

Registered number: 10000772

PGL PENSION SCHEME
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2023

PGL PENSION SCHEME

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TRUSTEE AND ITS ADVISERS YEAR ENDED 30 JUNE 2023

Trustee	PGL Pension Trustee Limited
Company Appointed Directors	K Jones (Chairman) G Felston S Thompson
Member-Nominated Directors	S Harris C Dennis (subsequently resigned as a Trustee Director on 30 November 2022) T McIntosh A Roffey-Jones
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 HSBC Bank plc (opened on 17 March 2023)
Investment Adviser	Aon Investments Limited*
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 ('PLL')
Legal Adviser	Gowling WLG
Contact Details	The PGL Pension Scheme Administrator Aon Solutions UK Limited 12 th Floor, The Colmore Building 20 Colmore Circus Queensway Birmingham B4 6AT pgladmin@aon.com 0330 678 0412

* With effect from 1 September 2022, Aon Solutions UK Limited transferred part of their Wealth Solutions business to a different Aon company within the UK group, Aon Investments Limited.

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

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 2023.

Constitution and management

During the year to 30 June 2023, the Scheme was 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 DC Section closed for future contributions on 1 July 2020.

In April 2021, the Scheme's DC assets were transferred to the Company's Master Trust arrangement with Standard Life, *except for* Additional Voluntary Contributions (AVCs) paid by members of the DB Section and DC contributions paid by members of the Phoenix Life Group Pension Scheme. These remaining DC assets were transferred to the Master Trust in August 2023.

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.

Extension of Terms of Office of MNTDs

The terms of office for the current Member Nominated Trustee Directors (MNDs) – S Harris, A Roffey-Jones and T McIntosh – were due to expire in September 2020. However, 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.

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TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

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 nine times.

Scheme changes

As noted in previous Trustee Reports, the Trustee secured terms for annuity contracts with Phoenix Life Ltd (now trading as Standard Life), covering all pensioner and deferred members. On 19 January 2024 the Trustee completed the buyout of the Scheme's remaining Final Salary liabilities with Standard Life.

Some members, whose benefits in the Scheme were relatively small, were offered the option of exchanging their benefits for a one-off lump sum – known as a winding-up lump sum (WULS). The majority of the WULS payments were made to eligible members in August 2023.

Also in August 2023, the remainder of the Scheme's DC assets were transferred to the Company's Master Trust arrangement with Standard Life.

Members of the Scheme between May 1990 and April 1997 were 'contracted out' of the upper tier of the State Pension Scheme (SERPS) and earned an entitlement known as Guaranteed Minimum Pension or GMP. GMP benefits must be recalculated to reflect the equalisation of state pension ages between men and women. Pensioner members received an adjustment to their pension and back-payments, if appropriate, were calculated and paid over a period from October 2023 to January 2024.

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 other significant changes to the Scheme during the year to 30 June 2023.

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.

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TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

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	3,302	5,273	8,575
Adjustments to members	(1)	17	16
New spouses and dependants	-	42	42
Retirements	(200)	200	-
Deaths	(3)	(127)	(130)
Leaver with no further liability	(1)	(2)	(3)
Trivial commutations	(1)	(16)	(17)
Transfers out	(37)	-	(37)
Members at the end of the year	<u>3,059</u>	<u>5,387</u>	<u>8,446</u>
DC Section	Deferreds	Pensioners	Total
Members at the start of the year	229	-	229
Transfers out	(9)	-	(9)
Trivial commutations	(15)	-	(15)
Members at the end of the year	<u>205</u>	<u>-</u>	<u>205</u>
Total members at the end of the year	<u>3,264</u>	<u>5,387</u>	<u>8,651</u>

Pensioners include 638 (2022: 621) individuals receiving a pension upon the death of their spouse who was a member of the Scheme. Pensioners also include 166 (2022: 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 5,387 (2022: 5,273) pensioners and 3,059 (2022: 3,302) beneficiaries whose benefits are provided by annuities.

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.

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TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

Pension increases (continued)

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

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

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

The Phoenix style increase is such that pensions in payment accrued after 6 April 1997 receive increases of 5% p.a. or RPI (fixed at the preceding October), if less. The GMP accrued between 6 April 1988 and 6 April 1997 receives increases of 5% p.a. or 3% 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.

The following increases were awarded over the year 1 July 2022 to 30 June 2023:

Britannia Style increases (for leavers before 1 January 2001):

Pension accrued before 6 April 1997	3.0% on 1 January 2023
Pension accrued after 6 April 1997	5.0% on 1 January 2023

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

Pension accrued before 6 April 1997	3.0% on 1 September 2022
Pension accrued between 6 April 1997 and 31 December 2000	3.0% on 1 September 2022
Pension accrued after 31 December 2000	3.0% on 1 September 2022

Britannic Style increases for (i) original Britannic members and (ii) Britannia members who left after 1 January 2001:

GMP accrued before 6 April 1988	Nil
GMP accrued after 6 April 1988	3.0% on 1 April 2023
Pension in excess of GMP accrued before 1 January 2001	7.5% on 1 September 2022
Pension accrued after 1 January 2001	5.0% on 1 September 2022

Phoenix Style increase:

GMP accrued before 6 April 1988	Nil
GMP accrued after 6 April 1988	3.0% on 1 January 2023
Pension in excess of GMP accrued before 6 April 1997	5.0% on 1 January 2023
Pension accrued after 6 April 1997	5.0% on 1 January 2023

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TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

Pension increases (continued)

There were no discretionary pension increases in the year.

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.

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.

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TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

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.

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TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

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

As the formal wind-up of the Scheme was triggered on 8 March 2023, there will be 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 49 to 59.

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:

Managers	Custodians
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.

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TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

Investment report

Changes to the DB Section of the Scheme during the year

During the year to 30 June 2023 the Scheme temporarily purchased units in gilt funds, in order to more closely match the assets' sensitivity to movements in interest rate and inflation to that of the balancing premium due to be paid to PLL following the completion of the Scheme buy-out. These gilt funds were purchased in April 2023 and sold at 30 June 2023 (the effective date of the balancing premium calculation).

On 19 January 2024, after the end of the accounting period, the Trustee completed the buyout of the Scheme's liabilities with Phoenix Life Ltd (now trading as Standard Life).

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. For a short period over the year to 30 June 2023, an investment was made in pooled gilt funds with Insight, funded from the Insight Liquidity Fund. These holdings were sold on 30 June 2023 and the majority of proceeds subsequently reinvested in the Insight Liquidity 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.

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.

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TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

Investment report (continued)

The Trustee expects that Insight carries 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 2023, the annuity policies were valued at £1,194M (2022: £1,567M), 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 2023.

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

DB Section Investment Performance

The Trustee does not monitor performance of the annuity policies as these matches 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. Where the residual assets were held in gilts over the period, the Trustee monitored the performance of the fund against the relevant gilt benchmark.

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TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

Investment report (continued)

DC Section

Performance of DC funds during the Scheme year

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

Fund Name	Self select / lifestyle	1 Year (%)	3 Years (% p.a.)
PGL Bond Phase	Lifestyle	(2.3)	(2.3)
PGL Initial Growth Phase	Lifestyle	6.8	8.0
PGL Diversified Asset	Lifestyle	1.9	1.7
PGL Short-Term Inflation Linked	Lifestyle	1.6	3.4
PGL Long-Term Inflation Linked	Both	(17.6)	(15.4)
PGL Pre-Retirement Bond	Both	(14.1)	(12.2)
PGL Liquidity Fund	Both	3.1	1.1
PGL Passive Global Equity	Self select	8.7	8.4
PGL Active Global Equity	Self select	15.2	10.1
PGL Diversified Multi Asset	Self select	1.9	1.7
PGL Passive UK Equity	Self select	7.6	9.6
PGL Ethical Global Equity Index	Self select	14.0	12.4
PGL Property and Infrastructure	Self select	(9.5)	3.7

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

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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.

Engagement Policy Implementation Statement ('EPIS')

The Trustee has prepared an Engagement Policy Implementation Statement in accordance with legislation. This statement is shown at Appendix on pages 43 to 48.

Employer related investments

The investments of the Scheme are invested in accordance with Section 40 of the Pensions Act 1995. Details of any Employer related investments are disclosed in note 21 to the financial statements.

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TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

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 SIP can be inspected.

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 2023

Other matters

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 Service
Post Handling Site A
Wolverhampton
WV98 1AF

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

The Pensions Regulator

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

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

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

TPR can be contacted at:

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

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

Registrar of Pension Schemes

The Trustee is required to provide certain information about the Scheme to the Registrar of Pension Schemes.

This has been forwarded to:

The Registrar of Pension Schemes
PO Box 1NN
Newcastle Upon Tyne
NE99 1NN

0191 225 6316
communications@thepensionsregulator.gov.uk

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TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

Other 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 member's complaint cannot be resolved by the Administrator they may make a formal complaint using the Scheme's Internal Dispute Resolution ('IDR') procedure, details of which can be obtained from the Administrator or use the Pensions Ombudsman's informal Early Resolution Service.

The Government appointed Pensions Ombudsman can investigate complaints brought by members and beneficiaries against the Trustee or the Scheme's Administrator in relation to maladministration 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
helpline@pensions-ombudsman.org.uk
www.pensions-ombudsman.org.uk

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

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 scheme's 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 schedules 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 schedules of contributions.

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

PGL PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2023

Statement of Trustee's Responsibilities (continued)

Approval

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

Trustee Director:



30 January 2024

Trustee Director:



30 January 2024

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 2023, 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 2023; 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.

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.

PGL PENSION SCHEME

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF PGL PENSION SCHEME

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

PGL PENSION SCHEME

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF PGL PENSION SCHEME

Responsibilities for the financial statements and the audit (continued)

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.

PricewaterhouseCooper LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

Date: 31 January 2024

PGL PENSION SCHEME

FUND ACCOUNT FOR THE YEAR ENDED 30 JUNE 2023

	Note	DB £000	DC £000	2023 Total £000	DB £000	DC £000	2022 Total £000
Other income	4	56	-	56	214	-	214
		56	-	56	214	-	214
Benefits paid or payable	5	(61,017)	(194)	(61,211)	(57,371)	(166)	(57,537)
Payments to and on account of leavers	6	(7,831)	(471)	(8,302)	(16,647)	(877)	(17,524)
Administrative expenses	7	(3,109)	-	(3,109)	(3,893)	(4)	(3,897)
		(71,957)	(665)	(72,622)	(77,911)	(1,047)	(78,958)
Net (withdrawals) from dealings with members		(71,901)	(665)	(72,566)	(77,697)	(1,047)	(78,744)
Investment income	8	67,709	24	67,733	74,165	-	74,165
Change in market value of investments	9	(374,249)	212	(374,037)	(425,992)	(335)	(426,327)
Investment management expenses	10	(200)	-	(200)	-	-	-
Net returns on investments		(306,740)	236	(306,504)	(351,827)	(335)	(352,162)
Net (decrease) in the fund		(378,641)	(429)	(379,070)	(429,524)	(1,382)	(430,906)
Opening net assets		1,597,097	7,270	1,604,367	2,026,621	8,652	2,035,273
Transfers between sections		214	(214)	-	-	-	-
Closing net assets		1,218,670	6,627	1,225,297	1,597,097	7,270	1,604,367

The notes on pages 23 to 39 form part of these financial statements.

PGL PENSION SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 30 JUNE 2023

	Note	DB £000	DC £000	2023 Total £000	DB £000	DC £000	2022 Total £000
Investment assets							
Pooled investment vehicles	12	2,627	5,747	8,374	21,165	6,257	27,422
Insurance policies	13	1,194,300	-	1,194,300	1,567,300	-	1,567,300
AVC investments	14	842	-	842	931	-	931
Cash	15	16,879	-	16,879	8	-	8
Total net investments		<u>1,214,648</u>	<u>5,747</u>	<u>1,220,395</u>	<u>1,589,404</u>	<u>6,257</u>	<u>1,595,661</u>
Current assets	19	6,781	897	7,678	8,888	1,031	9,919
Current liabilities	20	(2,759)	(17)	(2,776)	(1,195)	(18)	(1,213)
Total Net assets available for benefits		<u>1,218,670</u>	<u>6,627</u>	<u>1,225,297</u>	<u>1,597,097</u>	<u>7,270</u>	<u>1,604,367</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 7 and 8. These financial statements and Actuarial Certificate should be read in conjunction with this report.

The notes on pages 23 to 39 form part of these financial statements.

These financial statements on pages 21 to 39 were approved by the Trustee and were signed on its behalf by:

Trustee Director:



Trustee Director:



Date: 30 January 2024

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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").

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 registered principal place of business is 20 Old Bailey, London, EC4M 7AN.

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).

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.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3. Accounting policies (continued)

Administrative expenses

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

Other income

Other income is accounted for on an accruals basis.

Investment income

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

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.

Other investment income 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. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

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 2023.

The insurance 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 7 and 8 of this report.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3. Accounting policies

Valuation of investment assets (continued)

Investments (continued)

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.

Other investment balances are included in the Statement of Net Assets (Available for Benefits) on the basis of fair values provided by the Investment Manager at the year end.

Critical accounting judgements and estimation uncertainty

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

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within investment accounting policies above and within notes 13, 16 and 17. The Trustee does not consider there to be any critical judgements.

4. Other income

	DB £000	DC £000	2023 Total £000	DB £000	DC £000	2022 Total £000
Other income	56	-	56	214	-	214

5. Benefits paid or payable

	DB £000	DC £000	2023 Total £000	DB £000	DC £000	2022 Total £000
Pensions	54,735	-	54,735	52,103	-	52,103
Commutations of pensions and lump sum retirement benefits	6,132	99	6,231	5,142	74	5,216
Purchase of annuities	-	-	-	33	58	91
Lump sum death benefits	99	95	194	93	34	127
Taxation where lifetime or annual allowance exceeded	51	-	51	-	-	-
	61,017	194	61,211	57,371	166	57,537

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

6. Payments to and on account of leavers

	DB £000	DC £000	2023 Total £000	DB £000	DC £000	2022 Total £000
Individual transfers to other schemes	7,831	471	8,302	16,647	877	17,524
	<u>7,831</u>	<u>471</u>	<u>8,302</u>	<u>16,647</u>	<u>877</u>	<u>17,524</u>

7. Administrative expenses

	DB £000	DC £000	2023 Total £000	DB £000	DC £000	2022 Total £000
Administration and processing	836	-	836	1,630	-	1,630
Actuarial fees	277	-	277	633	-	633
Audit fees	59	-	59	42	-	42
Legal fees	128	-	128	158	-	158
Other professional fees	1,735	-	1,735	1,324	4	1,328
Scheme levies	51	-	51	93	-	93
Trustee fees and expenses	10	-	10	10	-	10
Sundry expenses	12	-	12	3	-	3
Bank charges	1	-	1	-	-	-
	<u>3,109</u>	<u>-</u>	<u>3,109</u>	<u>3,893</u>	<u>4</u>	<u>3,897</u>

Other professional fees include Investment Consultancy fees paid to Aon of £200k (2022: £79k).

8. Investment income

	DB £000	DC £000	2023 Total £000	DB £000	DC £000	2022 Total £000
Income from pooled investment vehicles	463	-	463	42	-	42
Interest on cash deposits	138	24	162	7	-	7
Annuity income	67,108	-	67,108	74,116	-	74,116
	<u>67,709</u>	<u>24</u>	<u>67,733</u>	<u>74,165</u>	<u>-</u>	<u>74,165</u>

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

9. Investments

	Opening value at 1 Jul 2022 £000	Purchases at cost £000	Sales Proceeds £000	Change in market value £000	Closing value at 30 Jun 2023 £000
Defined Benefit Section					
Pooled investment vehicles	21,165	18,732	(35,870)	(1,400)	2,627
Insurance policies	1,567,300	-	-	(373,000)	1,194,300
AVCs	931	-	(240)	151	842
	<u>1,589,396</u>	<u>18,732</u>	<u>(36,110)</u>	<u>(374,249)</u>	<u>1,197,769</u>
Cash	8				16,879
Total DB net investments	<u><u>1,589,404</u></u>				<u><u>1,214,648</u></u>
Defined Contribution Section					
Pooled investment vehicles	6,257	84	(806)	212	5,747
		84	(806)	212	
Total DC net investments	<u><u>6,257</u></u>				<u><u>5,747</u></u>
Total net investments	<u><u>1,595,661</u></u>				<u><u>1,220,395</u></u>

Included within purchases and sales figures above are £84k in relation to members' switches between investment funds.

An analysis of DC Section investment assets is as follows:

	2023 £000	2022 £000
Allocated to members	5,651	6,164
Not allocated to members	96	93
	<u><u>5,747</u></u>	<u><u>6,257</u></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 £4,486k (2022: £4,572k) 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.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

10. Investment management expenses

	2023 £	2022 £
Administration and management fees	200	-
	200	-

11. 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.

12. Pooled investment vehicles

	DB 2023 £000	DC 2023 £000	Total 2023 £000	DB 2022 £000	DC 2022 £000	Total 2022 £000
Bonds	-	629	629	-	795	795
Cash and liquidity	2,627	340	2,967	21,165	262	21,427
Diversified growth	-	958	958	-	1,070	1,070
Equities	-	3,549	3,549	-	3,785	3,785
Property	-	271	271	-	345	345
	2,627	5,747	8,374	21,165	6,257	27,422

13. Insurance policies

	DB £000	DC £000	2023 Total £000	DB £000	DC £000	2022 Total £000
Insurance policies	1,194,300	- 1,194,300	1,567,300	1,567,300	-	1,567,300

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 7 and 8 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 into the valuation assumptions or implied by the cashflows.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

14. AVC Investments

	DB £000	DC £000	2023 Total £000	DB £000	DC £000	2022 Total £000
Phoenix Life	840	-	840	913	-	913
Phoenix Mutual	2	-	2	18	-	18
	842	-	842	931	-	931

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.

AVC investments can be further analysed as:

	2023 £000	2022 £000
Unitised funds	767	855
Other	75	76
	842	931

15. Cash

	DB £000	DC £000	2023 Total £000	DB £000	DC £000	2022 Total £000
Cash	16,879	-	16,879	8	-	8

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

16. Fair value hierarchy

FRS 102 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 which are observable (i.e., developed using market data) for the asset or liability either directly or indirectly; and

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	2023 Total £000
Pooled investment vehicles	2,627	-	-	2,627
Insurance policies	-	-	1,194,300	1,194,300
AVC investments	-	842	-	842
Other investment balances	16,879	-	-	16,879
	<u>19,506</u>	<u>842</u>	<u>1,194,300</u>	<u>1,214,648</u>
DC Section				
Pooled investment vehicles	-	5,747	-	5,747
	<u>-</u>	<u>5,747</u>	<u>-</u>	<u>5,747</u>
□	<u>19,506</u>	<u>6,589</u>	<u>1,194,300</u>	<u>1,220,395</u>
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>

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

17. 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.

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.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

17. Investment risks (continued)

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.

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 restrictions.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

17. Investment risks (continued)

Other price risk (continued)

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.

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	2023 Market Value (£000)	2022 Market Value (£000)
Annuity Policies	●	○	○	●	●	1,194,300	1,567,300
Pooled Investment Vehicles	○	◐	○	◐	◐	2,627	21,165

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 2023, the Trustee's remaining non annuity policy investments were held with Insight in the Insight Liquidity Fund, apart from a period from April 2023 to 30 June 2023 where the holdings were held in pooled gilt funds with Insight. These holdings were redeemed to the Trustee bank account on 30 June 2023. The majority of the proceeds were subsequently invested back into 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 relevant Insight pooled funds 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.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

17. 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 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.

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 (FSCS). 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 AIL, as manager of the Delegated DC Funds used within the DC investment strategy, and the underlying fund managers chosen by AIL for use within the Delegated DC Funds. If AIL 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 in respect of 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.

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

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

17. Investment risks (continued)

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.

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.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

17. Investment risks (continued)

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 2023 £000	Total 2022 £000
PGL Initial Growth Phase		✓		✓	112	147
PGL Diversified Asset	✓	✓	✓	✓	28	38
PGL Bond Phase	✓	✓	✓	✓	29	39
PGL Short-Term Inflation Linked			✓	✓	6	7
PGL Long-Term Inflation Linked			✓	✓	164	207
PGL Pre-Retirement Bond	✓		✓	✓	431	542
PGL Liquidity Fund	✓		✓	✓	340	262
PGL Passive Global Equity		✓		✓	2,243	2,355
PGL Diversified Multi Asset	✓	✓	✓	✓	817	885
PGL Property and Infrastructure		✓		✓	271	345
PGL Passive UK Equity				✓	1,102	1,071
PGL Active Global Equity		✓		✓	127	225
PGL Ethical Global Equity		✓		✓	77	134
				Total	5,747	6,265

*credit risk related to the underlying securities

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

	DB 2023 £000	DC 2023 £000	Total 2023 £000	DB 2022 £000	DC 2022 £000	Total 2022 £000
Open ended investment company	2,627	5,747	8,374	21,165	6,257	27,422

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

18. Concentration of investments

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

	2023		2022	
	Value £000	%	Value £000	%
Phoenix Life annuity – Falcon 1	609,093	49.8	799,323	49.8
Phoenix Life annuity – Falcon 2	572,070	46.7	750,736	46.8

Comparative percentages shown have been re-assessed against total net assets instead of total net investments.

19. Current assets

	2023		2022			
	DB £000	DC £000	Total £000	DB £000	DC £000	Total £000
Bank	6,774	897	7,671	8,880	1,031	9,911
Sundry debtors	7	-	7	8	-	8
	6,781	897	7,678	8,888	1,031	9,919

Included in the DC Section bank balance is £241k (2022: £257k) which is not allocated to members. All other DC Section assets are allocated to members.

20. Current liabilities

	2023		2022			
	DB £000	DC £000	Total £000	DB £000	DC £000	Total £000
Accrued expenses	863	-	863	352	-	352
Accrued benefits	1,156	17	1,173	180	17	197
HM Revenue & Customs	738	-	738	661	1	662
Sundry creditors	2	-	2	2	-	2
	2,759	17	2,776	1,195	18	1,213

21. Employer related investments

There were no direct Employer related investments during the year or at the year end (2022: 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 £1,194,300k (2022: £1,567,300k) 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 2023

22. 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 (2022: £10k) by the Scheme. There were no Trustee fees or expenses outstanding at the year ended 30 June 2023 (2022: £nil)

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

C Dennis - non-member (2022: non-member) (resigned on 30 November 2022)
G Felston - non-member (2022: non-member)
S Harris - deferred DB member (2022: deferred)
K Jones - non-member (2022: non-member)
T McIntosh - pensioner (2022: pensioner)
A Roffey-Jones - pensioner (2022: pensioner)
S Thompson - non-member (2022: non-member)

Employer and other related parties

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

The Scheme holds AVC assets with Phoenix Life £840k (2022: £913k) and Phoenix Mutual £2k (2022: £18k) which are both part of the same group as the Employers under the Scheme. There was no amount outstanding from Phoenix Mutual at the year ended 30 June 2023 (2022: £nil).

The Principal Employer meets all administrative expenses of the Scheme except for those in note 7.

Annuity policies with Phoenix Life are related party transactions 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.

23. 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.

The impact on most members is (or is expected to be) very small, i.e. under 0.5% of benefit value across the Scheme as a whole. This estimate was intended to encompass back-payments for past underpayments (see below), plus (a) future top-ups to the pensions of affected members and (b) top-ups to transfer values previously paid from the Scheme.

Back-payments of £1,147K were paid to certain affected members between October 2023 and January 2024 in respect of past underpayments to their pensions, due to GMPs not having previously been equalised. This has been accrued for under Note 20, Current liabilities.

PGL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

24. Subsequent events

- WULS payments were made to eligible members in August 2023.
- The remainder of the Scheme's DC assets were transferred to the Company's Master Trust arrangement with Standard Life in August 2023.
- GMP benefits were recalculated to reflect the equalisation of state pension ages between men and women. Pensioner members received an adjustment to their pension and back-payments, if appropriate, were calculated and paid over a period from October 2023 to January 2024.
- On 19 January 2024 the Trustee completed the buyout of the Scheme's remaining Final Salary liabilities with Phoenix Life Ltd (now trading as Standard Life).

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 2023 as reported in PGL Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Scheme actuary on 2 July 2019 and 31 January 2023.

We have examined PGL Pension Scheme's summary of contributions for the Scheme year ended 30 June 2023 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedules 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.

PricewaterhouseCooper LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Leeds

Date: 31 January 2024

PGL PENSION SCHEME

SUMMARY OF CONTRIBUTIONS FOR THE YEAR ENDED 30 JUNE 2023

During the year ended 30 June 2023, the contributions payable to the Scheme were as follows:

	DB Total 2023 £000	DC Total 2023 £000	Total 2023 £000
Total contributions reported in the financial statements	<u>nil</u>	<u>nil</u>	<u>nil</u>

As described in more depth in the Trustee's Report on pages 7 and 8, according to the Schedules 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:



Trustee Director:



Date: 30 January 2024

PGL PENSION SCHEME

ACTUARIAL CERTIFICATE

Certification of Schedule of Contributions

Name of Scheme: PGL Pension Scheme

Adequacy of rates of contributions

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

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, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 31 January 2023.

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: 

Date: 31 January 2023

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 Solutions UK Limited

PGL PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT [(forming part of the Trustee’s Report)]

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 2022 to 30 June 2023.

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.

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/pgl/>

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

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT [(forming part of the Trustee’s Report)]

Implementation Statement (‘IS’) (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.

PGL PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT [(forming part of the Trustee’s Report)]

Implementation Statement (‘IS’) (continued)

Investment strategy and risk (continued)

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.

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 April 2023, the Scheme invested into the below LDI Solutions Plus Funded Gilts, which were subsequently redeemed back into cash at the end of June 2023.

- LDI Solutions Plus Funded Index-Linked Gilt Funds 2031-2040
- LDI Solutions Plus Funded Index-Linked Gilt Funds 2041-2050
- LDI Solutions Plus Funded Gilts Fund 2041-2050

The temporary gilt holding was intended to better match the sensitivity of the expected balancing premium due to be paid on the buy-out of the Scheme. The premium was calculated with the effective date of 30 June 2023, and so the gilt exposure was removed at that date.

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 or gilt funds with daily liquidity. Cash in the trustee bank account is kept within an agreed range to minimise the risk of a high balance accumulating and ensure cash is available for monthly cashflow requirements.

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

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT [(forming part of the Trustee’s Report)]

Implementation Statement (‘IS’) (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

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT [(forming part of the Trustee’s Report)]

Implementation Statement (‘IS’) (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.

However, 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 2022, the majority of which included some form of ESG dialogue.

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 high grade corporate bonds, 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

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT |(forming part of the Trustee’s Report)

Implementation Statement (‘IS’) (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 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.

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES FOR THE YEAR ENDED 30 JUNE 2023

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 FOR THE YEAR ENDED 30 JUNE 2023

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.

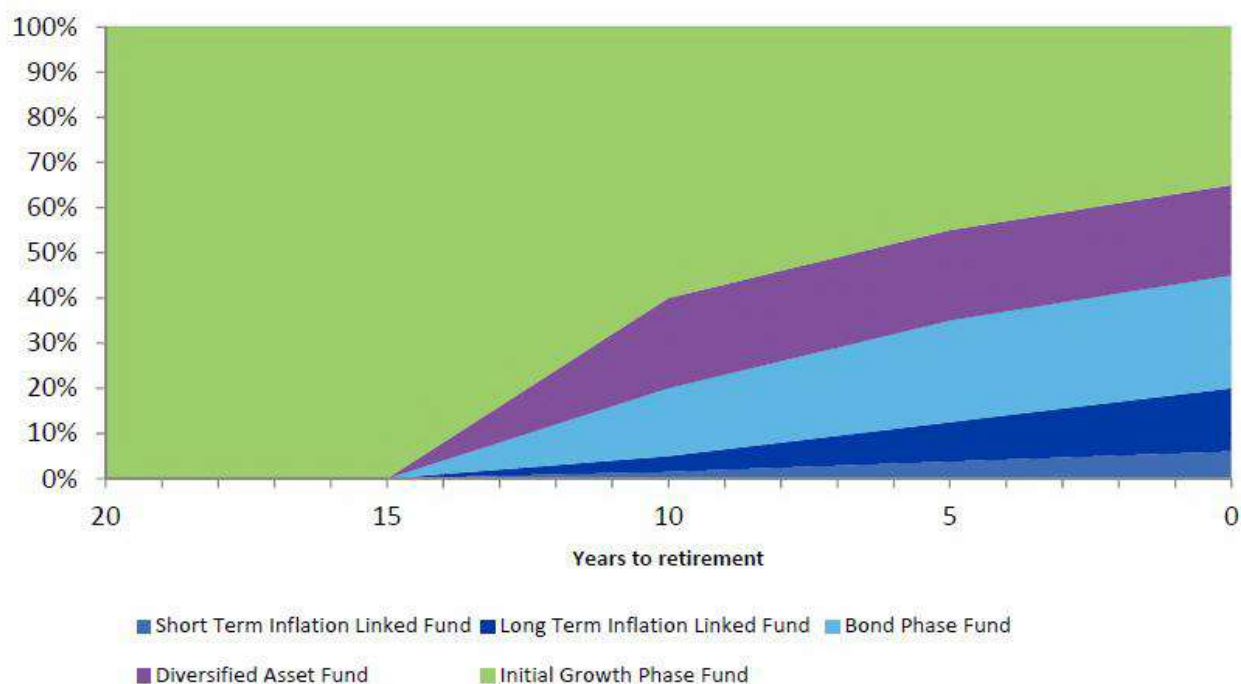
PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES FOR THE YEAR ENDED 30 JUNE 2023

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.

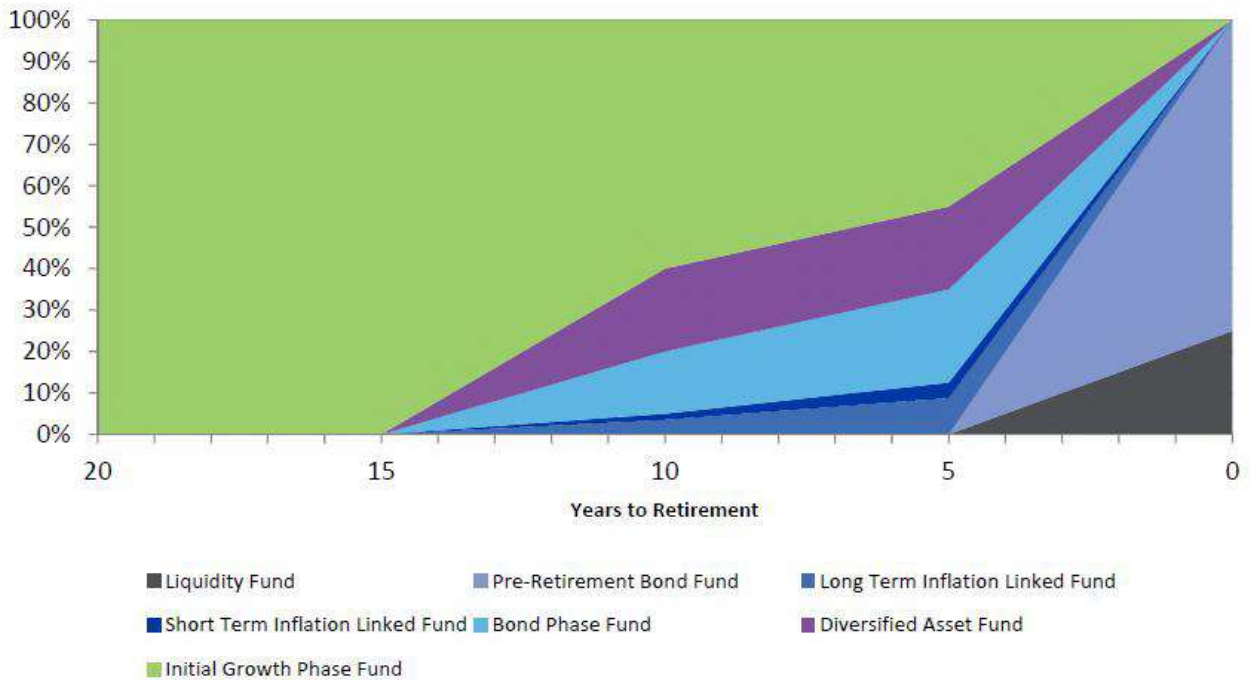
PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES FOR THE YEAR ENDED 30 JUNE 2023

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.

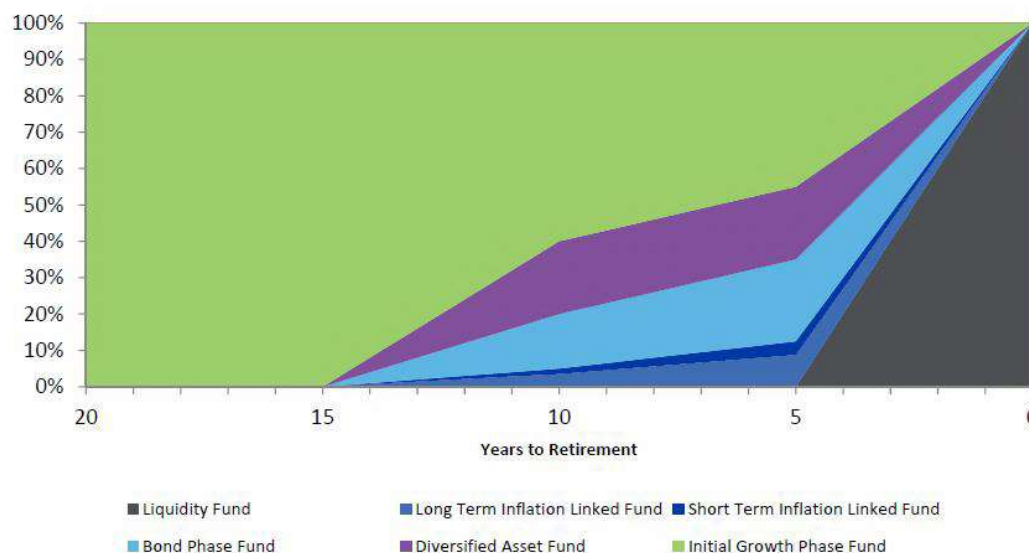
At a member's selected retirement date, the Cash Lifestyle Strategy invests the member's assets 100% in the Aon Managed Liquidity Fund, with the aim of protecting the value of the investments relative to cash. This structure is summarised in the chart below.

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES FOR THE YEAR ENDED 30 JUNE 2023

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 FOR THE YEAR ENDED 30 JUNE 2023

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 FOR THE YEAR ENDED 30 JUNE 2023

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 FOR THE YEAR ENDED 30 JUNE 2023

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.

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES FOR THE YEAR ENDED 30 JUNE 2023

ARRANGEMENTS WITH INVESTMENT MANAGERS (continued)

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.

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.

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES FOR THE YEAR ENDED 30 JUNE 2023

COST TRANSPARENCY (continued)

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.

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').

PGL PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES FOR THE YEAR ENDED 30 JUNE 2023

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% p.a. 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