Registered number: 10000772

PGL PENSION SCHEME

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

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CONTENTS

TRUSTEE AND ITS ADVISERS
YEAR ENDED 30 JUNE 2020

Trustee	PGL Pension Trustee Limited
Company Appointed Directors	K Jones (Chairman) G Felston S Jefford (resigned 24 July 2020) S Thompson (appointed 24 July 2020)
Member-Nominated Directors	A Roffey-Jones C Dennis S Harris T McIntosh
Principal Employers	Pearl Group Holdings (No.1) Limited Pearl Group Management Services Limited
Secretary to the Trustee	J Flinders Aon Solutions UK Limited (formerly known as Aon Hewitt Limited)
Actuary (DB Section)	P Crocker, FIA Aon Solutions UK Limited (formerly known as Aon Hewitt Limited)
Administrator	Aon Solutions UK Limited (formerly known as Aon Hewitt Limited)
Independent Auditors	PricewaterhouseCoopers LLP
Banker	Barclays Bank plc Bank of Scotland (appointed 1 April 2019)
Investment Adviser	Aon Solutions UK Limited (formerly known as Aon Hewitt Limited)
Investment Managers (DB Section)	Blackstone Alternative Asset Management L.P.('Blackstone') (resigned 19 July 2019) Insight Investment Funds Management ('Insight')
Investment Manager (DC Section)	Aon Investments Limited ('AIL') (formerly known as Hewitt Risk Management Services Limited)
AVC Providers (DB Section)	Phoenix Life Limited ('Phoenix') Phoenix Mutual ('PM')
Annuity Providers (DB Section)	Alba Life Phoenix Life Limited
Death-in-Service Providers (DC Section)	Aviva Life & Pensions UK Limited UNUM Limited
Custodian (DB Section)	JP Morgan Bank NA ('JP Morgan') (closed 28 April 2020)
Legal Adviser	Gowling WLG

TRUSTEE AND ITS ADVISERS
YEAR ENDED 30 JUNE 2020

Contact Details

The PGL Pension Scheme Administrator
Aon Solutions UK Limited
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Birmingham
B3 2QD

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TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Introduction

The Trustee of PGL Pension Scheme (the 'Scheme') is pleased to present the annual report together with the audited financial statements for the year ended 30 June 2020.

Constitution and management

The Scheme is a hybrid scheme comprising of Defined Benefit ('DB') and Defined Contribution ('DC') sections. The Scheme is governed by a Trust Deed as amended from time to time and is administered by Aon Solutions UK Limited in accordance with the establishing document and Rules solely for the benefit of its members and other beneficiaries.

The Trustee Directors are shown on page 1.

Members of the DB Section were contracted out of the State Second Pension ('S2P') under a certificate issued by the HM Revenue & Customs National Insurance Contributions Office. The DB Section closed to future accrual on 30 June 2011.

The Trustee of the Scheme is PGL Pension Trustee Limited. This Trustee Company was incorporated on 12 June 2009 and the Memorandum and Articles of Association for the Company are dated 2 June 2009.

Under the Trust Deed and Rules of the Scheme, the Trustee is appointed and removed by the Principal Employers, subject to the Member-Nominated arrangements.

The power of appointing and removing the Trustee Directors is contained in the Articles of Association of PGL Pension Trustee Limited, subject to the Member-Nominated arrangements.

In accordance with The Pensions Act 2004 at least one third of the total number of Trustee Directors must be nominated by Scheme members. The Member-Nominated Trustee Directors are elected from the membership.

Member-Nominated Trustee Directors must be either active members or pensioners of the Scheme. When nominations are received they will be reviewed by a Review Panel which consists of three current Trustee Directors (including the Chairman and one Member-Nominated Trustee Director). The Review Panel will ensure that nominees will be suitable candidates for the role of Trustee Director.

If three or fewer candidates are nominated, they will automatically become Member-Nominated Trustee Directors provided the Review Panel deems them to be suitable for the role of Trustee Director. If four or more candidates are nominated, the Panel will select candidates where appropriate, for instance if three candidates are clearly significantly better suited to the role than the fourth. Where, however, there is no clear distinction between the candidates, a ballot may be held. Member-Nominated Trustee Directors can resign from office at any time.

The Trustee Directors have appointed professional advisers and other organisations to support them in delivering the Scheme's objectives. These individuals and organisations are listed on page 1. The Trustee Directors have written agreements in place with each of them.

Trustee meetings

The Trustee Board met formally five times during the year to consider the business of the Scheme.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Scheme changes

There were no significant changes to the Scheme in the year.

Financial statements

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

Membership

Details of the membership changes of the Scheme in the year are as follows:

DB Section

	Actives	Deferreds	Pensioners	Total
Members at the start of the year	-	4,080	5,074	9,154
Adjustments to members	-	(3)	1	(2)
New spouses and dependant	-	-	47	47
Retirements	-	(135)	135	-
Deaths	-	(5)	(138)	(143)
Trivial commutations	-	(2)	(9)	(11)
Cessation of pension	-	-	(1)	(1)
Transfers out	-	(110)	-	(110)
Members at the end of the year	-	3,825	5,109	8,934

DC Section

	Actives	Deferreds	Pensioners	Total
Members at the start of the year	939	2,813	-	3,752
Adjustments to members	(6)	15	-	9
New entrants in the year	100	-	-	100
Retirements	-	(5)	-	(5)
Members leaving with preserved benefits	(90)	90	-	-
Deaths	(1)	(1)	-	(2)
Trivial commutations	-	(23)	-	(23)
Transfers out	-	(63)	-	(63)
Leavers – no further liability	(1)	-	-	(1)
Members at the end of the year	941	2,826	-	3,767
Total members at the end of the year	941	6,651	5,109	12,701

Pensioners include 576 (2019: 559) individuals receiving a pension upon the death of their spouse who was a member of the Scheme. Pensioners also include 182 (2019: 198) child dependants in receipt of a pension.

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

The adjustments shown above are the result of retrospective updating of member records.

Included in the above are 5,109 (2019: 5,074) pensioners and 3,825 (2019: 4,080) beneficiaries whose benefits are provided by annuities.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Membership (continued)

New members joining the Scheme are stated net of auto-enrolment opt-outs where contributions were never remitted to the Scheme.

Pension increases

The Scheme guarantees to increase deferred pensions in excess of the Guaranteed Minimum Pension ('GMP') in line with the Consumer Price Index ('CPI') up to a maximum of 5% p.a. (reduced to 2.5% p.a. for service after 5 April 2009).

In addition, the GMP whether in deferment or payment is increased as required by legislation on 1 April each year.

Following the merger of the Britannic Group Pension Scheme and the Britannia Life Group Retirement and Death Benefit Scheme ('BLGRDBS') on 1 January 2001, the Scheme has two types of pension increases for pensions in payment: Britannic style increases and Britannia style increases. The Britannia style increase applies to those members who transferred across from the BLGRDBS as deferred members, pensioners and active members who opted to keep their previous increases. The Britannic style increase applies to all other DB members, except for Phoenix members, as noted below.

The Britannia style increase is such that pensions in payment accrued before 6 April 1997 receive increases of 3% p.a., pension accrued between 6 April 1997 and 31 December 2000 (inclusive) increases in line with the Retail Prices Index ('RPI') but subject to a minimum increase of 3% p.a. and a maximum increase of 5% p.a., and pension accrued after 31 December 2000 increases in line with the RPI up to a maximum of 5% p.a.

The Britannic style increase is such that pensions in payment in excess of GMP increase in line with the RPI up to a maximum of 7.5% p.a. for service accrued before 1 January 2001, and up to a maximum of 5% p.a. for service accrued after 31 December 2000. In addition, GMP in payment is increased as required by legislation on 1 April.

Following the merger of the Britannic Group Pension Scheme and the Phoenix Life Group Pension Scheme in July 2006, a further category of pension increase was introduced.

The Phoenix style increase is such that pensions in payment accrued after 6 April 1997 receive increases of 5% p.a. or RPI (fixed at the preceding October), if less. The GMP accrued between 6 April 1988 and 6 April 1997 receives increases of 3% p.a. or CPI, if less. For the remainder of this pension, the Employers and Trustee agreed to change the terms applying to this part of members' pensions. The previous discretionary increase terms are replaced by a guaranteed increase, for this part. With effect from 1 January 2017, this increase is in line with the rate of increase in the UK CPI, subject to a maximum annual increase of 5% p.a.

Members in receipt of a pension for less than twelve months received a pro-rata increase according to the month of retirement.

Members who have accepted a Pension Increase Exercise offer do not receive any increases to their excess pension in respect of service prior to 6 April 1997.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Pension increases (continued)

The following increases were awarded over the year 1 July 2019 to 30 June 2020:

Britannia Style increase (for leavers prior to 1 January 2001):

Pension accrued before 6 April 1997	3.0% on 1 January 2020
Pension accrued after 6 April 1997	2.4% on 1 January 2020

Britannia Style increase (for leavers after 1 January 2001):

Pension accrued before 6 April 1997	3.0% on 1 September 2019
Pension accrued between 6 April 1997 and 31 December 2000	3.0% on 1 September 2019
Pension accrued after 31 December 2000	3.0% on 1 September 2019

Britannic Style increase:

GMP accrued before 6 April 1988	nil
GMP accrued after 5 April 1988	1.7% on 1 April 2020
Excess over GMP	3.0% on pension earned prior to 1 January 2001 and 3.0% on pension earned after 31 December 2000 with effect from 1 September 2019

Phoenix Style increase:

GMP accrued before 5 April 1988	nil
GMP accrued after 6 April 1988	1.7% on 1 January 2020
Pension in excess of GMP accrued before 6 April 1997	1.7% on 1 January 2020
Pension accrued after 6 April 1997	2.4% on 1 January 2020

There were no discretionary pension increases in the year.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Transfers

Members leaving service can normally transfer the value of their benefits under the Scheme to another scheme that they join or to an insurance contract or personal pension.

The transfer value of the Scheme member's benefits includes no allowance for any discretionary benefits which might be awarded in the future.

Transfers into the Scheme are allowed for the DC Section provided that they do not include any amounts that related to contracting out / protected rights. DB transfers in to the Scheme are not allowed except for AVC transfers.

DB Section:

The Trustee is responsible for setting the economic, financial and demographic assumptions to be used in calculating transfer values, having taken the advice of the Scheme Actuary. The basis used for transfer value calculations does not include discretionary benefits.

DC Section:

Transfer values are paid equal to the market value of the member's investments at the date of transfer. No discretionary payments have been made during the year.

Contributions

Contributions were paid in accordance with the Schedules of Contributions certified by the Scheme Actuary on 27 November 2017 and 2 July 2019.

The contributions due to the Scheme in accordance with the Schedule of Contributions certified on 2 July 2019 are as follows:

DB contributions:

There are no Employers' deficit contributions due to the DB Section of the Scheme as it is in surplus.

The DB Section of the Scheme is closed to future accrual and there are no remaining active DB members.

Expenses

There is an allowance for expenses in the technical provisions. As the Scheme is fully funded, no additional contributions are expected to be required from the Employers to meet expenses. If expenses are higher than expected, or if the funding level of the Scheme deteriorates materially, the Employers may make additional contributions to cover expenses as required.

Augmentation payments

In respect of augmentations granted, the relevant Employer will pay additional amounts to cover the cost of benefit augmentations within one month of the later of the date of granting the augmentation and the date on which the Trustee receives the details of the costs from the Scheme Actuary.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Contributions (continued)

DC contributions:

During the year, only members who were previously in the DC categories of the Phoenix Life Group Pension Scheme paid contributions to the Scheme. These contribution rates are dependent on the section of membership, and on the history of membership.

Other DC members could, however, elect that a percentage of their basic salary be nominated as a salary sacrifice to be paid into the Scheme. The Employer paid contributions to the Scheme on behalf of these DC members. For example, for members who joined after 1 July 2006 (and who are not members of either the RMS Glasgow, ex-Axial, ex-Phoenix DC or 2011 DC categories) the rates of Employers contribution are between 9% and 15% dependent on the elections made by those members.

On 1 July 2011 a new category of DC member, referred to as the "2011 DC category", was introduced to the Scheme. The members of this category are not required to pay contributions but can elect that a percentage of their basic salary be nominated as a salary sacrifice.

The Employers contribute for members of the 2011 DC category at a core contribution rate of 12% of Pensionable Salary, plus an additional matching contribution related to the level of salary sacrifice elected by the member.

COVID-19

During the final half of the Scheme year and subsequent to the Scheme's year end, there has been significant volatility in markets as a result of the Coronavirus (COVID-19) pandemic. The Trustee implemented measures to monitor and manage all activity relating to the ongoing running of the Scheme. This has ensured the pandemic has limited impact on day to day running of the Scheme.

The Trustee implemented measures to monitor and manage all activity relating to the ongoing running of the Scheme. In particular, the Trustee has received regular updates from its advisers regarding the impact of Covid-19 on the administration service provided to members of the Scheme. The Trustee has monitored the Service Level Agreements to ensure that response times have been maintained. This has ensured the pandemic has limited impact on day to day running of the Scheme.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Report on Actuarial Liabilities

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

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employers 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 30 June 2018. The results of this valuation, together with the most recent Annual Actuarial Update as at 30 June 2019 are detailed below:

	30 June 2019	30 June 2018
The value of technical provisions were:	£2,073.9M	£1,996.3M
The value of assets were:	£2,096.4M	£2,242.6M
Funding level	101%	112%

Discontinuance Value

The Trustee also considers the level of funding relative to the estimated costs of such a buy-out (known as 'solvency liabilities') and equivalent information on this basis is provided below:

	30 June 2018
The value of solvency liabilities were:	£2,081.5M
The value of assets available to meet solvency liabilities were:	£2,242.6M
Funding level	108%

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

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount interest rate: the fixed interest gilt yield curve at the valuation date, rounded to the nearest 0.01% p.a.

Future retail price inflation: RPI yield curve derived from the gilt market at the valuation date.

Future consumer price inflation: derived at the valuation date by deducting 0.5% p.a. from the RPI inflation assumption.

Pension increases: derived from the RPI or CPI price inflation assumption allowing for the maximum and minimum annual increases using term dependent best estimates of future inflation volatility.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Report on Actuarial Liabilities (continued)

Significant actuarial assumptions (continued)

Mortality: for the period in retirement, standard tables S2PMA with a scaling factor of 90% for all male members; and S2PFA with a scaling factor of 90% for all female members. Improvements in mortality from 2007 in line with the CMI 2017 projection model, with assumed long-term future improvements of 1.75% p.a and a smoothing factor of S_k=8.0.

Recovery Plan

As the Scheme was in surplus at the valuation date there is no Recovery Plan in place.

Next actuarial valuation

The next triennial valuation is due to be carried out as at 30 June 2021.

Management and custody of investments

As required by the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles ('SIP') setting out its policy on investment, which includes the Trustee's policy on Socially Responsible Investment. A copy of the DB Section Statement is available on request, the DC Section Statement can be found on pages 41 to 50.

The Trustee has delegated management of the remaining Scheme investments to the investment managers shown on page 1. The managers, who are regulated by the Financial Conduct Authority in the United Kingdom, manage the investments in line with the fund documentation which are consistent with the objectives and policies captured in the SIP.

The Trustee has considered environmental, social and governance factors for investments (including but not limited to climate change) and has delegated to the investment managers the responsibility for taking these considerations into account when assessing the financial potential and suitability of an investment and for exercising the rights (including voting rights) relating to the Scheme's investments.

The investment managers are paid fees for their services. The fees are calculated as a percentage of the market value of the part of the Scheme that they manage, together with performance related fees if applicable.

The Trustee has appointed JP Morgan as the DB Section's Custodian, with the exception of the Insight Liquidity Fund pooled investment vehicle, whose custodian is Northern Trust International Fund Administration Services (Ireland) Limited. Custody services are provided in accordance with FCA regulations.

The Trustee has not appointed a custodian to the DC Section of the Scheme as the investment manager has appointed a custodian for the assets underlying the investments it manages for the Trustee. The Custodian appointed by the investment manager is Bank of New York Mellon Corporation.

As a result of securing the two annuity policies with PLL, and the only residual DB section assets being the cash investment in the Insight Liquidity Fund (whose Custodian is Northern Trust) and surplus cash in the Trustee bank account, the custody accounts with JP Morgan were closed during the Scheme year and the small residual cash sum transferred to the Trustee's Bank Account.

The non-annuity policy assets of the DB section of the Scheme are held in a pooled investment vehicle. This gives the Trustee the right to the cash value of the units rather than the underlying assets. Insight, as the investment manager, are responsible for the appointment and monitoring of the Custodian of the underlying assets.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Management and custody of investments (continued)

The Custodian was 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 Custodian's nominee company, in line with common practice for pension scheme investments.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investments and believe them to be appropriate relative to the reasons for holding each class of investments.

Investment report

Changes to the DB Section of the Scheme during the year

In December 2016, the Trustee secured a bulk annuity policy with Phoenix Life Limited (PLL) to insure a proportion of the liabilities of the DB section of the Scheme. During the year ended 30 June 2019 the Trustee secured a further bulk annuity policy with PLL to insure the remaining liabilities of the DB section of the Scheme and paid an amount of £1,110m to PLL in March 2019. The residual assets following the purchase of the annuity policy were held in cash, with the majority transferred to the Insight Sterling Liquidity Fund.

Investment strategy and principles

The Trustee is responsible for determining the Scheme's investment strategy.

The Trustee aims to invest the assets of the DB section of the Scheme prudently to ensure that the benefits promised to members are provided.

In accordance with Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles ('SIP'). This was revised in July 2019.

New regulations which came into force with effect from 1 October 2020 changed the way in which trustees of pension schemes must document in their SIP how they govern the management of their arrangements with their investment managers, in particular concerning stewardship matters and cost transparency. Post Scheme year end, and following advice from their investment advisor, the Trustee reviewed and updated their SIP in advance of October 2020 to ensure that it is compliant with these new regulations. A copy of the current SIP is available on request and is available from the following publicly accessible website: https://pensioninformation.aon.com/pgl/.

The current DB strategic allocation comprises two annuity policies in relation to the full DB section membership and a residual cash allocation which is invested in the Insight Liquidity Fund, a low risk cash fund (benchmarked against 7-day LIBID).

The two annuity policies have been secured with PLL. The first annuity policy was secured in December 2016. A second annuity policy was secured in March 2019. They are intended to match the liabilities for the DB section membership of the Scheme and therefore mitigate the interest rate, inflation and longevity risks to the Scheme of these liabilities.

Investment managers

The current investment managers are shown on page 1. All investment managers appointed by or on behalf of the Trustee to manage the Scheme funds under Section 34(3) of the Pensions Act 1995 are appropriately authorised or exempt under The Financial Services and Markets Act 2000. All investment managers have the appropriate knowledge and experience to manage the particular investments delegated to them.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Investment report (continued)

General – delegation and responsible investment matters

As required by the Pensions Act 1995, the Trustee has appointed an investment management company, Insight, to manage the residual non-annuity DB Section assets. These assets are invested in Insight's Liquidity Fund. The objective of this Fund is to perform in line with the cash benchmark, 7-day LIBID.

The Trustee has delegated the day to day management of this Fund to Insight, who are responsible for the selection of the individual securities within this Fund. Insight's duties also include:

- Realisation of Investments
- Taking social, environmental and ethical considerations into account when assessing the financial potential and suitability of investments; and
- Corporate governance in relation to the Scheme's assets.

The Trustee expects that Insight carry out the powers of investment delegated to them with a view to giving effect to the principles above in so far as is reasonably practicable.

Post year end, the Trustee updated the Statement of Investment Principles to reflect changes in line with new regulatory requirements in relation to disclosures on stewardship, investment manager arrangements and costs.

Stewardship – Voting and engagement

As part of their delegated responsibilities, the Trustee expects Insight to**:**

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

The Trustee regularly reviews the continuing suitability of its appointed managers and takes advice from the investment adviser about any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

Buy-in Annuity Policies

As at 30 June 2020 the annuity policies were valued at £2,198m (2019: £2,043m), by the Scheme's Actuary. The annuity policies are valued each year by the Scheme Actuary using methodology that is consistent with the last formal valuation at 30 June 2018 but adjusted for market conditions at 30 June 2020.

The annuity policies remain assets of the Scheme and are therefore included as part of the Scheme's assets in the financial statements to this report.

DB Section Investment Performance

The Trustee does not monitor performance of the annuity policies as these match the liabilities they were purchased to cover and, as such, do not have a 'target return'.

The DB Section's residual non-annuity policy assets are held as cash, with the majority in a low risk Liquidity Fund with Insight, which has a cash target benchmark. The Trustee's investment consultant regularly monitors this Fund to ensure it remains fit for purpose and any material developments are brought to the Trustee's attention. The Trustee's policy is to consider the performance of Insight at least annually.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Investment report (continued)

DC Section

Performance of DC funds during the Scheme Year

The following table shows the gross of fees investment performance achieved by the full range of funds offered under the Scheme over the past twelve months.

Fund Name	Self select / lifestyle	1 Year (%)	3 Years (% p.a.)
PGL Bond Phase	Lifestyle	4.0	2.7
PGL Initial Growth Phase	Lifestyle	-0.6	5.6
PGL Progressive Growth Phase	Lifestyle	3.9	2.0
PGL Short Term Inflation Linked	Lifestyle	-0.4	0.5
PGL Long Term Inflation Linked	Both	12.4	7.9
PGL Pre-Retirement Bond	Both	11.8	6.8
PGL Liquidity Fund	Both	0.7	0.6
PGL Passive Global Equity	Self select	0.2	6.0
PGL Active Global Equity	Self select	4.7	8.1
PGL Diversified Multi Asset	Self select	4.3	2.1
PGL Passive UK Equity	Self select	-12.9	-1.5
PGL Ethical Global Equity	Self select	7.7	9.3
PGL Property and Infrastructure	Self select	-8.5	2.5
PGL Diversified Multi Strategy Bond	Self select	1.4	9.3

Investment Strategy

Drawdown Lifestyle Strategy (Default Option)

The Drawdown Lifestyle Strategy works on the principle that a member electing this option will transfer their account on retirement to a specialist income drawdown arrangement.

The Drawdown Lifestyle Strategy initially invests wholly in the PGL Initial Growth Phase Fund until fifteen years before a member's selected retirement age. During this 'growth' phase, the Drawdown Lifestyle Strategy aims to provide real growth (in excess of inflation) over the long term.

From fifteen years before a member's selected retirement age, lower risk investments are gradually introduced, including protection and income generating investments, through the PGL Progressive Growth Phase Fund, PGL Bond Phase Fund, PGL Short Term Inflation Linked Fund and PGL Long Term Inflation Linked Fund.

At a member's selected retirement date, the Drawdown Lifestyle Strategy invests the member's assets across a range of asset classes with the aim of providing a real income during the post-retirement phase whilst protecting the value of the investments.

Investment report (continued)

Annuity Life Strategy

The Annuity Lifestyle Strategy works on the principle that a member electing this option will take the maximum tax-free cash sum and use the rest of their account to purchase an annuity at retirement.

The Annuity Lifestyle Strategy initially invests wholly in the PGL Initial Growth Phase Fund until fifteen years before a member's selected retirement age. During this 'growth' phase, the Annuity Lifestyle Strategy aims to provide real growth (in excess of inflation) over the long term.

From fifteen years before a member's selected retirement age, lower risk investments are gradually introduced, including protection and income generating investments, through the PGL Progressive Growth Phase Fund and the PGL Bond Phase Fund, PGL Short Term Inflation Linked Fund and PGL Long Term Inflation Linked Fund.

From five years before a member's selected retirement age, a member's account is moved into lower risk assets through the PGL Pre-Retirement Bond Fund and the PGL Liquidity Fund.

At a member's selected retirement date, the Annuity Lifestyle Strategy invests the member's assets with 75% in the PGL Pre-Retirement Bond Fund and 25% in the PGL Liquidity Fund with the aim of protecting the value of the investments relative to movements in annuity prices and cash.

Cash Lifestyle Strategy

The Cash Lifestyle Strategy works on the principle that a member electing this option will take the whole of their account as a cash lump sum at retirement.

The Cash Lifestyle Strategy initially invests wholly in the PGL Initial Growth Phase Fund until fifteen years before a member's selected retirement age. During this 'growth' phase, the Annuity Lifestyle Strategy aims to provide real growth (in excess of inflation) over the long term.

From fifteen years before a member's selected retirement age, lower risk investments are gradually introduced, including protection and income generating investments, through the PGL Progressive Growth Phase Fund and the PGL Bond Phase Fund, PGL Short Term Inflation Linked Fund and PGL Long Term Inflation Linked Fund. From five years before a member's selected retirement age, a member's account is moved into cash, namely the PGL Liquidity Fund.

At a member's selected retirement date, the Cash Lifestyle Strategy invests the member's assets 100% in the PGL Liquidity Fund, with the aim of protecting the value of the investments relative to cash.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Investment report (continued)

Implementation statement

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations ("the Regulations"). The Regulations amongst other things require that the Trustee outlines how it has ensured that the policies and objectives set out in its Statement of Investment Principles ("SIP") have been adhered to over the course of the year.

The Implementation Statement ("the Statement") must include:

- Description of any review of the SIP undertaken during the year, with an explanation of any changes made, or if no review, the date of the last review;
- How, and the extent to which, the SIP has been followed that year;
- Description of the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year and state any use of the services of a proxy voter during that year.

The Trustee must include the Statement in the Trustees' Report & Accounts and publish this on a publicly available website.

This is the first Statement the Trustee has prepared and covers the year ended 30 June 2020.

DC Section

Changes to the SIP over the year to 30 June 2020

In the prior reporting period for the year to 30 June 2019, changes to the SIP were made following an update of the investment strategy and inclusion of Environment, Social and Governance considerations. There were no changes made to the SIP in the year to 30 June 2020.

How the Trustee has met the objectives & policies outlined in the SIP

The Trustee outlines in its SIP several key objectives and policies. These are noted below, together with an explanation of how the objectives and policies have been met and adhered to over the course of the year:

The Trustee's key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. They have taken into account members' circumstances, in particular the range of members' attitudes to risk, the form in which they may take their benefits and the range of terms to retirement.

Over the course of the year, the Trustee has provided members with a wide range of investment options covering the main asset classes, ranging from low to high risk options. Members who do not wish to take an active role in managing their investment choices are able to invest in the low-involvement option, Drawdown Lifestyle Strategy, which is also the default investment option for the Scheme. Drawdown Lifestyle Strategy provides an asset allocation strategy, which automatically changes the funds members are invested in depending on the length of time until their selected retirement date. As members get closer to retirement, their savings are gradually moved away from higher risk, growth-seeking assets and towards lower risk, capital preservation assets to attempt to align their pension investments with a typical post-retirement arrangement for their pension benefits at their retirement date.

In addition to the default Drawdown Lifestyle Strategy, the Trustee also makes available two other asset allocation strategies which target different benefits at retirement; namely annuity purchase and cash, and ten self-select funds for members to choose from depending on their risk appetite. The range of self-select funds includes four equity funds, one multi-asset fund, cash, two bond funds and one property and infrastructure fund.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Investment report (continued)

The Trustee is comfortable that it has met its objective of providing a range of investments suitable for members.

- **Each asset allocation strategy aims to provide members with the potential for higher levels of growth during the accumulation of their retirement savings though exposure to equities, and then to gradually diversify their investments in the years approaching retirement, to reduce volatility and provide a broad base of assets from which members can choose the type of benefits they wish to take.**

- **The aim of the Default Option is to provide members with the potential for higher levels of growth during the accumulation of their retirement savings though exposure to equities, and then to gradually diversify their investments in the years approaching retirement, to reduce volatility and provide a broad base of assets from which members can choose the type of benefits they wish to take.**

The Default Option, the Drawdown Lifestyle Strategy initially invests wholly in the Initial Growth Phase Fund until fifteen years before a member's selected retirement age.

From fifteen years from a member's selected retirement age, lower risk investments are gradually introduced, including protection and income generating investments, through the Progressive Growth Phase Fund, Bond Fund, Short-Term Inflation Linked Fund and Long-Term Inflation Linked Fund.

At a member's selected retirement date, the Drawdown Lifestyle Strategy invests the member's assets across a range of asset classes with the aim of providing a real income during the postretirement phase whilst protecting the value of the investments.

The Annuity Lifestyle Strategy is identical to the Drawdown Lifestyle Strategy until five years before retirement. From five years before a member's selected retirement age their account is moved into lower risk assets through the Pre-Retirement Bond Fund and the Liquidity Fund.

At a member's selected retirement date, the Annuity Lifestyle Strategy invests the member's assets with 75% in the Pre-Retirement Bond Fund and 25% in the Liquidity Fund.

The Cash Lifestyle Strategy Is identical to the Drawdown Lifestyle Strategy until five years before retirement. Five years before a member's selected retirement age their account is moved into cash, namely the Liquidity Fund.

At a member's selected retirement date, the Cash Lifestyle Strategy invests the member's assets 100% in the Liquidity Fund.

Under fiduciary mandates managed by Aon Investments Limited ("AIL"), AIL monitors and reviews the strategy and performance of the Lifestyle strategies on a regular basis. During the course of the year, the Trustee received quarterly investment monitoring reports from AIL which provided information on the short and long-term performance of all funds offered to members. During the period of review, the Lifestyle strategies performed broadly in line with their objectives. AIL also reviewed the strategy of the Drawdown Lifestyle Strategy during the period. More details are set out below.

The Trustee is comfortable that it has met the objective stated.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Investment report (continued)

Other policies set out in the SIP

- **The Trustee regularly reviews the appropriateness of the three asset allocation strategies and may make changes from time to time. Members are advised accordingly of any changes.**

- **The outcomes of the Default Option and other lifestyle strategies will be reviewed periodically with reference to the manner in which members take their benefits from the Scheme. This periodic review will also take into account any significant changes in the demographic profile of the relevant members.**

- **The Trustee takes professional advice when formally reviewing the investment manager or fund options offered to members.**

- **The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle option at least triennially.**

AIL reported to the trustee on their reviewed of the DC investment strategy on 2 July 2019. This review covered both the default strategy in place and the wider self-select fund range offered to members, taking into account members' circumstances, in particular the range of members' attitudes to risk, the form in which they may take their benefits and the range of terms to retirement.

The Trustee, with advice from its investment adviser, concluded that the existing default strategy (the Drawdown lifestyle strategy) was appropriate for the Scheme and the existing cash and annuity lifestyle variants would continue to be offered alongside to provide additional flexibility to members.

In terms of the range of funds available, the current funds provide exposure to the main asset classes and options across the risk spectrum, ranging from very low risk funds, such as cash, to higher risk equity based funds. It was also concluded that the existing range provides members with a good choice of options and there is no obvious overlap between funds.

AIL presented proposals for changes to the default arrangement. As a result of the review changes were made to the PGL Progressive Growth Phase Fund as AIL identified an improved asset allocation approach to meet the fund's broad objectives. Following the changes, the Fund has been renamed the PGL Diversified Asset Fund and the benchmark and performance objective have also been amended to better match the revised allocation. This fund is used in the default arrangement and is also available as a self-select option. These changes were implemented in November 2019.

- **In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustee considers investment risk to include ESG factors and climate change. These risks could negatively impact the Scheme's investments. The Trustee considers these risks by taking advice from its investment adviser.**

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Investment report (continued)

On behalf of the Trustee AIL manages this risk through:

- **Asset allocation decisions:** Issues of sustainability such as population dynamics, resource depletion and climate change will have an impact on economic growth and asset values over the long-term. AIL take account of these and other similar issues when forming views of how markets are likely to evolve in future, which they in turn use to determine the asset allocation strategies used.
- **Stress testing:** AIL use climate change scenarios to assess how robust the default strategy is to the potential impact of climate change and evaluate the extent to which changes can help to improve this area of risk exposure.
- **Manager level:** The extent to which asset managers integrate ESG considerations into their investment decisions is one of many factors that AIL take account of in their rating process. AIL actively engage with all underlying investment managers on their ESG policies. Each fund receives a formal ESG rating from 1 to 4 (the rating system derives from the UN PRI sustainable investment principles). Any manager that scores a 1 (the lowest rating) is removed from portfolios until they improve their approach to integrating ESG considerations. Importantly this is about improving behaviours, not exclusion; AIL work with managers to explain how they can better engage on ESG.

Development of Voting and Engagement Policies

The Trustee sets out in its voting and engagement policy within the SIP that it expects AIL to engage with managers on the trustee's behalf and report to the trustee. Aon's manager research team discuss the engagement policies of fund managers as part of their fund rating review.

AIL have confirmed that all equity and fixed income managers have been rated 2 or above on Aon's four-tier ESG ratings system*.

In addition to assessing and monitoring managers via the ESG ratings and regular dialogue. Over the year, AIL have carried out a number of proactive engagements and discussions with appointed managers. For example, themes of regular discussion with BlackRock include detailed voting rationale, voting detail at fund level and their future role within Climate Action 100+.**

All applicable appointed fund managers used service providers (typically ISS and/or Glass Lewis) to provide proxy vote related services that may include research, vote recommendations, vote execution and record keeping. All applicable managers typically have their own voting guidelines and do not simply accept the service provider's vote recommendation.

The majority of equity investments are passive index funds managed by BlackRock and in the 12 months to 30 June 2020, BlackRock voted at 16,200 meetings on 153,000 proposals, with votes against management at 2,800 unique companies. AIL were broadly content with all equity managers' general propensity to vote against management recommendation. There was one active UK equity fund that had relatively low votes cast against management; however, this is not a significant concern given the small number of holdings and the fund's propensity to seek out / hold outperforming companies within their portfolio.

AIL are generally satisfied with all equity managers meeting at least minimum expectations on their exercising (and corresponding disclosures) of voting rights. However, AIL were not satisfied with the records that one of the global active equity managers had to justify their voting decisions. In particular, insufficient rationale was provided in relation to voting against a resolution for a gender pay report which may have been positively financially material for the company in the long-term. AIL have provided formal feedback to the manager explaining that they must make improvements in this area, by ensuring they can provide sufficient rationale to justify voting decisions which are contentious.

* More information on the Aon ESG Ratings process can be found here: https://www.aon.com/getmedia/0b52d7ec-db77-41bc-bb45-9386034db392/AonCanada-Publication-Investment-GuideESGRatings.aspx
** Climate Action 100+ is an investor initiative to systematically engage with the world's most important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement. http://www.climateaction100.org/

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Investment report (continued)

2020 in particular has seen improved reporting from many managers who have introduced new processes to track, record and publish their voting records. An example of detailed reporting is from Newton Investment Management, whose Q1 2020 Report can be found here: https://www.newtonim.com/uk-institutional/file/responsible-investment-report-q1-2020-uk/ . An example of a significant vote from this report is where Newton voted against the Bangkok Bank management recommendation on the acquisition of an Indonesian bank owing to the Newton belief that it would be a poor use of shareholders' capital.

As per the stewardship policy, AIL, on behalf of the Trustee reviews stewardship information of the appointed underlying managers across all asset classes and are content that the managers are carrying out at least the minimum expectation of them in relation to their responsibility to engage with the companies they invest in. Nonetheless, there are varying levels of engagement across managers and AIL on behalf of the Trustee's continue to encourage movement towards better practices. An example of a progressive engagement carried out by one of the Fixed Income managers PIMCO is with respect to the company Verizon. Verizon demonstrated commitment to specific climate targets, such as lowering its carbon intensity by 50% as well as increasing energy needs met by renewable energy to 50%, both by 2025. They also issued one of the first green bonds in the telecommunications industry. PIMCO engaged with the company in 2019 on its climate strategy to enhance its environmental credentials in line with advanced practices and green bond reporting (for example, on their plans to disclose carbon emissions on a lifecycle basis). The company committed to publish its first green bond report in early 2020, to setting a science-based target (Scope 1, 2, and 3 emissions) by September 2021, and to be carbon neutral (Scope 1&2) by 2035.

DB Section

Changes to the SIP over the year to 30 June 2020

The SIP was approved on 2 July 2019 following an update of the investment strategy and inclusion of detail in relation to:

- how the Trustee takes account of 'financially material risks', including Environmental (including climate change) Social and Governance factors;
- policies in relation to stewardship of investments; and
- how the Trustee takes account of non-financial matters

In response to the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

There were no further changes made to the SIP over the year to 30 June 2020 and the below refers to this SIP which was in place at year end. Post Scheme year end (September 2020), the SIP was reviewed and revised to take account of regulatory changes which require expansion to the policy detail in relation to cost transparency, stewardship and how asset managers are incentivised. However, since this SIP was not in place over the Scheme year to 30 June 2020, the policies in that SIP are not detailed below.

The Trustee consults with the company when making changes to the SIP and obtain written advice from its investment consultant, Aon Solutions UK Limited ("Aon").

Investment Objectives

- **The Trustee aims to invest the assets of the DB section prudently to ensure that the benefits promised to members are provided. The Trustee has purchased Annuity Policies to insure these benefits and minimize the risk that the Scheme is unable to meet this objective.**

TRUSTEE’S REPORT
YEAR ENDED 30 JUNE 2020

Investment report (continued)

To this end, the Scheme's investment strategy comprises two Annuity Policies in relation to the full Scheme membership (i.e. two 'buy-ins' have been completed to secure all liabilities of the Scheme, completed with Phoenix Life Limited (PLL) in December 2016 and March 2019) which are intended to match the liabilities for the membership of the Scheme, and eliminate the interest rate, inflation and longevity risk to the Scheme of the liabilities.

The Annuity Policies remained in place over the Scheme year and the collateral underpinning the Annuity Policies was reviewed by the Trustee's investment adviser on a monthly basis.

The residual assets of the Scheme form a cash allocation invested in the Insight Liquidity Fund.

The Trustee outlines in its DB Scheme SIP several key objectives and policies. These are noted below, together with an explanation of how the objectives and policies have been met and adhered to over the course of the year, but should be considered in the context of the Scheme now only holding Annuity Policies and cash funds.

Investment Strategy

- **The overall strategy was determined with regard to the actuarial characteristics of the Scheme, in particular the strength of the funding position and the liability profile. The Trustee consulted with the Company and considered written advice from its investment adviser when choosing the DB section's planned asset allocation strategy.**

- **In setting the investment strategy for the DB section the Trustee's policy was to consider the following:**

  o **A full range of asset classes;**

  o **The risks and rewards of a range of alternative asset allocation strategies;**

  o **The need for appropriate diversification both across asset classes and within asset classes; and**

- **The suitability of each asset class included in the planned asset allocation strategy. The Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme’s asset allocation, when selecting managers and when monitoring their performance.**
- **When deciding whether or not to make any new investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager. The written advice will consider the suitability of the investments, the need for diversification and the principles contained in this Statement. The investment adviser will have the knowledge and experience required under Section 36(6) of the Pensions Act.**

No changes to investment strategy or new investments were made over the year to 30 June 2020.

In 2018 the Trustee assessed its investment strategy in line with the Scheme's Investment Objective as part of the decision to proceed with the second Annuity purchases to secure the remaining liabilities of the Scheme. It was agreed that the residual assets should be invested in a cash fund to provide the security and liquidity required. The Trustee received advice from its investment adviser when considering the appropriateness of these decisions.

In relation to future investments, the Trustee will take advice from its investment adviser.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Investment report (continued)

Stewardship – Voting and Engagement

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

  o **Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and**

  o **Exercise the Trustee's voting rights in relation to the Scheme's assets.**

- **The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.**

The Scheme invests in short-term money market securities through its arrangements with Insight Investment Limited (Insight) (through the allocation to the Liquidity Fund) who engage with underlying asset managers on the behalf of the Trustee.

Whilst voting is not directly applicable for the Liquidity Fund (in that the fund primarily holds investment grade short dated money market instruments such as short dated government issued instruments (Gilts and T-Bills), certificates of deposits, floating rates notes and commercial paper etc. and a small (less than 1%) allocation to corporate bonds. Insight engages with issuers and incorporates responsible investment approaches and policies in the investment process where applicable.

As a matter of policy, all Insight credit analysts regularly meet with issuers to discuss ESG related and non-ESG related issues. Out of over 1,000 engagements in 2019, more than 81% included references to ESG issues.

The collateral held to back the Annuity Policies is held in gilts, cash and supranational instruments and management is delegated to Aberdeen Standard Investments Ltd. Given the nature of the investments the Trustee does not expect the manger or PLL to engage with the issuers.

Members' Views and Non-Financial Factors

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

In line with their policy, the Trustee has not collected nor taken into account the views of Scheme members in relation to non-financial factors.

Risk

- **The Trustee recognises that the key risk to the Scheme is that it has insufficient assets to meet its liabilities. The Trustee has identified a number of risks which have the potential to impact their ability to make these payments.**

In addition, the SIP details the following risks: shortfall, manager, lack of diversification, covenant, operational, annuity policy default and insufficient collateral risk. The SIP provides detail in each case how the investment strategy has been designed to mitigate each of these risks and how the Trustee approached each, and as such greater detail on these policies is not re-stated here.

Implementation

In line with the investment strategy and objectives, the Trustee's agreed investment arrangements including the duties, responsibilities and fee arrangements of the relevant parties are detailed in the SIP.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Investment report (continued)

The Trustee's policy is to:

- **Consider the quantitative performance of Insight at least annually in comparison with the benchmark performance as appropriate**

- **Monitor both the cash fund holding and the Annuity Policy collateral on a quarterly basis.**

The Trustee monitors the Scheme assets and suitability of the residual cash allocation, managed by Insight, on a quarterly basis by way of reports from its investment adviser. These quarterly reports include performance of the Insight cash fund compared to benchmark and also summarise the results of the monthly review of the Annuity Policy collateral, which is performed by the investment adviser.

Decision Making

The SIP details routine decision making approaches and responsibilities of the Trustee and relevant delegated parties i.e. investment advisers, insurance policy providers (PLL) and appointed fund managers (Insight).

The Trustee's policy is to review the contents of the SIP and its direct investments and to obtain written advice about them at regular intervals (normally annually and at least every three years).

The Trustee reviewed the SIP during the year to 30 June 2020 in order to update the contents to meet new regulations. The appropriateness of the investments were considered throughout the year as part of the quarterly review of the Scheme assets.

Investment Adviser

The SIP details the guidelines and criteria under which investment advice is given and the fee arrangements agreed with this party.

Conclusion

The Trustee considers the Scheme's DB and DC investment managers to be exercising their respective voting and engagement abilities in a largely responsible manner and that the Trustee's stewardship policy is being appropriately implemented to a large extent on their behalf. The Trustee will continue to consider and discuss best practice in these areas with their investment adviser and amend policies and action plans when needed.

Employer related investments

The investments of the Scheme are invested in accordance with Section 40 of the Pensions Act 1995. Details of any Employer related investments are disclosed in note 24 to the financial statements.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Further information

Further information about the Scheme is available, on request, to members and prospective members, their spouses and other beneficiaries together with all recognised trade unions. In particular, the documents constituting the Scheme, the Rules and a copy of the latest actuarial report and the Trustee's Statement of Investment Principles can be inspected.

Individual benefit statements are provided to active and deferred DC members annually and for deferred DB members on request. In addition to the information shown on these statements members can request details of the amount of their current transfer value and, if applicable, the current amount of any refund of contributions to which they would be entitled on leaving service. Such requests are available free of charge once a year.

If members have any queries concerning the Scheme or their own pension position, or wish to obtain further information, they should contact at The PGL Pension Scheme Administrator the contact details on page 2 who will also be able to provide them with a further copy of the Scheme's booklet should they require one and answer any queries that they may have about entitlement to benefits.

Aon Solutions UK Limited processes the personal data as contained in this report and financial statements for the purpose of providing the Trustee with a report and financial statements on the operation of the Scheme. Aon Solutions UK Limited processes personal data in the context of providing pension scheme administration services on behalf of the Trustee, the data controller. Aon Solutions UK Limited, when operating in its capacity as a data processor who provides the members of the Scheme with pension scheme administration services on behalf of the Trustee, will comply with the applicable legislation including any data protection legislation and the instructions of the Trustee.

The Trustee or the Employers will ensure the data subjects of whom personal data is processed for the purposes of this report and financial statements are informed of the processing activities in accordance with the requirements of the applicable data protection legislation.

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Compliance Statement

HM Revenue & Customs Registration

The Scheme is a registered pension scheme in accordance with the Finance Act 2004. This means that the contributions paid by the Principal Employers and the members qualify for full tax relief, and enables income earned from investments by the Trustee to receive preferential tax treatment.

Pension Tracing

The Scheme is registered with the Pension Tracing Service which maintains a list of up to date addresses of schemes to assist ex-members in tracing their rights if they have lost contact with the previous Employers' scheme. The address for the Pension Tracing Service is:

The Pension Tracing Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

0800 731 0193
www.gov.uk/find-pension-contact-details

The Pensions Regulator

The Pensions Regulator ('TPR') is the United Kingdom ('UK') regulator of work-based pension schemes.

TPR's role is to act to protect the interest of pension scheme members and to enforce the law as it applies to occupational pension schemes.

The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify Trustees for acting unlawfully, and can impose fines on wrong doers.

TPR can be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

0345 600 1011
customersupport@tpr.gov.uk
www.thepensionsregulator.gov.uk

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

The Pension Protection Fund

The Pension Protection Fund was established to provide compensation to members of eligible 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 Pension Protection Fund levels of compensation.

The Pension Protection Fund can be contacted at:

PPF Member Services
Pension Protection Fund
PO Box 254
Wymondham
NR18 8DN

0330 123 2222
ppfmembers@ppf.co.uk
www.ppf.co.uk

Questions about pensions

If you have any questions about your pension, The Pensions Advisory Service ('TPAS'), which is part of the Money and Pensions Service provides professional, independent and impartial help with pensions for free. Services include independent information and general guidance on pension matters.

TPAS can be contacted at:

Money and Pensions Service
120 Holborn
London
EC1N 2TD

0800 011 3797
www.pensionsadvisoryservice.org.uk

Resolving difficulties/Internal Dispute Resolution

It is expected that most queries relating to benefits can be resolved with the Scheme's Administrator. In the event that a complaint cannot be resolved members can make a formal complaint using the Scheme's Internal Dispute Resolution ('IDR') procedure details of which can be obtained from the Secretary to the Trustee.

If the complaint is not resolved satisfactorily, the Government appointed Pensions Ombudsman can investigate complaints of injustice due to bad administration either by the Trustee or the Scheme's Administrator, or disputes of fact of law. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

0800 917 4487
enquiries@pensions-ombudsman.org.uk
www.pensions-ombudsman.org.uk

TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2020

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

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

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and

- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

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

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

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

Trustee's responsibilities in respect of contributions

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

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

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

Approval
Signed on behalf of the Trustee

Signat[redacted]	Signature: [redacted]
Name: [redacted].	Nam[redacted]
Title: Trustee Director	Title: Trustee Director
Date: 29 January 2021	Date: 29 January 2021

CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

PGL Pension Scheme ("the Scheme") DC Section and AVCs

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "Regulations") require the Trustee Directors ("the Trustee") to prepare an annual statement regarding governance, which should be included in the Annual Report and financial statements.

The statement is in connection with the main defined contribution section and the AVC facility for members of the defined benefit section of the Scheme. This statement is issued by the Trustee covering the period from 1 July 2019 to 30 June 2020 and is signed on behalf of the Trustee by the Chair.

This statement covers governance and charge disclosures in relation to the following:

- The default investment arrangement;
- Processing of core financial transactions;
- Member borne charges and transaction costs;
- Illustration of the cumulative effect of costs and charges over time;
- The extent to which the Scheme represents good Value for Members; and
- Trustee knowledge and understanding.

During this Scheme year, in addition to their usual activities, in light of the COVID-19 pandemic, the Trustee received regular reports from its advisers to help identify potential risks and any mechanisms required to mitigate those risks.

It is worth noting that Phoenix Group have reviewed the pension arrangements for all staff and agreed that contributions for all employees would be paid to the Standard Life MasterTrust from 1 July 2020 and it is expected that any past savings members have built up in the Scheme will be transferred to Standard Life by the end of 2021.

The Default Arrangement

The Trustee is required to design default arrangements in members' interests and keep them under review. The Trustee needs to take account of the level of costs and the risk profile that are appropriate for the Scheme's membership in light of the overall objective of the default arrangement strategy.

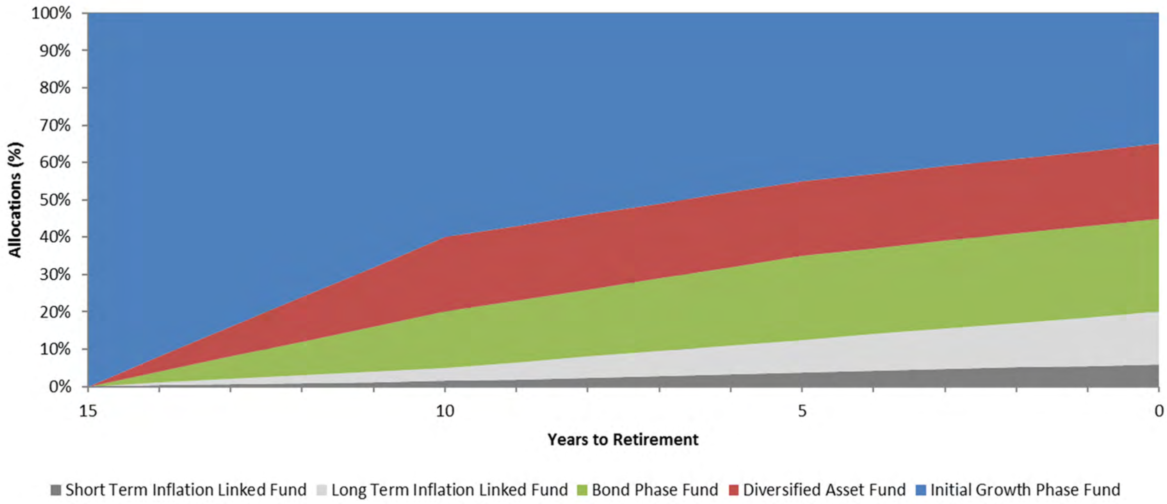
The Scheme was used as a Qualifying Scheme for auto-enrolment purposes during the Scheme year. Members' funds are invested through Aon's delegated investment platform, through which funds are managed by Aon Investments Limited (AIL). The Trustee has designated the Drawdown lifestyle strategy as the default arrangement for the Scheme. The default arrangement is provided for members who have not made an active choice with regards to their choice of investment.

The strategy is consistent with the aim to provide members with the potential for good levels of growth during the accumulation of their retirement savings through exposure to equities, and then to gradually diversify their investments 15 years before their target retirement date. This is achieved by automatically moving members' funds from return-seeking assets, which aim for long-term growth in excess of inflation, to a more broad-based and lower risk asset mix as a member approaches their target retirement date.

This is expected to be appropriate for the majority of members who are expected to take their funds as flexible income in retirement ('income drawdown').

CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

The glidepath for the Drawdown Lifestyle Strategy is shown below:



At the 2 July 2019 Trustee meeting AIL presented proposals for changes to the default arrangement. As a result of the review changes were made to the PGL Progressive Growth Phase Fund as AIL identified an improved asset allocation approach to meet the fund's broad objectives. Following the changes, the Fund has been renamed the PGL Diversified Asset Fund and the benchmark and performance objective have also been amended to better match the revised allocation . This fund is used in the default arrangement and is also available as a self-select option. These changes were implemented in November 2019 and the next review is due by 2 July 2022.

Performance of funds is monitored on a quarterly basis to ensure that performance is in line with the Trustee's aims and objectives and focusses on relative performance against benchmarks and any targets agreed by the Trustee with AIL as fund manager. The Trustee raises any concerns with AIL and Aon, as adviser, as part of this review. Aon, as investment adviser, also monitor the funds on a quarterly basis. AIL also considers how each fund deals with Environmental, Social and Governance ('ESG') factors, including climate change. Each of the underlying funds available to members is given an ESG rating by AIL. The Trustee raises any concerns with AIL and Aon, as advisor, as part of this review.

Based on these reviews the Trustee remains comfortable that the default arrangement is performing in line with its stated objectives.

A copy of the latest Statement of Investment Principles ('SIP') is attached to this Statement and is also available through the Scheme's website.

Processing of Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members/beneficiaries) are processed promptly and accurately.

The Company is responsible for ensuring that contributions are paid over to the Scheme promptly, and the timing of such payments is monitored through reports submitted quarterly by the Scheme's administrator, Aon.

CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

Core financial transactions are undertaken on behalf of the Trustee by Aon. The Trustee has a Service Level Agreement ('SLA') in place with Aon that covers the accuracy and timeliness of all core financial transactions. Aon reports quarterly to the Trustee through the Scheme's administration report, which is presented and considered at each quarterly Trustee meeting. The quarterly reports include details of performance against agreed service levels for all transaction types. Aon aims to accurately complete all financial transactions within 5 working days. In addition, details of any complaints or errors are notified to the Trustee as part of the ongoing quality controls within the Scheme. Aon aims to accurately complete all financial transactions within 5 working days. In addition, details of any complaints or errors are notified to the Trustee as part of the ongoing quality controls within the Scheme. The service levels reported by Aon were consistently met throughout the Scheme year and the Trustee has no concerns.

Aon carry out a daily check and a monthly reconciliation of the Trustee's bank account. All investment and banking transactions are also checked and verified before being processed. All work processes are documented and subject to a peer review process, with work being prepared and independently checked by another member of the team. The Trustee regularly reviews processes and controls implemented by Aon. The regular review process involves Aon providing quarterly reports, including core financial transaction metrics, to the Trustee to review at their quarterly meetings, compared to target processing times.

Controls around administration and the processing of transactions are documented in the Scheme risk register which is regularly reviewed.

The common and conditional data reports were both run on 27 March 2019 and the results of the overall quality ratings (92% rating for common data and 96% rating for conditional data) were considered by the Trustee. Since the reports were run, there have been a number of data cleansing exercises carried out as part of ongoing Scheme projects.

There have been no administration service issues with respect to core financial transactions which need to be reported.

We are confident that the processes and controls we have in place with Aon are robust and will ensure that we can continue to monitor that the financial transactions which are important to members are dealt with properly. In the light of the above, the Trustee considers that the requirements for processing core financial transactions have been met.

Member Borne Charges and Transaction costs

The Trustee should regularly monitor the level of charges borne by members through the funds. These charges comprise:

- *explicit charges, such as the Annual Management Charge ('AMC'), and additional expenses that are disclosed by the fund managers as part of the Total Expense Ratio ('TER');*
- *transaction costs borne within the fund for activities such as buying and selling of particular securities within the fund's portfolio.*

The Scheme offers a default lifestyle strategy, plus two further lifestyle strategies and a range of self-select options covering a range of asset classes. The investment options available have been selected and designed following advice from the Scheme's investment adviser, Aon, with the specific needs of members in mind.

The charges and transaction costs have been supplied by AIL.

CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

(i) Default arrangement – Drawdown Lifestyle Strategy

The default arrangement has levied a TER of less than the level of the Charge Cap which is 0.75% p.a. of assets under management for all members during the period 1 July 2019 to 30 June 2020. The actual TER members paid was between 0.28% p.a. and 0.36% p.a. depending on where they fell in the default lifestyle strategy (by term to retirement). The actual transaction costs members paid was between 0.04% and 0.13% during the year to 30 June 2020.

During the period the Trustee also made available a range of self-select options for members, all of which were available to both main DC members and to AVC members with TERs of between 0.06% p.a. and 0.82% p.a and transaction costs between 0.01% and 0.55%. Additionally, there is a small legacy AVC policy provided through Phoenix Life. Charges are higher for these funds (up to 1.02% p.a.) as is to be expected for small legacy AVC arrangements, some of which include guarantees and are unable to be easily transferred to funds with lower charges.

The costs and charges applicable to the lifestyle strategies and component funds over the reporting year are shown below, along with the costs and charges for the self-select funds.

Lifestyle strategies	**TER (% p.a.)**	**Transaction Costs (% p.a.)**	**Total Costs (%p.a.)**
Drawdown Lifestyle Strategy	0.28 to 0.36	0.04 to 0.13	0.32 to 0.49
Annuity Lifestyle Strategy	0.27 to 0.37	0.00 to 0.12	0.27 to 0.49
Cash Lifestyle Strategy	0.20 to 0.37	0.01 to 0.12	0.21 to 0.49
Self Select Funds	**TER* (% p.a.)**	**Transaction Costs (% p.a.)**	**Total Costs (%p.a.)**
PGL Global Equity Fund	0.25	0.02	0.27
PGL Active Global Equity Fund	0.82	0.13	0.95
PGL UK Equity Index Fund	0.06	0.01	0.07
PGL Property and Infrastructure Fund	0.46	0.16	0.62
PGL Diversified Multi-Asset Fund	0.40	0.19	0.59
PGL Diversified Multi-Strategy Fund	0.57	0.55	1.12
PGL Global Ethical Index Fund	0.35	0.01	0.36

A full listing of the underlying funds in each of the Lifestyle Strategies, and the respective transaction costs is shown in the Appendix.

The transaction costs are implicit within fund returns and do not form part of the explicit costs (TERs) paid by members.

CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

Some of the DB Section AVC assets are invested with Phoenix Life. These arrangements are closed to new contributions. The costs and charges for these legacy funds over the reporting year were as follows:

Legacy AVC Funds Phoenix Life	TER* (% p.a.)	Transaction Costs (% p.a.)	Total Costs (%p.a.)
Alba Genesis (BL) Building Society Acc Fund	1.00	0.01	1.01
Alba LASIA Managed Pension Fund	0.99	0.24	1.23
Alba LASIA Equity Fund (UK)	0.99	0.40	1.39
Alba Genesis (BL) Equity Acc Fund	1.02	0.20	1.20
Alba International Pension Fund	0.97	0.16	1.13
Alba Fixed Interest	0.99	0.12	1.11
Unitised Capital Guarantee Fund	1.00	0.13	1.13
Alba Cash Deposit Fund	1.00	0.01	1.01
Swiss Life UK Equity Pension Fund	0.52	0.41	0.93
Swiss Life Europe Pension Fund	0.54	0.16	0.70
Swiss Life Far East Pension Fund	0.56	0.24	0.80
Swiss Life Cash Pension Fund	0.50	0.01	0.51

*Annual expenses as % asset share

Illustration of the effect of costs and charges

The Trustee is required to illustrate the effect of the costs and charges typically paid by a member on their retirement values (as a "pounds and pence figure").

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of charges and transaction costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs. As part of the changes, the Trustee is required to illustrate the cumulative effect over time of the application of transaction costs and charges on the value of a member's benefits.

The next few pages contain illustrations of the cumulative effect of costs and charges on the value of member savings within the Scheme over a period of time. The illustrations have been prepared having regard to statutory guidance.

As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. The assumptions are explained in the notes sections below the illustrations.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future. This means that the information contained in this Chair's Statement is not a substitute for the individual and personalised illustrations which are provided to members each year by the Scheme.

CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

The illustrations provided

Each of the charts and tables below illustrates the potential impact that costs and charges might have on different investment options provided by the Scheme. Not all investment options are shown in the illustrations. The Trustee has chosen the following illustrations:

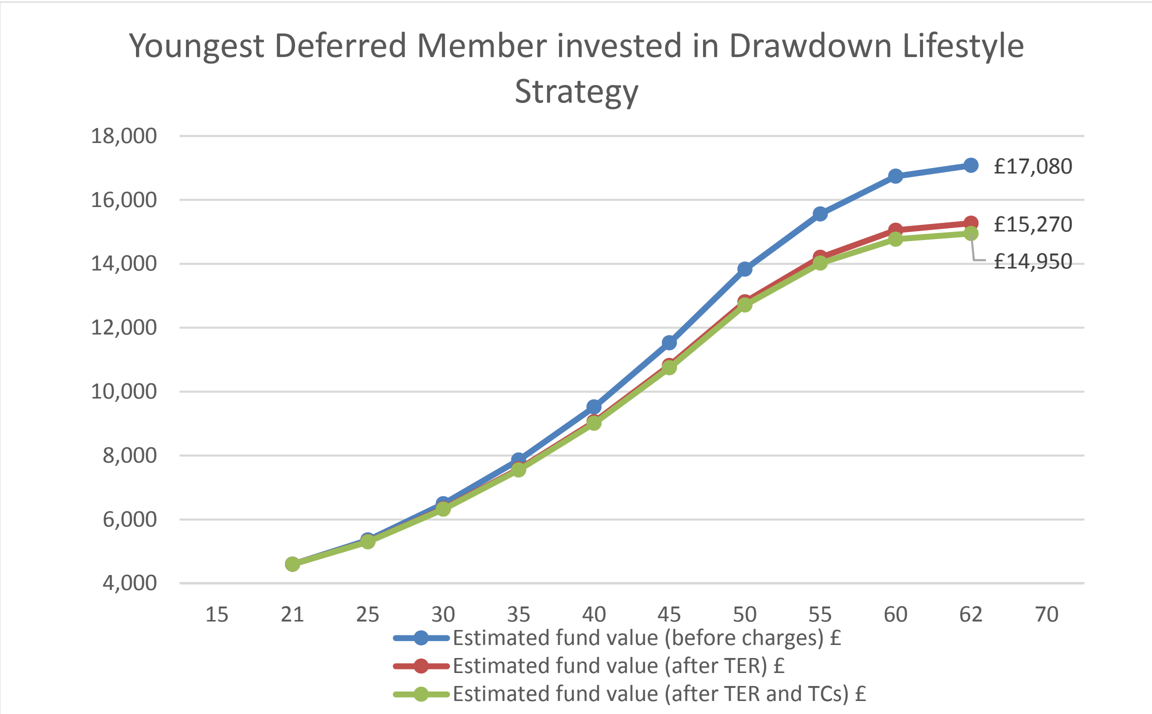
- charts showing the potential impact that costs and charges might have for 2 example members who have assets invested in the Drawdown Lifestyle Strategy (the default).
- under each chart, a table showing the potential impact that costs and charges might have if the example member were invested in a higher risk profile fund that has a higher level of costs and charges compared to the one illustrated in the chart and a lower risk profile fund that has a lower level of costs and charges compared to the one illustrated in the chart.

The Trustee has determined the 2 example members for whom illustrations have been provided as the youngest deferred member and a deferred member of average age (ages determined using data for the Scheme). The current fund values chosen for the illustrations are representative pot sizes held by members in the Drawdown Lifestyle Strategy.

Example 1

For a deferred member aged 21, invested in the Drawdown Lifestyle strategy, the estimated impact of charges on projected retirement values is shown below. Projections are based on a starting fund value of £4,600 at age 21 and are shown in current money terms.

Over the period, the example member's fund is expected to increase from £4,600 to £17,080. As the member is not an active member, there are no new contributions paid into the Scheme. The full increase in the fund value is from the assumed investment returns.



CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

	Drawdown Lifestyle Strategy (Default)			PGL Active Global Equity Fund			PGL Long-Term Inflation-linked Fund*		
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
25	5,360	5,300	60	5,460	5,270	190	4,080	4,050	30
30	6,490	6,320	170	6,770	6,260	510	3,520	3,460	60
35	7,860	7,550	310	8,390	7,420	970	3,030	2,960	70
40	9,520	9,010	510	10,410	8,800	1,610	2,620	2,520	100
45	11,530	10,750	780	12,900	10,440	2,460	2,250	2,150	100
50	13,830	12,710	1,120	15,990	12,390	3,600	1,940	1,840	100
55	15,560	14,020	1,540	19,820	14,700	5,120	1,680	1,570	110
60	16,740	14,770	1,970	24,580	17,440	7,140	1,440	1,340	100
62	17,080	14,950	2,130	26,780	18,670	8,110	1,360	1,260	100

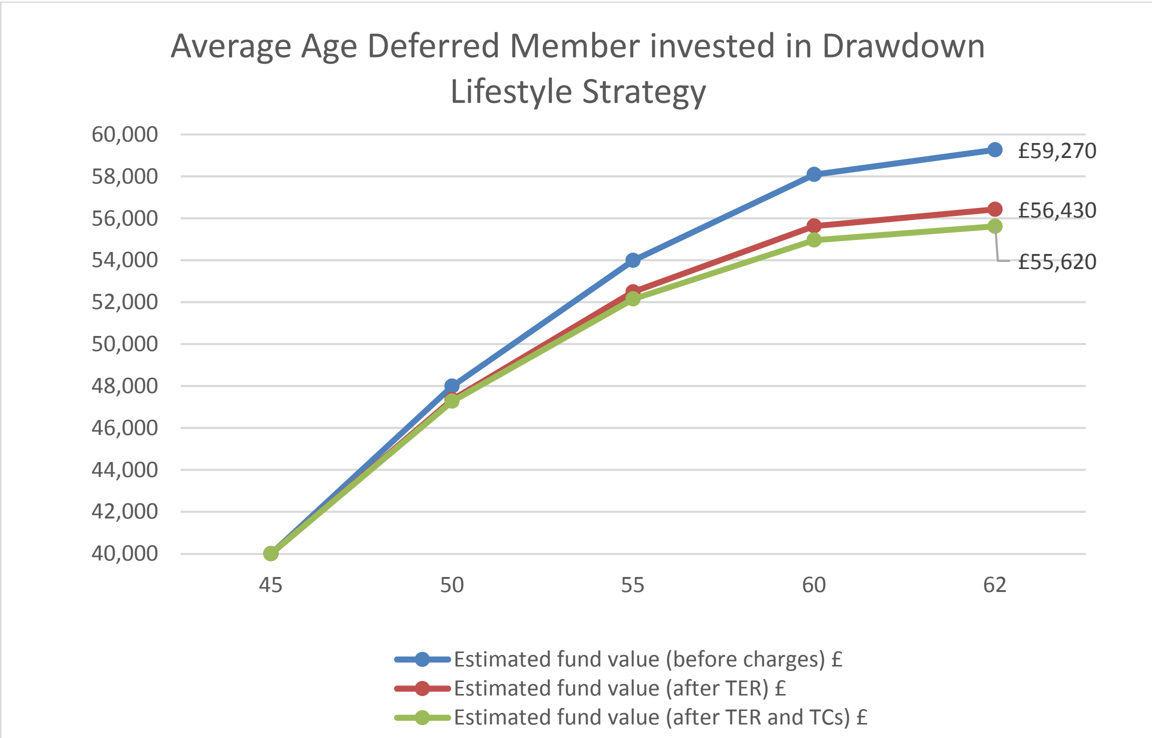
**In an environment of low interest rates, returns on the PGL Long Term Inflation Linked Fund are negative after charges. The Trustee is aware that in the current economic environment this is the case with these types of funds and wishes to remind members of the importance of ensuring that their investments are meeting their objectives.*

CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

Example 2

For a deferred member aged 45, invested in the Drawdown Lifestyle strategy, the estimated impact of charges on projected retirement values is shown below. Projections are based on a fund value of £40,000 at age 45 and are shown in current money terms.

Over the period, the example member's fund is expected to increase from £40,000 to £59,270. As the member is not an active member, there are no new contributions paid into the Scheme. The full increase in the fund value is from the assumed investment returns.



CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

	Drawdown Lifestyle Strategy (Default)			PGL Active Global Equity Fund			PGL Long Term Inflation Linked Fund*		
Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
50	47,990	47,270	720	49,590	47,450	2,140	34,480	34,150	330
55	53,990	52,160	1,830	61,470	56,290	5,180	29,720	29,160	560
60	58,090	54,960	3,130	76,200	66,780	9,420	25,620	24,900	720
62	59,270	55,620	3,650	83,040	71,500	11,540	24,140	23,370	770

**In an environment of low interest rates, returns on the PGL Long Term Inflation Linked Fund are negative after charges. The Trustee is aware that in the current economic environment this is the case with these types of funds and wishes to remind members of the importance of ensuring that their investments are meeting their objectives.*

The following assumptions have been made for the purposes of the above illustrations:

- The assumed growth rates (gross of costs and charges) and the TERs and transaction costs for the self-select funds and the funds underlying the default strategy are as follows:

Fund name	Assumed growth rate (%)	TER (%)	Transaction costs (%)	Total (%)
PGL Initial Growth Phase Fund	6.5	0.28	0.03	0.32
PGL Diversified Asset Fund	3.5	0.40	0.26	0.58
PGL Bond Phase Fund	1.8	0.38	0.23	0.68
PGL Long Term Inflation Linked Fund	-0.5	0.17	0.02	0.19
PGL Short Term Inflation Linked Fund	-0.1	0.17	0.02	0.21
PGL Active Global Equity Fund	7.0	0.82	0.12	0.95

- The transaction costs have been averaged over a two-year period in line with statutory guidance to reduce the level of volatility and a floor of 0% p.a. has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.
- Inflation is assumed to be 2.5% p.a. . Projected pension pot values are therefore shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Retirement is assumed at the normal retirement age of 62.
- Asset allocations for members invested in the default drawdown strategy are assumed to be rebalanced annually.
- The projected fund values shown are estimates for illustrative purposes only and are not guaranteed.

CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

The transaction costs, as defined in regulation 2(1) of the Occupational Pension Schemes (Charges and Governance) Regulations 2015, should be based on an average of the previous 5 years' transaction costs or, where data is available for fewer than 5 years, an average of transactions costs over the years for which data is available. Currently, less than 5 years of transaction cost information is available from providers, however we expect data provision to improve over time.

The charge illustrations are for information and transparency purposes only, and therefore the Trustee does not expect members to take any action in respect of the information above. Members are regularly encouraged to review that their investment choices are suitable to meet their needs. In some economic environments, returns on funds may not keep pace with inflation after charges.

In an environment of low interest rates, returns on the PGL Long Term Inflation Linked Fund and the PGL Liquidity Fund are negative after charges. The Trustee is aware that in the current economic environment this is the case with these types of funds and wishes to remind members of the importance of ensuring that their investments are meeting their objectives.

Value for members

The Administration Regulations require the Trustee to make an assessment of charges and transactions costs borne by DC section and AVC members and the extent to which those charges and costs represent good value for money for members.

There is no legal definition of "good value" and the process of determining this for members is a subjective one. Based on advice from the Scheme advisors, Aon, the Trustee has established a cost-benefit analysis framework in order to assess whether the member borne charges deliver good Value for Members. The framework has been designed with reference to the statutory guidance. The assessment against the framework is relevant to the current membership. The cost part of the analysis considers the costs and charges members pay. The benefit side of the analysis considers the quality of Scheme Governance and Management, the quality of Scheme Administration, the quality of Scheme Investments and the quality of Scheme Communications.

The framework covers the following:

Costs

- Based on the profile of the Scheme's DC/AVC arrangements, we believe that the explicit charges are competitive when compared to current market rates on a like for like basis.
- The level of charges for the legacy AVC arrangements are generally higher than the main Scheme fund options (which in broad terms is common for small legacy AVC arrangements).
- The Trustee considers the costs and charges of the investment options to be appropriate for the size of the Scheme and comparable to charges levied by other providers.

Scheme Governance and Management

- Scheme governance covers the time spent by the Trustee to ensure the Scheme is run in compliance with the law and regulation, including taking account of the interests of its members.
- The Trustee believes that good governance is key to the achievement of good member outcomes. The Trustee regularly reviews and updates its governance processes and procedures to make sure that they meet industry best practice.
- The Scheme is governed by an experienced group of Trustee Directors including a professional, independent Chair.
- The Board regularly review information about the performance of Scheme investments and also about the administration and membership amongst other information. This helps determine an appropriate strategy to support DC members and make improvements.

CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

Scheme Administration

- The Trustee has appointed Aon to provide administration services to the Scheme and is satisfied that Aon has sufficient checks in place to monitor and report on the standard of the administration service and to ensure that when administrative errors do occur, members are not disadvantaged as a result.
- The Trustee regularly monitors the Scheme administration and over the period found that the necessary administration standards were being achieved.
- Performance against SLA over the year was 94.5%.
- The Trustee received three complaints during the Scheme year. The Trustee is satisfied that the SLAs in place are appropriate and is comfortable with the performance against SLAs over the year.

Scheme Investments

- The Scheme provides members with an appropriate range of lifestyle and self-select fund options. The investment strategy and performance are regularly monitored and reviewed by the Trustee. The investment funds available have been designed, following advice from the Scheme's investment adviser, with the specific needs of members in mind.
- The Trustee has reviewed the range of funds available over the year and believes that the existing strategy and range of funds available remains appropriate for the Scheme.

Scheme Communications

- The Scheme provides members with regular, clear communications regarding the choices open to members, as well as annual benefit statements and 'at retirement' communications.
- Members can access help to support them in their decision making in the form of an investment guide.
- The Trustee issues an annual newsletter to members updating them on developments during the course of the year.
- A variety of communication media are used, including access to well-developed online tools and helpful information around retirement planning via the Scheme's member website (www.mypensionline.com/pgl)
- Members have access to a benefit calculation tool and other guidance material on the Scheme website to assist with retirement planning.

Under the Trustee's assessment framework, the Trustee believes that the Scheme delivers value for its members. The Trustee will continue to monitor the Scheme against the Regulator's governance standards to ensure it continues to deliver value.

Trustee's Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

There are seven Trustee Directors for the Scheme. Three Company Appointed Directors (two of which are independent) and four Member Nominated Directors. The Trustee board incorporates a range of skills and experience and a diverse mix of backgrounds. As examples, one independent Trustee Director is a Fellow of the Institute and Faculty of Actuaries and one independent Trustee Director is a Chartered Director and Chartered Insurer.

A Trustee Effectiveness review is considered on an annual basis via a questionnaire and the last review was carried out on 2 July 2019. It was identified that there was a lack of diversity of the Trustee Board and the Trustee considered whether they adequately understood the concerns and behaviours of the active membership. In order to address this concern, an active member was appointed as a Trustee Director on 24 July 2020.

CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

The Trustee Directors also considered the Chair's role specifically as part of the Trustee Effectiveness review and raised no issues or concerns – they were comfortable that the current Chair carries out his role effectively. The Trustee has met the Pension Regulator's TKU requirements (as set out under Code of Practice No 7) during the Scheme year through the following measures:

- Assessing training needs and considering whether any gaps exist in individual trustees' knowledge and understanding;
- Undergoing training in the period to address those needs;
- Maintaining training logs for each individual trustee which support the above; and
- Providing training to new Trustee Directors as appropriate, considering their prior pensions and trustee knowledge and experience. Individual Trustee Directors are expected to complete the Pensions Regulator's toolkit within 6 months of appointment and all Trustee Directors have completed this requirement (there were no new Trustee Directors appointed during the Scheme year).

The Trustee received training during the year on master trust arrangements and trustee duties and expectations, and also attended various seminars and conferences during the year held by legal, actuarial, DC consulting and investment providers focussing on topical issues and challenges relating to the COVID pandemic, market and regulatory developments and expectations for the future. Details of the training received has been captured in the individual trustee training logs.

Training logs are maintained for all Trustee Directors by the Scheme Secretary, Aon. Copies of scheme documents are provided as part of the training for new Trustee Directors and are reviewed by the Trustee on a regular basis.

The Trustee is conversant with the key Scheme documents and policies including the Trust Deed and Rules and the Statement of Investment Principles for the Scheme. The Trustee reverts to the legal advisor for any clarification if required.

In addition to the knowledge and understanding of the Trustee board, the Trustee has engaged with their appointed professional advisers regularly throughout the year to ensure that they run the Scheme and exercise their functions properly, including the following:

- Reviewed quarterly administration reports from Aon to monitor service delivery against agreed service levels (demonstrating knowledge and understanding of the law relating to pensions and trusts and a working knowledge of all documents setting out the Trustee's current policies).
- Reviewed quarterly reporting of each individual investment fund to ensure that performance is in line with the Trustee's aims and objectives and focusses on relative performance against benchmarks and any targets agreed by the Trustee with AIL as fund manager (demonstrating knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes)
- Ensured that an audit of the Trustee's Report and Accounts as at 30 June 2020 was carried out by PwC (demonstrating knowledge and understanding of the law relating to pensions and trusts)
- Updated the Statement of Investment Principles for September 2019. This document was considered and discussed in advance of updates made (demonstrating a working knowledge of the current SIP).
- Held quarterly Trustee meetings, covering DC matters, with providers and advisers who provided reporting and specialist advice before asking the Trustee to take relevant decisions as required. Additional ad-hoc meetings and conference calls were held during the Scheme year as required. Minutes of each Trustee meeting document the information shared, and specialist advice given.
- Maintaining a regime for proper governance (based on the Pension Regulator's DC Code of Practice) and using this as the basis for governance of the DC Section. This is achieved through an annual assessment of the Scheme against the DC Code of Practice and a Value for Members assessment that directly feeds into the content of this Chair's Statement.

The Trustee also considered the impact of the COVID-19 pandemic on the Trustee board and put in place appropriate plans to ensure that the board could continue to perform effectively during this time. Specifically, the Trustee has reviewed the regularity of its Trustee meetings and the format (virtual, shorter Trustee meetings will be held more regularly during this time).

CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

Considering the training activities completed by the Trustee Board together with the professional advice available to the Trustee, the Trustee considers that it meets the Pension Regulator's TKU requirements (as set out under Code of Practice No 7) and is confident that the combined knowledge and understanding of the Trustee Board, together with the input from its specialist advisers, enables it to properly exercise its functions as the Trustee of the Scheme.

Signed on behalf of the PGL Pension Trustee Limited (Trustee)

[redacted]

Name: Keith Jones, Chair of the Trustee of the PGL Pension Scheme

Date: 29 January 2021

CHAIR'S STATEMENT
YEAR ENDED 30 JUNE 2020

Addendum: Fund charges

The table below sets out the transaction costs for the underlying funds in each Lifestyle Strategy.

Fund name	Transaction costs (% p.a.)
▪ **Drawdown Lifestyle Strategy**	▪
▪ *PGL Initial Growth Phase Fund*	▪ 0.0365
▪ *PGL Diversified Multi-Assets Fund*	▪ 0.1856
▪ *PGL Bond Phase Fund*	▪ 0.2985
▪ *PGL Short Term Inflation Linked Fund*	▪ 0.0425
▪ *PGL Long Term Inflation Linked Fund*	▪ 0.0214
▪	▪
▪ **Annuity Lifestyle Strategy**	▪
▪ *PGL Initial Growth Phase Fund*	▪ 0.0365
▪ *PGL Diversified Multi-Assets Fund*	▪ 0.1856
▪ *PGL Bond Phase Fund*	▪ 0.2985
▪ *PGL Short Term Inflation Linked Fund*	▪ 0.0425
▪ *PGL Pre-Retirement Bond Fund*	▪ 0.0000
▪ *PGL Liquidity Fund*	▪ 0.0109
▪ *PGL Long Term Inflation Linked Fund*	▪ 0.0214
▪	▪
▪ **Cash Lifestyle Strategy**	▪
▪ *PGL Initial Growth Phase Fund*	▪ 0.0365
▪ *PGL Diversified Multi-Assets Fund*	▪ 0.1856
▪ *PGL Bond Phase Fund*	▪ 0.2985
▪ *PGL Short Term Inflation Linked Fund*	▪ 0.0425
▪ *PGL Long Term Inflation Linked Fund*	▪ 0.0214
▪ *PGL Liquidity Fund*	▪ 0.0109

A floor of 0% p.a. has been applied to any negative transaction to avoid potentially understating the total level of costs and charges.

STATEMENT OF INVESTMENT PRINCIPLES
YEAR ENDED 30 JUNE 2020

PGL Pension Scheme
Statement of Investment Principles

Defined Contribution Section

The investments described in this section of the Statement of Investment Principles cover options available for members' benefits held in the Defined Contribution ('DC') section of the Scheme in addition to the investments available to members with DB Section AVCs which themselves are categorised as DC benefits.

INVESTMENT MANAGEMENT ARRANGEMENTS

The Trustee has decided to implement the Scheme's DC investment strategy through Aon's Delegated DC Services. Under this approach, the Trustee delegates the selection of the platform provider, available fund range and day to day management of the funds to Aon, through Aon Investments Limited (AIL).

The available fund range consists of a number of white-labelled blended funds. The underlying managers and structure of each blended fund is delegated to the investment manager, namely AIL. A small number of additional funds are also available outside of the delegated DC funds.

ASSET ALLOCATION STRATEGY

The Trustee recognises that the key source of financial risk (in relation to members meeting their objectives) normally arises from asset choice. The Trustee therefore retains responsibility for the investment fund options made available to the membership and takes expert advice as required from its professional advisers.

Three distinct asset allocation strategies are offered to members, which target different benefits at retirement, namely drawdown, annuity purchase and cash.

Each asset allocation strategy aims to provide members with the potential for higher levels of growth during the accumulation of their retirement savings though exposure to equities, and then to gradually diversify their investments in the years approaching retirement, to reduce volatility and provide a broad base of assets from which members can choose the type of benefits they wish to take. This is achieved by automatically moving members' funds from return-seeking assets, which aim for long-term growth in excess of inflation, to a more broad-based and lower risk asset mix as a member approaches their selected retirement age.

For members who do not wish to make an active decision regarding the investment of their assets, a Default Option has been put in place following consideration of the Scheme membership, the risks associated with investment and after taking advice from Aon Solutions UK Ltd. This Default Option assumes members draw-down income at retirement.

In setting the three asset allocation strategies, the Trustee has reviewed the extent to which the return on investments (after deduction of any charges relating to those investments) is consistent with the objectives of the strategy, which is broadly to provide an appropriate risk/return profile given the needs of members.

The Trustee regularly reviews the appropriateness of the three asset allocation strategies and may make changes from time to time. Members are advised accordingly of any changes. Details of the three asset allocation strategies are provided below.

STATEMENT OF INVESTMENT PRINCIPLES
YEAR ENDED 30 JUNE 2020

Drawdown Lifestyle Strategy (The Default Option)

Objectives

The objectives for the default strategy are as follows:

- Aim for significant long term real growth while members are further away from retirement.
- Manage down volatility in fund values as members near retirement.
- Target an end point portfolio that is appropriate and consistent with how members may take their benefits when they retire.

The objectives of the fund managers in respect of the underlying funds used within the strategy, the kinds of investments held and the balance between them, are set out below and in the Appendix.

Other investment polices relating to the default strategy are set out in the sections below.

Taken together, the objectives and policies the Trustee has adopted in respect of the default strategy, following analysis of the membership, are expected to meet the needs of members, by providing the following:

- The opportunity to increase the value of their benefits with investment growth.
- An investment which manages risk in an appropriate and considered way.
- A portfolio commensurate with how members may take their benefits when they retire.

The Drawdown Lifestyle Strategy works on the principle that a member electing this option will transfer their account to a specialist income drawdown arrangement.

Strategy

The Drawdown Lifestyle Strategy initially invests wholly in the Aon Managed Initial Growth Phase Fund until fifteen years before a member's selected retirement age.

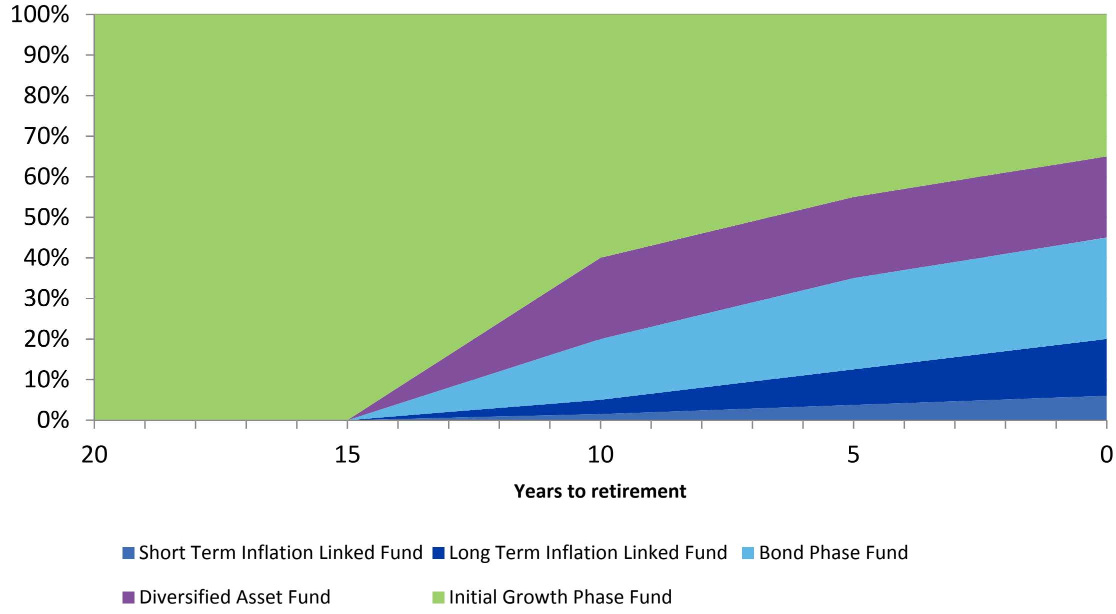
From fifteen years from a member's selected retirement age, lower risk investments are gradually introduced, including protection and income generating investments, through the Aon Managed Diversified Asset Fund, Aon Managed Bond Phase Fund, Aon Managed Short Term Inflation Linked Fund and Aon Managed Long Term Inflation Linked Fund.

At a member's selected retirement date, the Drawdown Lifestyle Strategy invests the member's assets across a range of asset classes with the aim of providing a real income during the post-retirement phase whilst protecting the value of the investments.

This structure is summarised in the chart below.

STATEMENT OF INVESTMENT PRINCIPLES
YEAR ENDED 30 JUNE 2020

Drawdown Lifestyle



Annuity Lifestyle Strategy

The Annuity Lifestyle Strategy works on the principle that a member electing this option will take the maximum tax free cash sum and use the rest of their account to purchase an annuity at retirement. The objectives of the Strategy are as stated above for the Default Option.

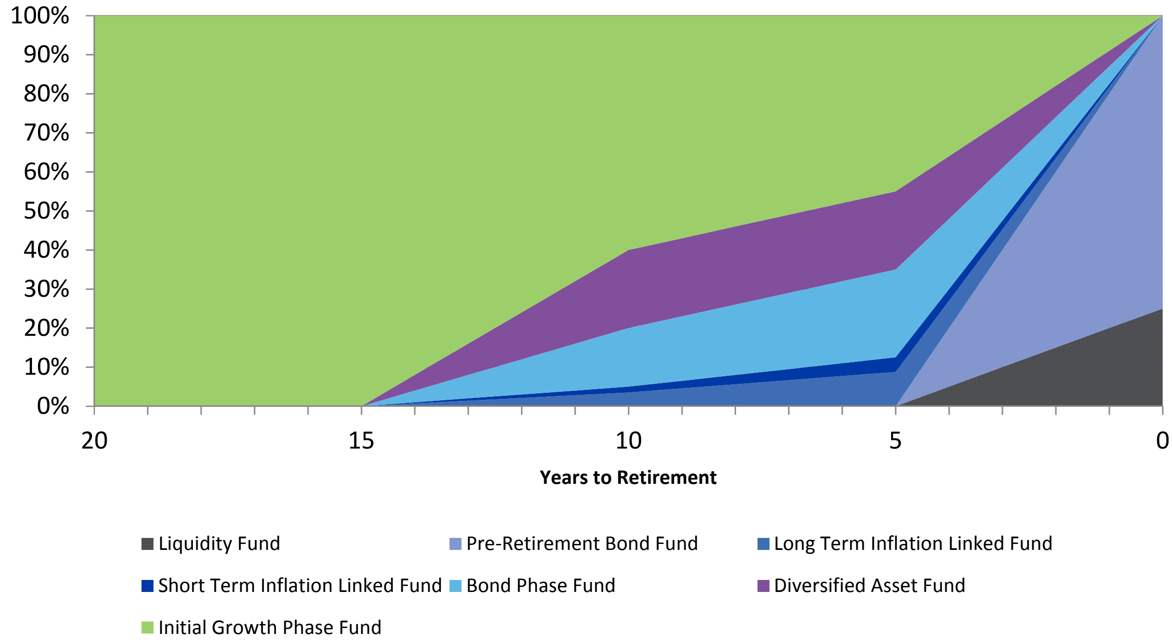
The Annuity Lifestyle Strategy is identical to the Drawdown Lifestyle Strategy until five years before retirement. From five years before a member's selected retirement age their account is moved into lower risk assets through the Aon Managed Pre-Retirement Bond Fund and the Aon Managed Liquidity Fund.

At a member's selected retirement date, the Annuity Lifestyle Strategy invests the member's assets with 75% in the Aon Managed Pre-Retirement Bond Fund and 25% in the Aon Managed Liquidity Fund with the aim of protecting the value of the investments relative to movements in annuity prices and cash.

This structure is summarised in the chart below.

STATEMENT OF INVESTMENT PRINCIPLES
YEAR ENDED 30 JUNE 2020

Annuity Lifestyle



Cash Lifestyle Approach

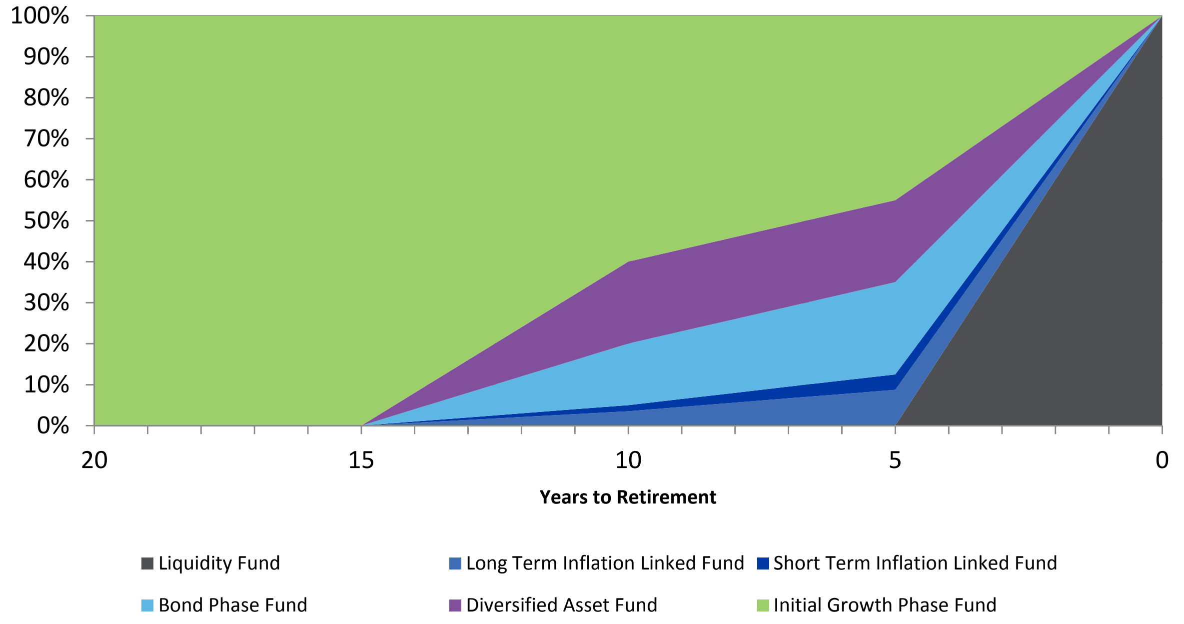
The Cash Lifestyle Strategy works on the principle that a member electing this option will take the whole of their account as a cash lump sum at retirement. The objectives of the Strategy are as stated above.

The Cash Lifestyle Strategy Is identical to the Drawdown Lifestyle Strategy until five years before retirement. Five years before a member's selected retirement age their account is moved into cash, namely the Aon Managed Liquidity Fund.

At a member's selected retirement date, the Cash Lifestyle Strategy invests the member's assets 100% in the Aon Managed Liquidity Fund, with the aim of protecting the value of the investments relative to cash.
This structure is summarised in the chart below.

STATEMENT OF INVESTMENT PRINCIPLES
YEAR ENDED 30 JUNE 2020

Cash Lifestyle



CHOOSING INVESTMENTS

The investment options offered to members are deemed appropriate, given the nature of the membership.

The Trustee has put in place the default arrangement described above, in acknowledgement that some members will be unwilling or feel unable to make investment choices. A choice of alternative asset allocation strategies, as well as self-select fund options, are offered so members can tailor their investment selections, to meet their requirements, if they so wish.

Day to day management of the funds including the selection of the underlying investment managers and asset allocation structure is delegated to AIL under Aon's Delegated DC Services. The selection of stocks is delegated to the underlying investment managers used within each fund, as chosen by AIL.

The Trustee takes professional advice when formally reviewing the investment manager or fund options offered to members. The range of investment options is set out in the table in Appendix 1.

RISK MEASUREMENT AND MANAGEMENT

The Trustee recognises that members take the investment risk. The Trustee takes account of this in the selection and monitoring of the investment manager and the choice of funds offered to members.
The main areas of risk with this type of arrangement are as follows: -

Default option risk - the risk of the default option being unsuitable for the requirements of some members. The Trustee has provided additional strategies and individual fund options in addition to the default and has communicated to members the need to review their own requirements and circumstances before making any investment decisions.

Market risk - the Scheme is subject to currency, interest rate and other price risk associated with the underlying investments. These risks can impact the valuations of the funds. The Trustee has selected a wide range of funds to be available to allow members to suitably diversify their investments to manage these risks. This is also considered when setting the lifestyle strategies. Further, the Trustee closely monitors the performance of the funds and receives formal quarterly reports from the investment adviser giving views on their continuing appropriateness, and that of the underlying fund managers.

STATEMENT OF INVESTMENT PRINCIPLES
YEAR ENDED 30 JUNE 2020

Annuity purchase – the rates applied when pension funds are used to buy annuities may be more expensive than anticipated and the more expensive annuity rates could coincide with a time when funds have lost value due to market fluctuations, as described above. For those members invested in the Annuity Lifestyle Strategy, members' funds will automatically be switched into the Aon Managed Pre-Retirement Bond Fund as they near retirement, with the aim of protecting the value of the benefits that will be provided.

Inflation – the absolute return on investments and hence the value of the pension policy may be diminished by inflation. To help mitigate this risk, a range of funds is offered including growth funds which aim to provide real growth (in excess of inflation) over the long term.

Credit risk – the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The credit risk the Scheme is exposed to arises from holdings in the underlying funds, through the investment in the Aegon platform and given the management by AIL. The investment adviser has provided advice on the strategies and investment options and on AIL as investment manager. This has included information on the security of the Scheme assets in relation to credit risk.

Assets may not be readily realisable – a member may want to use policy proceeds for benefits at a time when there may be a delay in realisation (mainly related to investments in property based funds). The fund options available, however, enable members to link their policies to more liquid investments as they approach retirement.

Due to the complex and interrelated nature of these and other risks, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle option at least triennially.

In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks on a regular basis, usually quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

CUSTODY

Investment in pooled funds gives the Trustee rights to the cash value of the units rather than to the underlying assets. The underlying investment manager of each of the pooled funds is responsible for the appointment and monitoring of the custodian of the fund's assets.

EXPECTED RETURN ON ASSETS

Over the long-term the Trustee’s expectations are:

- for units representing “growth” assets (UK equities, overseas equities, multi-asset funds and property), to achieve a real return (in excess of inflation) over the long term. The Trustee considers short-term volatility in equity price behaviour to be acceptable, given the general expectation that over the long-term equities will outperform the other major asset classes
- for units representing monetary assets (UK bonds), to achieve a rate of return which is expected to be approximately in line with changes in the cost of providing fixed income annuities
- for units representing inflation linked assets (UK index-linked bonds), to achieve a rate of return which is expected to be approximately in line with changes in the cost of providing real annuities that increase in line with inflation
- for units representing cash, to protect the capital value of the investment and achieve a rate of return in line with money market interest rates

STATEMENT OF INVESTMENT PRINCIPLES
YEAR ENDED 30 JUNE 2020

In setting the default strategy, the Trustee has reviewed the extent to which the return on investments (after deduction of any charges relating to those investments) is consistent with the objectives of the default strategy, as stated earlier in this document. Returns achieved by the investment manager are assessed against performance benchmarks set by the Trustee in consultation with its investment adviser and the investment manager.

REALISATION OF INVESTMENT

The Trustee recognises that there is a risk of holding assets that cannot easily be realised should the need arise. The majority of assets held on behalf of members are realisable at short notice (through the sale of units in pooled funds).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (‘ESG ’) CONSIDERATIONS

The Trustee considers the risk that ESG factors, including climate change, negatively impact the value of investments held as being financially material. The Trustee considers these risks by taking advice from its investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their activities and performance.

When choosing investments, the Trustee and the fund manager (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The fund manager’s duties include:

- realisation of investments;
- taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.

For direct investments in pooled funds, the Trustee expects the fund manager of the underlying pooled fund to carry out the above duties and should give effect to the principles in this statement so far as is reasonably practicable.

Members' Views and Non-Financial Factors

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

Stewardship – Voting and Engagement

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

AIL on behalf of the Trustee regularly reviews the continuing suitability of the appointed investment managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed investment managers.

The Trustee reviews the stewardship activities of its investment managers on an annual basis, covering both engagement and voting actions, and will include this information within the Implementation Statement. The Trustee will review the alignment of its policies to those of the investment managers and look for the investment managers, or other third parties, to use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability, and positive change.

The Trustee through AIL will engage with the investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned.

The Trustee may engage with AIL, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made. Where a significant concern is identified, the Trustee will consider, on a case by case basis, a range of methods by which it would monitor and engage so as to bring about the best long-term outcomes for the Scheme.

ARRANGEMENTS WITH INVESTMENT MANAGERS

The Trustee recognises that in relation to the arrangements with AIL, and correspondingly the underlying asset managers, it is important to ensure that interests are aligned. In particular, the Trustee seeks to ensure that the investment manager is incentivised to operate in a manner that generates the best long-term results for the Scheme and its beneficiaries.

The Trustee receives quarterly reports and verbal updates from AIL on various items including the investment strategy, the default investment strategy and wider fund range, performance and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme's objectives and assesses the investment managers over the long-term.

In line with the required actions from the Department of Work and Pensions, on an annual basis the Trustee will produce an Implementation Statement outlining how the Trustees have adhered to the policies in this document which will also be included in the annual reports and accounts.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers (where possible), and regular monitoring of investment managers' performance and investment strategy, is sufficient to incentivise the investment managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, AIL on behalf of the Trustee will typically first engage with the manager but could ultimately replace the investment manager where this is deemed necessary.

There is typically no set duration for arrangements with investment managers, although the continued appointment will be reviewed if material causes for concern are identified.

COST TRANSPARENCY

The Trustee is aware of the importance of monitoring its investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by its investment managers that can increase the overall cost incurred by its investments, for example, additional expenses and trading costs of buying and selling funds.

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

STATEMENT OF INVESTMENT PRINCIPLES
YEAR ENDED 30 JUNE 2020

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year and from which transaction costs are incurred. The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the expected portfolio turnover for the asset class characteristics and manager's style and historic trends. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

The Trustee evaluates the (net of all costs) performance of its investment managers relative to their benchmark and respective objectives on a regular basis over quarter, one, three and five-year periods via their investment monitoring reports and updates from the investment managers. The Trustee also reviews the remuneration of the Scheme's investment managers, and fees incurred by third parties appointed by the investment managers, annually to ensure that these costs are reasonable in the context of the kind and balance of investments held.

INVESTMENT ADVISER

Aon Solutions UK Limited has been selected as investment adviser to the Trustee. It operates under an agreement to provide a service designed to ensure that the Trustee is fully briefed both to take the decisions it is equipped to do so after training and advice and to monitor those decisions that it delegates. Aon Solutions UK Limited is currently paid on a time-cost basis with a fixed fee in place for certain regular pieces of work.

The adviser, Aon Solutions UK Limited has the knowledge and experience required under section 36(6) of the Pensions Act 1995 and is regulated by the Financial Conduct Authority.

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

STATEMENT OF INVESTMENT PRINCIPLES

Appendix 1 – DC fund options

This Appendix provides information on the fund options that are used in the three asset allocation strategies and available through the self-select fund range.

The Trustee has decided to implement the Scheme's DC investment strategy through Aon's Delegated DC Services. Under this approach, the Trustee delegates the selection of the platform provider, available fund range and day to day management of the funds to Aon, through Aon Investments Limited (AIL).

Investment Management Arrangements

The following table describes the mandates given to the investment manager within each asset class.

Fund	Benchmark	Target
Initial Growth Phase Fund	90% MSCI All Country World Index 7% FTSE EPRA/NAREIT Developed Index 1.5% ARE/IPD UK Quarterly All Balanced Property Index 1.5% FTSE Developed Core Infrastructure Index	To outperform the benchmark
Diversified Asset Fund	Sterling Over Night Interest Average (SONIA)	To outperform the benchmark by 3.25% pa over rolling market cycle
Bond Phase Fund	50% 3-month LIBOR GBP 50% iBoxx Sterling Non-Gilts All Stocks Index	To outperform the benchmark by 1.5% pa over rolling three year periods
Short-Term Inflation Linked Fund	FTSE UK Gilts Up to 5 Year Index-Linked Gilts Index	To perform in line with the benchmark
Long-Term Inflation Linked Fund	FTSE UK Gilts Index-Linked Over 5 Years Index	To perform in line with the benchmark
Pre-Retirement Bond Fund	Manager bespoke	To perform in line with the benchmark
Liquidity Fund	7 Day LIBID Rate	To perform in line with the benchmark
Global Equity Fund (Passively Managed)	MSCI All Country World Index	To outperform the benchmark
Active Global Equity Fund	MSCI All Country World Index as measured on a total return basis with net dividends reinvested.	To outperform the benchmark
Property & Infrastructure Fund	70% FTSE EPRA/NAREIT Developed Index 15% BNYM CAPS pooled fund survey median 15% FTSE Macquarie Global Infrastructure 100 Index	To outperform the benchmark
Corporate Bond Fund	iBoxx Sterling Non-Gilt All Stocks Index	To outperform the benchmark by 1.5% pa over rolling three year periods
UK Equity Fund	FTSE All Share (GBP) as measured on a total return basis with net dividends reinvested.	To perform in line with the benchmark
Ethical Global Equity Fund	FTSE4Good Global Index	To perform in line with the benchmark

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE PGL PENSION SCHEME FOR THE YEAR ENDED 30 JUNE 2020

Report on the audit of the financial statements

Opinion

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

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2020, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Report and Financial Statements, which comprise: the Statement of Net Assets (Available for Benefits) as at 30 June 2020; the Fund Account for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE PGL PENSION SCHEME FOR THE YEAR ENDED 30 JUNE 2020

Reporting on other information

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

Date: 29/1/2021

FUND ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2020

	Note	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Employer contributions	4	-	9,213	9,213	32	7,983	8,015
Employee contributions	4	-	800	800	-	1,278	1,278
		-	10,013	10,013	32	9,261	9,293
Transfers in	5	-	7	7	-	20	20
Other income	6	-	658	658	1,268	8	1,276
		-	10,678	10,678	1,300	9,289	10,589
Benefits paid or payable	7	(55,506)	(1,767)	(57,273)	(53,445)	(392)	(53,837)
Payments to and on account of leavers	8	(27,333)	(2,515)	(29,848)	(22,261)	(4,373)	(26,634)
Other payments	9	(664)	(337)	(1,001)	(869)	-	(869)
Administrative expenses	10	(2,597)	-	(2,597)	(3,345)	-	(3,345)
		(86,100)	(4,619)	(90,719)	(79,920)	(4,765)	(84,685)
Net (withdrawals)/additions from dealing with members		(86,100)	6,059	(80,041)	(78,620)	4,524	(74,096)
Investment income	11	82,548	-	82,548	62,521	-	62,521
Change in market value of investments	12	141,771	(304)	141,467	(129,522)	10,646	(118,876)
Investment management expenses	13	(15)	-	(15)	(529)	(6)	(535)
Net returns on investments		224,304	(304)	224,000	(67,530)	10,640	(56,890)
Net (decrease)/increase in the fund during the year		138,204	5,755	143,959	(146,150)	15,164	(130,986)
Transfers between sections		(1,185)	1,185	-	(51)	51	-
Opening net assets		2,097,746	142,747	2,240,493	2,243,947	127,532	2,371,479
Closing net assets		2,234,765	149,687	2,384,452	2,097,746	142,747	2,240,493

The notes on pages 55 to 73 for part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 30 JUNE 2020

	Note	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Investment assets							
Pooled investment vehicles	15	30,094	148,893	178,987	35,649	141,933	177,582
Insurance policies	16	2,198,000	-	2,198,000	2,043,300	-	2,043,300
AVC investments	17	1,058	-	1,058	1,365	-	1,365
Cash	18	-	-	-	7,011	-	7,011
		2,229,152	148,893	2,378,045	2,087,325	141,933	2,229,258
Total net investments		2,229,152	148,893	2,378,045	2,087,325	141,933	2,229,258
Current assets	22	7,053	1,594	8,647	12,057	845	12,902
Current liabilities	23	(1,440)	(800)	(2,240)	(1,636)	(31)	(1,667)
Net assets available for benefits at 30 June		2,234,765	149,687	2,384,452	2,097,746	142,747	2,240,493

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities included in the Trustee's Report. These financial statements and Actuarial Certificate should be read in conjunction with this report.

The notes on pages 55 to 73 form part of these financial statements.

These financial statements were approved by the Trustee and were signed on its behalf by:

Signa[redacted]

Nam[redacted]..

Title: Trustee Director ....

Date: 29 January 2021 ....

Signature: [redacted]

Nam[redacted]

Title: Trustee Director

Date: 29 January 2021

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. 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 issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice ('SORP') (2018) - Financial Reports of Pension Schemes, published by the Pensions Research Accountants Group ('PRAG').

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustee has adopted the revised SORP for the first time in these financial statements. The adoption of the revised SORP has had no material impact on these financial statements. However, it has required certain additions to or amendments of disclosures in the financial statements.

2. General information

PGL Pension Scheme is a hybrid occupational pension scheme established under trust under English Law.

The address of the Scheme's principal office is Juxon House, 100 St. Paul's Churchyard, London, EC4M 8BU.

3. Accounting policies

The principal accounting policies applied to the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

Functional and presentational currency

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

Contributions

Normal and additional voluntary contributions, both from employees and Employers, are accounted for on an accruals basis in the period to which they relate.

Employee's contributions made under a salary sacrifice arrangement are accounted for on an accruals basis and are categorised as Employers' contributions.

Employer's other contributions are accounted for in the year in which they fall due.

Transfers in

Individual transfers from other schemes are accounted for when member liability is accepted which is normally when the transfer amount is received.

Benefits paid or payable

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

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

Where tax liabilities are settled on behalf of members, for example where the lifetime allowance or annual allowance is exceeded, the tax due is accounted for on the same basis as the benefit.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies (continued)

Payments to and on account of leavers

Individual transfers to other schemes are accounted for when member liability is discharged which is normally when the transfer amount is paid.

Administrative expenses

Administrative expenses are accounted for on an accruals basis, net of recoverable VAT.

Other receipts and payments

Other receipts and payments are accounted for on an accruals basis.

Investment income

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

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

Income arising from the underlying investments of the pooled investment vehicles, which is reinvested within the pooled investment vehicles, is reflected in the unit price. Such income is reported within the change in market value.

Income from cash and short-term deposits is accounted for in these financial statements on an accruals basis.

Income arising from insurance policies held by the Trustee to fund benefits payable to Scheme members is included within investment income and is accounted for on an accruals basis.

Change in market value of investments

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

Investment management expenses

Investment management fees are accounted for on an accruals basis, net of recoverable VAT.

Valuation of investment assets and liabilities

Investments

Investment assets are included in the financial statements at fair value. The methods of determining fair value for the principal classes of investment are:

Pooled investment vehicles which are unquoted or not actively traded are stated at bid price or single price where there is no bid/offer spread as provided by the investment managers at the year end.

Insurance policies are valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date. These policies are to provide pension/retirement benefits for all members/deferred members.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies (continued)

Insurance policies bought to provide a members benefits are included in the Statement of Net Assets (Available for Benefits) at their actuarial value as determined by the Scheme Actuary as at 30 June 2020.

The insurance policies have been valued using financial and demographic assumptions consistent with those adopted for the 30 June 2018 actuarial valuation of the Scheme, on the technical provisions basis, updated for market conditions at the relevant dates. The key assumptions are described in the Report on Actuarial Liabilities shown on pages 9 and 10 of this report.

AVC funds are included within the Statement of Net Assets (Available for Benefits) on the basis of fair values provided by the AVC provider at the year end.

Critical accounting judgements and estimation uncertainty

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

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within investment accounting policies above and within notes 16, 19 and 20. The Trustee does not consider there to be any critical judgements.

4. Contributions

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Employer						
Normal	-	9,213	9,213	-	7,983	7,983
Other	-	-	-	32	-	32
	-	9,213	9,213	32	7,983	8,015
Employee						
Normal	-	83	83	-	76	76
Additional voluntary contributions	-	717	717	-	1,202	1,202
	-	800	800	-	1,278	1,278

Employer normal contributions include £3,304k (2019: £2,333k) contributions in respect of salary sacrifice arrangements made available to certain members by the Employers.

Other contributions totalling £32k in 2019 relates to an ex-gratia payment from the Employers.

There are no Employer deficit contributions due to the Scheme as required by the Schedule of Contributions signed on 2 July 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

5. Transfers in

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Individual transfers in	-	7	7	-	20	20

6. Other income

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Claim on term insurance policies	-	627	627	1,267	-	1,267
Other income	-	31	31	1	8	9
	-	658	658	1,268	8	1,276

7. Benefits paid or payable

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Pensions	51,309	-	51,309	51,171	-	51,171
Commutations of pensions and lump sum retirement benefits	4,161	411	4,572	2,271	225	2,496
Purchase of annuities	-	280	280	-	29	29
Lump sum death benefits	36	1,076	1,112	3	130	133
Taxation where lifetime or annual allowance exceeded	-	-	-	-	8	8
	55,506	1,767	57,273	53,445	392	53,837

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

8. Payments to and on account of leavers

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Individual transfers to other schemes	27,333	2,515	29,848	22,207	4,373	26,580
Payments to members joining state scheme	-	-	-	54	-	54
	27,333	2,515	29,848	22,261	4,373	26,634

9. Other payments

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Payments on term insurance policies	664	337	1,001	869	-	869

The term insurance policies are underwritten by Aviva Life & Pensions UK Limited and UNUM Limited.

10. Administrative expenses

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Administration and processing	1,170	-	1,170	1,173	-	1,173
Actuarial fees	713	-	713	1,213	-	1,213
Audit fees	112	-	112	54	-	54
Legal fees	133	-	133	304	-	304
Other professional fees	359	-	359	526	-	526
Scheme levies	68	-	68	65	-	65
Trustee fees and expenses	10	-	10	10	-	10
Sundry expenses	32	-	32	-	-	-
	2,597	-	2,597	3,345	-	3,345

Other professional fees include Investment Consultancy fees paid to Aon of £146k (2019: £246k).

Actuarial, legal and other professional fees were significantly higher in 2019 due to extra expenses occurred whilst completing an annuity buy-in project.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

11. Investment income

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Income from bonds	-	-	-	6,883	-	6,883
Income from pooled investment vehicles	254	-	254	1,458	-	1,458
Interest on cash deposits	27	-	27	51	-	51
Annuity income	82,267	-	82,267	54,129	-	54,129
	82,548	-	82,548	62,521	-	62,521

During 2020, no income was received from bonds and there is a decrease in income from pooled investment vehicles, due to the DB Section only having a cash investment in the Insight Liquidity Fund at start of the Scheme year. All other residual investments were disinvested during the previous Scheme year.

There is a significant increase in annuity income due to an annuity purchased during the Scheme year end 30 June 2019. Hence, the increase in the current year is the effect of the policy being in place for the full year.

12. Investments

	Opening value at 1 Jul 2019 £000	Purchases at cost £000	Sales Proceeds £000	Change in market value £000	Closing value at 30 Jun 2020 £000
DB Section					
Pooled investment vehicles	35,649	11,697	(17,252)	-	30,094
Insurance policies	2,043,300	12,926	-	141,774	2,198,000
AVC investments	1,365	-	(304)	(3)	1,058
	2,080,314	24,623	(17,556)	141,771	2,229,152
Cash	7,011				-
Total DB net investments	2,087,325				2,229,152
DC Section					
Pooled investment vehicles	141,933	17,955	(10,691)	(304)	148,893
	141,933	17,955	(10,691)	(304)	148,893
Total net investments	2,229,258				2,236,271

Included within purchases and sales figures for the DC Section above are £7,019k in relation to members' switches between investment funds.

12. Investments (continued)

During the year, a balancing premium of £12,926k was paid on the Falcon 2 insurance policy held with PLL.

An analysis of DC Section investment assets is as follows:

	2020 £000	2019 £000
Allocated to members	148,800	141,840
Not allocated to members	93	93
	148,893	141,933

DC Section investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions were paid.

Also held within DC Section pooled investments are £11,457k (2019: £11,259k) in respect of AVCs. These assets relate to both DB and DC members.

Transaction costs

There are no direct transaction costs in the year nor in the previous year. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles. It is not possible for the Trustee to quantify these indirect costs.

13. Investment management expenses

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Administration and management fees	15	-	15	529	6	535

Included within administration and management fees are £nil (2019: £8k) relating to performance measurement services.

There is a decrease in investment management expenses due to the Scheme no longer having an association with the Custodian. Therefore, the Scheme no longer has to pay custody fees. Furthermore, the DB Section of the Scheme has disinvested the majority of its residual assets during the year ended 30 June 2019 and there are no longer any fees payable to investment managers.

14. Taxation

The Scheme is a registered pension scheme in accordance with the Finance Act 2004. This means that the contributions paid by both the Employers and the members qualify for full tax relief, and is exempt from income tax and capital gains tax except for withholding tax on overseas investment income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

15. Pooled investment vehicles

	DB 2020 £000	DC 2020 £000	Total 2020 £000	DB 2019 £000	DC 2019 £000	Total 2019 £000
Bond funds	-	16,301	16,301	-	14,005	14,005
Cash & liquidity funds	30,094	3,460	33,554	35,649	2,537	38,186
Diversified growth funds	-	76,140	76,140	-	71,813	71,813
Equity funds	-	51,659	51,659	-	52,213	52,213
Property funds	-	1,333	1,333	-	1,365	1,365
	30,094	148,893	178,987	35,649	141,933	177,582

16. Insurance policies

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Insurance policies	2,198,000	-	2,198,000	2,043,300	-	2,043,300

The Trustee holds insurance policies with Alba and PLL which provide annuity income to cover pensions for certain members.

Key Assumptions made during actuarial valuations

The annuity policies have been valued using financial and demographic assumptions consistent with those adopted for the 30 June 2018 actuarial valuation of the Scheme, on the technical provisions basis, updated for market conditions at the relevant dates. The key assumptions are described in the Report on Actuarial Liabilities shown on pages 9 and 10 of this report.

As the valuation has been projected from the results of the 30 June 2018 actuarial valuation, it is necessarily approximate. The projection allows for changes in financial conditions and actual benefit cashflows in the intervening period but does not allow for actual membership movements beyond that built in to the valuation assumptions or implied by the cashflows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

17. AVC investments

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Phoenix Life	1,042	-	1,042	1,348	-	1,348
Phoenix Mutual	16	-	16	17	-	17
	1,058	-	1,058	1,365	-	1,365

The Trustee holds assets which are separately invested from the main Scheme to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 30 June each year confirming the amounts held to their account and movements during the year.

The total amount of AVC investments at the year end is shown above.

A valuation at the year end for Phoenix Mutual has not been received, as a result the valuation shown above is based on the previous valuation, adjusted for subsequent cash movements.

AVC investments can be further analysed as:

	2020 £000	2019 £000
Unitised Capital Guarantee funds	986	1,233
Other	72	132
	1,058	1,365

18. Cash and other investment balances

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Cash	-	-	-	2,445	-	2,445
Cash in transit	-	-	-	4,566	-	4,566
	-	-	-	7,011	-	7,011

There are no cash balances as at 30 June 2020 due to the cash account within the Insight investment being fully disinvested. The cash in transit balance was settled in July 2019 therefore has a nil balance at the year end 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

19. Fair value of investments

FRS102 requires for each class of financial instrument an analysis of the level in the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1: The unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the assessment dates;

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability either directly or indirectly;

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

	Level 1 £000	Level 2 £000	Level 3 £000	2020 Total £000
DB Section				
Pooled investment vehicles	30,094	-	-	30,094
Insurance policies	-	-	2,198,000	2,198,000
AVC investments	-	1,058	-	1,058
	30,094	1,058	2,198,000	2,229,152
DC Section				
Pooled investment vehicles	-	148,893	-	148,893
	-	148,893	-	148,893
	30,094	149,951	2,198,000	2,378,045

	Level 1 £000	Level 2 £000	Level 3 £000	2019 Total £000
DB Section				
Pooled investment vehicles	35,649	-	-	35,649
Insurance policies	-	-	2,043,300	2,043,300
AVC investments	-	1,365	-	1,365
Cash	7,011	-	-	7,011
	42,660	1,365	2,043,300	2,087,325
DC Section				
Pooled investment vehicles	-	141,933	-	141,933
	-	141,933	-	141,933
	42,660	143,298	2,043,300	2,229,258

Valuation techniques as described in note 3 are applied.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

20. Investment risks

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

20. Investment risks (continued)

Investment Risk Disclosure

DB Section

Insurer default risk

The Scheme holds annuity policies that are used to insure the liabilities of the Scheme.

By purchasing annuity policies, the Trustee has an agreement with the insurer ('PLL') that the insurer will honour the benefit payments as and when they fall due. This removes a number of risks from the Scheme (market risk, longevity risk etc.) but there is a small chance that the insurer may default. If PLL were unable to make the benefit payments (that they are obliged to make) then the responsibility of making those payment falls on the Trustee. This is mitigated in a number of ways:

1. The Trustee received financial due diligence advice in relation to PLL;
2. PLL are required to meet prudent reserving requirements;
3. The FSCS provides a degree of protection to the owner of the annuity policies; and
4. The annuity policies are backed by high quality collateral, expected to cover over 90% of the liability value.

The PLL annuity policies are backed by collateral and this collateral is reviewed monthly by Risk Specialists at Aon Solutions UK Limited, the Trustee's advisor.

Credit risk

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

Indirect credit risk arises primarily in relation to the Scheme's investment in the Insight Liquidity Fund. This risk is mitigated by the fact that the Fund will only invest in instruments that have a credit rating of at least A1 (i.e. investment grade securities only) from a recognized credit rating agency or, in the case of floating rate notes instruments it may hold, a remaining maturity of 397 days or less. At the year end, this Fund was primarily invested in investment instruments with a rating of A1+.

The Trustee regularly reviews the continued appropriateness of the Insight Liquidity Fund with its investment consultant.

20. Investment risks (continued)

Currency risk

No direct currency risk exists as the Insight Liquidity Fund pooled investment vehicle held by the Scheme at the year-end is denominated in GBP.

At the year end, the Scheme was subject to indirect currency risk associated with the Insight Liquidity Fund, which invests mainly in sterling denominated assets but can invest in overseas assets. Where it does invest in assets based overseas then this risk is mitigated as Insight will hedge (or translate) the exposure back to sterling using appropriate derivative instruments.

Interest rate risk

At year end, the Scheme was exposed to interest rate risk via the annuity policies which have been valued using a discounted cash flow approach, consistent with that used by the Scheme Actuary to value the liabilities that the annuity cash flows are matching.

The annuity policies therefore match the interest rate risks of the liabilities. While the total market value of assets that have interest rate risk has increased over the year, the total interest rate risk relative to the liabilities is broadly unchanged.

The Scheme was also exposed to some interest risk via its investment in the Insight Liquidity Fund pooled investment vehicle. This Fund invests in fixed interest instruments though can invest in instruments with a floating rate of interest. This Fund is a low risk investment used for additional liquidity only.

Other price risk

All investments are subject to idiosyncratic price risks that arise from factors particular to that asset class or individual investment in addition to credit risk, currency risk and interest rate risk.

Before investing in any asset class, or entrusting the Scheme's assets to a particular manager, the Trustee takes advice on the risks involved both on a quantitative and qualitative basis from their investment consultant.

The decision as to whether to invest in a particular security is delegated to the manager within specified investment restrictions.

The Trustee seeks to ensure that, when considered as a whole, the risks taken by the Scheme are suitably sized and diversified in terms of the type of risk taken and the sources of expected future returns. In addition, the Trustee takes advice from their investment consultant as to the continuing suitability of the asset classes, managers and Annuity Policies in which they invest.

The Trustee receives regular reports from their managers and investment consultant setting out the nature and extent of the risks in the Scheme's assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

20. Investment risks (continued)

The following table summarises the extent to which the various investments of the Scheme are affected by indirect financial risks.

In reading the table below, the following applies:

- A full circle indicates that the investment vehicle is likely exposed to the corresponding risk.
- A half circle indicates that the investment vehicle is likely exposed to the corresponding risk, but possibly only to a small extent.
- An empty circle indicates that the investment vehicle is likely not exposed to the corresponding risk.

	Insurer Default Risk	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk	2020 Market Value (£m)	2019 Market Value (£m)
Annuity Policies	●	○	○	●	●	2,198	2,043
Pooled Investment Vehicles	○	◐	○	◐	◐	30	36

Risk management structure

The Trustee is responsible for identifying and managing risks, including risks arising from the Scheme's investment activities.

Over the twelve-month period to 30 June 2020, and after payment of the residual cash from BlackStone at the start of the period, the Trustee's remaining non annuity policy investments were held with Insight in the Insight Liquidity Fund.

The Trustee requires its investment managers to operate within agreed target allocations, benchmarks and risk tolerance levels consistent with the Statement of Investment Principles.

The Trustee regularly reviews the continued suitability of the Insight Liquidity Fund with its investment consultant.

Risk measurement and reporting

The Trustee monitors the Scheme's risks periodically with appropriate reference to potential losses. Given the nature of the investments, the Trustee generally measures risks qualitatively. The Trustee monitors the overall risk in relation to the aggregate risk exposure across all risk types and activities, including Employer covenant and funding risks.

Risk mitigation

The Trustee's approach to managing investment risk is set out in the Statement of Investment Principles. The Trustee has appointed an investment advisor to assist them in monitoring and managing the strategy.

The assets of the Scheme comprise of two annuity policies (which guarantee the member payments when due) held with Phoenix Life Limited (PLL) (subject to Insurer Default risk) and a modest residual cash allocation (subject to some credit risk). These risks are managed and mitigated as set out above.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

20. Investment risks (continued)

DC Section

The Defined Contribution Section (DC section) is subject to direct credit risk in relation to the life policy provided by Aegon. In the event of default by Aegon statutory protection is in place through the Financial Services Compensation Scheme. If Aegon became insolvent, the Trustee would be eligible to make a claim on the FSCS in respect of all assets invested through the Aegon policy.

The Scheme is not subject to credit risk relating to HRMSL, as manager of the Delegated DC Funds used within the DC investment strategy, and the underlying fund managers chosen by HRMSL for use within the Delegated DC Funds. If HRMSL were to become insolvent, Aegon would appoint a new investment manager to assume responsibility of choosing underlying managers and asset classes. The Trustee has received advice from their investment advisor providing information on these risks and how each risk is mitigated.

The Scheme is subject to credit risk relating to the underlying life fund providers, where the FSCS protection does not apply. For underlying life funds provided by BlackRock, Aegon provide additional security in the event of the insolvency of BlackRock. For non-life structures there is effectively no credit risk to the underlying manager.

The Scheme is also subject to credit risk within the underlying funds which provide exposure to bonds and cash. The underlying funds invest in pooled investment vehicles and are therefore directly exposed to credit risk in relation to the instruments they hold in the pooled investment vehicles. Member level risk exposures will be dependent on the funds invested in by members.

The credit risk is managed by AIL by ensuring that guidelines are in place for the underlying investment managers commensurate with the objectives of the investment.

The Scheme is subject to currency, interest rate and other price risk arising from the underlying financial instruments held in the Delegated DC funds. A description of how these risks may occur is provided below.

Currency Risk: The Scheme is subject to currency risk because some of the underlying investments in pooled investment vehicles are held in overseas markets. The exposure to overseas currency is from investment in a range of assets including overseas equities, property, infrastructure and bonds. The Trustee receive regular reports on the value of contributions held in each of the underlying funds.

Interest Rate Risk: The Scheme investments in fixed income bonds and index-linked gilts are subject to interest rate risk.

Other Price Risk: All the Scheme's investments are subject to idiosyncratic price risks that arise from factors peculiar to that asset class or individual investment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

20. Investment risks (continued)

As well as investment risk, the Trustee also recognizes that members are exposed to a number of other risks including:

Market fluctuations – where unit linked policies are used, the value of policies allocated for member benefits may fluctuate with the movement in the underlying asset values. This means that, at a member's retirement, there is the possibility that the fund will have to be realised at an inopportune time to provide retirement benefits.

Annuity purchase – the rates applied when pension funds are used to buy annuities may be more expensive than anticipated and the more expensive annuity rates could coincide with a time when retirement funds have lost value due to market fluctuations, as described above.

Inflation – the absolute return on investments and hence the value of the pension policy may be diminished by inflation.

Assets may not be readily realisable – a member may want to use policy proceeds for benefits at a time when there may be a delay in realisation (mainly related to investments in property based funds). AIL looks to mitigate these risks as much as possible by blending any potentially illiquid investments with more liquid ones in a white-label structure.

The Scheme has exposure to these risks because of the investments it makes in following the agreed investment strategy.

Risk management structure

The Trustee is responsible for identifying and managing risks, including risks arising from the Scheme's investment activities.

The Trustee has appointed AIL to manage the Scheme's assets under agreed mandates. The Trustee requires AIL to operate within agreed target allocations, benchmarks and risk tolerance levels consistent with the Statement of Investment Principles.

The Trustee regularly reviews the performance of AIL against the agreed performance objectives.

The Trustee has decided to implement the DC Section's investment strategy through Aon's Delegated DC Services. Under this approach, the Trustee delegates the selection of the platform provider, available fund range and day to day management of the funds to Aon, through AIL. The selection of stocks is delegated to the underlying investment managers used within each fund, as chosen by AIL. The Trustee reviews the performance of its investment manager against the agreed performance objectives.

Risk measurement and reporting

The Trustee monitors the Scheme's risks periodically with appropriate reference to potential losses. The Trustee measures risks both qualitatively and quantitatively.

The Trustee monitors and measures the overall risk in relation to the aggregate risk exposure across all risk types and activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

20. Investment risks (continued)

Risk mitigation

The Trustee's approach to managing investment risk is set out in the Statement of Investment Principles.

The Trustee has appointed an investment advisor to assist them in determining and implementing the investment strategy for the Scheme.

The Trustee acknowledges that its investment managers may use derivatives and other instruments for trading purposes and in connection with its risk management activities.

Summary of DC Section risk exposure

The table below sets out the risks from investing in the funds offered to members.

Fund	Credit risk*	Foreign exchange risk	Interest rate risk	Other price risk	Total 2020 £000	Total 2019 £000
PGL Initial Growth Phase		✓		✓	66,835	63,671
PGL Progressive Growth Phase	✓	✓	✓	✓	5,842	4,784
PGL Bond Phase	✓	✓	✓	✓	5,175	4,292
PGL Short Term Inflation Linked			✓	✓	721	593
PGL Long Term Inflation Linked			✓	✓	4,663	3,734
PGL Pre-Retirement Bond	✓		✓	✓	5,596	5,256
PGL Liquidity Fund	✓		✓	✓	3,460	2,537
PGL Passive Global Equity		✓		✓	25,266	25,344
PGL Diversified Multi Asset	✓	✓	✓	✓	3,462	3,359
PGL Property and Infrastructure		✓		✓	1,333	1,365
PGL Passive UK Equity				✓	12,363	14,351
PGL Active Global Equity		✓		✓	12,029	11,280
PGL Diversified Multi Strategy Bond	✓	✓	✓	✓	147	128
PGL Ethical Global Equity		✓		✓	2,001	1,239
				Total	**148,893**	**141,933**

*credit risk related to the underlying securities

The legal nature of the Scheme's pooled arrangements is:

	2020 £000	2019 £000
Open ended investment company	178,987	177,582
	178,987	177,582

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

21. Concentration of investments

The following investments, excluding UK Government securities, account for more than 5% of the net assets of the Scheme.

	2020 Value £000	%	2019 Value £000	%
Phoenix Life annuity – Falcon 1	1,120,700	47.00	1,063,700	47.48
Phoenix Life annuity – Falcon 2	1,052,700	44.15	954,800	42.62

22. Current assets

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Prepayments	-	-	-	124	-	124
Bank	7,043	1,594	8,637	11,911	845	12,756
Sundry debtors	10	-	10	22	-	22
	7,053	1,594	8,647	12,057	845	12,902

Included in the DC Section bank balance is £264k (2019: £20k) which is not allocated to members. All other DC Section assets are allocated to members.

23. Current liabilities

	DB £000	DC £000	2020 Total £000	DB £000	DC £000	2019 Total £000
Accrued expenses	551	6	557	730	6	736
Accrued benefits	234	794	1,028	255	23	278
HM Revenue & Customs	653	-	653	649	2	651
Sundry creditors	2	-	2	2	-	2
	1,440	800	2,240	1,636	31	1,667

24. Employer related investments

There were no direct Employer related investments at the year end (2019: Nil). The Trustee recognises that indirect investment in the Employer's sponsor group, is possible through holdings in pooled investment vehicles. The Trustee believes that any indirect exposure to shares in the Employer sponsor group were less than 0.1% (2019: <0.1%) of the Scheme assets at year end.

At the year end the Scheme held an investment asset of £2,198,000k (2019: £2,043,300k) in annuity policies with Phoenix Life, which is part of the same group as the Employers under the Scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

25. Related party transactions

Contributions received into the Scheme and any benefits paid in respect of the Trustee Directors who are members of the Scheme have been made in accordance with the Trust Deed and Rules.

The Principal Employers are considered related parties. All transactions involved with these entities relate to remittance of monthly contributions required under the Rules of the Scheme. The Principal Employers recharge the Scheme for costs.

At the year end, two of the Directors of the Trustee company were pensioners of the Scheme and receiving benefits (2019: two).

Two of the Directors of the Trustee company are active members of the Scheme as at 30 June 2020.

The Scheme holds AVC assets with Phoenix Life £1,042k (2019: £1,348k) and Phoenix Mutual £16k (2019: £17k) which are both part of the same group as the Employers under the Scheme. There were no amounts outstanding from Phoenix Life or Phoenix Mutual at the year ended 30 June 2020 (2019: £12k).

Annuity policies with Phoenix Life are related party transaction as Phoenix Life is part of the same group as the Employers under the Scheme.

Other than those items disclosed elsewhere in the financial statements, were no related party transactions, that require separate disclosure.

The Principal Employers meets all administrative expenses of the Scheme except for those in note 10.

The Scheme paid fees and expenses in respect of one Trustee for the amount of £10k (2019: £10k). There were no Trustee fees or expenses outstanding at the year ended 30 June 2020 (2019:£nil).

26. GMP Equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. On 20 November 2020, the High Court issued a follow on judgement in the Lloyds case and ruled that pension schemes will also need to revisit individual transfer payments made since 17 May 1990 to consider if any additional value is due as a result of GMP equalisation. The Trustees of the Scheme are aware that this issue will affect the Scheme and will be considering this matter at future meetings and decisions will be made as to the next steps.

In conjunction with the insurer, the Trustee is reviewing, with its advisers, the implication of these rulings for the Scheme and the equalisation of guaranteed minimum pensions between men and women. Members will be provided with updates on the progress of this work in the regular Scheme Newsletters.

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE PGL PENSION SCHEME FOR THE YEAR ENDED 30 JUNE 2020

Statement about Contributions

Opinion

In our opinion, the contributions required by the schedules of contributions for the Scheme year ended 30 June 2020 as reported in PGL Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Scheme actuary on 27 November 2017 and 2 July 2019.

We have examined PGL Pension Scheme's summary of contributions for the Scheme year ended 30 June 2020 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

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

Auditors' responsibilities in respect of the statement about contributions

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

Use of this report

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

Date: 29/1/2021

SUMMARY OF CONTRIBUTIONS
FOR THE YEAR ENDED 30 JUNE 2020

During the year ended 30 June 2020, the contributions payable to the Scheme were as follows:

	DB Employers 2020 £000	DB Employees 2020 £000	DB Total 2020 £000	DC Employers 2020 £000	DC Employees 2020 £000	DC Total 2020 £000
Contributions payable under the Schedules of Contributions and Payment Schedule and as reported by the Scheme auditors						
Employer Contributions						
Normal	-	-	-	9,213	83	9,296
Contributions payable in addition to those payable under the Schedules and total contributions reported in the financial statements						
Additional voluntary contributions	-	-	-	-	717	717
Total contributions reported in the financial statements	**-**	**-**	**-**	**9,213**	**800**	**10,013**

Approved by the Trustee and signed on its behalf:

Signature: [redacted]

Name: Keith Jones....................................

Title: Trustee Director ....

Date: 29 January 2021..............................

Signature: [redacted]

Title: Trustee Director

Date: 29 January 2021

PGL PENSION SCHEME

ACTUARIAL CERTIFICATE

Certification of Schedule of Contributions

Name of Scheme: PGL Pension Scheme

Adequacy of rates of contributions

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

I also certify that any rates of contributions forming part of this schedule which the scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule and the statement of funding principles.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 2 July 2019.

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:	[redacted]	Date:	2 July 2019
Name:	[redacted]	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Colmore Gate Colmore Row Birmingham B3 2QD	Name of employer:	Aon Hewitt Limited