

Registered number: 1000772

PGL PENSION SCHEME
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2022

Risk. Reinsurance. Human Resources.



PGL PENSION SCHEME

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TRUSTEE AND ITS ADVISERS YEAR ENDED 30 JUNE 2022

Trustee	PGL Pension Trustee Limited
Company Appointed Directors	K Jones (Chairman) G Felston S Thompson
Member-Nominated Directors	A Roffey-Jones C Dennis (subsequently resigned as a Trustee Director on 30 November 2022) 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
Actuary (DB Section)	P Crocker, FIA Aon Solutions UK Limited
Administrator	Aon Solutions UK Limited
Independent Auditors	PricewaterhouseCoopers LLP
Bankers	Bank of Scotland Barclays Bank plc
Investment Adviser	Aon Solutions UK Limited ('Aon')
Investment Manager (DB Section)	Insight Investment Funds Management ('Insight')
Investment Manager (DC Section)	Aon Investments Limited ('AIL')
AVC Providers (DB Section)	Phoenix Life Limited ('Phoenix') Phoenix Mutual ('PM')
Insurance Providers (annuity) (DB Section)	Alba Life Phoenix Life Limited
Legal Adviser	Gowling WLG
Contact Details	The PGL Pension Scheme Administrator Aon Solutions UK Limited Colmore Gate 2 Colmore Row Birmingham B3 2QD pgladmin@aon.com 0330 678 0412

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

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 2022.

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, 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 ('MNTDs') are elected from the membership.

A Trustee Director can choose to retire from office at any time. A Member-Nominated Trustee Director can only be removed with the agreement of all other Trustee Directors.

Member-Nominated Trustee Directors must be either deferred members or pensioners of the Scheme.

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.

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TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Extension of Terms of Office of MNTDs

The terms of office for the current Member Nominated Directors (MNDs) – Simon, Alan and Tom – had been extended to the end of 2021. In view of the proximity of buyout, it was agreed that their terms of office would be extended further and that they will continue to serve as MNTDs until the Scheme has fully wound-up.

Trustee meetings

The Trustee Board met formally four times during the year to consider the business of the Scheme. The Falcon sub-committee (responsible for the management of the Buyout project) met twelve times

Scheme changes

Subsequent to the year end the Principal Employer gave notice to the Trustee of their intention to terminate the Scheme with effect from 8 March 2023 and asked the trustee to immediately proceed to wind-up the Scheme.

There were no significant changes to the Scheme during the year to 30 June 2022.

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.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Membership

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

DB Section	Deferreds	Pensioners	Total
Members at the start of the year	3,592	5,170	8,762
Adjustments to members	(4)	7	3
New spouses and dependant	-	45	45
Retirements	(201)	201	-
Deaths	(11)	(140)	(151)
Trivial commutations	-	(10)	(10)
Transfers out	(74)	-	(74)
Members at the end of the year	<u>3,302</u>	<u>5,273</u>	<u>8,575</u>
DC Section	Deferreds	Pensioners	Total
Members at the start of the year	251	-	251
Adjustments to members	(1)	-	(1)
Retirements	(2)	-	(2)
Transfers out	(11)	-	(11)
Trivial commutations	(8)	-	(8)
Members at the end of the year	<u>229</u>	<u>-</u>	<u>229</u>
Total members at the end of the year	<u>3,531</u>	<u>5,273</u>	<u>8,804</u>

Pensioners include 621 (2021: 615) individuals receiving a pension upon the death of their spouse who was a member of the Scheme. Pensioners also include 169 (2021: 169) 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 5,273 (2021: 5,170) pensioners and 3,302 (2021: 3,592) beneficiaries whose benefits are provided by annuities.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

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 Life Group Pension Scheme 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.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Pension increases (continued)

The following increases were awarded over the year 1 July 2021 to 30 June 2022:

Pension accrued before 6 April 1997	Fixed 3.0% on 1 January 2022
Pension accrued after 6 April 1997	4.9% on 1 January 2022

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

Pension accrued before 6 April 1997	3.0% on 1 September 2021
Pension accrued between 6 April 1997 and 31 December 2000	3.0% on 1 September 2021
Pension accrued after 31 December 2000	3.0% on 1 September 2021

Britannic Style increase:

GMP accrued before 6 April 1988	nil
GMP accrued after 5 April 1988	3% on 1 April 2022
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 2020

Phoenix Style increase:

GMP accrued before 5 April 1988	nil
GMP accrued after 6 April 1988	3% on 1 January 2022
Pension in excess of GMP accrued before 6 April 1997	3.1% on 1 January 2022
Pension accrued after 6 April 1997	4.9% on 1 January 2022

There were no discretionary pension increases in the year.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Transfers

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

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 not allowed except at the discretion of the Trustee.

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.

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.

Impact of recent market volatility

For a typical scheme, the assets, liabilities and funding level will change over time as market conditions change. However, the nature of the PGL Pension Scheme, whereby the assets and liabilities are essentially one and the same (i.e. annuity policies), means that there will be negligible volatility over time. The material rise in bond yields since the Scheme's year-end of 30 June 2022 would result in assets and technical provisions that are both materially lower now, compared to 30 June 2021, say (the date of the last actuarial valuation). However, the nature of the Scheme's investments means that its percentage funding level will have remained largely constant since the valuation date.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

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 Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request. The most recent full Actuarial Valuation of the Scheme was carried out as at 30 June 2021. The results of this valuation are detailed below:

	30 June 2021
The value of technical provisions was:	£2,098.2M
The value of assets was:	£2,100.5M
Funding level:	100%

Discontinuance Value

The Trustee considers the level of funding relative to the estimated costs of such a buy-out (known as 'solvency liabilities'). As the technical provisions were valued on this basis, the solvency liabilities value is the same as the technical provisions value, and the value of assets is unchanged.

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: Aon's Bulk Annuity Market Monitor yield curve for non-pensioners or pensioners, as applicable, for large schemes, which is constructed from swap and UK corporate bond market curves, at the valuation date.

Future retail price inflation: The assumption is derived from the swap based break-even RPI inflation assumption at the valuation date.

Future consumer price inflation: The assumption is derived at the valuation date by deducting 0.75% p.a. from the RPI inflation assumption at all durations up to 2030 and deducting 0.1% thereafter.

Pension increases: Inflation-linked pension increase assumptions are derived from the inflation assumption allowing for the maximum and minimum annual increase, and the fact that inflation varies from year to year.

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. An allowance for improvements from 2007 and an allowance for future improvements has been made in line with the CMI_2020 Projections with SK smoothing factor of 7.75 and an A parameter of 0.0%, assuming a long-term annual rate of improvement in mortality rates of 1.75% p.a. for men and women.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Report on Actuarial Liabilities (continued)

Recovery plan

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

Next actuarial valuation

The next actuarial valuation for the PGL Scheme is due as at 30 June 2024. If the formal wind-up of the Scheme is triggered within 15 months of this date, i.e. by 30 September 2025, there is no need to complete this valuation.

Investment matters

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

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 SIP can be found on the Scheme's website at <https://pensioninformation.aon.com/pgl/> and is shown on pages 57 to 66.

The Trustee has delegated management of investments to the investment managers shown on page 1. These managers, who are regulated by the Financial Conduct Authority in the United Kingdom, manage the investments in line with the investment managers agreements which are designed to ensure that the objectives and policies captured in the SIP are followed.

The Trustee has considered environmental, social and governance ('ESG') 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.

The Trustee has not appointed a custodian to the Scheme as the investment managers appoint a custodian for the assets underlying the investments they manage for the Trustee. The Custodians appointed by the investment managers are shown below:

Manager	Custodian
Insight Investment Funds Management	Northern Trust
Aon Investments Limited	Bank of New York Mellon Corporation

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.

The Custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the Custodians' nominee 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.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Investment report

Changes to the DB Section of the Scheme during the year

There were no changes to the investments over the year to 30 June 2022.

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'). 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.

The two annuity policies have been secured with Phoenix Life Limited (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 authorized 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.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

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, SONIA.

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.

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.

No further changes have been made to the SIP with respect to Stewardship over the year.

Buy-in Annuity Policies

As at 30 June 2022, the annuity policies were valued at £1,567m (2021: £1,993m), 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 2021 but adjusted for market conditions at 30 June 2022.

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.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Investment report (continued)

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.

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	-8.0	-0.2
PGL Initial Growth Phase	Lifestyle	-3.0	5.4
PGL Diversified Asset	-	-6.4	2.4
PGL Short Term Inflation Linked	Lifestyle	7.0	2.7
PGL Long Term Inflation Linked	Both	-23.1	-6.2
PGL Pre-Retirement Bond	Both	-19.0	-4.1
PGL Liquidity Fund	Both	0.3	0.3
PGL Passive Global Equity	Self select	-3.9	5.5
PGL Active Global Equity	Self select	-10.7	6.6
PGL Diversified Multi Asset	Self select	-6.4	2.4
PGL Passive UK Equity	Self select	0.8	2.1
PGL Ethical Global Equity Index	Self select	-0.2	10.3
PGL Property and Infrastructure	Self select	5.6	4.0
PGL Diversified Multi Strategy Bond	Self select	-4.5	0.6

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 Diversified Multi Asset 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.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

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 Diversified Multi Asset 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 Diversified Multi Asset 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.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement ('IS')

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 ("the Regulations"). The Regulations, amongst other things, require that trustees produce an annual Implementation Statement which outlines the following:

- A summary of the changes made to the Statement of Investment Principles ("SIP") over the scheme year;
- Evidence on how the Trustee has fulfilled the objectives and policies included in the SIP over the scheme year;

Describe the voting behaviour by, or on behalf of the trustees (including the most significant votes cast by trustees or on their behalf) during the scheme year and state any use of the services of a proxy voter during that year.

This Implementation Statement ("IS") has been prepared by the Trustee of the PGL Pension Scheme (the "Scheme") and covers the Scheme year 1 July 2021 to 30 June 2022.

The IS covers the Defined Contribution ("DC") assets and Defined Benefit ("DB") assets of the Scheme.

This statement does not disclose information on any investments in gilts, cash (with the exception of the Insight Liquidity Fund) or the additional voluntary contribution ("AVC") investments on the grounds of materiality. Additionally, annuity policies have not been included as the Trustee recognises that it cannot directly influence the investment process nor stewardship policies and practices of the annuity providers.

DC section

It is worth noting that Phoenix Group 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. Past savings that members had built up in the Scheme were transferred to Standard Life during 2021. A small group of DC members remain in the Scheme due to tax protections that would have been lost if they had transferred to the MasterTrust in 2021. Administration processes have now been put in place that will allow the tax protections to be retained, subject to certain conditions being met. The intention is to therefore move these remaining members to the MasterTrust in 2023.

Summary of changes to the SIP over the Scheme year

The Trustee has a policy to review the SIP formally at least every three years, or after any significant change in investment policy or member demographics.

The SIP was not formally reviewed during the year to 30 June 2022 given the nature of investments and the intention to wind up and was last updated in September 2020 to take account of new regulations which came into effect from 1 October 2020.

The Trustee consults with the company when making changes to the SIP and obtains written advice from its investment consultant, Aon Investments Limited ("AIL"). The latest version of the SIP is available for members to view here: <https://pensioninformation.aon.com/pgl/>

Meeting Objectives and Policies Outlined in the SIP

The Trustee outlines in its DC Scheme SIP several key objectives and policies. These are noted below, together with an explanation of how they have been adhered to and achieved in practice over the course of the year to 30 June 2022.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Asset Allocation Strategy

Each asset allocation strategy aims to provide members with the potential for higher levels of growth during the accumulation of their retirement savings through 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 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 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 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 Diversified Asset Fund, Bond Phase 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 post-retirement 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 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. Where funds underperformed their benchmarks, they still provided members with some protection against broader market falls seen over the period.

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

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (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 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.

The investment strategy was not formally reviewed during the year to 30 June 2022. An investment strategy review was due to be carried out by 2 July 2022. However, given the Scheme's limited life expectancy this review has not taken place. Whilst the review is overdue, the decision has been taken for all remaining Scheme members to move to the Standard Life MasterTrust in 2023

AIL reported to the Trustee on their review 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 asset allocation of the default strategy. 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 was renamed the PGL Diversified Asset Fund and the benchmark and performance objective were also amended to better match the revised allocation. This fund is used in the default strategy and is also available as a self-select option. These changes were implemented in November 2019.

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

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.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (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.

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.

The Trustee reviews and looks to challenge the cost and charge data on an annual basis.

The Trustee, with assistance from Aon, collated all of the member borne cost and charges annually, these are published in the Annual Chair's Statement.

Having reviewed the member borne costs for the most recent year, Aon has confirmed that they appear appropriate for each fund. The Trustee is satisfied that there are no specific concerns.

DB section

Summary of changes to the SIP over the Scheme year

Over the year there have been no changes to the SIP.

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

The most recent SIP can be found at: <https://pensioninformation.aon.com/pg/>

Meeting Objectives and Policies Outlined in the SIP

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.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

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 minimise the risk that the Scheme is unable to meet this objective.

To this end, the DB 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 DB 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 DB 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 DB Scheme form a cash allocation invested in the Insight Liquidity Fund.

Investment strategy and risk

- 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:
 - A full range of asset classes;
 - The risks and rewards of a range of alternative asset allocation strategies;
 - 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 its investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring its performance.

No changes to investment strategy or new investments were made over the year to 30 June 2022.

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 purchase 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.

The Trustee's policies with regards to investment risks as stated within the SIP have been appropriately carried out through various monitoring and actions over the year.

Liquidity risk is managed by the Scheme by investing the residual assets in a liquidity fund. Cash in the trustee bank account is kept within an agreed range to minimise the risk of a high balance accumulating.

Underperformance risk, organisational risk and the risk of failing to meet objectives are addressed through the quarterly monitoring of the assets and the manager (Insight).

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Other policies set out in the SIP

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 appropriateness of the investments were considered throughout the year as part of the quarterly review of the Scheme assets.

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

Arrangements with asset managers

- 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.
- In respect of the cash holding, this includes monitoring the extent to which Insight:
 - make decisions based on assessments about medium- to long-term financial performance of an issuer of debt or equity; and
 - engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee regularly monitors the Scheme's investments, to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies, including those on non-financial matters.

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 summarise the results of the monthly review of the Annuity Policy collateral, which is performed by the investment adviser. Details of Insight's approach to ESG engagement is detailed later in this statement.

The Trustee, with assistance from Aon, collects data in line with industry standard templates from Insight on the costs incurred by the Scheme during the Scheme year.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Stewardship – Voting and Engagement

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

- where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee's voting rights (where applicable) 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, where applicable, by the appointed managers. Regarding the Annuity Policies and the collateral held in relation to them, the responsibility for voting and engagement with managers is with PLL.

The Scheme invests in short-term money market securities through its arrangements with Insight Investment Limited (Insight) (through the allocation to the Liquidity Fund). 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.

The Trustee believes that Insight, as a large institutional asset manager, holds an important position of influence as a major investor and the Trustee expects Insight to engage with the companies they invest in, in general, to enhance the value of assets in the economy. Insight engages with issuers and incorporates responsible investment approaches and policies in the investment process where applicable. ESG criteria are reflected in Insight's cash portfolios both in terms of ensuring material ESG risks are analysed, and to encourage better practice with regard to high-profile ESG issues. Insight monitor and analyse ESG ratings and risks within their cash investment universe on a monthly basis. Insight exclude the worst performers, and if there are possible investments with similar financial details, they will opt for the better performer in ESG terms. If an issuer has no ESG rating, they will engage with the company to understand the risks it faces; if the issuer does not engage, Insight will consider removing their holding. Out of over 1,000 engagements by Insight in 2021, c.80% included references to ESG issues.

In addition, The Trustee acknowledges that, as stated in Insight's 2021 Responsible Investment Annual Report, Insight was awarded A+ ratings by the Principles for Responsible Investment for all relevant categories in 2020.

Following the purchase of the Annuity Policies, the responsibility for managing arrangements with underlying investment managers lies with PLL. The Trustee believes that PLL should use its influence and purchasing power where possible to ensure that ESG factors (including climate change) are appropriately considered by underlying investment managers and financial counterparties.

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 discretion to manage these assets has been delegated to PLL as part of the purchase of the Annuity Policies and the limited materiality of stewardship in these asset classes, or the ability to directly influence ESG integration or stewardship policies, the Trustee has not sought to obtain stewardship or engagement information in relation to these asset classes.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Summary

Overall, the Trustee is of the opinion the stewardship carried out on behalf of the Scheme is appropriate, and in line with the stewardship policy as stated in the SIP. The Trustee notes the efforts from their investment manager, AIL, in monitoring the appointed underlying asset managers and encouraging better practices where appropriate. Similarly, there is evidence of the willingness and ability of the appointed underlying asset managers to take proactive stewardship activity.

The Trustee recognises that it has a responsibility as a large institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Scheme invests in. Accordingly, the Trustee continues to expect improvements over time, in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Scheme, through considered voting and engagement.

Investment manager voting and engagement activity – DC section

Aon Investments Limited

As the fiduciary investment manager, AIL appoints underlying asset managers to achieve the objective of the default strategy and each self-select fund. The Trustee delegates the monitoring of ESG integration and stewardship quality to AIL.

During the year AIL enhanced its ESG rating process and made evolutions to the ESG ratings both in terms of the assessment criteria and rating levels. These changes are designed to reflect the growing recognition of financial materiality of ESG issues. The new ESG ratings have moved to a three-tier ESG rating system. AIL has confirmed that all equity and fixed income managers have been rated Integrated or better on ESG criteria. This means that all the appointed asset managers have taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio.

AIL has undertaken a considerable amount of engagement activity over the period, examples of which have been outlined within this statement. AIL held 15 ESG specific meetings predominantly covering the equity and fixed income managers that are invested in by AIL across all delegated funds in which AIL's clients invest. At these meetings, AIL were able to analyse and discuss the voting and engagement activities undertaken during the year to 30 June 2022, highlighting areas of improvement and discussing manager strategy in the area of Responsible Investment.

Engagement Example: Passive Manager

Over the last two years, AIL's Engagement Programme maintained a dialogue with one of its leading global asset managers on behalf of Aon's schemes which invest with the manager through the default strategy. Discussions focused on areas of concern regarding stewardship, in particular the manager's ability to demonstrate commitment to publicly stated climate change goals, reporting and transparency. This included meetings with their Global Head of Stewardship and newly appointed Head of ESG.

The manager has clearly made big strides over the last 12 months, even though sometimes the rhetoric has outpaced its ability to deliver. Discussions were helpful regarding the following areas:

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Following AIL's review of significant votes cast by the manager during the year, AIL was encouraged to see more evidence that the manager is prepared to challenge companies on climate transparency, particularly in light of the manager's public pledges and rhetoric on the importance of sustainability issues. However, while encouraging, AIL noted that the manager's voting actions were more measured compared with others and could go further, in line with the manager's stated principles. That said, AIL has yet to see the real impact of the revised stewardship and voting principles which the manager brought into force for 2021, along with the appointment of the new Head of ESG. AIL will be monitoring the manager's voting activity over the 2022/2023 proxy season.

AIL was encouraged by the manager's initiative to give pooled fund investors the ability to vote individually, rather than needing to accept the manager's standard voting policy, noting that this is an option not widely available. AIL noted the reality is that pooled clients will only have the option to choose from a short list of alternative voting policies. Furthermore, AIL noted that this facility is not currently available to DC investors due to operational restrictions and will engage with the manager and platform provider to monitor developments and push for these to be resolved.

AIL was pleased that the manager has made improvements to the reporting available on the website and the amount of reporting at the firm level, following feedback. That said, AIL was disappointed that this has not yet translated into product level reporting. AIL has also expressed concerns that the manager is still not in a position to offer meaningful and supportive engagement reporting, despite repeated engagements on this topic. In particular, AIL has found the manager hesitant to divulge detail around their activities, for example they will not provide voting rationales on all significant votes, and continues to push for improvements in this area.

AIL welcome the progress made by the manager around voting and challenge on climate / sustainability issues and reporting improvements. However, AIL remains of the view that greater progress could be made given the manager's scale and potential influence. AIL will continue to monitor and engage with the manager, scrutinising their voting and engagement actions. As part of these discussions AIL will take these concerns forward in stronger terms and ask the manager to be clearer as to their intentions in these areas

Voting and Engagement

Equity Funds

Over the year, the Scheme was invested in several funds which held equity exposure. AIL appoints a number of underlying asset managers within each fund. The following section describes the voting behaviour, including examples of significant votes and engagement activity for the funds that were in place for the majority of the reporting year.

All equity managers utilise third party proxy voting service providers (typically Institutional Shareholder Services ("ISS") and Glass Lewis) for various services such as providing vote recommendations or research.

Aon Managed Retirement Pathway Funds, Aon Managed Initial Growth Phase Fund, Aon Managed Global Equity Fund, Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund

The Aon Managed Retirement Pathway Funds (default for some employer sections), Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund (both available as self-select funds), invested in six underlying passive equity funds over the period including a new UBS Global Equity Climate Transition Fund. The Aon Managed Initial Growth Phase Fund and Aon Managed Global Equity Fund, which are both available as self-select funds, invested in four underlying passive equity funds including a new UBS Global Equity Climate Transition Fund.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

The voting activity undertaken over the year for each underlying fund to 30 June 2022 is shown below. Please note the UBS Global Equity Climate Transition Fund launched in February 2022 and information is shown since the fund's launch.

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	-Aon Manged Retirement Pathway Funds	Aon Managed Initial Growth Phase Fund	Aon Managed Global Equity Fund	Aon Managed Diversified Asset Fund	Aon Managed Multi Asset Fund
BlackRock MSCI World Index Funds*	87.0%	6.0%	0.0%	Yes	Yes	Yes	Yes	Yes
BlackRock Emerging Market Index Fund*	99.0%	11.0%	3.0%	Yes	Yes	Yes	Yes	Yes
BlackRock Currency Hedged MSCI World Index Fund	87.0%	6.0%	0.0%	Yes	No	No	Yes	Yes
LGIM Global Developed Four Factor Scientific Beta Index Fund	99.7%	20.3%	0.2%	Yes	Yes	Yes	Yes	Yes
LGIM Global Developed Four Factor Scientific Beta Currency Hedged Index Fund	99.7%	20.3%	0.2%	Yes	No	No	Yes	Yes
UBS Global Equity Climate Transition Fund	100.0%	8.1%	0.9%	Yes	Yes	Yes	No	No

Source: Aon Investments Limited, BlackRock, LGIM.

*Also available as self-select funds.

**This fund was incepted in February. Voting statistics are only available from this period

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Aon Managed Core Retirement Pathway Funds, Aon Managed Core Initial Growth Phase Fund and Aon Managed Core Diversified Asset Fund

The Aon Managed Core Retirement Pathway Funds (default for some employer sections), Aon Managed Core Initial Growth Phase Fund (available as a self-select fund) and the Aon Managed Core Diversified Asset Fund (available as a self-select fund) invested in seven underlying passive equity funds over the period, including a new UBS Global Equity Climate Transition Fund.

The voting activity undertaken over the year for each underlying fund to 30 June 2022 is shown below. Please note the UBS Global Equity Climate Transition Fund launched in February 2022 and information is shown since the fund's launch.

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Core Retirement Pathway Funds	Aon Managed Core Initial Growth Phase Fund	Aon Managed Core Diversified Asset Fund
BlackRock UK Equity Index Fund*	96.0%	5.0%	1.0%	Yes	Yes	Yes
BlackRock US Equity Index Fund	99.0%	4.0%	0.0%	Yes	Yes	Yes
BlackRock European Equity Index Fund	86.0%	12.0%	1.0%	Yes	Yes	Yes
BlackRock Japanese Equity Index Fund	99.0%	2.0%	0.0%	Yes	Yes	Yes
BlackRock Pacific Rim Equity Index Fund	99.0%	11.0%	0.0%	Yes	Yes	Yes
LGIM Global Developed Four Factor Scientific Beta Index Fund	99.7%	20.3%	0.2%	Yes	Yes	Yes
UBS Global Equity Climate Transition Fund**	100.0%	8.1%	0.9%	Yes	Yes	Yes

Source: Aon Investments Limited, BlackRock, LGIM.

*Also available as self-select funds.

**This fund was incepted in February. Voting statistics are only available from this period

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Voting example: China Tower Corporation Limited (January 2022)

In January 2022 BlackRock voted against a proposal for China Tower Corporation Limited, a telecommunications company, to elect Gao Tongqing as director. BlackRock voted against this director election due to concerns around the lack of gender-related diversity at board level. Additionally, BlackRock also noted that the proposed board composition fails to comply with the local regulatory requirements of Hong Kong Exchanges and Clearing Limited (HKEX) to have no more 'single gender' boards for Hong Kong listed issuers.

BlackRock have engaged with the company to communicate its concerns about the lack of gender diversity on the board. While the board will need to appoint a female director before the end of the transition period in 2024 to comply with HKEX's Listing Rules, BlackRock are of the view that Nomination Committee members should take a more proactive approach toward achieving a minimal level of gender diversity and ensuring the diversity of perspective.

Despite voting against this proposal, the vote passed.

Voting example: Accenture plc (January 2022)

In January 2022, LGIM voted against the management of Accenture plc, a professional services company, on a resolution to elect director Arun Sarin. LGIM states a vote against management was applied as it expects a CEO, or non-executive director, not to hold too many external positions to ensure they can undertake their duties effectively. LGIM also expects companies not to recombine the roles of Board Chair and CEO without prior shareholder approval.

LGIM has stated it will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Engagement example: Texas Instruments

BlackRock's Investment Stewardship team provided an engagement example with the American technology company, Texas Instruments. During 2021 BlackRock held meetings with Texas Instruments on several occasions, following BlackRock's vote against management on behalf of clients for the insufficient progress on the Task Force for Climate-related Financial Disclosures ('TCFD') and Science Based Targets initiative disclosure.

Following a vote against management in April 2021, BlackRock engaged with Texas Instruments in Q3 2021 as a follow-up opportunity to reiterate to Texas Instruments the context to BlackRock's voting action at the AGM and also to hear about how the company plans to integrate the feedback it has received from shareholders. BlackRock considers this to be a particular concern as the semiconductor industry, which Texas Instruments operates in, has struggled to make net zero commitments, in part, given the critical use of hydrocarbons and perfluorocarbons in the complex semiconductor manufacturing process and the lack of viable substitutes for broad use.

As part of the engagement, Texas Instruments communicated its plans to continue improving its sustainability reporting, including investigating the potential of incorporating science-based targets into the company's strategy and also that it has joined its peers in participating in industry-level dialogue to advance its strategy. Texas Instruments has since released its 2020 sustainability report, which included Sustainability Accounting Standards Board and TCFD-aligned disclosures, along with a new goal to reduce absolute Scope 1 and 2 greenhouse gas emissions by 25% and reduce energy intensity by 50% by the end of 2025, against a 2015 baseline.

As a result of these efforts, BlackRock believes Texas Instruments recognises the need for clear plans to transition its business model to operate in a low-carbon economy. BlackRock continues to monitor the company's progress on fully aligning to the four pillars of the TCFD and delivering on its climate- and sustainability-related commitments.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Engagement example: Anti-microbial resistance

Over the year, LGIM has engaged with several companies on the topic of anti-microbial resistance ("AMR"). LGIM believes the overuse of many antimicrobials in human activities are often linked to the uncontrolled release of antimicrobial agents which can last for a prolonged period of time. Existing water sanitation and management systems have not been designed to address AMR concerns.

LGIM reached out to 20 water utility companies through an open letter to understand if these investee companies are aware of this issue and if they have plans to introduce effective monitoring systems to detect agents such as antibiotic-resistant bacteria and genes. In addition, LGIM has hosted meetings with several of these companies. These meetings highlighted that awareness of AMR is low in most countries; LGIM believe this is due to the lack of regulatory requirements and / or little perception of the potential business risks to the individual company.

Following continued engagements, LGIM found several investee companies are considering AMR. In particular, one utility company is seeking to understand what happens to emerging contaminants in the wastewater treatment process and has implemented a programme that will analyse the results to try to understand what improvements in their systems would be required to address it.

Through these engagements, LGIM also stresses it is important to promote a more enhanced and standardised approach to AMR through influencing the regulatory landscape. It is working with its peers within the Investor Action on AMR initiative.

Aon Managed Active Global Equity Fund

The Aon Managed Global Impact Fund, available as a self-select fund, invested in three underlying active impact equity funds. This Fund also forms part of the Aon Managed Retirement Pathway.

The voting activity undertaken over the year for each underlying fund to 30 June 2022 is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained
Mirova Global Sustainability Equity Fund	100.0%	42.0%	1.0%
Nordea Global Climate and Environment Fund	99.1%	10.8%	0.0%
Baillie Gifford Positive Change	93.7%	2.6%	0.3%

Source: Aon Investments Limited, Baillie Gifford, Nordea & Mirova

Voting example: Essilor Luxottica

In June 2022 Mirova voted against the management of Essilor Luxottica, a company that designs, produces and markets ophthalmic lenses, optical equipment, prescription glasses and sunglasses.

It voted against two resolutions, one of which was against the company's compensation report and the other specifically on the compensation of the Chief Financial Officer and Chief Executive Officer. Mirova voted against these resolutions due to issues in relation to labour practises and compensation structure.

Previously Mirova had signed an investor statement seeking engagement regarding allegations of unfair labour practices at the one of the company's US locations. It also noted several problematic aspects around the implementation of the compensation structure. To express Mirova's dissent with lack of engagement and concerns with the amount of compensation paid, Mirova voted against the compensation items.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Voting example: Shimano

In March 2022 Nordea voted against the management of Shimano, a Japanese multi-national manufacturing company, to elect director Thaizo Shimano. It voted against the proposal in this case as Nordea believes it is in the best interest of shareholders to separate the Chief Executive Officer and Chair of Board roles. Nordea also saw that there was a lack of gender diversity on the board.

On this occasion the vote passed but Nordea has stated it will continue to vote against combined Chief Executive Officer and Chair of Board positions in all companies.

Engagement example: Nibe Group

In September 2021, Baillie Gifford engaged with the Chief Financial Officer ("CFO") of Nibe, a manufacturing company specialising in sustainable energy systems like heat pumps. The aim of the engagement was for Baillie Gifford to understand more about Nibe's ESG impact reporting practices and to encourage improved disclosure of the carbon emissions avoided from the use of the company's products.

Nibe confirmed that its emissions calculations were still in progress, made more complicated by the decentralised systems used in its products. Nibe also explained that it is not ready to set science-based targets but it is actively considering them. Baillie Gifford also discussed the proactive role Nibe is playing in the promotion of heat pumps as a climate solution. Baillie Gifford will continue to monitor the company's progress and engage accordingly.

Engagement example: Alphabet

Despite Mirova's continued engagement with Alphabet over the last few years, Alphabet's track record has significantly deteriorated with controversies arising such as:

Freedom of expression and access to unbiased information in relation to pressure from controversial government;

Discrimination against users and employees based on ethnicity and gender;

HR malpractices; and

Repeated fines and multiple on-going investigations by regulators on breach of data privacy laws.

Mirova have attempted to engage with Alphabet over the years through different means including collaborative engagements with PRI investors and Share Action, however Alphabet has not responded to any of these requests.

In 2021, Mirova decided to co-file a resolution at Alphabet's AGM, requiring the Board of Directors to oversee a third-party review analysing the effectiveness of its whistle-blower policies in protecting human rights. This request was made in light of repeated allegations by former employees of mishandled complaints and abusive termination of whistle-blowers. Despite the effective control of the capital by its founders and executives, as well as the negative voting recommendation issued by proxy provider ISS, 10% of votes were favourable.

Several of these controversies remain unresolved and more are arising on the same topics, which indicates a lack of proactivity from the company. As a result, Mirova downgraded their view on Alphabet to 'risk'.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Engagement example: Cleanaway

In 2021, Nordea engaged with a waste management company, Cleanaway. Nordea spoke with both the new CEO within the first four weeks of his entering the role, and with the chair. Regarding the new CEO, Nordea continued to have in depth conversations in Q1 2022 to assist with the setting of his environmental agenda. This should, in Nordea's view, include the adoption of Science Based Targets as well as a thorough analysis of the current sustainability profile of the company. The conversation with the chair centred around the handling of the aftermath of Vik Bansal's departure as well as Cleanaway's broader environmental and diversity strategy.

This engagement aligns with the environmental objectives of Nordea's Global Climate and Environment Strategy and is highly relevant with regards to several of the Sustainable Development Goals ('SDGs'), including SDG 5 "Gender Equality".

Regarding Cleanaway's environmental and diversity goals, Nordea believe the chair is supportive but seems to have given the CEO a broad remit regarding the specifics. Nordea will therefore meet with the new CEO shortly to make specific suggestions, the main being the adoption of Science Based Targets and TCFD reporting, as well as an analysis of the company's operations using the FutureFit framework. Nordea will also continue pushing the chair to adopt longer term environmental and diversity goals in order to be able to provide quality oversight and guidance. Nordea will continue to monitor the situation and facilitate further engagement if necessary

Aon Managed Active Global Equity Fund

The Aon Managed Active Global Equity Fund, available as a self-select fund, invested in four underlying active equity funds and an underlying passive equity fund over the period.

The voting activity undertaken over the year for each underlying fund to 30 June 2022 is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained
BNY Mellon Long-Term Global Equity Fund	100.0%	2.2%	0.0%
Baillie Gifford Global Alpha Growth Fund	96.4%	2.4%	0.3%
Harris Associates Global Equity Fund	100.0%	2.4%	0.0%
BlackRock MSCI World Index Funds	87.0%	6.0%	0.0%

Source: Aon Investments Limited, Baillie Gifford, BlackRock, Walter Scott (BNY Mellon) & Harris Associates, UBS.

Voting example: Anheuser-Busch InBev

In September 2021, Harris voted in favour of the management of Alibaba Group Holding Limited, a multi-national technology company, for the resolution to re-elect the executive vice Chairman and co-founder, Joseph Tsai. Harris's rationale was that it trusts that Joseph Tsai will act in the best interest of shareholders given he owns over 300 million shares of Alibaba Group,

As an outcome, the vote was passed. Harris considered this vote significant since it elected contrary to standard guidelines in what it believes to be the best interest of its shareholders.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Engagement example: Cognex Corporation

Over the year, Walter Scott (part of BNY Mellon) engaged with Cognex Corporation, a US based company specialising in machine vision technology, reflecting that the company's disclosure regarding sustainability is behind that of the market. Walter Scott engaged with the Cognex Corporation during 2021 through a conference call with the CEO, providing an opportunity to discuss sustainability and the company's objectives. This conference call came shortly after Walter Scott were the lead investor on the annual CDP engagement letter. As part of the discussion, the CEO noted that there had been a significant increase in board engagement on sustainability than there had been historically.

Cognex Corporation are actively investigating how to enhance their sustainability disclosures, including reaching out to Walter Scott for examples of similar technology companies who have done a good job of ESG related disclosures. Walter Scott view this as encouraging, however meaningful progress is still to be made. As such, Walter Scott will fastidiously monitor ongoing developments in the company's ESG rated disclosures and continue to engage constructively on the topic.

Engagement example: BHP

Baillie Gifford engaged with one of the world's largest mining companies, BHP, during the second half of 2021. The environment is a key area where the company is penalised in terms of ESG issues given the nature of its business. In particular, BHP tends to screen poorly by ratings providers on the basis of their emissions and resource usage.

Towards the end of 2021, Baillie Gifford engaged with the Chairman, Ken MacKenzie, and Vice President of Sustainability and Climate Change, Fiona Wild, to discuss the climate transition resolution on the company's AGM agenda. Discussions over the last few years have focused on BHP's emissions targets and disclosures, encouraging better reporting and more attention on their decarbonisation strategy, specifically relating to scope 3 emissions.

Climate change is a material consideration for the BHP, and Baillie Gifford believe the board has responsibility for ensuring successful implementation of the company's climate strategy. Baillie Gifford outlined some concerns with the proposed resolution, specifically that it is advisory, will hand significant influence to proxy advisors and consultants and may reduce accountability from the board. Baillie Gifford explained its belief that an annual vote is not necessary as it wants to avoid an endless cycle of shareholder engagement and short-term progress assessments. Baillie Gifford encouraged the company to take a long-term, forward-looking approach, which explains how the climate strategy relates to the broader business plan, how the company intends to meet targets and where it sees bottlenecks and opportunities.

Baillie Gifford opposed BHP's climate transition plan at the AGM. The resolution received 83% support and was passed. However, Baillie Gifford will continue to engage with the company to encourage them to take a more ambitious approach to addressing its value chain emissions and thus preparing the business for the low carbon transition.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Aon Managed Active UK Equity Fund - *Please note that this fund closed in September 2021*

The Aon Managed Active UK Equity Fund, available as a self-select fund invested in three underlying active equity funds and a passive underlying fund over the period.

The voting activity undertaken over the year for each underlying fund to 30 June 2022 is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained
BlackRock UK Equity Optimum Fund	100.0%	3.0%	1.0%
Majedie UK Equity Fund	100.0%	2.6%	0.5%
Lindsell Train UK Equity	100.0%	0.0%	0.5%
BlackRock UK Equity Index Fund	96.0%	5.0%	1.0%

Source: Aon Investments Limited, BlackRock, Majedie & Lindsell Train.

Voting example: AstraZeneca

In November 2021, Majedie voted against the management of AstraZeneca and against proposed changes to the Remuneration Policy to amend the Performance Share Plan. AstraZeneca was proposing significant increases to variable pay for the second consecutive year and Majedie did not consider the rationale for this to be sufficiently compelling. As an outcome, both items were voted in favour of by a majority of votes. Majedie continue to monitor remuneration outcomes at the company. Majedie classed this as a significant vote, as AstraZeneca was one of the portfolio's top five holdings (as at 30/06/21) and ISS and board voting recommendations on these proposals disagreed.

Engagement example: Yakult

Over the year, Lindsell Train engaged with Yakult regarding its strategies to reduce the amount of plastic packaging and improve its recycling practices.

Lindsell Train had raised concerns that Yakult's progress in terms of its environmental policies had been slow. In particular, Yakult's unambitious greenhouse gas reduction targets, plastic recycling and water consumption reduction targets and that, if not addressed, these could tarnish the brand.

Yakult were quick to respond to the concerns raised. Management conveyed that climate change, plastic packaging, and water-related issues are of enormous strategic importance and it wants to ensure that any areas of concern are properly addressed. Yakult provided a detailed overview of its recycling infrastructure, as well as the various recycling techniques (chemical, thermal and incineration) that are currently practised. Ultimately, Yakult will face tough decisions in terms of the future of its production strategy and the material they use to bottle their product.

Yakult are acutely aware of the demands of the increasingly discerning consumer and will continue to dedicate the necessary resource to ensuring they get this right. Lindsell train will be monitoring their actions closely.

HSBC Islamic Global Equity Index Fund

The Trustee makes the HSBC Islamic Global Equity Index Fund available as part of the self-select fund range.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Voting Policy

HSBC uses the services provided by proxy voting advisor Institutional Shareholder Services ("ISS") to assist with the global application of its own voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC guidelines. HSBC then reviews voting policy recommendations for all active holdings, which enables it to ensure ISS has applied the policy correctly and to determine whether there are company-specific reasons to depart from the policy.

HSBC state that it often provides feedback to ISS on its application of the policy - either to amend the recommendation for a particular meeting or for future meetings. A decision to depart from a policy recommendation will be made by the portfolio manager and/or a member of the Governance team. This could result from an investment insight into the company concerned that goes beyond the ISS analysis or from an engagement with the company which indicates that the governance concern is misplaced or will be addressed. Reasons for departures from policy are recorded and reviewed subsequently by a governance oversight group. HSBC policy is applied at three levels: market-specific criteria for developed Europe; global 'good practice' standards for other developed markets; more flexible application for emerging and frontier markets.

The voting activity undertaken by BlackRock over the year to 30 June 2022 is shown below:

Voting information

Fund	% proposals voted	% votes cast against management	% votes abstained
HSBC Islamic Global Equity Index Fund	95.7%	17.2%	0.2%

Source: Aon Investments Limited, HSBC.

Engagement Policy

HSBC states that it meets with companies on a range of ESG issues and has a clear set of engagement objectives which may include:

Improving understanding of a company's business and strategy;

Monitoring performance;

Signalling support or raising concerns about company management, performance or direction; and

Promoting good practice.

HSBC undertakes a risk assessment on an annual basis, helping to identify ESG practices of concern in different regions and where it has the most exposure on an absolute and relative basis. It prioritises themes, sectors or key stocks on the basis of scale of client holdings, salience of the issues concerned and our overall exposure. This process results in the development of an annual engagement plan.

HSBC has developed a process for each formal equity engagement based on setting defined company specific objectives, tracking progress made, measuring company action and recording engagement. It meets with companies on a range of issues. Its active equity and credit analysts engage with issuers as part of the investment process, both before and during the period of investment and also cover ESG issues.

When analysing issuers, HSBC considers which specific ESG factors are generally material for the industry in which each company operates. It also uses proprietary sector-specific weighting for ESG factors to reflect the materiality of each set of issues to the sector. The factors included above are by no means exhaustive, and it can consider further unlisted ESG factors that may have meaningful impact on companies' future potential.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

LGIM Ethical Global Equity Index Fund

The Trustee makes the LGIM Ethical Global Equity Index Fund available as part of the self-select fund range.

Voting policy

LGIM uses proxy voting adviser Institutional Shareholder Services ("ISS") to execute votes electronically and for research. LGIM also receives research from the Institutional Voting Information Service ("IVIS"). This augments LGIM's own research and proprietary ESG assessment tools. LGIM does not outsource any part of the voting decisions to ISS. LGIM has a custom voting policy in place with ISS, which seeks to uphold what LGIM considers to be best practice standards companies should observe. LGIM can override any voting decisions based on the voting policy if appropriate, for example, if engagements with the company have provided additional information.

The voting activity undertaken over the year to 30 June 2022 is shown below:

Voting information

Fund	% proposals voted	% votes cast against management	% votes abstained
LGIM Ethical Global Equity Index Fund	99.7%	17.6%	0.2%

Source: Aon Investments Limited, LGIM.

Engagement policy

LGIM has a six-step approach to its investment stewardship engagement activities, broadly these are:

1. Identify the most material ESG issues,
2. Formulate the engagement strategy,
3. Enhancing the power of engagement,
4. Public Policy and collaborative engagement,
5. Voting, and
6. Reporting to stakeholders on activity.

LGIM monitors several ESG subjects and conducts engagement on various issues. It's top five engagement topics are climate change, remuneration, diversity, board composition and strategy. LGIM's engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients.

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

BlackRock World ex-UK Equity Index Fund

The Trustee makes the BlackRock World ex-UK Equity Index Fund available as part of the self-select fund range.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Voting policy

BlackRock's proxy voting process is led by its Investment Stewardship team. Voting decisions are made by the Investment Stewardship team with input from investment colleagues. BlackRock's voting decisions are informed by its voting guidelines, engagements with companies and research on each underlying company. BlackRock reviews its voting guidelines annually and updates them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the year.

BlackRock subscribes to research from proxy voting advisers ISS and Glass Lewis. BlackRock uses the research and its own analysis to identify companies where additional engagement would be beneficial. BlackRock does not routinely follow the voting recommendations of its proxy voting advisers.

The voting activity undertaken over the year to 30 June 2022 is shown below:

Voting information

Fund	% proposals voted	% votes cast against management	% votes abstained
BlackRock World ex-UK Equity Index Fund	94.0%	7.0%	0.0%

Source: Aon Investments Limited, BlackRock.

Voting and engagement - Property and Infrastructure

Over the year, the Scheme was invested in several funds which held exposure to property and infrastructure assets. AIL appoints a number of underlying asset managers to provide this exposure. The following section describes the voting behaviour, including examples of significant votes and engagement activity for the strategies that were in place for the majority of the reporting year.

Aon Managed Retirement Pathway Funds, Aon Managed Property and Infrastructure Fund and Aon Managed Initial Growth Phase Fund

The Aon Managed Retirement Pathway Funds (default strategy for some employer sections), Aon Managed Property and Infrastructure Fund and Aon Managed Initial Growth Phase Fund (both available as self-select funds), invested in three underlying property / infrastructure funds over the period. The BlackRock Global Property Securities Index Fund invests in listed property investments, the Legal & General Infrastructure Index Fund invests in listed infrastructure and the Threadneedle Pensions Property Fund invests directly in UK commercial property.

Both BlackRock and LGIM utilise third party proxy voting service providers (typically Institutional Shareholder Services ("ISS") and Glass Lewis) for various services such as providing vote recommendations or research in relation to the listed investments held.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

The voting activity undertaken by BlackRock and LGIM in relation to the listed investments over the year to 30 June 2022 is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Retirement Pathway Funds	Aon Managed Property and Infrastructure Fund
BlackRock Global Property Securities Index Fund	85.0%	4.0%	0.0%	Yes	Yes
LGIM Infrastructure Index Fund	100.0%	23.6%	0.0%	Yes	Yes

Source: Aon Investments Limited, BlackRock, LGIM.

Direct property investments

The Trustee appreciates that engagement activities within the direct property fund may be limited in comparison to other asset classes, such as equity and fixed income. Nonetheless, the Trustee expects ESG engagement to be integrated in its managers' investment approaches. The direct property manager (Threadneedle) is a signatory of the UN PRI and has adopted ESG policies across its investments. Threadneedle takes an approach to real estate whereby they strive to understand the risks posed within the asset class and focus on mitigating these during the lifecycle of the projects. This can be done through property management, refurbishment, building improvements and strategic asset management.

Key topics of engagement during 2021 include the energy efficiency of assets, low carbon development opportunities, tenant engagement and Net Zero initiatives. During 2021, Threadneedle completed a range of projects designed to improve the energy efficiency of the assets. As an example, capital expenditure of £1.4 million was allocated to Skydome in Coventry to replace legacy boilers, upgrade and improve the BMC and replace the roof, including the installation of a new photovoltaic system. Threadneedle continue to monitor data, particularly around energy and greenhouse gas emissions, across the portfolio.

Engagement - Fixed Income

Over the year, the Scheme invested in 11 funds, including the default strategy, which held exposure to fixed income. AIL appoints a number of underlying asset managers to provide this exposure.

While equity managers may have more direct influence on the companies they invest in, fixed income managers are also increasingly influential in their ability to encourage positive change. The Trustee also acknowledges that the concept of stewardship may be less applicable with respect to some of its fixed income investments, particularly for government bonds.

Aon Managed Retirement Pathway Funds, Aon Managed Diversified Asset Fund, Aon Managed Diversified Multi Asset Fund, Aon Managed Bond Phase Fund, Aon Managed Diversified Multi Strategy Bond Fund and Aon Managed Liquidity Fund

The Aon Managed Retirement Pathway Funds (default strategy for some employer sections) invested in six underlying actively managed fixed income funds over the period. The Aon Managed Retirement Pathway Funds also invested in several passively managed fixed income strategies, including both corporate bonds and government bonds, and a fund that provides exposure to short dated money market assets.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

The Aon Managed Bond Phase Fund and Aon Managed Diversified Multi Strategy Bond Fund (both available as self-select funds) invested in five underlying actively managed fixed income funds over the period. The Aon Managed Bond Phase Fund also invested in a passively managed fixed income strategy.

The Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund (both available as self-select funds) invested in six underlying actively managed fixed income funds. These funds also invested in several passively managed fixed income strategies and a fund that provides exposure to short dated money market assets.

The Aon Managed Liquidity Fund (available as a self-select option) invested in a single underlying fund that provided exposure to short dated money market assets.

Further detail is provided in the table below.

Underlying manager information

Underlying manager	Aon Managed Retirement Pathway Funds	Aon Managed Diversified Asset Fund	Aon Managed Diversified Multi Asset Fund	Aon Managed Bond Phase Fund	Aon Managed Diversified Multi Strategy Bond Fund	Aon Managed Liquidity Fund
BlackRock (two active strategies)	Yes	Yes	Yes	Yes	Yes	No
BlackRock (passive corporate bonds)	Yes	Yes	Yes	Yes	No	No
BlackRock (passive government bonds)	Yes	Yes	Yes	No	No	No
BlackRock (cash)	Yes	Yes	Yes	No	No	Yes
Insight (active strategy) *	Yes	No	No	Yes	Yes	No
LGIM (annuity matching bonds)	Yes	No	No	No	No	No
PIMCO (active strategy)	Yes	Yes	Yes	Yes	Yes	No
T-Rowe Price (active strategy)	Yes	Yes	Yes	Yes	Yes	No
Aegon (active strategy)	Yes	Yes	Yes	Yes	Yes	No
Janus Henderson (active strategy)	Yes	Yes	Yes	Yes	Yes	No

Source: Aon Investments Limited.

*The Insight Absolute Return Bond Fund (active strategy) was fully disinvested in October 2021.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Engagement example: Dell Inc

An ongoing engagement example detailed by PIMCO is with Dell Inc regarding supply chain management, which was first initiated in 2020. PIMCO engaged Dell on labour rights issues within its supply chain, including compliance on working hours and an investigation into forced labour disputes.

PIMCO encouraged the Dell to disclose supplier audit coverage and assurance progress for conflict mineral sourcing ('conflict resources' are natural resources extracted in a conflict zone and sold to perpetuate the fighting). Dell had been encouraged to include sub-tier suppliers in this assessment and make public commitments to 100% Responsible Minerals Assurance Process ("RMAP") for conflict mineral sourcing.

Following the engagement, Dell confirmed its audits cover much of the supply chain. Dell also updated disclosure on its RMAP-conformant supplier list to maintain transparency. In 2021, Dell worked to a goal of achieving 100% RMAP conformance for conflict mineral including tin, tantalum, tungsten, gold and cobalt; metals which form a fundamental part of the production process of its technology products. PIMCO will continue to engage with Dell on supply chain transparency and traceability.

Aon Managed Core Retirement Pathway Funds, Aon Managed Core Diversified Asset Fund, Aon Managed Core Bond Phase Fund and Aon Managed Passive Corporate Bond Phase Fund

The Aon Managed Core Retirement Pathway Funds (default strategy for some employer sections) invested in several passively managed fixed income strategies, including both corporate bonds and government bonds, over the period. The Aon Managed Core Retirement Pathway Funds also invested in a fund that provides exposure to short dated money market assets.

The Aon Managed Core Diversified Asset Fund, Aon Managed Core Bond Phase Fund and Aon Managed Passive Corporate Bond Phase Fund (all available as self-select funds) invested in a single passively managed fixed income strategy.

Further detail is provided in the table below.

Underlying manager information

Underlying manager	Aon Managed Core Retirement Pathway Funds	Aon Managed Core Diversified Asset Fund	Aon Managed Core Bond Phase Fund	Aon Managed Passive Corporate Bond Fund
BlackRock (passive corporate bonds)	Yes	Yes	Yes	Yes
BlackRock (passive government bonds)	Yes	No	No	No
BlackRock (cash)	Yes	No	No	No

Source: Aon Investments Limited.

Aon Managed Long Term Inflation Linked Fund, Aon Managed Short Term Inflation Linked Fund and Aon Managed Pre-Retirement Bond Fund

The Aon Managed Long Term Inflation Linked Fund and Aon Managed Short Term Inflation Linked Fund each invested in an underlying passively managed government bond fund over the period. The underlying funds invested solely in government bonds. The Aon Managed Pre-Retirement Bond Fund invested in an underlying fund that aims to match changes in the cost of purchase a level annuity at retirement. To achieve this, the underlying fund invests in a mixture of government and corporate bonds.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Implementation Statement (Continued)

Voting and engagement - Multi-Asset / Other

Over the year, the Scheme was invested in a fund which held exposure to multiple asset classes including equities and fixed income, including the default strategy. AIL appoints a number of underlying asset managers to provide this exposure. The following section describes the voting behaviour, including examples of significant votes and engagement activity for the funds that were in place for the majority of the reporting year.

Aon Managed Retirement Pathway Funds (Default), Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund

The Aon Managed Retirement Pathway Funds (default), Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund (both available as self-select funds) invested in an actively managed multi-asset fund over the period. The BlackRock Market Advantage Fund invests in equities alongside a range of other asset classes including fixed income, property and commodities.

These funds also invested in gold via an actively managed strategy managed by Invesco. BlackRock uses third party proxy voting service providers (typically Institutional Shareholder Services ("ISS") and Glass Lewis) for various services such as providing vote recommendations or research in relation to the listed investments held.

The voting activity undertaken by BlackRock over the year to 30 June 2022 is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Retirement Pathway Funds	Aon Managed Diversified Asset Fund	Aon Managed Diversified Multi Asset Fund
BlackRock Market Advantage Fund*	85.0%	7.0%	0.0%	Yes	Yes	Yes

Source: Aon Investments Limited, BlackRock.

*This Fund was fully disinvested from in June 2021.

While equity managers may have more direct influence on the companies they invest in, managers investing in alternative asset classes such as gold are also increasingly influential in their ability to encourage positive change.

The Invesco Physical Gold Exchange-Traded Commodities Fund provides exposure to physical gold. Invesco incorporates ESG considerations within the Fund, as it follows the London Bullion Market Association (LBMA) Responsible Gold Guidance that requires strict adherence to rules around the provenance of gold. The LBMA was set up to ensure the highest standards for sourcing gold and combat systematic or widespread abuses of human rights, including child labour, to avoid contributing to conflict, to comply with high standards of anti-money laundering and to combat terrorist-financing practices.

Since early 2019, Invesco has sought to minimise exposure to gold mined prior to 2012, the date after which Invesco can be certain gold has been sourced in compliance with the LBMA's Responsible Gold Guidance. The Fund has held 100% exposure to gold mined post 2012 and is fully compliant with LBMA's Responsible Gold Guidance.

Additionally, Invesco engage directly with companies in the gold mining space and see engagement as an opportunity to encourage continual ESG improvement. As an example, Invesco met with the lead independent director of Barrick Gold (one of the largest gold miners in the world) on two occasions over the last two years. At these meetings, discussions focused on how the company performed on key environmental issues associated with mining including carbon emissions, water management, biodiversity protection and dam management. The company's carbon reduction targets were also discussed, emphasising the importance of having a credible decarbonisation plan in place.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Further information

Further information about the Scheme is available, on request, to 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 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 1 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.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Compliance matters

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 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 Trustee 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

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Compliance matters (continued)

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, MoneyHelper, 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.

MoneyHelper can be contacted at:

Money and Pensions Service
120 Holborn
London
EC1N 2TD

0800 011 3797
www.moneyhelper.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

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2022

Statement of Trustee's Responsibilities

The trustee's responsibilities in respect of the financial statements

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

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

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

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

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

The trustee is also responsible for the maintenance and integrity of the <https://pensioninformation.aon.com/pgl> website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustee's responsibilities in respect of contributions

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

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

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

Approval

The Trustee's Report was approved by the Trustee and signed on its behalf by:

Trustee Director:	K	Jones	Trustee Director:	S	Harris
27	April	2023			

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

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 2021 to 30 June 2022 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 arrangement;
- Net investment returns
- 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;
- Processing of core financial transactions and
- Trustee knowledge and understanding.

It is worth noting that Phoenix Group 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. Past DC pension savings which members had built up in the Scheme were transferred to the Standard Life MasterTrust during 2021. A small group of DC members remain in the Scheme due to tax protections that would have been lost if they had transferred to the MasterTrust in 2021. Administration processes have now been put in place that will allow the tax protections to be retained, subject to certain conditions being met. The intention is therefore to move these remaining members to the MasterTrust in 2023.

The default arrangement

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

Members' funds are invested through Aon's delegated investment platform, through which funds are managed by Aon Investments Limited ("AIL"). Under this approach, the Trustee delegates the selection of the platform provider, available fund range and day to day management of the funds to AIL. The Trustee maintains responsibility for the investment fund options made available to members and takes expert advice as required from its professional advisers.

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 pension 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 the member approaches their target retirement date.

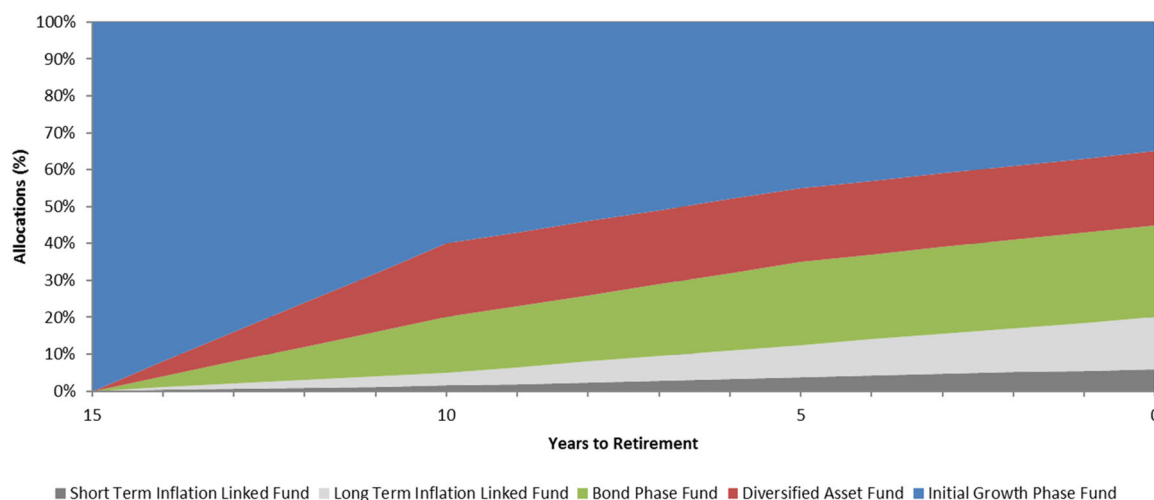
This is expected to be appropriate for the majority of members, who are expected to take their funds as flexible income in retirement ('income drawdown').

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

The Default Arrangement (continued)

The glidepath for the Drawdown Lifestyle Strategy is shown below:



The last review of the default arrangement and self-select funds by the Trustee took place on 2 July 2019 and changes were implemented in November 2019.

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 as part of the quarterly performance monitoring. 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.

Net investment returns

The Trustee is required to report on net investment returns for each default arrangement and for each non-default fund which Scheme members were invested in during the Scheme year. Net investment return refers to the return on the fund minus all member-borne transaction costs and charges.

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 net investment returns shown below have been prepared having regard to statutory guidance. It is important to note that past performance is not a guarantee of future performance.

The net returns shown for the lifestyle strategies are based on a member having a target retirement age of 62. The 5 year net return for the age 55 member has not been provided as the underlying fund returns required to derive this return are not readily available.

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

Net investment returns (continued)

(i) *Default arrangement – Drawdown Lifestyle Strategy*

Performance to 30 June 2022	Net returns (% p.a.)	
Age of member at the start of the investment reporting period	1 year	5 years
25	-3.2	6.6
45	-3.2	6.6
55	-6.2	Not available

Source: AIL

(ii) *Self-select lifestyle strategies*

<i>Annuity Lifestyle Strategy</i>		
Performance to 30 June 2022	Net returns (% p.a.)	
Age of member at the start of the investment reporting period	1 year	5 years
25	-3.2	6.6
45	-3.2	6.6
55	-6.2	Not available

Source: AIL

<i>Cash Lifestyle Strategy</i>		
Performance to 30 June 2022	Net returns (% p.a.)	
Age of member at the start of the investment reporting period	1 year	5 years
25	-3.2	6.6
45	-3.2	6.6
55	-6.2	Not available

Source: AIL

As the Annuity and Cash lifestyle strategies have the same type and composition of assets as the default arrangement until 5 years before retirement (until age 57 where the target retirement age is 62), the net returns are the same up until this age.

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

Net investment returns (continued)

(iii) Self-select investment funds

Performance to 30 June 2022	Net returns (% p.a.)	
Fund name	1 year	5 years
PGL Global Equity Fund	-4.1	6.7
PGL Active Global Equity Fund	-11.5	7.2
PGL UK Equity Index Fund	0.8	3.1
PGL Property and Infrastructure Fund	5.1	5.3
PGL Diversified Multi-Asset Fund	-6.6	1.6
PGL Long Term Inflation Linked Fund	-23.3	-1.8
PGL Pre Retirement Bond Fund	-19.3	-1.0
PGL Diversified Multi-Strategy Fund	-4.8	0.3
PGL Liquidity Fund	0.2	0.3
PGL Global Ethical Index Fund	-0.5	9.9

Source: AIL

(iv) Additional Voluntary Contributions

Performance to 30 June 2022	Net returns (% p.a.)	
Legacy AVC fund name	1 year	5 years
Alba Genesis (BL) Building Society Acc Fund	0.1	0.0
Alba Managed Pension Fund	-6.3	1.0*
Alba UK Equity Pension Fund	0.5	0.1*
Alba Genesis (BL) Equity Acc Fund	0.5	1.7
Alba International Pension Fund	-9.0	5.1*
Alba Fixed Interest Pension	-15.1	-1.9*
Unitised Capital Guarantee Fund	-5.6	0.4
Alba Cash Deposit Fund	0.1	0.0*
Alba With Profit Fund	0.5	Not available
Swiss Life Deposit Administration Fund	-0.2	0.1

Source: Phoenix Life

Fund performance covering a four-year period has been reported for the funds marked * as five-year performance is not yet available for these funds. This is due to fund restructures in 2018.

For the With Profit fund, the one-year net return shown is the bonus rate declared on the fund over the relevant period. Whilst in practice we would expect a terminal bonus to increase returns to levels close to those achieved on the underlying assets in the With Profit fund over the period held (after all costs of running the fund), these amounts are unknown and are not guaranteed. Furthermore, a market value reduction which can reduce the return delivered to investors may be applied on exit at any time other than maturity date, or in the event of death before retirement. Bonus rates for the five-year period are not readily accessible and so this has not been reported above.

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

Additional Voluntary Contributions (continued)

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 charges and transaction costs have been supplied by AIL, the Scheme's fund manager, with the exception of the charges set out in (iii) which have been sourced from Phoenix Life, the legacy AVC provider.

(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 2021 to 30 June 2022. The TER, along with transaction costs, is shown in the table below.

<i>Drawdown Lifestyle Strategy</i>			
Years to retirement	TER (% p.a.)	Transaction Costs (% p.a.)	Total Costs (%p.a.)
15+	0.28	0.05	0.33
10 – 14	0.28	0.06 – 0.08	0.34 – 0.36
5 – 9	0.27 – 0.28	0.08	0.35 – 0.36
0 – 4	0.26 – 0.27	0.08 – 0.09	0.35

Source: AIL

(ii) Self-select investment funds

During the period the Trustee also made available a range of self-select options for members and alternative lifestyle strategies, all of which were available to both main DC members and to AVC members invested in the DC section. The TERs and transaction costs for each are shown in the table below.

<i>Annuity Lifestyle Strategy</i>			
Years to retirement	TER (% p.a.)	Transaction Costs (% p.a.)	Total Costs (%p.a.)
15+	0.28	0.05	0.33
10 – 14	0.28	0.06 – 0.10	0.34 – 0.38
5 – 9	0.27 – 0.28	0.10 – 0.11	0.38
0 – 4	0.27	0.00 – 0.09	0.27 – 0.36

Source: AIL

<i>Cash Lifestyle Strategy</i>			
Years to retirement	TER (% p.a.)	Transaction Costs (% p.a.)	Total Costs (%p.a.)
15+	0.28	0.05	0.33
10 – 14	0.28	0.06 – 0.10	0.34 – 0.38
5 – 9	0.27 – 0.28	0.10 – 0.11	0.38
0 – 4	0.20 – 0.26	0.02 – 0.09	0.22 – 0.35

Source: AIL

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

Self-select investment funds (continued)

A full listing of the underlying funds in each of the lifestyle strategies along with the associated TER and transaction costs is shown in the Appendix.

Self select funds	TER (% p.a.)	Transaction Costs (% p.a.)	Total Costs (% p.a.)
PGL Global Equity Fund	0.25	0.05	0.30
PGL Active Global Equity Fund	0.74	0.06	0.80
PGL UK Equity Index Fund	0.06	0.07	0.13
PGL Property and Infrastructure Fund	0.46	0.11	0.57
PGL Diversified Multi-Asset Fund	0.30	0.19	0.49
PGL Long Term Inflation Linked Fund	0.17	0.02	0.19
PGL Pre Retirement Bond Fund	0.29	0.00	0.29
PGL Diversified Multi-Strategy Fund	0.40	0.40	0.80
PGL Liquidity Fund	0.20	0.02	0.22
PGL Global Ethical Index Fund	0.36	0.00	0.36

Source: AIL

(iii) Additional Voluntary Contributions

There is a small legacy AVC policy provided through Phoenix Life. Charges are higher for these funds (up to 1.02% p.a. TER) as is to be expected for small legacy AVC arrangements, some of which include guarantees and cannot easily be transferred to funds with lower charges. These arrangements are closed to new contributions. The costs and charges for these legacy funds over the reporting year are set out in the table below.

Legacy AVC Funds	TER* (% p.a.)	Transaction Costs (% p.a.)	Total Costs (% p.a.)
Alba Genesis (BL) Building Society Acc Fund	1.00	0.00	1.00
Alba Managed Pension Fund	0.98	0.15	1.13
Alba UK Equity Pension Fund	0.99	0.05	1.04
Alba Genesis (BL) Equity Acc Fund	1.02	0.05	1.07
Alba International Pension Fund	0.98	0.20	1.18
Alba Fixed Interest Pension	0.98	0.03	1.01
Unitised Capital Guarantee Fund	1.00	0.04	1.04
Alba Cash Deposit Fund	1.00	0.00	1.00
Alba With Profit Fund	Not available	Not available	Not available
Swiss Life Deposit Administration Fund	0.30	0.00	0.30

Source: Phoenix Life. TER and Transaction costs were requested from Phoenix Life for the Alba With Profit Fund but these remain outstanding at the time of writing. The Trustee will continue to work with Phoenix Life to obtain this information for disclosure purposes.

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

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

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 would 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.

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 two example members who have assets invested in the Drawdown Lifestyle Strategy (the default arrangement).
- under each chart, a comparative table showing the potential impact that costs and charges might have if the example member were invested in the fund within the range offered by the Scheme which attracts the lowest charges (PGL UK Equity Index Fund) and the fund which attracts the highest charges (PGL Active Global Equity Fund).
-

The Trustee has determined the two example members for the illustrations as the youngest deferred member (age 39) and a deferred member of average age (age 54), with 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 .

PGL PENSION SCHEME

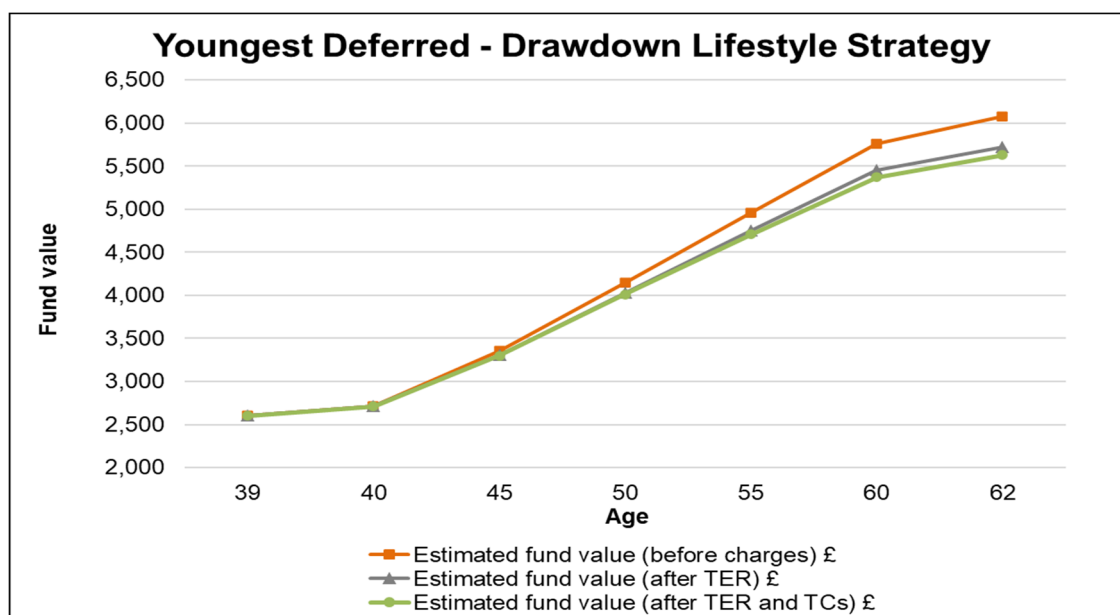
CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

Illustration of the effect of costs and charges (continued)

Illustration 1

For a deferred member aged 39, 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 £2,600 at age 39 and are shown in current money terms.

Over the period, the example member's fund is expected to increase from £2,600 to £5,630 after charges. As the Scheme is closed to further contributions, there are no new contributions paid into the Scheme. The full increase in the fund value is from the assumed investment returns, minus charges.



Age	Drawdown Lifestyle Strategy (Default)			PGL Active Global Equity Fund			PGL Long Term Inflation Linked Fund*		
	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 £
39	2,600	2,600	0	2,600	2,600	0	2,600	2,600	0
40	2,710	2,710	0	2,710	2,710	0	2,730	2,710	20
45	3,360	3,300	60	3,360	3,350	10	3,460	3,300	160
50	4,150	4,010	140	4,170	4,130	40	4,390	4,030	360
55	4,960	4,710	250	5,170	5,090	80	5,570	4,920	650
60	5,760	5,370	390	6,410	6,290	120	7,070	6,000	1,070
62	6,080	5,630	450	6,980	6,840	140	7,780	6,500	1,280

PGL PENSION SCHEME

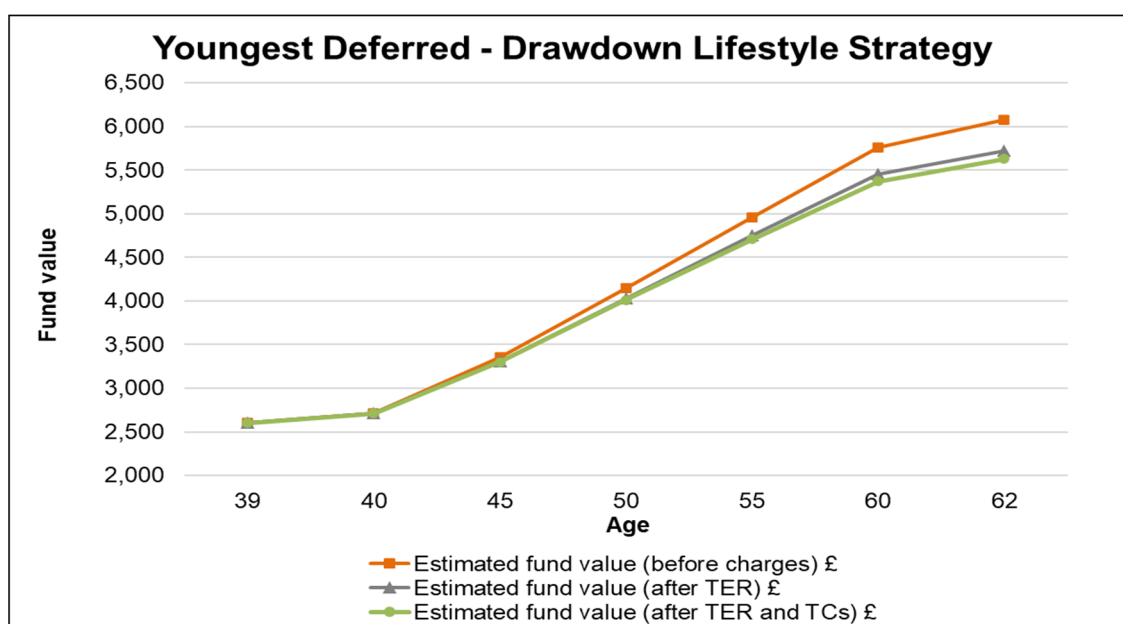
CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

Illustration of the effect of costs and charges (continued)

Illustration 2

For a deferred member aged 54, 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 £9,700 at age 54 and are shown in current money terms.

Over the period, the example member's fund is expected to increase from £9,700 to £11,940 after charges. 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, minus charges.



Age	Drawdown Lifestyle Strategy (Default)			PGL Active Global Equity Fund			PGL Long Term Inflation Linked Fund*		
	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 £
54	9,700	9,700	0	9,700	9,700	0	9,700	9,700	0
55	10,030	9,990	40	10,130	10,120	10	10,170	10,090	80
60	11,650	11,400	250	12,550	12,480	70	12,910	12,320	590
62	12,290	11,940	350	13,680	13,580	100	14,200	13,340	860

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

Illustration of the effect of costs and charges (continued)

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 arrangement are shown in the table below. The transaction costs have been averaged over a four-year period in line with statutory guidance to reduce the level of volatility.

Fund name	Assumed growth rate (%)	TER (%)	Transaction costs (%)	Total charges (%)
PGL Initial Growth Phase Fund	7.00	0.28	0.04	0.32
PGL Diversified Asset Fund	6.00	0.30	0.22	0.52
PGL Bond Phase Fund	4.50	0.29	0.22	0.51
PGL Long Term Inflation Linked Fund	2.00	0.17	0.02	0.19
PGL Short Term Inflation Linked Fund	1.80	0.17	0.02	0.19
PGL UK Equity Index Fund	7.00	0.06	0.09	0.15
PGL Active Global Equity Fund	7.50	0.74	0.04	0.78

- 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 arrangement are assumed to be rebalanced annually.
- The projected fund values shown are estimates for illustrative purposes only and are not guaranteed.

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.

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.

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

Value for members (continued)

The framework covers the following:

Costs

- Based on the profile of the Scheme's DC/AVC arrangements, the Trustee believes 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 members and make improvements.

Scheme Administration

- The Trustee has appointed Aon to provide administration services to the Scheme. The Trustee 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 the Service Level Agreements (SLA) over the year was 90% across all cases. Performance against the SLA over the year was 96% for priority cases. Note these figures apply to the DB section and DC section as a whole.
- 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 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.

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

Value for members (continued)

Scheme Communications

- The Scheme provides members with regular, clear communications regarding the choices open to members 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. The move to MasterTrust in 2023 for the remaining members is expected to improve value further.

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.

No further contributions are received as all members now have 'deferred' status following the redirection of contributions to the Standard Life MasterTrust. Core financial transactions are undertaken on behalf of the Trustee by Aon. The Trustee has a 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. The Trustee does not have a SLA in place with Phoenix Life, but would expect any issues with processing core financial transactions for AVCs to be highlighted to the Trustee by the administration team.

In addition, Aon has the following key processes and controls to help meet the SLAs:

- Straight Through Processing for investment switches. This is used to improve efficiency and includes the administration platform being fully integrated with the investment platform to ensure that member records and fund prices are updated on a daily basis.
- Full member reconciliation. This is undertaken annually in preparation for the Scheme's Annual Report and Accounts.
- Daily and monthly cash and unit reconciliation. The unit reconciliations are included in the quarterly administration reports and the cash reconciliations are provided as part of the Scheme's Annual Report and Accounts. There are escalation points if there is no response or closure to the questions raised.
- Daily monitoring of bank accounts to confirm movements are recorded in a complete, accurate and timely manner. Discrepancies are researched and resolved in a timely manner.

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

Processing of Core Financial Transactions (continued)

The Trustee considers the processes and controls implemented by the administrator to be suitably designed. In addition, controls around administration and the processing of transactions are documented in the Scheme's risk register which is reviewed at Trustee meetings annually.

There have been no administration service issues with respect to core financial transactions which need to be reported for the period covered by this statement.

The Trustee monitors the AVC arrangements regularly and remain comfortable that there are no administration issues with the arrangements.

The Trustee is confident that the processes and controls it has in place with Aon are robust and will ensure that the Trustee 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.

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.

During the Scheme year, there were seven Trustee Directors for the Scheme. Three Company Appointed Directors (two of which are independent) and four Member Nominated Directors. Following the Scheme year end, a Member Nominated Director stepped down with effect from 30 November 2022.

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.

The most recent Trustee Effectiveness review was carried out on 2 July 2019.

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. However, 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.

The Trustee has processes and procedures in place to meet the Pension Regulator's TKU requirements (as set out under Code of Practice No 7); some of which are identified below:

- A structured training programme for newly appointed Trustee Directors including completion of the Pension Regulator's Trustees toolkit, which is an online learning programme, within six months of appointment.
- Assessing training needs and considering whether any gaps exist in individual trustees' knowledge and understanding.
- Undergoing regular training which for this year included two sessions on tPR's new single Code of Practice, TCFD requirements and Implementation Statements. The Trustee Directors also attended several conferences including various seminars around sponsor covenant, investment outlooks, the Pension Scheme Act 2021 and more general pension conferences held by various advisers.
- Maintaining training logs for each individual trustee which supports the above.

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

Trustee's Knowledge and Understanding (continued)

The 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 Directors are 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 Directors revert 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 its appointed professional advisers regularly throughout the year to ensure that it runs the Scheme and exercise its 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 2022 was carried out by PwC (demonstrating knowledge and understanding of the law relating to pensions and trusts).
- 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.

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.

Approval

The Chair's Statement was approved by the Trustee and signed on its behalf by:

Chair of Trustee: K Jones

Date: 27 April 2023

PGL PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2022

Appendix: Lifestyle Strategy underlying fund charges

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

Fund name	TER (% p.a.)	Transaction costs (% p.a.)
<i>Drawdown Lifestyle Strategy (default arrangement)</i>		
PGL Initial Growth Phase Fund	0.28	0.0530
PGL Diversified Asset Fund	0.30	0.1829
PGL Bond Phase Fund	0.29	0.2193
PGL Short Term Inflation Linked Fund	0.17	0.0196
PGL Long Term Inflation Linked Fund	0.17	0.0218
<i>Annuity Lifestyle Strategy</i>		
PGL Initial Growth Phase Fund	0.28	0.0530
PGL Diversified Asset Fund	0.30	0.1829
PGL Bond Phase Fund	0.29	0.2193
PGL Short Term Inflation Linked Fund	0.17	0.0196
PGL Pre Retirement Bond Fund	0.29	0.0000
PGL Liquidity Fund	0.20	0.0154
PGL Long Term Inflation Linked Fund	0.17	0.0218
<i>Cash Lifestyle Strategy</i>		
PGL Initial Growth Phase Fund	0.28	0.0530
PGL Diversified Asset Fund	0.30	0.1829
PGL Bond Phase Fund	0.29	0.2193
PGL Short Term Inflation Linked Fund	0.17	0.0196
PGL Long Term Inflation Linked Fund	0.17	0.0218
PGL Liquidity Fund	0.20	0.0154

Source: AIL

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2022

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 through 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.

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2022

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 policies 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.

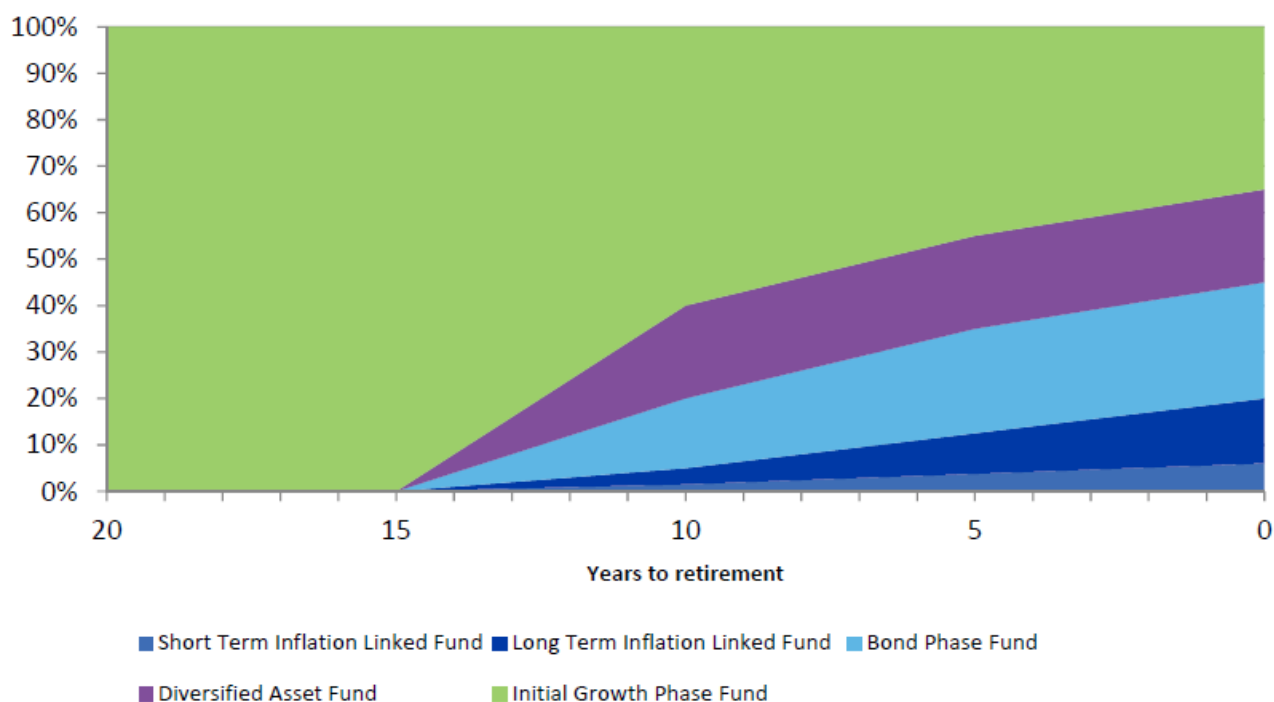
PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2022

Drawdown Lifestyle Strategy (The Default Option) (continued)

This structure is summarised in the chart below.

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.

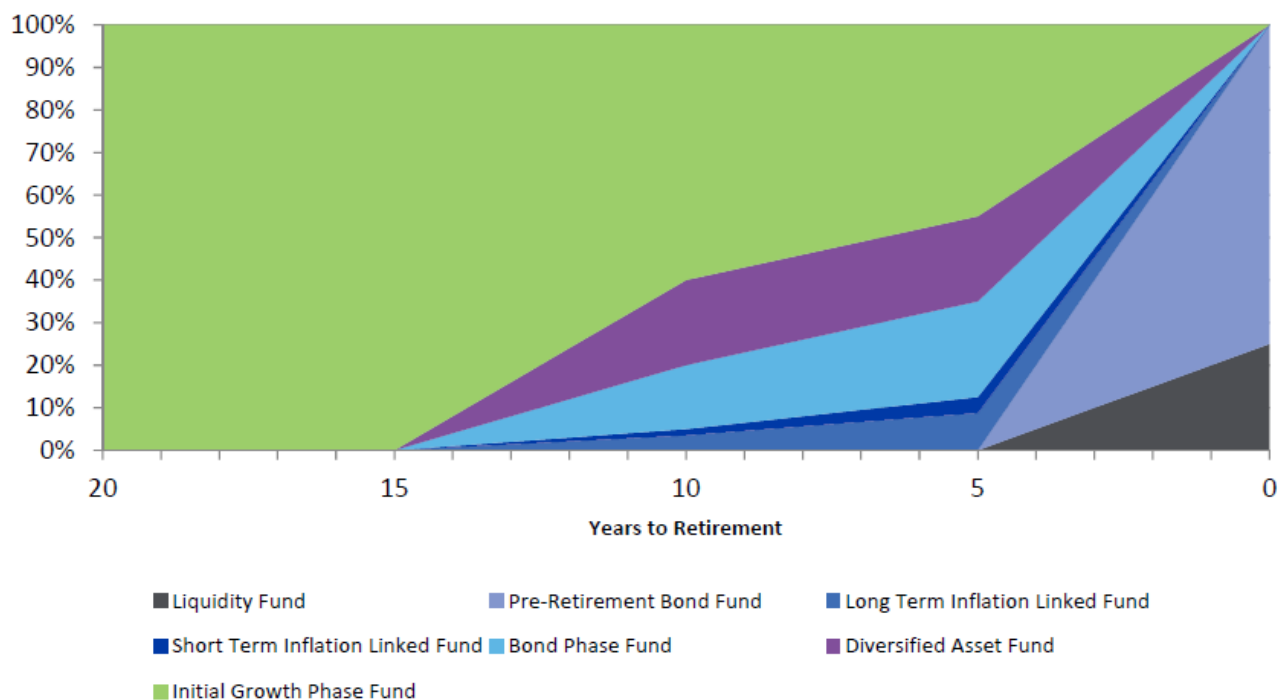
PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2022

Annuity Lifestyle Strategy (continued)

This structure is summarised in the chart below.

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.

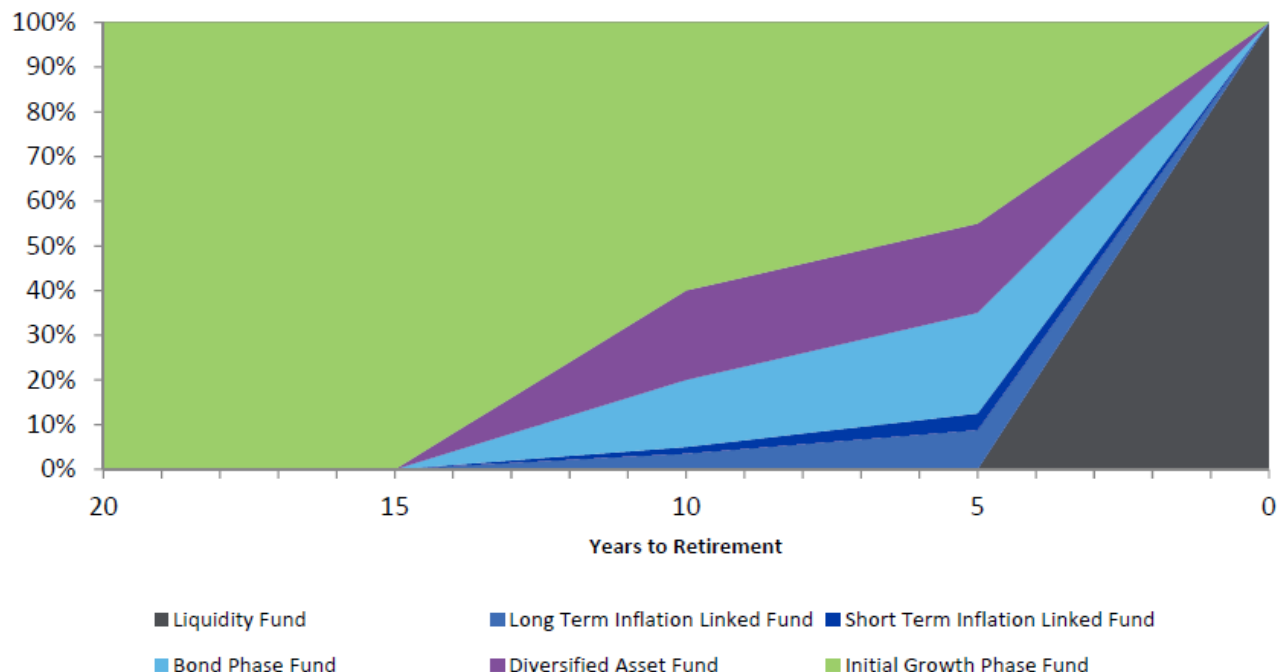
At a member's selected retirement date, the Cash Lifestyle Strategy invests the member's assets 100% in the Aon Managed Liquidity Fund, with the aim of protecting the value of the investments relative to cash. This structure is summarised in the chart below.

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2022

Cash Lifestyle Approach (continued)

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.

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2022

RISK MEASUREMENT AND MANAGEMENT (continued)

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.

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.

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2022

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

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.

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2022

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 Trustee has adhered to the policies in this document which will also be included in the annual reports and accounts.

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2022

ARRANGEMENTS WITH INVESTMENT MANAGERS (continued)

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.

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.

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2022

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

PGL PENSION SCHEME

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF PGL PENSION SCHEME

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 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Report and Financial Statements, which comprise: the Statement of Net Assets (Available for Benefits) as at 30 June 2022; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the trustee's reasons why the financial statements have been prepared on a basis other than going concern.

PGL PENSION SCHEME

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF PGL PENSION SCHEME

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.

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

PGL PENSION SCHEME

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF PGL PENSION SCHEME

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

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

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

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

Use of this report

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

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Leeds

Date:

PGL PENSION SCHEME

FUND ACCOUNT FOR THE YEAR ENDED 30 JUNE 2022

	Note	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Individual transfers in	4	-	-	-	-	45	45
Other income	5	214	-	214	5	39	44
		214	-	214	5	84	89
Benefits paid or payable	6	(57,371)	(166)	(57,537)	(56,518)	(805)	(57,323)
Payments to and on account of leavers	7	(16,647)	(877)	(17,524)	(13,556)	(162,091)	(175,647)
Other payments	8	-	-	-	(391)	-	(391)
Administrative expenses	9	(3,893)	(4)	(3,897)	(3,956)	(1)	(3,957)
		(77,911)	(1,047)	(78,958)	(74,421)	(162,897)	(237,318)
Net (withdrawals) from dealings with members		(77,697)	(1,047)	(78,744)	(74,416)	(162,813)	(237,229)
Investment income	10	74,165	-	74,165	71,250	-	71,250
Change in market value of investments	11	(425,992)	(335)	(426,327)	(204,627)	21,421	(183,206)
Investment management expenses	12	-	-	-	-	6	6
Net returns on investments		(351,827)	(335)	(352,162)	(133,377)	21,427	(111,950)
Net (decrease) in the fund		(429,524)	(1,382)	(430,906)	(207,793)	(141,386)	(349,179)
Opening net assets		2,026,621	8,652	2,035,273	2,234,765	149,687	2,384,452
Transfers between sections		-	-	-	(351)	351	-
Closing net assets		1,597,097	7,270	1,604,367	2,026,621	8,652	2,035,273

The notes on pages 72 to 89 form part of these financial statements.

PGL PENSION SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 30 JUNE 2022

	Note	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Investment assets							
Pooled investment vehicles	14	21,165	6,257	27,422	25,490	7,635	33,125
Insurance policies	15	1,567,300	-	1,567,300	1,993,300	-	1,993,300
AVC investments	16	931	-	931	1,047	-	1,047
Cash	17	8	-	8	7	-	7
		<u>1,589,404</u>	<u>6,257</u>	<u>1,595,661</u>	<u>2,019,844</u>	<u>7,635</u>	<u>2,027,479</u>
Total net investments		<u>1,589,404</u>	<u>6,257</u>	<u>1,595,661</u>	<u>2,019,844</u>	<u>7,635</u>	<u>2,027,479</u>
Current assets	21	8,888	1,031	9,919	8,932	1,060	9,992
Current liabilities	22	(1,195)	(18)	(1,213)	(2,155)	(43)	(2,198)
Total Net assets available for benefits at 30 June		<u>1,597,097</u>	<u>7,270</u>	<u>1,604,367</u>	<u>2,026,621</u>	<u>8,652</u>	<u>2,035,273</u>

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, is dealt with in the Report on Actuarial Liabilities included in the Trustee's Report on pages 8 to 9. These financial statements and Actuarial Certificate should be read in conjunction with this report.

The notes on pages 72 to 89 form part of these financial statements.

These financial statements on pages 70 to 89 were approved by the Trustee and were signed on its behalf by:

Trustee Director: K Jones

Trustee Director: S Harris

Date: 27 April 2023

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Basis of preparation

The individual financial statements of PGL Pension Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP") with the exception that the Report and Financial Statements were approved and signed after the 7 month timeline.

The trustee commenced winding-up the scheme on 8 March 2023.

Accordingly, the going concern basis is no longer appropriate and the trustee has adopted a basis other than going concern. No adjustments were necessary as a result of the change in basis of accounting.

2. Identification of financial statements

PGL Pension Scheme is a Hybrid occupational pension scheme, comprising both a Defined Benefit ('DB') and Defined Contributions ('DC') Sections, 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).

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.

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.

Group transfers out are accounted for in accordance with the terms of the transfer agreement.

Administrative expenses

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

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. Accounting policies (continued)

Other income and payments

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

Investment income

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

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 Actuary at the amount of the present value 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. 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 Actuary as at 30 June 2022.

The insurance policies have been valued using financial and demographic assumptions consistent with those adopted for the 30 June 2022 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 8 and 9 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.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. Accounting policies (continued)

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. Transfers in

	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Individual transfers in	-	-	-	-	45	45

The previous year transfers in relate to transfers of members' AVC funds.

5. Other income

	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Claim on term insurance policies	-	-	-	-	36	36
Other income	214	-	214	5	3	8
	214	-	214	5	39	44

6. Benefits paid or payable

	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Pensions	52,103	-	52,103	51,990	-	51,990
Commutations of pensions and lump sum retirement benefits	5,142	74	5,216	4,323	668	4,991
Purchase of annuities	33	58	91	3	118	121
Lump sum death benefits	93	34	127	66	6	72
Taxation where lifetime or annual allowance exceeded	-	-	-	136	13	149
	57,371	166	57,537	56,518	805	57,323

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7. Payments to and on account of leavers

	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Group transfers out	-	-	-	-	153,951	153,951
Individual transfers to other schemes	16,647	877	17,524	13,556	8,140	21,696
	16,647	877	17,524	13,556	162,091	175,647

In prior year the group transfer out of £153,951k represented the assets transferred to a Master Trust with Standard Life in respect of 3,342 members who transferred on 14 April 2021. The group transfer was made up of £153,949k of invested assets and £2k of cash.

8. Other payments

	DB £000	DC £000	2022 Total £000	DB £000	DC) £000	2021 Total £000
Payments on term insurance policies	-	-	-	391	-	391

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

9. Administrative expenses

	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Administration and processing	1,630	-	1,630	2,035	-	2,035
Actuarial fees	633	-	633	1,157	-	1,157
Audit fees	42	-	42	37	-	37
Legal fees	158	-	158	232	-	232
Other professional fees	1,324	4	1,328	410	-	410
Scheme levies	93	-	93	75	-	75
Trustee fees and expenses	10	-	10	10	-	10
Sundry expenses	3	-	3	-	-	-
Bank charges	-	-	-	-	1	1
	3,893	4	3,897	3,956	1	3,957

Other professional fees include Investment Consultancy fees paid to Aon of £79k (2021: £113k).

Administration and processing, actuarial and legal fees were higher in 2021 compared to the current year due to extra expenses incurred by the exercise to secure members' benefits with an insurer, Phoenix Life Ltd, and GMP equalisation.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

10. Investment income

	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Income from pooled investment vehicles	42	-	42	10	-	10
Interest on cash deposits	7	-	7	-	-	-
Annuity income	74,116	-	74,116	71,240	-	71,240
	<u>74,165</u>	<u>-</u>	<u>74,165</u>	<u>71,250</u>	<u>-</u>	<u>71,250</u>

11. Investments

	Opening value at 1 Jul 2021 £000	Purchases at cost £000	Sales Proceeds £000	Change in market value £000	Closing value at 30 Jun 2022 £000
Defined Benefit Section					
Pooled investment vehicles	25,490	3,925	(8,250)	-	21,165
Insurance policies	1,993,300	-	-	(426,000)	1,567,300
AVCs	1,047	-	(124)	8	931
	<u>2,019,837</u>	<u>3,925</u>	<u>(8,374)</u>	<u>(425,992)</u>	<u>1,589,396</u>
Cash	7				8
Total DB net investments	<u><u>2,019,844</u></u>				<u><u>1,589,404</u></u>
Defined Contribution Section					
Pooled investment vehicles	7,635	12	(1,055)	(335)	6,257
Total DC net investments	<u><u>7,635</u></u>				<u><u>6,257</u></u>
Total net investments	<u><u>2,027,479</u></u>				<u><u>1,595,661</u></u>

Included within purchases and sales figures above are £12k in relation to members' switches between investment funds.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

11. Investments (continued)

An analysis of DC Section investment assets is as follows:

	2022 £000	2021 £000
Allocated to members	6,164	7,542
Not allocated to members	93	93
	<u>6,257</u>	<u>7,635</u>

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 £4,572k (2021: £4,500k) 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.

12. Investment management expenses

	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Administration and management fees	-	-	-	-	(6)	(6)

The negative balance of investment fees relates to write off of incorrect accrual in 2020.

13. 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.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

14. Pooled investment vehicles

	DB 2022 £000	DC 2022 £000	Total 2022 £000	DB 2021 £000	DC 2021 £000	Total 2021 £000
Bonds	-	795	795	-	1,146	1,146
Cash & liquidy	21,165	262	21,427	25,490	373	25,863
Diversified growth	-	1,070	1,070	-	1,233	1,233
Equities	-	3,785	3,785	-	4,406	4,406
Property	-	345	345	-	477	477
	<u>21,165</u>	<u>6,257</u>	<u>27,422</u>	<u>25,490</u>	<u>7,635</u>	<u>33,125</u>

15. Insurance policies

	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Insurance policies	1,567,300	- 1,567,300	1,993,300	-	-	1,993,300

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 2021 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 8 and 9 of this report.

As the valuation has been projected from the results of the 30 June 2021 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.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16. AVC Investments

	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Phoenix Life	913	-	913	1,029	-	1,029
Phoenix Mutual	18	-	18	18	-	18
	<u>931</u>	<u>-</u>	<u>931</u>	<u>1,047</u>	<u>-</u>	<u>1,047</u>

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.

AVC investments can be further analysed as:

	2022 £000	2021 £000
Unitised funds	855	973
Other	76	74
	<u>931</u>	<u>1,047</u>

17. Cash and other investment balances

	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Cash	8	-	8	7	-	7
	<u>8</u>	<u>-</u>	<u>8</u>	<u>7</u>	<u>-</u>	<u>7</u>

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

18. Fair value hierarchy

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:

DB Section	Level 1 £000	Level 2 £000	Level 3 £000	2022 Total £000
Pooled investment vehicles	21,165	-	-	21,165
Insurance policies	-	-	1,567,300	1,567,300
AVC investments	-	931	-	931
Cash	8	-	-	8
	<u>21,173</u>	<u>931</u>	<u>1,567,300</u>	<u>1,589,404</u>
DC Section				
Pooled investment vehicles	-	6,257	-	6,257
	<u>-</u>	<u>6,257</u>	<u>-</u>	<u>6,257</u>
	<u>21,173</u>	<u>7,188</u>	<u>1,567,300</u>	<u>1,595,661</u>
DB Section	Level 1 £000	Level 2 £000	Level 3 £000	2021 Total £000
Pooled investment vehicles	25,490	-	-	25,490
Insurance policies	-	-	1,993,300	1,993,300
AVC investments	-	1,047	-	1,047
Cash	7	-	-	7
	<u>25,497</u>	<u>1,047</u>	<u>1,993,300</u>	<u>2,019,844</u>
DC Section				
Pooled investment vehicles	-	7,635	-	7,635
	<u>-</u>	<u>7,635</u>	<u>-</u>	<u>7,635</u>
	<u>25,497</u>	<u>8,682</u>	<u>1,993,300</u>	<u>2,027,479</u>

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19. 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 its 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.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19. 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 adviser.

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). 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 adviser.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19. 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. The total market value of assets that have interest rate risk has decreased over the year, correspondingly the total interest rate risk relative to the liabilities has also fallen.

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 its investment adviser.

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

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 its investment adviser as to the continuing suitability of the asset classes, managers and annuity policies in which it invests.

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

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19. 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	2022 Market Value (£000)	2021 Market Value (£000)
Annuity Policies	●	○	○	●	●	1,567,300	1,993,300
Pooled Investment Vehicles	○	◐	○	◐	◐	21,165	25,490

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 2022, 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 adviser.

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 adviser 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 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.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19. 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.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19. 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.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19. 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. Totals may not sum due to rounding.

Fund	Credit risk*	Foreign exchange risk	Interest rate risk	Other price risk	Total 2022 £000	Total 2021 £000
PGL Initial Growth Phase		✓		✓	147	166
PGL Diversified Asset	✓	✓	✓	✓	38	39
PGL Bond Phase	✓	✓	✓	✓	39	39
PGL Short Term Inflation Linked			✓	✓	7	6
PGL Long Term Inflation Linked			✓	✓	207	327
PGL Pre-Retirement Bond	✓		✓	✓	542	773
PGL Liquidity Fund	✓		✓	✓	262	373
PGL Passive Global Equity		✓		✓	2,355	2,780
PGL Diversified Multi Asset	✓	✓	✓	✓	885	1,028
PGL Property and Infrastructure		✓		✓	345	477
PGL Passive UK Equity				✓	1,077	1,190
PGL Active Global Equity		✓		✓	225	261
PGL Diversified Multi Strategy Bond	✓	✓	✓	✓	0	0
PGL Ethical Global Equity		✓		✓	135	176
				Total	6,264	7,635

*credit risk related to the underlying securities

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

	DB 2022 £000	DC 2022 £000	Total 2022 £000	DB 2021 £000	DC 2021 £000	Total 2021 £000
Open ended investment company	21,165	6,257	27,422	25,490	7,635	33,125

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

20. Concentration of investments

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

	2022 Value £000	%	2021 Value £000	%
Phoenix Life annuity – Falcon 1	799,323	50.0	1,017,000	49.97
Phoenix Life annuity – Falcon 2	750,736	47.9	954,300	46.89

21. Current assets

	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Bank	8,880	1,031	9,911	8,917	1,060	9,977
Sundry debtors	8	-	8	15	-	15
	<u>8,888</u>	<u>1,031</u>	<u>9,919</u>	<u>8,932</u>	<u>1,060</u>	<u>9,992</u>

Included in the DC Section bank balance is £257k (2021: £263k) which is not allocated to members. All other DC Section assets are allocated to members.

22. Current liabilities

	DB £000	DC £000	2022 Total £000	DB £000	DC £000	2021 Total £000
Accrued expenses	352	-	352	650	-	650
Accrued benefits	180	17	197	450	36	486
HM Revenue & Customs	661	1	662	662	7	669
Sundry creditors	2	-	2	393	-	393
	<u>1,195</u>	<u>18</u>	<u>1,213</u>	<u>2,155</u>	<u>43</u>	<u>2,198</u>

23. Employer related investments

There were no direct Employer related investments during the year or at the year end (2021: 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 5% of the Scheme assets at year end.

At the year end the Scheme held an investment asset of £1,567,300k (2021: £1,993,300k) in annuity policies with Phoenix Life, which is part of the same group as the Employers under the Scheme.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

24. Related Party Transactions

Related party transactions and balances comprise:

Key management personnel

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.

Fees and expenses were paid to T McIntosh, the Trustee Director in the amount of £10k (2021: £10k) by the Scheme. There were no Trustee fees or expenses outstanding at the year ended 30 June 2022 (2021:£nil)

The membership status of the Trustee Directors at the year end is as below:

A Roffey-Jones - pensioner (2021: pensioner)
C Dennis - non-member (2021: non-member)
G Felston - non-member (2021: non-member)
K Jones - non-member (2021: non-member)
S Harris - deferred DB member (2021: deferred)
S Thompson - non-member (2021: non-member)
T McIntosh - pensioner (2021: pensioner)

Employer and other related parties

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

The Scheme holds AVC assets with Phoenix Life £913k (2021: £1,029k) and Phoenix Mutual £18k (2021: £18k) which are both part of the same group as the Employers under the Scheme. There was £9k outstanding from Phoenix Life (2021: 7k) and no amount outstanding from Phoenix Mutual at the year ended 30 June 2022 (2021: £nil).

The Principal Employer meets all administrative expenses of the Scheme except for those in note 9.

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.

25. GMP Equalisation

At one time the Scheme was 'contracted out' of part of the State Pension and broadly speaking, this meant the Scheme promised an amount of pension in place of that part of the State Pension – this part of pension was known as Guaranteed Minimum Pension (GMP). Legal judgements over the last few years have made it a requirement for pension schemes to equalise GMP benefits for members who had contracted out of their pension scheme between May 1990 and April 1997 and pensions must be recalculated to reflect the equalisation of state pension ages between men and women and hence not material to the scheme financial statements as a whole and therefore no liability has been recorded.

The impact on most members is likely to be quite small, typically nil, or under 0.5% of benefit value in some cases. The Trustee does not expect GMP equalisation to be reflected in member payments before late 2023, however, if you are affected you will then receive an adjustment to your pension and, if applicable, a one-off backpayment.

Scheme Valuation

The next actuarial valuation is due as at 30 June 2024.

PGL PENSION SCHEME

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF PGL PENSION SCHEME

Statement about contributions

Opinion

In our opinion, the contributions payable to the scheme for the scheme year ended 30 June 2022 as reported in PGL Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the scheme actuary on 2 July 2019.

We have examined PGL Pension Scheme's summary of contributions for the scheme year ended 30 June 2022 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the trustee in respect of contributions

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

Auditors' responsibilities in respect of the statement about contributions

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

Use of this report

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

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Leeds

Date: 27 April 2023

PGL PENSION SCHEME

SUMMARY OF CONTRIBUTIONS FOR THE YEAR ENDED 30 JUNE 2022

During the year ended 30 June 2022, the contributions payable to the Scheme were as follows:

	DB Total 2022 £000	DC Total 2022 £000	Total 2022 £000
Total contributions reported in the financial statements	nil	nil	nil

As described in more depth in the Trustee's Report on pages 7 and 8, according to the Schedule of Contributions there are no contributions required for the DB Section of the Scheme. The DC Section closed to future accrual of benefits on 1 July 2020 and DC contributions ceased.

The Summary of Contributions was approved by the Trustee and signed on its behalf by:

Trustee Director: K Jones

Trustee Director: S Harris

Date: 27 April 2023

PGL PENSION SCHEME

SUMMARY OF CONTRIBUTIONS FOR THE YEAR ENDED 30 JUNE 2022

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: PAUL CROCKER

Date: 2 July 2019

Name: Paul Crocker

Qualification Fellow of the Institute and Faculty of Actuaries

Address: Colmore Gate
2 Colmore Row
Birmingham
B3 2QD

Name of employer: Aon Hewitt Limited