GMP Equalisation

As explained on page 5 of the Trustees' Report, on 26 October 2018, the High Court judgment on 26 October 2018 in respect of the equalisation of GMPs for the Lloyds Banking Group could have accounting implications for defined benefit pension schemes with unequal GMPs for members who were contracted out between 17 May 1990 and 5 April 1997. The ruling clarifies and confirms a legal obligation on scheme trustees to equalise GMPs through other scheme benefits. Equalisation includes backdating of benefit adjustments and related interest to 17 May 1990, subject to scheme rules which may have time limits on backdating. In November 2020, the High Court determined that historical transfers out are within the scope of GMP equalisation. Consequently, schemes are required to revisit individual transfer payments made since 17 May 1990 to check if any additional value is due as a result of GMP equalisation. Under FRS 102 and the Pension SORP the obligation in respect of backdating benefits and related interest should be recognised as a liability in pension scheme financial statements where material and it can be measured reliably (SORP:3.6.3). A reliable estimate has not yet been calculated. They will be accounted for in the year they are determined. The actuarial valuation as at 5 April 2024, includes an allowance of 0.3% of the liabilities for GMP equalisation.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Notes to the Financial Statements

24. Virgin Media Ltd v NTL Pension Trustees

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The court decision was upheld on appeal on 25 July 2024. There is potential for legislative intervention following industry lobbying efforts that may retrospectively validate certain rule amendments. Having consulted with their advisers, the Trustees have no reason to believe that there is a material impact on the financial statements but will continue to monitor developments.

On 5 June 2025 the Government stated that it is aware that following last year's Court of Appeal judgment in Virgin Media Limited v NTL Pension Trustees Limited, there is increased uncertainty in the pensions industry. They state that they recognise that schemes and sponsoring employers need clarity around scheme liabilities and member benefit levels in order to plan for the future. The Government will therefore introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Independent Auditor's Statement about Contributions to the Trustees

Independent Auditor's Statement about Contributions to the Trustees of AVX Limited Pension Scheme

We have examined the Summary of Contributions to the AVX Limited Pension Scheme in respect of the Scheme year ended 5 April 2025 which is set out on page 33.

In our opinion contributions for the Scheme year ended 5 April 2025 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 1 February 2022.

Scope of work on Statement about Contributions

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 at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustees and the Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are 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 the employer in accordance with the Schedule of Contributions.

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

Use of our report

This statement is made solely to the Scheme's Trustees, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our work on contributions has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in such an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Schemes Trustees, as a body, for our work on contributions, for this statement, or for the opinions we have formed.



COOPER PARRY GROUP LIMITED
Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 29 September 2025

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Summary of Contributions

During the year ended 5 April 2025, the contributions payable to the Scheme by the Employer were as follows:

**2025
Total
£**

Contributions payable under the Schedule of Contributions:

Employer contributions:

Additional

230,000

Contributions payable under the Schedule of Contributions (as reported on by the Scheme Auditor)
and reported in the financial statements

230,000

Approved by the Trustees and signed on their behalf by:

Signed by:

Helen McLann

Trustee

DocuSigned by:

[Signature]

Trustee

Date: 29 September 2025

AVX Limited Pension Scheme

Annual Report for the year ended 5 April 2025

Actuarial Certificate

Certification of Schedule of Contributions

Adequacy of rates of contributions

1. I certify that, in my opinion, the statutory funding objective was met on 5 April 2024 and the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 5 April 2024 to continue to be met over the period covered by this Schedule of Contributions.

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 May 2025.

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

Signature

Simon Hall

Scheme Actuary

Simon Hall

Qualification

Fellow of the Institute and Faculty of Actuaries

Date of signing

1 June 2025

Name of employer

Mercer Limited

Address

Clarendon House
23 Clarendon Road
Belfast
BT1 3BG

Appendix 1: Implementation Statement

Engagement Policy Implementation Statement for the Year Ended 5 April 2025 AVX Limited Pension Scheme (“the Scheme”)

1. INTRODUCTION

The Engagement Policy Implementation Statement (known as the Statement) presents the Trustees' assessment of their adherence to their engagement policy and their policy concerning the exercise of rights (including voting rights) attaching to the Scheme's investments throughout the one-year period ending 5 April 2025 (the "Scheme Year"). The Trustees' policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in September 2023 in order to reflect updates to the sustainability section. A copy of the Trustees' SIP is available on request.

This Statement has been prepared in accordance with the *Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019* and the guidance published by the Department for Work and Pensions.

The Trustees have appointed Mercer Limited (Mercer) as the discretionary investment manager and the Scheme's assets are invested in a diverse range of specialised pooled funds (known as the Mercer Funds). The management of each of the Mercer Fund's assets is carried out by a Mercer affiliate, namely Mercer Global Investments Europe Limited (MGIE)

The relevant Mercer affiliate is responsible for the appointment and monitoring of a suitably diversified portfolio of specialist third party investment managers for the assets of each Mercer Fund.

Under these arrangements, the Trustees acknowledge that they do not possess direct authority over the engagement or voting policies and arrangements of the Mercer Funds' managers. Mercer's publicly available [Sustainability Policy](#) outlines Mercer's investment philosophy and how it addresses sustainability risks and opportunities, into the decision making process. The [Stewardship Policy](#) provides further details on Mercer's implementation of stewardship practices.

Mercer's triennial Client Engagement Survey aims to integrate the Trustees perspectives on specific themes by evaluating the alignment between Mercer's engagement priority areas and those of the Trustees. The last survey, undertaken in 2023, also highlights areas of focus that hold importance to the Trustees. The Trustees regularly review reports from Mercer regarding the stewardship (engagement and voting activities) conducted within the Mercer Funds to assess the alignment of these with their own.

Section 2 of this Statement outlines the Trustees' engagement policy and evaluates the extent to which it has been followed during the Scheme Year.

Section 3 sets out the Trustees' policy regarding the exercising of rights (including voting rights) attached to the Scheme investments. This Section also provides detailed information on the voting activities undertaken by third-party investment managers appointed within the Mercer Funds during the Scheme Year.

**Appendix 1:
Implementation Statement**

Considering the analysis presented in Sections 2 to 3, the Trustees believe that their policies with regard to engagement and the exercise of rights attaching to investments have been successfully followed during the Scheme Year.

2. TRUSTEES' POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE

Policy Summary

The Trustees' ESG policy is outlined in Section 9 of the Scheme's SIP.

The Trustees regularly review Stewardship and Sustainability policies as noted above. If the Trustees find that the relevant policies of Mercer, MGIE or the third-party asset managers do not align with their own beliefs they will notify Mercer. Engagement to seek alignment will be prioritised, then they may consider disinvesting some or all of the assets held in the Mercer Funds. They may also seek to renegotiate commercial terms with Mercer.

How the Policy has been implemented over the Scheme Year




The following work was undertaken during the year relating to the Trustees' policy on sustainability integration, including the climate transition and effective stewardship.

 Policy Updates	 Climate Change Reporting and Carbon Foot printing	 Mercer Ratings
<p>The Trustees regularly review how sustainability considerations including the climate transition and effective stewardship are integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers within the Mercer Funds, in their monitoring process. Mercer, and MGIE, provide reporting to the Trustees on a regular basis.</p> <p>The Mercer Sustainability Policy is reviewed regularly, with updates in November 2024 including an update to Mercer's Investment Philosophy. Mercer also regularly reviews its</p>	<p>Mercer's global investment philosophy, which the Trustees have reviewed, recognises that:</p> <ul style="list-style-type: none"> Portfolio resilience can be enhanced by integrating financially material sustainability, transition, and socioeconomic risks into investment decision-making. Investing to solve long-term systemic issues may provide opportunities to improve risk-adjusted returns. 	<p>Stewardship forms an important part of Mercer's ratings framework applied during the manager research process.</p> <p>Mercer's manager research ratings include an assessment of the extent to which sustainability considerations are incorporated in a strategy's investment process as well as the manager's approach to stewardship.</p> <p>Across most asset classes, Mercer ratings are reviewed during quarterly monitoring by the portfolio management teams with a more</p>

Appendix 1: Implementation Statement

<p>approach to integrating climate considerations into its investment decision-making process as documented in its Task Force on Climate Related Financial Disclosures (TCFD) report, updated in August 2024.</p> <p>The Mercer Stewardship Policy is similarly reviewed regularly. In January 2024 the policy was updated to include nature engagement priorities, and climate and diversity, equity and inclusion (DEI) voting expectations.</p> <p>The Stewardship and Sustainability Policies have also been updated with the integration of nature and biodiversity as a key investment and engagement theme. Mercer is a member of the Task Force for Nature Related Financial Disclosures (TNFD) working group and a founding signatory of Nature Action 100.</p> <p>The most recent UN Principles of Responsible Investment results (based on 2022 activity) awarded Mercer with 4 out of 5 stars for Policy Governance and Strategy. The United Nations Principles for Responsible Investment (UN PRI) is a global initiative that provides a framework for incorporating sustainability considerations into investment practices.</p> <p>The Financial Reporting Council confirmed in February 2025 that MGIE will remain a signatory to the UK Stewardship Code, based on its application of the 12 principles, which is seen to represent best practice in stewardship.</p>	<ul style="list-style-type: none"> • Effective stewardship can improve investment outcomes. <p>Mercer applies each of these three lenses when considering the climate transition. The climate transition is a widely recognised systemic risk and Mercer considers the transition to a low carbon economy and the physical damages associated with global temperature increases through our climate scenarios analysis, analytics for Climate Transition (ACT) framework, which considers the alignment of portfolios to the low carbon transition, and through monitoring other climate-related metrics.</p> <p>Mercer has a target of net-zero absolute portfolio carbon emissions by 2050 for UK, European and Asian discretionary portfolios, and relevant multi-client, multi-asset funds domiciled in Ireland. To achieve this, Mercer also established an expectation that portfolio carbon emissions intensity would reduce by 45% from 2019 baseline levels and is on track to achieve this. Mercer's approach to managing climate change risks is consistent with the framework recommended by the Financial Stability Board's Task Force on Climate Related Financial Disclosures (TCFD), as described in Mercer's latest Task Force on Climate Related Financial Disclosures Status Report.</p>	<p>comprehensive review performed annually. In these reviews, Mercer seek evidence of positive momentum on managers' sustainability integration.</p> <p>These ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustees.</p>
<p>As of 31 March 2025, Mercer's in-scope portfolios are on track to meet their long-term net zero portfolio carbon emissions reduction targets, with an average of -53% since baseline. (Data Source: MSCI Barra)</p>		

**Appendix 1:
Implementation Statement**

 <p>Approach to Exclusions</p>	 <p>Diversity</p>	 <p>Engagement</p>
<p>Mercer and MGIE's preference are to emphasise integration and stewardship approaches, however, in a limited number of instances, exclusions of certain investments may be necessary based on Mercer's Investment Exclusions or Sensitive Topics Frameworks. Controversial weapons and civilian firearms are excluded from all multi-client equity and fixed income funds. In addition, tobacco companies and nuclear weapons are excluded from active equity and fixed income funds.</p> <p>In addition, Mercer and MGIE monitors funds for high-severity incidences relating to the UN Global Compact (UNGC) Principles that relate to human rights, labour, environmental and corruption issues.</p>	<p>Mercer and the Trustees believe that diverse teams lead to better decision-making and have therefore taken several measures to work towards reflecting this view within Mercer's portfolio management team, the teams of the appointed managers and across portfolio holdings.</p> <p>Participation in collaborative initiatives can also support raising awareness and contributing to initiatives across the broader industry.</p> <p>Mercer Limited is a member of The Diversity Project, which seeks to accelerate progress towards a more inclusive culture in the investment and savings profession.</p> <p>Mercer is also a member of the 30% Club – UK Investor Chapter and Irish Investor Chapter. The 30% Investor Chapters are investor-led initiatives that aim to increase gender diversity on corporate boards and in senior leadership positions.</p> <p>Mercer considers broader forms of diversity in decision-making, but currently reports on gender diversity.</p>	<p>Engagement is an important aspect of Mercer's stewardship activities on behalf of the Trustees. The 2024 Sustainability & Stewardship Report highlights the engagement objectives which have been set, examples of engagement and the escalation process. Mercer also participates in collaborative initiatives related to stewardship.</p> <p>Mercer conducts an annual survey on sustainability and stewardship topics. The survey was distributed to over 200 managers appointed in the Mercer Funds. The survey gathers information on managers' broad approach to stewardship as part of their investment integration. It also seeks insights and examples of voting and engagement activities. The results from the survey serve as an important source of information for tracking and measuring managers' stewardship efforts, assessing effectiveness, and identifying potential areas for improvement.</p> <p>The results and insights from the survey will be shared in Mercer's annual Sustainability and Stewardship Report. This report is reviewed by the Trustees providing them with valuable information on the managers' stewardship activities and their alignment with Mercer's objectives.</p>

**Appendix 1:
Implementation Statement**

3. TRUSTEES' POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO SCHEME INVESTMENTS

The Trustees' policy is as follows:

- **Delegation of Investment Management:** The Trustees delegate responsibility for the discretionary investment management of Scheme assets to Mercer. The Scheme's assets are invested in a range of Mercer Funds for which MGIE or relevant Mercer affiliate acts as investment manager.
- **Reporting of Engagement and Voting activities:** For the Trustees to fulfil their obligations regarding voting and engagement, they require reporting on the engagement and voting activities undertaken within the Mercer Funds. This reporting helps the Trustees assess whether the policies align with their own delegation of voting rights: Voting rights that apply to the underlying investments attached to the Mercer Funds are delegated to the third-party investment managers appointed by MGIE. MGIE accepts that these managers are typically best placed to exercise voting rights and prioritise particular engagement topics, given their detailed knowledge of the governance and operations of the investee companies. However, Mercer plays a pivotal role in monitoring the stewardship activities of those managers and promoting more effective stewardship practices, including attention to more strategic themes and topics.
- **Proxy Voting Responsibility:** Proxy voting responsibility is given to listed equity investment managers with the expectation that all shares are voted⁽²⁾ in a timely manner and in a manner deemed most likely to protect and enhance long-term value. Mercer and MGIE carefully evaluates each investment manager's stewardship capabilities (engagement and voting activities) as part of the selection process, ensuring alignment with Mercer's commitment to good governance and the integration of sustainability considerations. Managers are expected to take account of current best practice such as the UK Stewardship Code, to which Mercer is a signatory. As such the Trustees do not use the direct services of a proxy voter.

A summary of the voting activity for a range of Mercer Funds in which the Scheme's assets are invested in is provided for the year ending 31 March 2025. The statistics are drawn from the Glass Lewis system (via the custodian of the Mercer Funds). Glass Lewis is a leading provider of governance and proxy voting services.

Fund	Total Proposals		Vote Decision			For/Against Mgmt		Meetings			
	Eligible Proposals	Proposals Voted On	For	Against	No Action Other	For	Against	No.	Against		
Mercer Global Small Cap Equity Fund	8,437	8,284	90%	8%	0%	2%	0%	92%	8%	730	38%
Mercer Low Volatility Equity Fund	7,287	7,068	89%	8%	0%	3%	0%	93%	7%	425	41%
Mercer Fundamental Indexation Global Equity CCF	2,714	2,647	85%	12%	0%	2%	0%	82%	18%	206	73%
Mercer Passive Global Equity CCF	19,974	17,412	76%	11%	0%	13%	0%	82%	18%	1422	70%
Mercer Passive Emerging Markets Equity Fund	21,886	20,352	75%	18%	3%	4%	0%	80%	20%	2545	50%

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- (1) There are a number of limited circumstances where voting rights may not be exercised relating to, for example, conflicts of interest, share-blocking markets, power of attorney (POA) markets etc.
- "Eligible Proposals" reflect all proposals of which managers were eligible to vote on over the period
- "Proposals Voted On" reflect the proposals managers have voted on over the period (including votes For and Against, and any frequency votes encompassed in the "Other" category)"
- Vote Decision may not sum to 100 due to rounding. "No Action" reflects instances where managers have not acted on a vote. MGIE may follow up with managers to understand the reasoning behind these decisions, and to assess the systems managers have in place to ensure voting rights are being used meaningfully
- "Other" refers to proposals in which the decision is frequency related (e.g. 1 year or 3 year votes regarding the frequency of future say-on-pay).
- "Meetings No." refers to the number of meetings the managers were eligible to vote at.
- "Meetings Against" refers to the no. of meetings where the managers voted at least once against management, reported as a % of the total eligible meetings.

Significant Votes: The Trustees have based the definition of significant votes in line with the requirements of the Shareholder Rights Directive (SRD) II and on Mercer's engagement priority themes. The most significant proposals reported below relate to the three companies with the largest weight in each fund (relative to other companies in the full list of significant proposals), while considering Mercer's engagement priority themes.

Where available, information on next steps and plans to escalate are included in the following table.

Most Significant Votes

Fund	Company (Holding Weight)	Meeting Date: Proposal Text (Significance Category)	Manager Vote Decision (Intention to vote against management communicated – Rationale, if available)	Proposal Outcome (Next steps to report, if any)
Mercer Fundamental Indexation Global Equity CCF	Apple Inc (7.1%)	25/2/2025 : Shareholder Proposal Regarding Abolishing Inclusion and Diversity Program and Policies (Social)	Against (Yes - While the proponent argues that the company's diversity, equity, and inclusion (DEI) initiatives present litigation risks assessing disclosures it is evident that Apple has strong compliance measures and effective oversight of legal and regulatory risks. Additionally, the company maintains clear non-discrimination policies and aligns its oversight with market standards and there are no known controversies regarding employee discrimination linked to Apple's DEI efforts at the time of the AGM. Manager therefore did not support this proposal.)	2-3% Support Proposal did not pass. (The Manager will update its proxy voting guidelines, engage with companies on DEI initiatives, enhance its voting strategy, and communicate its commitment to responsible investing to promote sustainable long-term outcomes.)
	Meta Platforms Inc (3.6%)	29/5/2024 : Shareholder Proposal Regarding Report on Human Rights Risks in Non-U.S. Markets (Social)	For (No - A vote FOR this proposal is warranted as increased transparency and disclosure would allow shareholders to better evaluate the effectiveness of the company's	5.5% Support Proposal did not pass. (The Manager's approach to voting on issues related to human rights at investee companies will involve consideration of evidence that

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			there is respect for, support and protection of fundamental human rights.)
Meta Platforms Inc (3.6%)	29/5/2024 : Shareholder Proposal Regarding Human Rights Impact Assessment of AI Used in Targeted Advertising (Social)	For (No - A vote FOR this proposal is warranted, as an independent Human Rights Impact Assessment would help shareholders better assess Meta's management of risks related to its targeted advertising policies and practices.)	14.4% Support Proposal did not pass. (The Manager's approach to voting on issues related to human rights at investee companies will involve consideration of evidence that there is respect for, support and protection of fundamental human rights.)
Meta Platforms Inc (3.6%)	29/5/2024 : Shareholder Proposal Regarding Lobbying Activity Alignment with Net Zero Emissions Commitment (Environmental)	For (No - A vote FOR this proposal is warranted at this time. The request is not considered overly onerous or prescriptive, and shareholders would benefit from greater transparency of the company's direct and indirect climate lobbying, and how the company would plan to mitigate any risks that might be identified.)	8.2% Support Proposal did not pass. (Manager considers that it is inappropriate for corporate lobbying to be undertaken that works against the fundamental rights of shareholders and where the outcome of such lobbying would not be in the long-term interests of shareholders. Manager expects transparency of the use of shareholder funds for such activities and will generally support shareholder resolutions that seek greater disclosures in relation to corporate lobbying and political donations, and the related company policies which oversee such donations.)
Alphabet Inc (5.2%)	07/06/2024 : Shareholder Proposal Regarding Equal Employment Opportunities (EEO) Policy Risk Report (Social)	Against (No - A vote AGAINST this resolution is warranted as the company's current policies, commitments, and disclosures provide sufficient information for investors to determine how the company mitigates any risks associated with its EEO Policy.)	0.2% Support Proposal did not pass. (Manager will generally vote in support of shareholder proposals that seek to promote an inclusive culture, including proposals requesting disclosure of: (i) diversity and inclusion policies; (ii) disclosure of CEO, gender, race and ethnic pay gaps and equity

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				audits; and (iii) disclosure of policies related to anti-discrimination and anti-harassment. This list is not exhaustive)
	Alphabet Inc (5.2%)	07/06/2024 : Shareholder Proposal Regarding Human Rights Impact Assessment of AI-Driven Targeted Advertising (Social)	For (No - A vote FOR this proposal is warranted because an independent human rights assessment on the impacts would help shareholders better evaluate the company's management of risks related to the human rights impacts of its targeted advertising policies and practices.)	18.5% Support Proposal did not pass. (In general, Manager's approach to voting on issues related to human rights at investee companies will involve consideration of evidence that there is respect for, support and protection of fundamental human rights.)
	Alphabet Inc (3.8%)	07/06/2024 : Shareholder Proposal Regarding Human Rights Impact Assessment of AI-Driven Targeted Advertising (Social)	Mixed - For (3) and Against (1) (N/A - A vote FOR this proposal is warranted because an independent human rights assessment on the impacts would help shareholders better evaluate the company's management of risks related to the human rights impacts of its targeted advertising policies and practices.)	18.5% Support Proposal did not pass. (For - N/A) (Against - While the manager monitors the voting outcomes, they use their own issuer-specific assessment to inform their engagement plan and strategy, and it is this assessment that determines their future steps.)
Mercer Low Volatility Equity Fund	Alphabet Inc (3.8%)	07/06/2024 : Shareholder Proposal Regarding Equal Employment Opportunities (EEO) Policy Risk Report (Social)	(N/A - A vote Against this proposal appears unnecessary and too onerous for a complex issue such as AI driven ad targeting.) Against (N/A - A vote AGAINST this resolution is warranted as the company's current policies, commitments, and disclosures provide sufficient information for investors to determine how the company mitigates any risks associated with its EEO Policy.)	0.2% Support Proposal did not pass. (N/A)
	Microsoft Corporation (3.0%)	10/12/2024 : Shareholder Proposal Regarding Report on Risks of Providing AI to Facilitate New Oil and Gas Development and Production (Environmental)	Against (No - A vote AGAINST this resolution is warranted. The company has set climate goals for its emissions, and it is not likely that the emissions of its customers are likely to pose significant risk to shareholders at this time.)	9.7% Support Proposal did not pass. (N/A)

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<p>Visa Inc (2.3%)</p>	<p>28/1/2025 : Shareholder Proposal Regarding Report on Benefits and Health Program Gaps (Social)</p>	<p>Against (No - A vote AGAINST this resolution is warranted as the company appears to provide competitive health benefits, and there is no evidence that the company is offering health care in a discriminatory manner.)</p>	<p>0.8% Support Proposal did not pass. (None to report)</p>
<p>Apple Inc (5.0%)</p>	<p>25/5/2025 : Shareholder Proposal Regarding Abolishing Inclusion and Diversity Program and Policies (Social)</p>	<p>Against (N/A - While the proponent argues that the company's diversity, equity, and inclusion (DEI) initiatives present litigation risks assessing disclosures it is evident that Apple has strong compliance measures and effective oversight of legal and regulatory risks. Additionally, the company maintains clear non-discrimination policies and aligns its oversight with market standards and there are no known controversies regarding employee discrimination linked to Apple's DEI efforts at the time of the AGM. Manager therefore did not support this proposal.)</p>	<p>2.3% Support Proposal did not pass. (Manager will continue to develop its Global Proxy Voting Guidelines and exercise voting rights to reduce portfolio risk and promote sustainable long-term outcomes, despite the contentious nature of DEI this proxy season.)</p>
<p>Mercer Passive Global Equity CCF</p>	<p>10/12/2024 : Shareholder Proposal Regarding Report on Risks of Providing AI to Facilitate New Oil and Gas Development and Production (Environmental)</p>	<p>For (No - A vote FOR this proposal is warranted, as shareholders would benefit from additional disclosure related to the potential risks associated with the use of the company's artificial intelligence and machine learning tools for new oil and gas development and production.)</p>	<p>9.7% Support Proposal did not pass. (Manager engages with Microsoft on the topic of Net Zero, deployment of advanced technology for the fossil fuel industry exposes it to material reputational, competitive, and operational risk. Manager intends to continue to monitor the company's progress on the topic or any potential amendments.)</p>

Note— These funds, namely the **Mercer Global Small Cap Equity Fund** and **MGI Passive Emerging Markets Equity Fund** do not have any votes deemed to be significant based on our definition of significant votes. Our definition specifically focuses on Mercer's Global Engagement Priority Themes.