PGI GROUP PENSION PLAN

Trustees’ annual report and financial statements

Registration number: 10082986

Year ended 31 December 2022

CONTENTS

Trustees and advisers

Trustees' report

The trustees of the PGI Group Pension Plan present their annual report together with the investment report, implementation statement, actuarial statement and financial statements for the year ended 31 December 2022.

Constitution of the scheme
The PGI Group Pension Plan is governed by a consolidating Trust Deed and rules dated 22 July 2008. The Plan has been approved as an Exempt Approved Scheme under Chapter 1 of Part XIV of the Income and Corporation Taxes Act 2010. The scheme is closed to new members.

Management of the scheme
The trustees are responsible for the administration and investment policy of the Plan. During the year under review the trustees met four times.

Under the Trust Deed and rules of the Plan, two thirds of the trustees are appointed by PGI Group Ltd (the Employer). One-third of the trustees are nominated by Plan members. Company appointed trustees can serve until removed by the Company. Member nominated trustees, elected from the Plan's membership, serve for a term of three years after which they must stand for re-election.

Trustees
The Trustees who held office during the period and up to the date of signature of the financial statements were as follows:

L Hene (resigned 7th December 2022)
J Vohryzek-Samuel
E Wratten (appointed 7th December 2022)
S Hobhouse (Member nominated trustee)

Statement of trustees' responsibilities
The accounts, which are prepared in accordance with UK Generally Accepted Accounting Practice, are the responsibility of the trustees. Pension scheme regulations require the trustees to make available to scheme members, beneficiaries and certain other parties, audited accounts for each scheme year which:

- Show a true and fair view of the financial transactions of the Plan during the year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year, and
- Contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

The trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The trustees are responsible for making available each year, commonly in the form of a trustees' annual report, information about the Scheme prescribed by pensions legislation, which they should ensure is consistent with the financial statements it accompanies.

The Trustees also have certain responsibilities in respect of contributions which are set out in the statement of Trustees' summary of contributions.

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

Trustees' report (Cont)

Schedule of contributions

The members do not contribute to the Plan. The employer pays the total amount to fund the benefits and administrative expenses of the Plan. In 2022, the funding of the benefits amounted to a recovery plan contribution to amortise the deficit of £1,100,000 (2021: £400,000) and the funding of the administrative expenses amounted to £36,523 (2021: £44,200).

Membership

The change in the membership of the Plan during the year is given below:

	2022	2021
Deferred pensioners		
Deferred pensioners at the beginning of the year	117	128
Deferred pensioners reaching pensionable age	(8)	(9)
Deferred pensioners who reached pensionable age and whose pensions were commuted in full	(3)	(2)
Deferred pensioners who died during the year	(2)	
	104	**117**
Pensioners		
Pensioners at the beginning of the year	281	287
Deferred pensioners reaching pensionable age	8	9
Spouses and dependants	3	8
Pensioners who died during the year	(21)	(23)
	271	**281**
Total membership at the end of the year	375	398

Review of financial development of the plan

The last full actuarial valuation was performed by Mercer Limited, the Plan's actuaries, as at 31 December 2019. The 31 December 2019 valuation indicated that on a continuing valuation basis the deficit was £4,799,000 and the value of the assets was sufficient to cover 75% of the benefits accrued to the members, as disclosed on page 22 of these accounts. The Pension Plan was closed to future accrual for active members from 1 October 2011.

A summary of the actuarial statement based on the 31 December 2019 valuation is disclosed on pages 17 to 23 of these accounts.

The Plan's invested assets were managed by BlackRock Investment Management (UK) Limited ("BlackRock") who were appointed by the Plan in July 2009. BlackRock is remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund and are paid quarterly.

Custodian services are provided by The Bank of New York Mellon (International) Limited. In accordance with normal practice, the Plan's investments are registered in the name of the custodian's own nominee company with designation for the Plan.

The financial statements have been prepared and audited in accordance with regulations under S41(1) and (6) of the Pensions Act 1995.

Trustees' report (Cont)

Investment management

During the year under review, Broadstone Corporate Benefits Limited were appointed as the Plan's investment consultants.

Towards the end of the year, following favourable changes in market conditions which were expected to significantly improve the Plan's funding position, the Trustees agreed to de-risk the Plan and restructure the investment strategy. The revised strategy consists of 25% in equities and 75% in bonds, including gilts and corporate bonds. The Trustees have agreed rebalancing ranges such that the allocation to equities will be no more than 30% of assets and the allocation to bonds will be at least 70% of assets. The assets continue to be managed in pooled funds by BlackRock. Further details can be found in the Investment report included in these accounts.

In accordance with s35 of the Pensions Act 1995, a Statement of Investment Principles has been prepared by the Trustees which incorporates the investment strategy. A copy of the Statement may be obtained from the Secretary to the Trustees, or is available to view on the website of the Principal Employer at the following web address:
www.pgi-uk.com/site-map/pgi-group-pension-plan-sip

Further information

Further details of investment performance are included in the investment report. Further disclosures required by legislation are included in the compliance statement. Requests for additional information about the Plan generally, or queries relating to members' own benefits, should be made to Ms M A Gage, Secretary to the Trustees, whose address appears on page 1 of this report.

J Vohryzek-Samuel
Chairman of the Trustees

S S Hobhouse
Trustee

Investment report

Investments

During the period under review, the Plan's invested assets were managed by BlackRock Investment Management (UK) Limited ("BlackRock") who were appointed by the Plan in July 2009.

A Statement of Investment Principles has been produced as required under Section 35 of the Pensions Act 1995, Section 244 of the Pensions Act 2004, the Occupational Pension Plan (Investment) Regulations 2005, the Pension Protection Fund (Pensionable Service) and Occupational Pension Plan (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and the Occupational Pension Plans (Investment and Disclosure) (Amendment) Regulations 2019. A copy is available on request and can also be found online at the following web address: www.pgi-uk.com/site-map/pgi-group-pension-plan-sip

Custodians

The Trustees are responsible for ensuring the Plan's assets continue to be securely held. They review the custodian arrangements from time to time and the Plan Auditors are authorised to make whatever investigations they deem are necessary as part of the annual audit procedure.

The Plan's managed fund units are held under unitised policies in the name of the Trustees and the assets underlying the units are held by independent corporate custodians which are regularly reviewed by independent auditors.

BlackRock use Bank of New York Mellon as custodians.

Environmental, Social and Governance Considerations

The Trustees recognise that Environmental, Social and Governance (ESG) issues, including climate risk, can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Plan invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustees delegate responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustees have an expectation that the Investment Manager will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Plan's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustees receive information from the Investment Manager on their approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Plan's investments associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The Trustees regard the potential impact of climate change on the Plan's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Plan's funding position than other risks. The Trustees will continue to monitor market developments in this area with its investment adviser.

Views of Members and Beneficiaries

The Plan is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore does not explicitly seek to reflect any specific views through the implementation of the investment strategy.

Stewardship: Exercise of voting rights and engagement activities

Responsibility for engagement with the issuers of the Plan's underlying investment holdings and the use of any voting rights, where applicable, is delegated to the Investment Manager. The Trustees can therefore only influence engagement and voting policy indirectly.

The Investment Manager provides, on request, information to the Trustees on their actions in relation to engagement and use of any voting rights. The Trustees are therefore aware of the policies adopted by the Investment Manager.

Investment report (Cont)

Incentivisation of investment managers – remuneration and objectives
The Investment Manager is remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

The Trustees do not directly incentivise the Investment Manager to align the approach they adopt for a particular fund with the Trustees' policies and objectives. Instead, the Investment Manager and the funds are selected so that, in aggregate, the returns produced are expected to meet the Trustees' objectives.

Incentivisation of investment managers – performance
The Trustees do not directly incentivise the Investment Manager to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustees expect such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Plan.

Monitoring the investment strategy and managers
The Trustees employ Broadstone to assist them in monitoring the performance of the Plan's investment strategy and Investment Manager.

The Trustees receive quarterly reports from the Investment Manager and meet with their representatives periodically to review their investment performance and processes.

The Trustees and Broadstone will monitor the Investment Manager's performance against their performance objectives.

The appropriateness of the Investment Manager's remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.

Portfolio turnover and costs
The Trustees expect the investment manager to change underlying holdings only to an extent required to meet its investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions. The Trustees therefore do not set a specific portfolio turnover target for their strategy or the underlying funds. The investment manager provides information on portfolio turnover and associated costs to the Trustees so that this can be monitored, as appropriate.

Investment Strategy
The investment objective of the Plan is to maintain a portfolio of suitable assets of appropriate liquidity in a way that is consistent with the Plan's funding objectives and which will generate investment returns to meet the benefits of the Plan payable under the Trust Deed and Rules as they fall due.

The Trustees sets the investment strategy for the Plan taking into account considerations such as the strength of the employer covenant and the long term liabilities of the Plan. The investment strategy is set out in the Plan's Statement of Investment Principles (SIP).

At the start of the year, the Trustees' long-term investment policy was to invest 90% in growth strategies and 10% in bonds and cash. Within the growth strategies the Trustees had implemented a benchmark allocation of UK Equity Index Fund, 50%; US Equity Index Fund, 10%; European Equity Index Fund, 10%; and an Overseas Fixed Benchmark Equity Fund, 20%. The bonds consisted of a 10% allocation to a 5-15 Year Corporate Bond Index Fund.

Investment report (Cont)

Investment Strategy (Cont)

Towards the end of the year, following favourable changes in market conditions which were expected to significantly improve the Plan's funding position, the Trustees agreed to de-risk the Plan and restructure the investment strategy. The revised strategy consists of 25% in equities and 75% in bonds, including gilts and corporate bonds. The Trustees have agreed rebalancing ranges such that the allocation to equities will be no more than 30% of assets and the allocation to bonds will be at least 70% of assets. The assets continue to be managed in pooled funds by BlackRock.

The Trustees use a range of passively managed equity index funds, gilt index funds, including both nominal and index-linked gilts, together with high quality corporate bonds that are managed on a 'buy and maintain' basis. The structure and combination of these bonds funds is determined with the aim of providing a broad match to the interest rate and inflation sensitivities of the Plan's liabilities.

The Trustees have considered various risks the Plan faces, including market risk, interest rate risk, inflation risk, default risk, concentration risk, manager risk and currency risk, and consider that the strategy strikes a reasonable balance between risk mitigation and seeking an appropriate level of return, taking account of the strength of the Sponsoring Employer's covenant and the long-term nature of the Plan.

Risk Disclosures

Summary

The Plan's invested assets and *direct* risks as at 31 December 2022 are summarised in the table below.

Fund	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk	2022 Value £	2021 Value £
Direct Holdings						
Pooled investment vehicles	●	○	○	○	15,300,224	16,136,048

Key: ● = Significant risk exposure, ◑ = Partial risk exposure, ○ = Immaterial/no risk exposure

The Plan's invested assets and *indirect* risks as at 31 December 2022 are summarised in the table below.

Fund	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk	2022 Value £m	2021 Value £m
Pooled Investment Vehicles						
BlackRock Aquila Life UK Equity Index Fund	○	○	○	●	2,232,496	8,121,280
BlackRock Aquila Life US Equity Index Fund	○	●	○	●	429,385	2,748,394
BlackRock Aquila Life European Equity Index Fund	○	●	○	●	464,604	1,840,440
BlackRock Aquila Life Overseas Fixed B'mark Equity Index Fund	○	●	○	●	894,755	3,392,030
BlackRock Buy & Maintain ESG Vintage Fund 2030-2034	●	○	●	○	3,057,890	-
BlackRock Buy & Maintain ESG Vintage Fund 2035-2039	●	○	●	○	2,650,943	-
BlackRock Aquila Life Over 15 Years UK Gilt Index Fund	◑	○	●	○	1,607,954	-
BlackRock Aquila Life Over 5 Years Index-Linked Gilt Fund	◑	○	●	●	3,859,941	-
BlackRock Aquila Life 5-15 Years Corporate Bond Index Fund	●	○	●	○	3,759	33,904
Cash	◑	○	●	○	98,497	-

Key: ● = Significant risk exposure, ◑ = Partial risk exposure, ○ = Immaterial/no risk exposure

Investment report (Cont)

Credit Risk
Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled managers, the regulatory environments in which the pooled managers operate, and the ongoing due diligence of the pooled manager. The Trustees carry out due diligence checks on the appointment of a new pooled investment manager and on an ongoing basis monitors any changes to the operating environment of the pooled manager.

Indirectly the Plan has exposure to credit risk within some of the funds held. This risk is delegated to the manager, who monitors the magnitude of credit risk and exposure to bonds rated below investment grade over time, as the manager changes the underlying investments.

The manager also appoints custodians to further mitigate any credit risk.

Currency Risk
The Plan is exposed to currency risk because the unhedged overseas equity funds have overseas investments which are non-Sterling. The exposure to foreign currencies will vary over time as the manager changes its underlying investments. The Trustees consider the overseas currency exposure in the context of the overall investment strategy and will keep this under review.

Interest Rate Risk
The bond and cash funds are subject to indirect interest rate risk. This risk is delegated to the manager and the exposure will vary over time as the underlying investments within the funds are altered by the manager.

Other Price Risk
All the equity funds and the index-linked gilts fund are subject to other price risk. The exposure to other price risk within the pooled funds will vary over time depending on how the managers change the underlying asset allocation. The Trustees believe that this risk is appropriately managed via diversification between the different asset classes and within each asset class. The Trustees monitor this risk on a regular basis, looking at the performance of the manager, asset class and holding, and works with its investment adviser to consider the appropriateness of all risk exposures within the portfolio. The Trustees receive an investment report on the overall management of the fund. This report is received quarterly.

Investment report (Cont)

Performance

A summary of the overall performance of the assets for the Plan for periods to 31 December 2022 is provided in the table below (shown net of fees).

	1 year (%)		3 years (p.a.) (%)		5 years (p.a.) (%)	
	Fund	Index	Fund	Index	Fund	Index
BlackRock Aquila Life UK Equity Index Fund	0.3	0.3	2.3	2.3	3.0	2.9
BlackRock Aquila Life US Equity Index Fund	-9.1	-9.1	10.8	10.8	11.8	11.8
BlackRock Aquila Life European Equity Index Fund	-8.3	-7.7	5.6	5.6	5.2	5.1
BlackRock Aquila Life Overseas Fixed Benchmark Equity Index Fund	-6.6	-6.5	7.1	7.0	7.0	6.8
BlackRock Buy & Maintain ESG Vintage Fund 2030-2034	-	-	-	-	-	-
BlackRock Buy & Maintain ESG Vintage Fund 2035-2039	-	-	-	-	-	-
BlackRock Aquila Life Over 15 Years UK Gilt Index Fund	-40.0	-40.0	-14.1	-14.1	-6.5	-6.6
BlackRock Aquila Life Over 5 Years Index-Linked Gilt Fund	-38.1	-38.0	-10.2	-10.1	-5.1	-5.0
BlackRock Aquila Life 5-15 Years Corporate Bond Index Fund	-18.9	-18.9	-5.4	-5.4	-1.7	-1.8

Source: BlackRock, net of fees.

Overall Plan Performance	
1 year	-5.2%
3 years (p.a.)	4.4%
5 years (p.a.)	4.9%

Source: BlackRock. Performance provided gross of fees.

Investment Markets

The environment for financial markets worsened in the first half of 2022. A toxic cocktail of surging inflation (both realised and expected), increasing interest rates (again both realised and expected), supply-chain issues, and Russia's invasion of Ukraine all caused market sentiment to sour, with the majority of equity and fixed income markets suffering sharp losses.

Global equities fell more than 17% (in local currency terms) over the period. The main detractors were North American equity markets (-20%), with the US Federal Reserve indicating that avoiding a recession would be challenging having implemented three rate hikes (raising interest rates by a total of 1.5%) during the six-month period. European (ex UK) equity markets also saw similar losses given their proximity to the conflict between Russia and Ukraine (and these economies' reliance on Russian oil and gas). The 'top' performers came from the Japanese and UK markets (both -5%), with the latter benefitting from its exposure to large companies in the oil sector, as well as defensive areas of the market, including the telecoms, healthcare, and consumer staples sectors.

Equity markets managed to end a torrid calendar year on a more positive note, with the majority of regions recording gains over the second half of the year. Investor sentiment was buoyed somewhat in the final few months of the year as political turmoil in the UK subsided, there were signs that the inflationary pressures that had plagued markets throughout 2022 were starting to ease, and there was a sharp relaxation of China's zero-COVID policy.

Investment report (Cont)

Investment Markets (Cont)

Equities gained (in local currency terms) in the majority of regions over the period. The strongest returns were seen in European (ex. UK), UK, and Developed Asian (ex. Japan) equity markets. However, Emerging Market stocks fell in value as they were unable to recoup losses suffered in the first half of the period.

With inflation surging, the performance of fixed income markets was driven by investors' expectations that central banks will need to continue to raise interest rates at a faster pace than previously expected – indeed, the Bank of England implemented four interest rate hikes to 1.25% during the first half of the year. This market backdrop saw corporate bond and government bond prices fall sharply and the short-lived tenures of Liz Truss (as Prime Minister) and Kwasi Kwarteng (as Chancellor of the Exchequer), and their now infamous 'mini-budget', resulted in a period of extreme volatility within UK fixed income markets in late September/early October.

The resulting sharp rise in gilt yields saw significant losses in the hedging assets of many UK defined benefit pension schemes. Plans invested in liability driven investment ('LDI') assets will have also experienced a string of capital calls to maintain their hedging. However, we note that any unhedged deficits will have been expected to have fallen sharply during this period.

The returns from major global asset classes during the twelve months, three years and five years to 31 December 2022 are set out in the table below.

Asset Class Returns	1 year (%)	3 yrs (% p.a.)	5 yrs (% p.a.)
Equities			
UK Equities	0.3	2.3	2.9
Global Equities (Hedged)	-15.3	5.6	6.7
North American Equities (Hedged)	-18.7	7.4	9.1
European Equities (ex UK) (Hedged)	-14.5	2.9	4.5
Japanese Equities (Hedged)	-3.1	6.1	3.7
Pacific Equities (ex Japan) (Hedged)	-7.9	3.3	3.5
Emerging Market Equities (Hedged)	-13.5	1.1	2.5
Bonds			
UK Gilts (All Stocks)	-23.8	-7.9	-3.4
UK Gilts (Over 15 Years)	-40.1	-14.2	-6.6
UK Index-Linked Gilts (All Stocks)	-33.6	-8.4	-4.0
UK Bonds (All Stocks)	-17.7	-4.9	-1.6
UK Bonds (Over 15 Years)	-34.4	-10.8	-4.4
Overseas Government Bonds	-6.4	-2.4	0.0
Other Asset Classes			
Commercial Property	-10.1	2.2	3.2
Cash	1.4	0.5	0.6
Oil	6.7	9.5	5.8
Gold	-0.4	6.1	6.9

Source: Refinitiv Datastream, Bank of England, Managers.

Statement of Investment Principles - Implementation Statement

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated 24 October 2022 have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 January 2022 to 31 December 2022.

Investment objectives of the Plan
The objectives of the Plan are set out on page 2 of the SIP and are summarised below:

- To ensure that the assets are of a nature to enable the Trustees to meet the Plan's benefits as they fall due.
- To aim to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Plan.
- To invest the Plan's assets in an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Plan's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustees' funding plan have a reasonable chance of being achieved in practice.
- Where future opportunities arise to increase protection against liability-related risks in such a way that it does not invalidate the Trustees' funding plan, the Trustees will consider steps to further reduce the volatility of the Plan's funding position relative to its funding objective.

Stewardship policy
The Trustees have a policy on financially material considerations relating to Environmental, Social and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement, and are detailed in the Trustees' SIP.

The Trustees will review their policy on stewardship over time.

Statement of Investment Principles
The Trustees last reviewed the Statement of Investment Principles (SIP) in October 2022, which was updated for the revised investment strategy. The SIP also confirms Broadstone Corporate Benefits Limited ("Broadstone") as the Plan's investment adviser.
The Trustees' policies on financially and non-financially material considerations, as well as engagement and voting activities, were updated in the SIP during the year.

Statement of Investment Principles - Implementation Statement (Cont)

Investment manager and funds in use

The investment funds used for by Plan are set out below:

Asset Class	Fund	Target Asset Allocation
UK equities	BlackRock Aquila Life UK Equity Index Fund	13.9%
Global equities	BlackRock Aquila Life US Equity Index Fund	2.8%
Global equities	BlackRock Aquila Life European Equity Index Fund	2.8%
Global equities	BlackRock Aquila Life Overseas Fixed Benchmark Equity Index Fund	5.6%
Corporate bonds	BlackRock Buy & Maintain ESG Vintage Fund 2030-2034	20.0%
Corporate bonds	BlackRock Buy & Maintain ESG Vintage Fund 2035-2039	17.5%
Corporate bonds	BlackRock Aquila Life 5-15 Years Corporate Bond Index Fund	-
Government bonds	BlackRock Aquila Life Over 15 Years UK Gilt Index Fund	11.0%
Government bonds	BlackRock Aquila Life Over 5 Years Index-Linked Gilt Fund	26.5%
Total		**100.0%**

Investment Governance

The Trustees are responsible for making investment decisions, and seek advice as appropriate from Broadstone, as the Trustees' investment adviser.

The Trustees do not actively obtain views of the membership of the Plan to help form their policies set out in the SIP as the Plan is comprised of a diverse membership, which the Trustees expect to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustees have put in place strategic objectives for Broadstone, as the Trustees' investment adviser, as required by the Investment Consultancy and Fiduciary Management Market Investigation Order 2019. These strategic objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, scheme management, compliance and service standards. There were no changes to the objectives for Broadstone which were signed and put in place in August 2022. The Trustees are due to formally review these objectives by August 2025.

The investment arrangements of the Plan are reviewed by the Trustees on a quarterly basis, with the assistance of Broadstone.

The investment management agreement with BlackRock was updated during the year to include the new funds used by the Plan within the Schedule of investments and fees.

Strategy Review

At the start of the year, the Trustees' long-term investment policy was to invest 90% in growth strategies and 10% in bonds and cash with BlackRock Investment Management (UK) Limited ("BlackRock"). Within the growth strategies the Trustees had implemented a benchmark allocation of UK Equity Index Fund, 50%; US Equity Index Fund, 10%; European Equity Index Fund, 10%; and an Overseas Fixed Benchmark Equity Fund, 20%. The bonds consisted of a 10% allocation to a 5-15 Year Corporate Bond Index Fund.

In October 2022, the Trustees received advice from its investment adviser, Broadstone, to de-risk the Plan and restructure the investment strategy to support the Plan's longer term funding objective. The revised strategy reduced the equity allocation to 25%, and increases the allocation in bonds to 75%, including gilts and corporate bonds.

The Trustees use a range of passively managed equity index funds, gilt index funds, including both nominal and index-linked gilts, together with high quality corporate bonds that are managed on a 'buy and maintain' basis, generating cashflow to help meet the Plan's benefit outgoings. The structure and combination of these bonds funds is determined with the aim of providing a broad match to the characteristics and interest rate and inflation sensitivities of the liabilities. The assets continue to be managed on a pooled funds basis by BlackRock.

Statement of Investment Principles - Implementation Statement (Cont)

Trustees' Policies

The table below sets out how, and the extent to which, the relevant policies in the Plan's SIP have been followed:

Requirement	Policy	Implementation of Policy
Financially and Non-Financially Material Considerations	The Trustees recognise that Environmental, Social and Governance (ESG) issues, including climate risk, can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Plan invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustees delegate responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustees have an expectation that the Investment Manager will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Plan's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets. The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustees receive information from the Investment Manager on their approach to selecting investments and engaging with issuers with reference to ESG issues. With regard to the specific risk to the performance of the Plan's investments associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The Trustees regard the potential impact of climate change on the Plan's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Plan's funding position than other risks. The Trustees will continue to monitor market developments in this area with its investment adviser.	No deviation from this policy over the year to 31 December 2022 (see below)
Voting Rights and Engagement	Responsibility for engagement with the issuers of the Plan's underlying investment holdings and the use of any voting rights, where applicable, is delegated to the Investment Manager. The Trustees can therefore only influence engagement and voting policy indirectly. The Investment Manager provides, on request, information to the Trustees on their actions in relation to engagement and use of any voting rights. The Trustees are therefore aware of the policies adopted by the Investment Manager.	No deviation from this policy over the year to 31 December 2022 (see below)
Additional Voluntary Contributions (AVCs)	The Plan holds funds accumulated in respect of AVCs separately from the assets backing defined benefits using a policy provided by Santander and Utmost Life & Pensions.	No deviation from this policy over the year to 31 December 2022

Statement of Investment Principles - Implementation Statement (Cont)

Financially and non-financially material considerations

The Trustees note that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustees are satisfied that the funds currently invested in by the Plan are managed in accordance with their views on financially material considerations, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

This position is monitored periodically. As part of the monitoring process, the Trustees have access to updates on governance and engagement activities by the investment managers, and input from their investment advisors on ESG matters. These views are also taken into account when appointing and reviewing investment managers.

The Trustees acknowledge that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their investment managers, given they are investing in pooled funds.
The Trustees invest across a range of asset classes and styles. The Trustees expect the investment manager to take into account ESG considerations by engaging with the underlying companies and where relevant, by exercising voting rights on these companies.

In the case of the Plan's investments in the corporate bond funds, the investment manager incorporates ESG within the investment process in a manner which ensures that ESG considerations are taken into account at each stage of the investment process (portfolio construction and review), and ensures a pathway to net zero carbon across the portfolios by 2050.

Voting rights and engagement activities

The Trustees currently invest in pooled investment funds with the investment manager, and acknowledge that this limits their ability to directly influence the manager. In particular, all voting activities have been delegated to the investment managers, as the Trustees do not have any legal right to vote on the underlying holdings, given the pooled nature of the Plan's investments.

However, the Trustees and/or Broadstone periodically meet with the investment manager, to engage with them on how they have taken ESG issues and voting rights into account for the investment approaches they manage on behalf of the Trustees. As part of this, the Trustees and/or Broadstone will seek to challenge their investment managers on these matters where they think this is in the best interests of members.

Within the current investment arrangements, the equity funds contain equity holdings, and therefore have voting rights attached. The Trustees have delegated these voting rights to BlackRock, where BlackRock sets its own voting policy.

A summary of the votes made from 1 January 2022 to 31 December 2022 on behalf of the Trustees is provided in the table below. The proportion of votes split by Environmental, Social or Governance issue was requested but has not been provided at the time of producing this Statement.

	Approx % of Plan assets	Resolutions voted on			Total Resolutions Voted:		
Fund		Env.	Soc.	Gov.	For	Against	Abstained
BlackRock Aquila Life UK Equity Index	14.6%	n/a	n/a	n/a	94%	5%	1%
BlackRock Aquila Life US Equity Index	2.8%	n/a	n/a	n/a	96%	3%	1%
BlackRock Aquila Life European Equity Index	3.0%	n/a	n/a	n/a	87%	12%	1%
BlackRock Aquila Life Overseas Fixed Benchmark Equity Index	5.9%	n/a	n/a	n/a	92%	7%	1%

Statement of Investment Principles - Implementation Statement (Cont)

Voting rights and engagement activities (Cont)

All the Plan's assets are invested in pooled funds. BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA"). The analysts within each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines. BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute voting instructions.

The Trustees have requested details of the significant votes and engagements made on behalf of the Trustees.

Significant votes

The Trustees believe the following are the most significant votes undertaken on their behalf over the Plan year:

SIGNIFICANT VOTE 1	
Company	Rio Tinto
Date	8 April 2022
% of portfolio invested in firm	Not provided by BlackRock
Resolution	Approve Climate Action Plan
Why significant	The BlackRock Investment Stewardship (BIS) team voted for the management proposal seeking shareholders' approval of the Rio Tinto Group's Climate Action Plan. The group's climate action plan, targets, and disclosures are consistent with what BlackRock look for and demonstrates management and board responsiveness to shareholder feedback. Accordingly, BIS determined that it is in the best interests of their clients as long-term shareholders to support the proposal to approve the Climate Action Plan.
How voted	**VOTED FOR**
Manager Comments	BlackRock's stewardship approach is based on their fundamental role as a fiduciary to their clients and are interested in how companies are assessing and managing the risks and opportunities arising from the global energy transition, while also managing a reliable energy supply. Specifically, BIS look for companies to demonstrate they have strategies in place that address and are resilient to a range of scenarios, including likely decarbonization pathways well below 2°C, as well as global ambitions to limit temperature rise to 1.5°C.
Vote outcome	Passed

SIGNIFICANT VOTE 2	
Company	Amazon.com, Inc.
Date	25 May 2022
% of portfolio invested in firm	Not provided by BlackRock
Resolution	Elect Director Judith A. McGrath
Why significant	BlackRock has not provided reasons for why this vote is significant but provided rationale for vote being that the Director nominee has not demonstrated ability to effectively represent shareholders' best interests.
How voted	**VOTED AGAINST**
Manager Comments	BlackRock has not confirmed whether they informed the company of their intention to vote against the resolution ahead of the vote.
Vote outcome	Passed

Statement of Investment Principles - Implementation Statement (Cont)

Engagement activities

BlackRock held constructive engagements with utility company AGL Energy Ltd. (AGL), in pursuit of long-term value creation. AGL is Australia's leading integrated essential service provider. The company delivers gas, electricity, and telecommunications services to residential, small and large business, and wholesale customers across the country. AGL operates Australia's largest electricity generation portfolio, representing approximately 20% of the total generation capacity within Australia's National Electricity Market. AGL is also Australia's largest carbon emitter, largely attributable to its coal-fired power station operations. As such, AGL is included in BlackRock Investment Stewardship's (BIS) climate focus universe. BIS has had a long and constructive history of engagement with members of AGL's board and management team. During the past year, BIS continued to focus their discussions on corporate governance and sustainability issues that they believe drive long-term shareholder value, including how the company is addressing climate related risks and opportunities and the energy transition, as well as what role, if any, coal-fired operations might play in its portfolio over time.

Monitoring of Investment Arrangements

In addition to reviews of the investment manager or approaches, and direct engagement with the investment manager (as detailed above), the Trustees receive performance reports on a quarterly basis from BlackRock together with performance reports from Broadstone on a quarterly basis to ensure the investment objectives set out in their SIP are being met.

Actuarial statement

Statement of funding principles

PGI Group Pension Plan
This statement was prepared by the trustees for the purposes of recording the principles underlying the funding of the scheme and to satisfy the requirements of section 223 of the Pensions Act 2004.

This document was prepared in the context of the scheme funding valuation of the scheme as at 31 December 2019 (the "valuation"). It supersedes all previous versions and will be reviewed in conjunction with the next scheme funding valuation.

Trustees' funding objective
The trustees' sole funding objective is the statutory funding objective. The statutory funding objective is defined in Section 222 of the Pensions Act 2004 and states that a scheme must have sufficient and appropriate assets to cover its technical provisions.

The technical provisions are an estimate, made using actuarial principles, of the assets needed at any particular time to make provision for benefits already accrued under the scheme. These include pensions in payment (including those payable to survivors of former members) and benefits accrued by members which will become payable in the future.

Trustees' policy for achieving their funding objective
The trustees' policy for achieving their funding objective is to commission the Scheme Actuary to review whether or not the trustees' funding objective is being met (a scheme funding valuation) and, if necessary, the trustees will agree a recovery plan with the employer.

Scheme funding valuations will, in normal circumstances, be carried out every three years. The trustees may call for a full actuarial valuation earlier than scheduled if, after considering the actuary's advice, they are of the opinion that events have made it inappropriate to continue to rely on the results of the previous scheme funding valuation as the basis for future contributions. However, the trustees will consult the employer before doing so.

The recovery plan will be based on the technical provisions calculated in accordance with the method and assumptions set out in the statement of funding principles.

The employer contributions under the recovery plan will be such as to eliminate the shortfall over an appropriate period, taking into account the following factors:

- The size of the funding shortfall;
- The business plans of the employer;
- The trustees' assessment of the financial covenant of the employer;
- Any contingent security offered by the employer or an associated company.

The recovery plan resulting from this valuation is based on a recovery period of 8 years from 1 January 2021, i.e. by 31 December 2028.

Principles for the setting of assumptions
The statement of funding principles and, in particular, the derivation of the actuarial assumptions will be reviewed at each actuarial valuation and possibly at other times. Such reviews will consider legal, demographic and economic circumstances at the time, the strength of the employer's covenant and the scheme's investment strategy. Changes in any of the above factors could lead to a change in the assumptions and/or their derivation.

Actuarial statement (Cont)

Statement of funding principles (Cont)

Principles for the setting of assumptions (Cont)

In particular, the derivation of the discount rate(s) will be reviewed each time to make sure this remains consistent with the trustees' investment strategy and the latest view of the employer's covenant. The mortality assumptions will also be specifically reviewed at each actuarial valuation so that they continue to take into account up to date information published by the actuarial profession's Continuous Mortality Investigation and make prudent allowance for future improvements in longevity.

When calculating the recovery plan contributions the trustees can assume higher investment returns on the assets than that implied by the discount rate(s) (investment outperformance). Any allowance for investment outperformance will be consistent with the investment strategy and will reflect how the investment allocation is expected to evolve over time. Any such allowance will be applied to the scheme's assets and expected future contributions.

For this valuation allowance has been made for investment outperformance of 1.35% per annum on average for all investments over the entire recovery period.

It is assumed that the funds will be invested in growth and matching assets in proportion to the current investment allocation. This approach will not allow for the proportion of non pensioner liabilities, and hence growth assets, to reduce over time.

In the absence of any such review by the trustees, or specific instruction to the contrary, the actuary should use the derivations set out in this statement to generate consistent market related assumptions for calculating funding updates. In particular, this will apply for the actuarial report on developments affecting the scheme's funding level, which will be obtained at each intermediate anniversary of the valuation date when a full valuation is not commissioned.

Actuarial statement (Cont)

Statement of funding principles (Cont)

Financial assumptions

Discount rate	The discount rate will be calculated using the Nominal Gilt Yield Curve plus 1.15% p.a. at each term (see chart under this table for the Nominal Gilt Curve spot rates at the valuation date).
Return on existing assets and new contributions over the deficit recovery period	The return on assets over the deficit recovery period will be calculated as 1.35% p.a. above the assumptions used to value the technical provisions at each term. This is higher than the assumptions used to value the technical provisions, in order to take some advance credit for the additional investment returns anticipated by the trustees from their investment strategy.
Rate of inflation - Retail Prices Index (RPI)	The rate of inflation as measured by RPI growth will be calculated using the Nominal Gilt inflation Curve less 0.20% p.a. at each term to reflect the "inflation risk premium" for fixed interest gilts and the high demand/low supply of index linked gilts relative to fixed interest gilts (see chart under this table for the Gilt Inflation Curve spot rates at the valuation date).
Rate of inflation - Consumer Prices Index (CPI)	The assumption for CPI growth will be calculated as the assumption for RPI Inflation less 0.70% p.a. at each term to 2030 followed by RPI with no deduction after 2030.
Revaluation of pensions in deferment	Elements of pension in deferment which have future revaluation in line with RPI subject to a maximum of 5% per annum will be calculated as revaluing at the assumed rate of RPI inflation, subject to a minimum assumption of 0% per annum and a maximum assumption of 5% per annum. Elements of pension in deferment which have future revaluation in line with CPI subject to a maximum of 2.5% per annum will be calculated as revaluing at the assumed rate of CPI inflation, subject to a minimum assumption of 0% per annum and a maximum assumption of 2.5% per annum. The maxima and minima are calculated cumulatively over the period between date of leaving and retirement for each member and compared with actual RPI/CPI increases over that period.
Increases to pensions in payment	Pension increases will be calculated using the Black-Scholes stochastic model applying any applicable maximum and/or minimum rates, the RPI/CPI inflation assumption and an assumed inflation volatility of 1.75% p.a. The model is applied to RPI/CPI inflation for each term in the curve.

Actuarial statement (Cont)

Statement of funding principles (Cont)

Demographic assumptions

The size of the scheme is not sufficiently large as to allow any meaningful analysis of scheme statistics to determine future demographic assumptions. Consequently, standard assumptions will be adopted, with the exception of VitaCurves being used as the base mortality tables as described below.

Members taking transfer values	No allowance will be made for members taking transfer values from the scheme
Retirements	All members will be assumed to retire at their normal retirement date. To allow for special terms available on early retirement arising from equal treatment provisions, current scheme late retirement factors will be applied to each tranche of benefit that can be taken from an earlier age without reduction.
Cash commutation	Members assumed to exchange 80% of maximum cash permitted (ignoring the effect of protection of cash) at rates of 42.9% higher than the current factors.
Mortality- pre retirement	No allowance will be made.
Mortality- post retirement	The basis adopted for the valuation was: Base mortality table: 100% of the mortality rates in 2019 VitaCurves for males and 2019 VitaCurves for females, projected to the valuation date in line with the approach below. Allowance for future improvements: CMI core projection model with a 1.25% per annum long term projected rate of improvement and a smoothing parameter (Sk) of [7.5] (CMI_2019 1.25%, 5=7.5), using a year of birth approach. The 2019 Vita Curves identify a mortality assumption for each member which reflects his or her individual mortality characteristics.
Contingent dependants' pensions	90% of males and 75% of females will be assumed to be married at retirement (or on earlier death). This proportion reduces each year after retirement based on the mortality assumptions relating to the spouse. This allowance is designed to cover all contingent dependants' pensions (including non married partners and children's pensions where applicable) rather than separate assumptions being made for such benefits.
Spouses' ages	Males will be assumed to be three years older than females.
Discretionary benefits	There has not been any practice of granting discretionary benefits or increases in benefits under the scheme and consequently no allowance will be made for this.

Actuarial statement (Cont)

Statement of funding principles (Cont)

Further calculation principles
The actuarial method used in the calculation of the technical provisions will be the defined accrued benefit method.

Where pensions have been secured by the purchase of annuities, the corresponding liabilities will be excluded from the technical provisions and the corresponding assets will be excluded from the actuarial valuation.

Treatment of scheme expenses
The employer will pay all expenses of running the scheme, including the Pension Protection Fund levies separately, and no allowance is made for these costs within the valuation calculations.

At each valuation the trustees and employer will review if the costs of any insurance premiums and the expenses of running the scheme should be met separately or if a prudent allowance will be made within the schedule of contributions. If included within the schedule of contributions, this may be as an additional percentage or as a specific monetary allowance, as appropriate, and the figures will be based on recent experience and reasonable future expectations.

Policy on reduction of transfer values
At each valuation, the trustees will consider whether to ask the actuary to advise if the provision of full transfer values is likely to affect adversely the security of the benefits of other members and beneficiaries. If the actuary then advises that the scheme is not fully funded on this basis then the trustees will consider whether transfer values should be reduced and if an "insufficiency report" should therefore be commissioned from the actuary.

If at any other time the trustees are of the opinion that the payment of transfer values at a previously agreed level may adversely affect the security of the benefits of other members and beneficiaries, they will consider commissioning advice from the actuary to decide whether and to what extent transfer values should be reduced.

Other matters

Directions by the Pensions Regulator as to the funding of the scheme
No directions under section 231(2) of the Pensions Act 2004 have been made by the Pensions Regulator as to the funding of the scheme.

Arrangements by a person other than a participating employer or a scheme member to contribute to the scheme
There are no such arrangements.

Payments to the employer
If the scheme is not being wound up and the assets of the scheme exceed the estimate by the actuary of the cost of buying out the benefits of all beneficiaries from an insurance company, including the expenses of doing so, the employer may request a payment of the excess, under the trust deed. If the actuary certifies that the requirements of the Pensions Act 2004 have been met and certifies the maximum amount that may be paid, the trustees will give notice to the members of the proposal.

It is felt however that such a scenario is extremely unlikely for the foreseeable future.

Actuarial statement (Cont)

Membership details and scheme funding valuation

A summary of the membership data as at 31 December 2019 is given below. The data has been obtained form the administrator. Checks on data for consistency have been made as far as practicable. The results are dependent on the accuracy of the data.

Deferred pensioners

	Number	Deferred pensions [1]	Average age
Males	111	130,087	60
Females	26	17,182	60
Total	137	147,269	60

[1] Deferred pension at date of leaving service (£ per annum)

Pensioners (non insured)

	Number	Pensions [2]	Average age
Males	183	645,415	77
Females	99	193,071	79
Total	282	838,486	78

[2] £ per annum

Pensioners (insured)

	Number	Pensions [3]	Average age
Males	3	4,375	85
Females	20	13,525	87
Total	23	17,900	86

[3] £ per annum

Scheme funding valuation

Present valuation of the past service liabilities for:	**£000s**
Deferred pensioners	8,260
Pensioners	10,897
GMP equalisation *	331
Expenses	0
Total Liabilities	19,488
Total assets	14,689
Surplus/ (Deficit)	(4,799)
Funding Level	75%

Actuarial statement (Cont)

Actuary's Certification of Schedule of Contributions

PGI Group Pension Plan

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 could have been expected on 31 December 2019 to be met by the end of the period specified in the recovery plan dated (i.e. signed on behalf of the trustees on) 22 March 2021

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 (i.e. signed on behalf of the trustees on) 22 March 2021

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

Signature:		Date:	30 March 2021
Name:	Jonathan Black	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	7 Lochside Avenue, Edinburgh, EH12 9DJ	Name of employer:	Mercer Limited

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE PGI GROUP PENSION PLAN

Opinion

We have audited the financial statements of the PGI Group Pension Plan ("the scheme") for the year ended 31 December 2022, which comprise of the Fund Account, the Net Assets Statement and the related notes.
In our opinion the financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 December 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS102. 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.

Basis for opinion

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

Conclusions related to Going Concern

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

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 material misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves 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 in this regard.

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE PGI GROUP PENSION PLAN (CONT)

Responsibilities of the Trustees
As explained more fully in the Trustee's responsibilities set out on page 2, the scheme's trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to wind up the scheme or to cease operations, 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's (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.

In preparation for our audit we determined materiality, assessed the risk of material misstatement in the financial statements and identified areas of laws and regulation which we considered could have a material effect on the financial statements. This information was obtained via discussions with management and our understanding of the Scheme and knowledge of the sector.

Non-compliance with laws and regulations related to the administration of the Scheme in accordance with the Pensions Act 1995 and 2004 and codes of practice issued by the pension regulator were assessed to be most relevant. We also evaluated managements incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls. Our audit procedures to identify non-compliance with laws and regulations in these areas consisted of:

- Testing of journals.
- Obtaining independent confirmations of material investment valuations.
- Review of meeting minutes,any correspondence with the pension regulator and professional costs.
- Enquiries of management
- Substantive testing of pensions payable in the year.

Despite appropriate planning and performing our work in accordance with International Auditing Standards, there are always inherent limitations that non-compliance is not detected. Non-compliance with laws and regulations is often further removed from the events and transactions reflected in the financial statements and material misstatements due to fraud can be deliberately concealed from auditors, for example through misrepresentation, forgery or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE PGI GROUP PENSION PLAN (CONT)

Use of our report

This report, including the opinion, has been prepared for and only for the Trustees 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 except where expressly agreed by our prior consent in writing.

DJH Mitten Clarke Audit Limited
Chartered Accountants and Statutory Auditor
6th Floor, St George's House
56 Peter Street
Manchester M2 3NQ

Date:

FUND ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Contributions and other income			
Employer's contributions receivable	3	1,136,523	444,200
Benefits and other payments			
Benefits payable	4	954,572	838,535
Administrative expenses	5	90,883	36,523
		1,045,455	875,058
Net withdrawals from dealings with members		91,068	(430,858)
Investment return			
Investment income	6	98,107	339
Change in market value of investments	8	(974,321)	2,685,036
Investment management expenses	7	(31,520)	(20,078)
Net return on investments		(907,734)	2,665,297
Net (decrease)/increase in the fund		(816,666)	2,234,439
Net assets at 1 January		16,303,565	14,069,126
Net assets at 31 December		15,486,899	16,303,565

The notes on pages 29 to 34 form part of these financial statements.

NET ASSETS STATEMENT

AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Investments			
Managed and unitised funds	8	15,300,224	16,136,048
Insurance policies – annuities	8	89,000	129,000
AVC investments	8	4,112	4,502
		15,393,336	16,269,550
Current assets	10	168,562	100,798
Current liabilities	11	(74,999)	(66,783)
Net current assets		93,563	34,015
Net assets at 31 December		15,486,899	16,303,565

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the statement by the actuary on pages 17 to 23 of the annual report and these financial statements should be read in conjunction with it. The actuary's statement dated 30 March 2021, is based on a valuation with an effective date of 31 December 2019.

These financial statements were approved by the trustees on

Signed on behalf of the trustees:

J Vohryzek-Samuel

S S Hobhouse

The notes on pages 29 to 34 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

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

The Scheme's functional and presentational currency is pounds sterling (GBP) and the financial statements are rounded to the nearest one pound.

2. Accounting policies

The following principal accounting policies have been adopted in the preparation of the financial statements. These policies have been consistently applied to both years presented, unless otherwise stated:

(a) Investments
Investments are stated at fair value at the year end. The market value of quoted securities is based on the middle market quotation on the relevant Stock Exchange and investments which are held in units are stated at the average of the unit bid and offer prices.

(b) Investment income
Income from investments is accounted for when received. Realised and unrealised capital gains and losses on investments are dealt with in the fund account in the year in which they arise.

(c) Contributions
Employer's recovery plan and expense contributions are accounted for on an accruals basis at rates agreed by the trustees as recommended by the actuary.

(d) Benefits payable
Benefits to members are accounted for in the period in which they fall due, once the members' wishes are known.

(e) Transfers to and from other schemes
Transfer values have been included in the accounts when received and paid. They do not take account of members who have notified the plan of their intention to transfer.

(f) Administrative expenses
Expenditure is accounted for on an accruals basis, which means that allowance has been made for certain expenses due but not paid before the year end date.

NOTES TO THE FINANCIAL STATEMENTS (Cont)

3. Members' and employer's contributions receivable

The members do not contribute to the Plan. The employer pays the total amount to fund the benefits and meet fund administration and management costs.

In 2022, the Employer made recovery plan contributions to amortise the deficit of £1,100,000 (2021: £400,000) and a contribution towards administrative expenses of £36,523 (2021: £44,200).

	2022	2021
	£	£
Employer - administrative expenses	36,523	44,200
- recovery plan	400,000	400,000
- additional employer contributions	700,000	-
	1,136,523	444,200

4. Benefits payable

	2022	2021
	£	£
On or during retirement:		
Pensions	805,515	789,362
Commutation and lump sum benefits	149,057	49,173
	954,572	838,535

5. Administrative expenses

	2022	2021
	£	£
Trustees' fees	4,000	4,000
Actuarial fees	35,549	15,437
Employer covenant assessment	7,750	-
Legal and professional fees	18,235	1,500
Consultancy services	7,688	-
Audit fees	5,250	4,850
Bank charges	318	326
Pension Regulator levies	3,806	2,762
Computer bureau costs	6,752	6,096
Sundry expenses	1,535	1,552
	90,883	36,523

No administration fee was charged by PGI Group Ltd in the year (2021: £nil).

Trustees' fees comprise:

	2022	2021
	£	£
J Vohryzek-Samuel	4,000	4,000

Trustee fees were not paid to either L Hene, E Wratten or S Hobhouse (2021: £nil).

NOTES TO THE FINANCIAL STATEMENTS (Cont)

6. Investment income

	2022 £	2021 £
Return on:		
AVC funds (Note 8)	(390)	339
Accrued income from investments	98,497	-
	98,107	-

7. Investment management expenses

	2022 £	2021 £
Administration and management	31,521	20,078

8. Investments

	Value at 01/01/2022 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31/12/2022 £
Managed and unitised funds	16,136,048	-	-	(934,321)	15,201,727
Accrued income from investments	-	-	-	98,497	98,497
	16,136,048	-	-	(835,824)	15,300,224
Insurance policies –annuities	129,000	-	-	(40,000)	89,000
	16,265,048	-	-	(875,824)	15,389,224
AVC investments (Note 6)	4,502	-	-	(390)	4,112
	16,269,550	-	-	(876,214)	15,393,336

The change in market value of investments during the year comprise all increases and decreases in the market value of investments held any time during the year, including profits and losses realised on the sale of investments during the year.

Managed and unitised funds	2022 £	2021 £
Managed funds – UK		
Aquila Life UK Equity Index fund	2,232,496	8,121,280
Aquila Life Corporate Bond over 15 years fund	3,759	33,904
Aquila Life Over 5 Year UK Index Linked	3,859,941	-
Aquila Life Over 15 Year UK Index Linked	1,607,954	-
Buy and maintain ESG Vintage 2030 Fund	3,057,890	-
Buy and maintain ESG Vintage 2035 Fund	2,650,943	-
Accrued income from investments	98,497	-
	13,511,480	8,155,184
Managed funds – Overseas		
Aquila Life World ex-UK fund	894,755	3,392,030
Aquila Life European Index fund	464,604	1,840,440
Aquila Life US Equity Index fund	429,385	2,748,394
	1,788,744	7,980,864
	15,300,224	16,136,048

The Trustees use a range of passively managed equity index funds, gilt index funds, including both nominal and index-linked gilts, together with high quality corporate bonds that are managed on a ‘buy and maintain’ basis and as such it is not possible to identify transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (Cont)

8. Investments (cont)

	2022	2021
	£	£
AVC investments		
Santander	1,115	1,108
Equitable Life Assurance Society	2,997	3,394
	4,112	4,502

The Plan does not hold any employer related investments. There were no outstanding contributions due to the Plan at 31 December 2022 (2021: £nil).

Insurance policies – annuities

The Trustees no longer purchase annuities to meet Scheme liabilities. Annuities are issued by Prudential, Scottish Widows and Legal and General Assurance Society and are valued by the Scheme Actuary. No collateral is held in relation to these assets.

Fair value determination

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

Category Level 1: the unadjusted quoted price in an active market for identical assets which the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1, which are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

The Scheme’s investment assets have been fair valued using the above hierarchy categories as follows:

	Level 1	Level 2	Total
	£	£	£
Equities	15,197,968	-	15,197,968
Bonds	3,759	-	3,759
Accrued income from investments	98,497	-	98,497
Insurance policies	-	89,000	89,000
AVC investments	4,112	-	4,112
	15,304,336	89,000	15,393,336

NOTES TO THE FINANCIAL STATEMENTS (Cont)

9. Investment risks

The Plan's investments comprise mainly unitised equity funds, which are managed by professional external investment managers.

The Plan's investments expose it to various degrees of financial risk.

Price risk is the most significant aspect for the Plan for its investments. It is exposed to a much lesser extent to other risks such as interest rate risk, foreign currency risk and credit risk.

Price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an investment, or factors affecting all similar investments traded in the market.

The Plan has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustees' Report. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. The Plan's strategic investment objectives are set out in its Statement of Investment Principles which is reviewed and agreed with the Employer on a regular basis. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustees by regular reviews of investment portfolios.

This does not include insurance policies or AVC investments as these are not considered significant in relation to the overall investments of the Plan.

Price rate risk
The following demonstrates the sensitivity of the Pension Plan's net change in funds to a possible change in market price as at 31 December 2022, with all other variables held constant.

	2022 £	2021 £
+- 10%	1,530,000	1,614,000

10. Current assets

	2022 £	2021 £
Cash balances	168,562	100,798

11. Current liabilities

	2022 £	2021 £
Accrued expenses	59,782	46,714
Other creditors	15,217	20,069
	74,999	66,783

NOTES TO THE FINANCIAL STATEMENTS (Cont)

12. Related party transactions

In 2022, the Employer made recovery plan contributions to amortise the deficit of £400,000 (2021: £400,000), additional employer contributions of £700,000 (2021: £nil) and a contribution towards administrative expenses of £36,523 (2021: £44,200).

No administration fee was charged by PGI Group Ltd in the year (2021: £nil).

13. GMP Equalisation

In October 2018, the High Court determined that Guaranteed Minimum Pensions (GMPs), provided to members of occupational pension schemes who had previously contracted-out of the State Earnings-Related Pension Scheme (SERPS), must be equalised. This is to reflect the equalisation of state pension ages between May 1990 and April 1997 and to take account of other historic differences in GMPs for men and women. A subsequent ruling stated that pension scheme trustees must revise and equalise the values of historic transfers out of GMPs to ensure there are no gender-based differences.

In the 2019 Actuarial valuation report signed 22 March 2021, an allowance equal to 1.73% of the total pre-equalisation liabilities of the Fund amounting to £331,000 was included in the continuing valuation basis deficit of £4,799,000 (page 22). This provision of £331,000 is not reflected in these financial statements.

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE PGI GROUP PENSION PLAN

Statement about contributions

Opinion

We have examined the Summary of contributions to the PGI Group Pension Plan (the “Scheme”), for the year ended 31 December 2022 which is set out on page 36.

In our opinion contributions for the Scheme year ended 31 December 2022 as reported in the Summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the actuary on pages 17-23.

Scope of work on statement about contributions

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

Respective responsibilities of the Trustee and the auditor

As explained more fully in the Statement of Trustee’s responsibilities set out on page 36, the Scheme’s Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer (there are no active members). The Trustee is also responsible for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

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

Use of our report

This statement is made solely to the Scheme’s trustees in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Scheme’s trustee those matters we are required to state to it in an auditor’s statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme’s trustee, for our work, for this statement, or for the opinions we have formed.

DJH Mitten Clarke Audit Limited
Chartered Accountants and Statutory Auditor
6th Floor, St Georges House
56 Peter Street
Manchester, M2 3NQ

Date:

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF CONTRIBUTIONS

The Scheme's Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time a revised Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer of the Scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustees are also responsible for keeping records of contributions received in respect of any member of the Scheme and for procuring that contributions are made to the Scheme in accordance with the Schedule.

Trustees' Summary of Contributions payable under the Schedule in respect of the Scheme year ended 31 December 2022

This Summary of Contributions has been prepared by and is the responsibility of the Trustees. It sets out the Employer contributions payable to the Scheme under the Schedule of Contributions certified by the actuary on 30 March 2021 in respect of the Scheme year ended 31 December 2022. The Scheme Auditor reports on contributions payable under the Schedule in the Auditors' Statement about Contributions.

Contributions payable under the Schedule in respect of the Scheme year

	£
Contributions to expenses	36,523
Recovery plan contributions	400,000
Additional employer contributions	700,000
Total contributions reported in the Financial Statements	1,136,523

Signed on behalf of the Trustees of PGI Group Pension Plan Scheme on

J Vohryzek-SamueL
Chairman of the Trustees

S S Hobhouse
Trustee

COMPLIANCE STATEMENT

The purpose of this compliance statement is to disclose some additional information required by law but which is not considered to be of such significance to Plan members that it requires the more prominent disclosure afforded by inclusion in the trustees' report.

Matters relating to trustees

The trustees have each received a copy of the statement from the Occupational Pensions board entitled "Pension Trust Principles".

Tax and contracting-out status of the Plan

The Plan has been approved as an "exempt approved scheme" under the terms of the Income and Corporation Taxes Act 2010 and to the trustees' knowledge there is no reason why such approval should be prejudiced or withdrawn. The Plan was closed to future accrual for active members from 1 October 2011. As a result, the Plan ceased to contract out of the State Earnings Related Pension Plan from this date.

Plan investments

The investment managers appointed on behalf of the trustees to manage funds under section 34(4) of the Pensions Act 2004 are appropriately authorised under the Financial Services Act 1986 to manage investments or are specifically exempted from the requirements of the Act. The investment managers appointed have the appropriate knowledge and experience necessary to manage the investments delegated to them.

A statement of investment principles has been produced as required by Section 35 of the Pensions Act 1995 and is available on request from the Secretary to the Trustees, or is available to view on the website of the Principal Employer at the following web address: www.pgi-uk.com/site-map/pgi-group-pension-plan-sip

MEMBERS' INFORMATION

Members can obtain information about their own pension benefits or further information about the Plan from Miss MA Gage, whose address appears on page 1 of this report. Copies of the Plan's documentation are available for reference at the same address (or for retention at a small charge).

Pension Scheme Registry

A Pension Scheme Registry Number is allocated to the pension scheme by the Pensions Regulator and can be obtained from the Secretary to the trustees, whose address appears on page 1 of this report.

The Pensions Advisory Service

Any concern connected with the Plan should be referred to Miss M A Gage, Secretary to the trustees, who will try to resolve the problem as quickly as possible. Members and beneficiaries of occupational pension plans who have problems concerning their plan which are not satisfied by the information or explanations given by the administrator, or the trustees can consult with The Pensions Advisory Service (OPAS). A local OPAS advisor can usually be contacted through a Citizen's Advice Bureau. Alternatively, OPAS can be contacted at:

11 Belgrave Road
London
SW1V 1RB Telephone: 020 7630 2250

Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved, normally after the intervention of OPAS, an application can be made to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The address is:

10 South Colannade
Canary Wharf
London
E14 4PU Telephone: 0800 917 4487