



ENSIGN RETIREMENT PLAN

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Registered number 9598514

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TRUSTEE AND ADVISERS

TRUSTEE

Ensign Retirement Plan Trustees Limited

ADMINISTRATOR AND INVESTMENT MANAGER

Scottish Equitable plc (trading as Aegon)

AVC PROVIDERS

The Equitable Life Assurance Society
Standard Life Assurance Company

INDEPENDENT AUDITOR

BDO LLP

BANKERS

National Westminster Bank Plc

SECRETARY TO THE TRUSTEE

Ensign Pensions Limited (to 31 March 2020)
Rock Strategic Consulting Ltd (from 1 April 2020)

On 24 March 2020, the Trustee entered into a Deed of Novation with Ensign Pensions Limited and Rock Strategic Consulting Ltd, to transfer the Services Agreement between the Trustee and Ensign Pensions Limited to Rock Strategic Consulting Ltd with effect from 1 April 2020.

SOLICITORS

Sacker & Partners LLP

REGISTERED OFFICE OF TRUSTEE

The Beehive, City Place, Gatwick Airport, West Sussex, RH6 0PA (to 30 April 2020)
c/o BDO LLP, 31 Chertsey Street, Guildford, Surrey, England, GU1 4HD (from 1 May 2020)

ENQUIRIES

Member Enquiries: Enquiries from active or deferred members should be addressed to Aegon Workplace Investing, PO Box 17486, Edinburgh, EH12 1NU or by email to my.pension@aegon.co.uk

Employer or General Enquiries: Enquiries from participating employers or all other general enquiries should be directed to the Scheme Secretary at enquiries@ensignretirementplan.co.uk

TRUSTEE'S REPORT

INTRODUCTION

The Trustee presents its annual report on the Ensign Retirement Plan ("Ensign"), together with the audited financial statements (the "Financial Statements") for the year ended 31 March 2020.

CONSTITUTION OF THE SCHEME

The Ensign Retirement Plan is a trust-based pension scheme, governed by a corporate trustee, Ensign Retirement Plan Trustees Limited ("the Trustee"), in accordance with the Trust Deed and Rules executed on 21 May 2015. The purpose of Ensign is to provide money purchase pension benefits to individuals working for employers connected to the maritime industry. The Trustee holds funds on trust on behalf of the members and pays benefits to the members in accordance with the Trust Deed and Rules.

THE TRUSTEE

The Trustee's Articles of Association provides there to be between four and eight Directors, one-half of whom are to be member-nominated directors, and one-half of whom are to be employer-nominated directors.

Directors are appointed, re-appointed and removed in accordance with the Trust Deed and Rules of Ensign and the Trustee's adopted appointment policy which ensures an "open and transparent" process. All directors are, therefore, "non-affiliated" for the purposes of the Occupational Pension Schemes (Charges and Governance) Regulations 2015. Four Directors served on the Trustee Board from 1 April 2019. A further two directors were appointed during the reporting period, making a total of six Directors at 31 March 2020 and as at the date of this report.

Mr. R Murphy (Chair)*

Mr. M Jess (Vice-Chair)+

Mr. J McGurk*

Mr. M Dickinson+

Mrs. V Milne* (appointed 12 March 2020)

Mr. O Tunde* (appointed 12 March 2020)

* Employer-Nominated Director

+ Member-Nominated Director

During the year, the Trustee met on four occasions.

CUSTODY

Ensign's assets are held on a day-to-day basis under custody arrangements managed by Aegon.

IN-SCHEME DRAWDOWN

From 4 January 2019, the Trustee introduced a drawdown arrangement for members of Ensign. This operates within the legal framework of Ensign and allows members to draw income from crystallised funds, whilst continuing to make contributions to their existing retirement accounts.

MASTER TRUST ASSURANCE FRAMEWORK

Ensign obtained master trust assurance as at 31 March 2020, thereby demonstrating that the control procedures, governance and administration arrangements are suitable, effective, and meet the independent standards set out by the ICAEW in the master trust assurance framework. The latest Type 2 Assurance Report, covering the period from 1 June 2019 to 31 March 2020, was signed by the Trustee on 16 June 2020 and is available for employers and members to view on Ensign's website.

TRUSTEE'S REPORT (CONTINUED)

MASTER TRUST AUTHORISATION AND SUPERVISION

The Pension Schemes Act 2017 and the Occupational Pension Schemes (Master Trusts) Regulations 2018 introduced a requirement for master trusts to be authorised and supervised by The Pensions Regulator ("the Regulator") in order to operate. Master trust authorisation helps ensure that master trust pension schemes continue to run in the best interests of their members. Ensign has obtained this authorisation from the Regulator, having demonstrated that it meets all of the criteria set out in the regulations, and is now subject to ongoing supervision by the Regulator to ensure Ensign continues to meet the authorisation criteria.

RISK MANAGEMENT

The Trustee has overall responsibility for risk management and internal controls. It is committed to identifying, evaluating and managing risk through the implementation and maintenance of control procedures to mitigate significant risks. A risk register, which takes into account the strategic objectives identified by the Trustee, is maintained to:

- highlight the risks to which the Fund is exposed;
- assess those risks in terms of likelihood and impact; and
- identify actions that are either currently being taken, or that the Trustee considers should be taken, in order to mitigate the identified risks.

In March 2020 the COVID-19 pandemic radically affected the UK economy on every front. The Trustee established a COVID-19 risk dashboard and continues to monitor the various aspects of the pandemic which could potentially impact the scheme. A pandemic related risk will be added to the Ensign risk register.

CONTRIBUTIONS

Contributions are received from employers on a monthly basis. Unless otherwise agreed with the Trustee, members pay a minimum of 4% of pensionable salary and employers a minimum of 6%, giving a total joint minimum rate of 10%. Some employers and members voluntarily pay a higher rate of contributions, on a 1:1 matching scale to 8% member and 10% employer.

All members' and employers' contributions are invested in the members' individual retirement accounts. On joining Ensign, members' retirement accounts are wholly invested in the Aegon BlackRock LifePath Flexi Fund, although members have the option to invest some or all of their retirement account into one or more alternative investment funds. Members incur an annual management charge on the value of their funds under management which, for members in the default investment fund, was 0.31% during the scheme year. Further information concerning the investment funds and charges are detailed on page 7.

Members can make Additional Voluntary Contributions ("AVCs") to Ensign which are invested in the same way as ordinary contributions in the members' retirement account.

During the year, the Trustee received 44 late payments of contributions totalling £1,628,854 (including £53,427 of additional employer and member contributions), which were between 1 and 57 days late. These late payments were mainly due to issues with the employers' internal processes for submitting contributions. All late payments were queried with the employers and steps taken to avoid recurrence. The Trustee took steps to resolve the causes of the delays in receipt of the amounts due but took no further regulatory action.

TRUSTEE'S REPORT (CONTINUED)

MEMBERSHIP

Details of the membership of Ensign as at 31 March 2020 are set out below:

	2020		2019	
	Accum	Deccum	Accum	Deccum
Active members at the start of the year	2,245	-	177	-
New active members in year*	522	15	3,540	-
From deferred to active	113	1	41	-
Adjustments*	-	-	-	-
Leavers – retaining an entitlement	(362)	(10)	(1437)	-
Deaths	(4)	-	(5)	-
Retirements	(15)	-	(16)	-
Transfers-out	(20)	(1)	(20)	-
Other leavers	(32)	-	(35)	-
Active members at the end of the year	2,447	5	2,245	-
DEFERRED MEMBERS				
Deferred members at the start of the year	2,391	4	1,062	-
New deferred members in year*	362	6	1,477	4
Adjustments*	-	-	(4)	-
From active to deferred	(113)	-	(41)	-
Retirements	(40)	(1)	(27)	-
Deaths	(4)	-	(3)	-
Transfers-out	(73)	-	(70)	-
Other leavers	(41)	-	(3)	-
Deferred members at the end of the year	2,482	9	2,391	4
Total membership at the end of the year	4,929	14	4,636	4

*Adjustments relate to members' accounts that were consolidated during the year.

*New joiners are reported gross of any opt-outs.

At the year end there were 62 (2019: 64) active participating employers.

Accum relates to members accumulating benefits in Ensign, Deccum relates to members in the Ensign Drawdown arrangement. All accounts for members joining the Drawdown arrangement are set up as deferred members and become active members when taking regular payments from the account.

TRUSTEE'S REPORT (CONTINUED)

INVESTMENT MANAGEMENT

The Trustee has overall responsibility for the administration and management of Ensign's assets which are invested in the name of the Trustee in accordance with the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee has adopted a Statement of Investment Principles ("SIP") as required by section 35 of the Pensions Act 1995, which outlines the principles governing any investment decisions and the investment objectives of Ensign. The Trustee developed its investment strategy, including selection of an appropriate default investment fund, after taking advice from an independent investment adviser. There were no departures from the SIP during the year. The SIP was reviewed by the Trustee during the year to reflect (a) the availability of Ensign's Drawdown arrangement from January 2019, (b) the Part VII transfer of BlackRock to Aegon in 2018, (c) the additional of the Aegon BlackRock LifePath Retirement (BLK) fund as a "default arrangement", (d) revisions to the Trustee's policies on Environmental, social and governance ("ESG") factors, climate change and stewardship activities to reflect changes to pension scheme investment regulations, and (e) the transfer of AVC policies from the MNOPF Trustee to the Ensign Trustee in May 2018.

The investment objective of Ensign is to help improve the retirement outcomes of those working in the maritime industry. The Trustee has selected the Aegon BlackRock LifePath Flexi Fund as the fund into which members will automatically be invested (the default fund). The aim of the Aegon BlackRock LifePath Flexi Fund is to help members grow their assets whilst protecting their savings as the member approaches retirement through the use of a series of target-date funds. Ensign also offers members a range of other investment options for members to choose from.

The Trustee's administrator and investment manager, Aegon, has delegated responsibility for receiving and investing the contributions made to Ensign. Aegon is remunerated by set fees based on a percentage of funds under management. There are no performance related fee arrangements.

The range of investment options available to members and the annual management charge ("AMC") for each fund, is detailed in the table overleaf. This includes the approximate additional expenses and resulting total expense ratios ("TER"), that may be incurred by members. The AMC represents the percentage deducted from the fund's value each year to meet the costs of managing the pension scheme. It is calculated and deducted daily. Additional expenses are incurred if a fund invests in a collective investment scheme. These relate to the fund's share of the costs of other services, such as fees paid to the trustee/depositary, custodian, auditors and registrar borne by the collective investment scheme. The AMC and additional expenses in respect of each of the investment funds available to members in Ensign are available on TargetPlan.

TRUSTEE'S REPORT (CONTINUED)

Fund	AMC (%)	Additional Expenses (%)	TER (%)
Aegon BlackRock LifePath Flexi (BLK)	0.31	0.00	0.31
Aegon BlackRock LifePath Capital (BLK)	0.31	0.00	0.31
Aegon BlackRock LifePath Retirement (BLK)	0.31	0.00	0.31
Aegon BlackRock 30/70 Currency Hedged Global Equity Index (BLK)	0.32	0.01	0.33
Aegon BlackRock 60/40 Global Equity Index (BLK)	0.30	0.01	0.31
Aegon BlackRock World Multifactor Equity Tracker (BLK)*	0.37	0.05	0.42
Aegon BlackRock World ESG Equity Tracker (BLK)*	0.35	0.03	0.38
Aegon BlackRock Emerging Markets Equity Index (BLK)	0.45	0.06	0.51
Aegon BlackRock UK Equity Index (BLK)	0.30	0.01	0.31
HSBC Islamic Global Equity Index (BLK)	0.65	0.00	0.65
Aegon LGIM Ethical Global Equity Index (BLK)	0.55	0.00	0.55
Aegon BlackRock All Stocks UK Index Linked Gilt Index (BLK)	0.30	0.00	0.30
Aegon BlackRock Corporate Bond All Stocks Index (BLK)	0.30	0.02	0.32
Aegon BlackRock Over 15 Year Gilt Index (BLK)	0.30	0.01	0.31
Aegon LGIM Pre-Retirement (BLK)*	0.30	0.01	0.31
Aegon BlackRock Cash (BLK)	0.25	0.03	0.28
Aegon BlackRock Property (BLK)	0.93	0.02	0.95
Aegon Schroders Dynamic Multi Asset (BLK)	0.50	0.05	0.55

*The Aegon BlackRock World Multifactor Equity Tracker Fund was introduced from 31 October 2019 and the Aegon BlackRock World ESG Equity Tracker Fund was introduced from 2 March 2020.

*The Aegon LGIM Pre-Retirement is only available for members that transferred funds into it at 15 October 2018.

TRUSTEE'S REPORT (CONTINUED)

ESG FACTORS, CLIMATE CHANGE AND STEWARDSHIP ACTIVITIES

The Trustee's policy in relation to voting rights is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage them to exercise those rights when they believe there could be a potential financial impact on the portfolio. The Trustee will review the investment managers' governance policies from time to time.

In relation to social, environmental and ethical issues, the Trustee:

- has asked that the investment managers have the financial interests of Ensign members as their priority when choosing investments. They may take social, environmental or ethical considerations into account only when these factors do not conflict with the prime objective;
- has reviewed the investment managers' policy in respect of Socially Responsible Investing and is satisfied that it is in line with the above approach; and
- offers a dedicated ethical investment option for those members who may have ethical considerations as an overriding investment consideration, an option to invest in a fund which is managed in compliance with Shariah law and, since 2 March 2020, an option to invest in a fund that seeks to maximise exposure to positive environment, social and governance factors while minimising carbon exposure (the Aegon BlackRock World ESG Equity Tracker Fund).

Specifically in relation to the default fund and LifePath fund strategies, ESG factors are being integrated into the funds, by investing in the BlackRock ACS World ESG Equity Tracker Fund. This fund, launched on 1 July 2019, uses index tracking to invest in companies that score well in ESG areas without increasing charges to members. It excludes companies involved in strongly controversial environmental, social and governance activities, such as:

- Tobacco (producers excluded, retailers etc. excluded if >15% revenue),
- Controversial weapons,
- UN Global Compact violators,
- Thermal coal (>30% revenue),
- Civilian firearms (producers excluded, retailers if >5% revenue),

and raises weightings of companies with low carbon emissions and those with low potential carbon emissions.

TRUSTEE'S REPORT (CONTINUED)

INVESTMENT REPORT

The Trustee receives reports from Aegon on a quarterly basis showing the performance of each of the investment funds in which monies have been invested over the quarter. The Trustee reviews the performance of the investment funds against appropriate benchmarks, as reported by Aegon, and reviews the timeliness in which Aegon invests the contributions made to Ensign. Monthly performance information is available to all members via TargetPlan, in DC fund fact sheets, and members are provided an annual summary of the performance of their investment choices.

Performance of Ensign's investments over the year is analysed in the table below. Ensign began investing in the investment funds in August 2015 and five-year performance figures are not, therefore, currently available.

Fund description	One year (1 April 2019 to 31 March 2020)		Three-year (1 April 2017 to 31 March 2020)	
	Fund (%)	Index (%)	Fund (%)	Index (%)
LifePath Capital				
Aegon BlackRock LifePath Capital 2019-21 (BLK)	1.46	1.50	1.88	2.02
Aegon BlackRock LifePath Capital 2022-24 (BLK)	-1.15	-1.43	1.79	1.81
Aegon BlackRock LifePath Capital 2025-27 (BLK)	-3.15	-3.50	1.73	1.74
Aegon BlackRock LifePath Capital 2031-33 (BLK)	-6.93	-7.20	0.97	1.02
Aegon BlackRock LifePath Capital 2037-39 (BLK)	-9.09	-9.35	0.46	0.57
Aegon BlackRock LifePath Capital 2040-42 (BLK)	-10.26	-10.42	0.16	0.33
Aegon BlackRock LifePath Capital 2043-45 (BLK)	-11.41	-11.50	-0.12	0.08
Aegon BlackRock LifePath Capital 2058-60 (BLK)	-12.94	-13.01	-0.56	10.81
LifePath Flexi				
Aegon BlackRock LifePath Flexi Class H	-1.57	-2.04	1.81	1.81
Aegon BlackRock LifePath Flexi 2019-21 (BLK)	-1.86	-2.20	2.09	2.10
Aegon BlackRock LifePath Flexi 2022-24 (BLK)	-3.33	-3.65	1.78	1.78
Aegon BlackRock LifePath Flexi 2025-27 (BLK)	-4.68	-4.94	1.48	1.49
Aegon BlackRock LifePath Flexi 2028-30 (BLK)	-5.91	-6.31	1.18	1.17
Aegon BlackRock LifePath Flexi 2031-33 (BLK)	-6.93	-7.20	0.98	1.02
Aegon BlackRock LifePath Flexi 2034-36 (BLK)	-8.04	-8.29	0.73	0.79
Aegon BlackRock LifePath Flexi 2037-39 (BLK)	-9.09	-9.35	0.50	0.57
Aegon BlackRock LifePath Flexi 2040-42 (BLK)	-10.27	-10.42	0.20	0.33
Aegon BlackRock LifePath Flexi 2043-45 (BLK)	-11.40	-11.50	-0.09	0.08
Aegon BlackRock LifePath Flexi 2046-48 (BLK)	-12.21	-12.27	-0.29	-0.10
Aegon BlackRock LifePath Flexi 2049-51 (BLK)	-12.70	-12.77	-0.41	-0.23
Aegon BlackRock LifePath Flexi 2052-54 (BLK)	-13.01	-13.03	-0.48	-0.48
Aegon BlackRock LifePath Flexi 2055-57 (BLK)	-12.95	-13.01	-0.52	-0.30
Aegon BlackRock LifePath Flexi 2058-60 (BLK)	-12.94	-13.01	-0.52	-0.30
Aegon BlackRock LifePath Flexi 2061-63 (BLK)	-12.94	-13.01	-0.53	-0.30
Aegon BlackRock LifePath Flexi 2064-66 (BLK)	-12.94	-13.01	-0.50	-0.30
Aegon BlackRock LifePath Flexi 2067-69 (BLK)	-12.93	-13.01	-0.56	-0.30
Aegon BlackRock LifePath Flexi 2070-72 (BLK)	-12.92	-13.01	-0.61	-0.30

TRUSTEE'S REPORT (CONTINUED)

Fund description	One year (1 April 2019 to 31 March 2020)		Three-year (1 April 2017 to 31 March 2020)	
	Fund (%)	Index (%)	Fund (%)	Index (%)
LifePath Retirement				
Aegon BlackRock LifePath Retirement 2019-21 (BLK)	5.88	5.78	4.25	4.36
Aegon BlackRock LifePath Retirement 2022-24 (BLK)	1.45	1.11	3.24	3.27
Aegon BlackRock LifePath Retirement 2025-27 (BLK)	-1.94	-2.31	2.38	2.42
Aegon BlackRock LifePath Retirement 2028-30 (BLK)	-5.24	-5.89	1.44	1.32
Aegon BlackRock LifePath Retirement 2031-33 (BLK)	-6.94	-7.20	0.98	1.02
Aegon BlackRock LifePath Retirement 2034-36 (BLK)	-8.06	-8.29	0.68	0.79
Aegon BlackRock LifePath Retirement 2037-39 (BLK)	-9.11	-9.35	0.46	0.57
Aegon BlackRock LifePath Retirement 2040-42 (BLK)	-10.29	-10.42	0.16	0.33
Aegon BlackRock LifePath Retirement 2043-45 (BLK)	-11.42	-11.50	-0.13	0.08
Aegon BlackRock LifePath Retirement 2046-48 (BLK)	-12.22	-12.27	-0.34	-0.10
Aegon BlackRock LifePath Retirement 2049-51 (BLK)	-12.72	-12.77	-0.41	-0.23
Aegon BlackRock LifePath Retirement 2052-54 (BLK)	-13.02	-13.02	-0.56	0.56
Aegon BlackRock LifePath Retirement 2055-57 (BLK)	-12.95	-13.01	-0.56	-0.30
Aegon BlackRock LifePath Retirement 2058-60 (BLK)	-12.94	-13.01	-0.58	-0.30
Aegon BlackRock LifePath Retirement 2061-63 (BLK)	-12.93	-13.01	-0.45	-0.30
Fixed Income				
Aegon BlackRock All Stocks UK Index-Linked Gilt Index (BLK) - class G	2.01	2.15	2.49	2.70
Aegon BlackRock All Stocks UK Index-Linked Gilt Index (BLK) - class W	2.00	2.15	2.50	2.70
Aegon BlackRock Corporate Bond All Stocks Index (BLK)	1.49	1.45	2.08	2.12
Aegon BlackRock Over 15 Year Gilt Index (BLK)	18.24	17.58	8.00	7.96
Aegon LGIM Pre-Retirement	5.80	5.74	3.73	3.88
Equity				
Aegon BlackRock 30/70 Currency Hedged Global Equity Index (BLK)	-12.97	-12.79	-0.60	-0.37
Aegon BlackRock 60/40 Global Equity Index (BLK)	-14.41	-13.92	-2.51	-2.06
Aegon BlackRock Emerging Markets Equity Index (BLK)	-14.25	-13.86	-2.83	-2.43
Aegon BlackRock UK Equity Index (BLK) - class G	-18.89	-18.45	-4.50	-4.24
Aegon BlackRock UK Equity Index (BLK) - class W	-18.88	-18.45	-4.48	-4.24
Aegon HSBC Islamic Global Equity Index (BLK)	5.81	6.48	8.30	8.96
Multi Asset				
Aegon BlackRock LifePath Mature (BLK)	14.81	15.15	6.65	6.97
Aegon Schroders Dynamic Multi Asset (BLK)	-7.40	1.40	-1.67	-1.57
Property				
Aegon BlackRock Property (BLK)	-1.96	-0.22	3.11	4.78
Cash				
Aegon BlackRock Cash (BLK)	0.53	0.54	0.37	0.42

Fund returns are based on the special closing prices calculated at the close of business on the last working day of each valuation year, to allow comparisons with the appropriate indices. Performance is reported net of fees. Benchmark returns at the underlying funds level are not client-account specific and are reported only on a monthly basis. Past performance is not a reliable indicator of future results.

TRUSTEE'S REPORT (CONTINUED)

FINANCIAL DEVELOPMENT OF ENSIGN

The Financial Statements of Ensign for the year ended 31 March 2020, as set out on pages 15 to 26, have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995. A summary of Ensign's Financial Statements is set out in the table below.

	£
Net assets at 1 April 2019	113,242,252
Contributions receivable	14,292,180
Transfers in	1,838,281
Other Income	112,487
Benefits and payments to leavers	(5,355,082)
Administrative expenses	(317,974)
Change in market value	(7,213,604)
Net assets at 31 March 2020	116,598,540

FURTHER INFORMATION

Members are advised that this report and the Financial Statements are for information only and should be read in conjunction with individual benefit statements received annually and the Trust Deed and Rules. Any queries should be directed to Aegon using the contact details shown on page 2.

This report, including the Statement of Trustee's Responsibilities and the Chair's Annual DC Governance Statement, attached as Appendix A, was approved by the Trustee on 29 September 2020 and signed on its behalf by:

Rory Murphy

Chair

Ensign Retirement Plan Trustees Limited

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Ensign members, beneficiaries and certain other parties, audited financial statements for each scheme year which:

- show a true and fair view, of the financial transactions of Ensign during the scheme year and of the amount and disposition at the end of the scheme year of the 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 a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice", 'Financial Reports of 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 the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that Ensign will continue as a going concern.

The Trustee is also responsible for making available certain other information about Ensign in the form of an Annual Report.

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a payment schedule showing the rates of contributions payable towards Ensign by or on behalf of the employer and the active members of Ensign 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 Ensign and for monitoring whether contributions are made to Ensign by the employer in accordance with the payment schedule. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and to the members.

The Trustee also has 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 Ensign and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

INDEPENDENT AUDITOR'S REPORT

To the Trustee of Ensign Retirement Plan

Opinion

We have audited the financial statements of Ensign Retirement Plan ("Ensign") for the year ended 31 March 2020 which comprise the Fund Account, Statement of Net Assets and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the Statement of Recommended Practice – *Financial Reports of Pension Schemes* (revised 2018) (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of Ensign during the year ended 31 March 2020 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and 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, including the Trustee's Report and Chair's Governance Statement 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 such material inconsistencies or

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 11, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they show a true and fair view, and for such internal control as the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing Ensign's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees intend to wind up Ensign or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Use of our report

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

BDO LLP

BDO LLP
Statutory auditor
Guildford
United Kingdom

Date 6 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

FUND ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
CONTRIBUTIONS AND BENEFITS			
Employer contributions		8,977,777	7,699,758
Member contributions		5,314,403	4,243,019
Total contributions	3	14,292,180	11,942,777
Transfers in	4	1,838,281	71,728,309
Other income	5	112,487	119,100
		16,242,948	83,790,186
Benefits paid or payable	6	(2,455,340)	(732,649)
Payments to and on account of leavers	7	(2,899,742)	(4,399,940)
Administrative expenses	8	(317,974)	(280,437)
		(5,673,056)	(5,413,026)
NET ADDITIONS FROM DEALINGS WITH MEMBERS		10,569,892	78,377,160
NET CHANGE IN MARKET VALUE OF INVESTMENTS	9	(7,213,604)	3,850,297
NET INCREASE IN ENSIGN DURING THE YEAR		3,356,288	82,227,457
NET ASSETS OF ENSIGN AT 1 APRIL		113,242,252	31,014,795
NET ASSETS OF ENSIGN AT 31 MARCH		116,598,540	113,242,252

The notes on pages 17 to 26 form part of these Financial Statements.

STATEMENT OF NET ASSETS

AS AT 31 MARCH 2020

	Note	2020 £	2019 £
ASSETS ALLOCATED TO MEMBERS			
Investment assets			
Pooled investments vehicles	10	113,579,473	110,871,471
AVC investments	11	1,122,213	1,117,467
Cash	9	255,510	176,993
Current assets	14	1,319,695	867,905
Benefits payable	15	—	—
		116,276,891	113,033,836
ASSETS UNALLOCATED TO MEMBERS			
Current assets	14	455,229	238,464
Current liabilities	15	(133,580)	(30,048)
		321,649	208,416
NET ASSETS OF ENSIGN AT 31 MARCH		116,598,540	113,242,252

The notes on pages 17 to 26 form part of these Financial Statements.

The Financial Statements summarise the transactions of Ensign 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 Ensign year.

The Financial Statements were approved by the Trustee on 29 September 2020 and signed on its behalf by:

Rory Murphy
Chair
Ensign Retirement Plan Trustees Limited

Mike Jess
Vice-Chair
Ensign Retirement Plan Trustees Limited

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, the 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 (June 2018) “Financial Reports of Pension Schemes”.

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustees have adopted the revised SORP the first time in these financial statements. The adoption of the revised SORP has had no material impact on these financial statements.

The Financial Statements are presented in pounds sterling (GBP).

2. ACCOUNTING POLICIES

The principal accounting policies of Ensign are as follows:

2.1 INVESTMENTS

- Pooled investment vehicles are daily dealing and valued at a single price.

2.2 CONTRIBUTIONS

- Member normal and additional voluntary contributions, including where the member has been auto-enrolled, are accounted for when deducted from pay by the employer. Employer normal contributions are accounted for on the same basis as member contributions.
- Annual fees due from employers are accounted for in the year in which they fall due for payment.

2.3 PAYMENTS TO MEMBERS AND TRANSFERS

- Benefits are accounted for in the year in which they fall due for payment. Where there is a choice, benefits are accounted for from the later of the date of retirement/leaving, or the date on which the member notifies the Trustee of their decision on the type or amount of benefit to be taken.
- Individual transfers in or out are accounted for when paid and received which is normally when member liability is accepted/discharged.
- Group transfers receivable or payable are accounted for in accordance with the terms of the transfer agreement.
- Where tax liabilities are settled on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from Ensign, any taxation payable by Ensign is accounted for on the same basis as the event giving rise to the tax liability and reported separately.

2.4 EXPENSES AND OTHER INCOME

- Expenses and other income are accounted for on an accruals basis.
- Ensign bears all the costs of administration.

2.5 FUNCTIONAL CURRENCY

- Ensign's functional and presentational currency is pound sterling.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CONTRIBUTIONS RECEIVABLE

	2020 £	2019 £
Employers		
Normal contributions	8,755,777	7,477,772
Annual fees	222,000	221,986
	8,977,777	7,699,758
Members		
Normal contributions	4,682,053	3,722,701
Additional Voluntary Contributions	632,350	520,318
	5,314,403	4,243,019
	14,292,180	11,942,777

Employer normal contributions include contributions payable to Ensign under salary sacrifice arrangements made available to members by certain employers.

4. TRANSFERS FROM OTHER PLANS

	2020 £	2019 £
Group transfers in	-	71,219,420
Individual transfers in	1,838,281	508,889
	1,838,281	71,728,309

On 29 March 2018, the Trustee agreed to accept a bulk transfer of members' money purchase benefits from the Merchant Navy Officers Pensions Fund into the Ensign Retirement Plan from May 2018. The bulk transfer of assets was made on 11 May 2018. This included the assets and liabilities in the Ensign Retirement Plan (for the MNOPF) which valued £31,253,183 and AVC investments held with Equitable Life Assurance Society and Standard Life Assurance Company. Valuations for these investments are carried out annually on 31 March and therefore no valuation was available at the date of the transfer.

On 20 September 2018, the Trustee agreed to accept a bulk transfer of members' money purchase benefits from the Stena Line (UK) Pension Scheme (DC Section) into the Ensign Retirement Plan. The bulk transfer of assets and liabilities, totalling £38,696,684, was made on 17 October 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. OTHER INCOME

	2020 £	2019 £
Allocated to members		
Misc. Correction	-	150
Unallocated to members		
Fees from MNOPF Trustees Limited	98,479	100,235
Annual Management Charge	12,081	2,118
Other income	1,927	-
VAT reclaim	-	16,597
	112,487	119,100

The VAT reclaim is in respect of VAT paid for core administration services in the MNOPP for the period 2010 to 2015.

6. BENEFITS PAID OR PAYABLE

	2020 £	2019 £
Commutations and lump sum benefits	1,878,234	709,726
Death benefits	577,106	22,923
	2,455,340	732,649

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2020 £	2019 £
Individual transfers out	2,897,149	4,395,862
Refunds	2,593	4,078
	2,899,742	4,399,940

8. ADMINISTRATIVE EXPENSES

	2020 £	2019 £
Audit fees	11,916	14,345
Trustee fees	15,000	15,000
Administration costs	172,578	155,982
Trustee Indemnity Insurance	11,200	5,712
Professional expenses	81,095	72,917
Legal adviser	26,185	16,481
	317,974	280,437

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. INVESTMENT RECONCILIATION

Reconciliation of investments held at the beginning and the end of the year:

	Value at 01-Apr-19 £	Purchases £	Sales £	Change in market value £	Value at 31-Mar-20 £
Pooled investment vehicles - Accum	110,871,471	28,029,799	(20,083,583)	(7,184,234)	111,633,453
Pooled investment vehicles - Deccum	-	2,733,327	(688,994)	(98,313)	1,946,020
AVC investments	1,117,467	-	(64,197)	68,943	1,122,213
	<u>111,988,938</u>	<u>30,763,126</u>	<u>(20,836,774)</u>	<u>(7,213,604)</u>	<u>114,701,686</u>
Cash	176,993				255,510
Total	<u>112,165,931</u>				<u>114,957,196</u>

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 during the year.

Included within purchases and sales were switches between funds totalling £12,640,565.

Investments purchased by Ensign are allocated to provide benefits to the individuals on whose behalf the contributions were paid. AVCs paid by members to Aegon are allocated to the members' account and are not separately identifiable.

The following investments each account for more than 5% of Ensign's net asset at the year-end:

Accum	2020		2019	
	£	%	£	%
BLK DC LifePath Flexi 2028-30 G	-	-	6,632,167	6.0
BLK DC LifePath Flexi 2025-27 G	-	-	5,761,744	5.2
BLK DC LifePath Flexi 2019-21 G	11,630,932	10.0	12,228,530	10.8
BLK DC LifePath Flexi 2022-24 G	11,376,124	9.8	9,396,017	8.3
BLK LifePath Flexi 2025-27	6,220,580	5.3	-	-
BLK LifePath Flexi 2028-30	6,715,856	5.8	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. POOLED INVESTMENT VEHICLES

Ensign's investments in pooled investment vehicles at the year end comprised:

	2020	2019
	£	£
Accum		
Bonds	1,277,407	1,289,054
Equity	6,152,984	6,818,191
Multi Asset	103,077,711	102,016,069
Property	129,032	106,163
Cash	996,319	641,994
	111,633,453	110,871,471
	2020	2019
	£	£
Decum		
Bonds	173,862	-
Equity	80,980	-
Multi Asset	1,681,778	-
Cash	9,400	-
	1,946,020	-

Bonds include: BlackRock DC Aquila All Stocks UK Index Linked Gilt fund, BlackRock DC Aquila Corporate Bond All Stocks Index fund and BlackRock DC Aquila Over 15 Year Gilt Index fund.

Equity includes: BlackRock DC Aquila (30:70) Currency Hedged Global Equity Index Fund, BlackRock DC Aquila Emerging Markets Equity Index Fund, BlackRock DC Aquila UK Equity Index Fund, BlackRock HSBC Amanah Fund (now known as BlackRock HSBC Islamic Global Equity Index from 28/02/2018) and BlackRock LGIM Ethical Global Equity Index Fund.

Multi Asset includes: BlackRock DC LifePath Flexi funds, BlackRock DC LifePath Capital funds, BlackRock DC LifePath Mature fund, BlackRock DC LifePath Retirement funds and BlackRock Schroders Diversified Growth Fund.

Property includes: BlackRock DC Property T Fund.

Cash includes: BlackRock DC Cash D Fund.

11. AVC INVESTMENTS

The Trustee holds assets invested separately from the main scheme in the form of individual insurance policies securing 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 confirming the amounts held to their account and the movements in the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. AVC INVESTMENTS (CONTINUED)

The aggregate amounts of AVC investments are as follows:

	2020	2019
	£	£
Equitable Life	1,056,758	1,052,012
Standard Life	65,455	65,455
	1,122,213	1,117,467

12. INVESTMENT FAIR VALUE HIERARCHY

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

- Level 1 The unadjusted quoted price for an identical asset in an active market.
- Level 2 Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable for the asset or liability.

The fair value of Ensign's investment assets and liabilities have been determined using the above hierarchy categories as shown below:

	Level 1	Level 2	Level 3	Total 2020
	£	£	£	£
Pooled investment vehicles- Accum	-	111,633,453	-	111,633,453
Pooled investment vehicles- Deccum	-	1,946,020	-	1,946,020
AVC investments	-	1,023,470	98,743	1,122,213
Cash	255,510	-	-	255,510
Total	255,510	114,602,942	98,743	114,957,196

	Level 1	Level 2	Level 3	Total 2019
	£	£	£	£
Pooled investment vehicles	-	110,871,471	-	110,871,471
AVC investments	-	827,293	290,174	1,117,467
Cash	176,993	-	-	176,993
Total	176,993	111,698,764	290,174	112,165,931

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INVESTMENT RISK DISCLOSURES

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

Investment Strategy

The Trustee's objective is to make available a suitable default option that will meet the needs of most members, as well as a range of investment options that, whilst not being too complicated, should help members in achieving the following objectives:

- a) Increasing the value of their retirement pot from the contributions invested.
- b) Protecting the value of their retirement pot in the years approaching retirement against market falls.
- c) Protecting the value of their pot when converted into usable benefits.
- d) Tailoring their investments to meet their own needs.

There have been no changes to the investment strategy or available funds during the year.

The range of investment options available to members, their investment objectives and risk tolerances, are outlined in the SIP. The Trustee has however, selected the Aegon BlackRock LifePath Flexi Fund as the default investment fund for members to be invested in and is the focus of the Trustee's considerations of risk.

The Aegon BlackRock LifePath Flexi Fund provides a series of target date funds, each with an asset allocation which transition members' investments from higher risk investments to lower risk investments as the members approach their target retirement date. As a result, the risk rating of each target date fund will vary over time to achieve the ultimate aim of realising a positive real return over the long term and keeping members invested in appropriate assets as their approach retirement.

The day to day management of the underlying investments of the funds is the responsibility of Aegon, including the direct management of credit and market risks. The Trustee monitors the underlying risks by quarterly investment reports from Aegon.

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.

Ensign is indirectly exposed to credit risk in relation to the instruments it holds in bonds, multi-asset and cash pooled investment vehicles which are part of a long-term insurance policy between the Trustee and Aegon. Direct credit risk is mitigated by the underlying assets of the long-term insurance policy being ring-fenced from Aegon's corporate assets. In the event of Aegon defaulting, the long-term insurance policy is protected by the Financial Services Compensation Scheme.

Aegon has discretion to invest member assets in a range of asset classes, including UK and Overseas Corporate and Government Bonds, thereby indirectly exposing Ensign to credit risk. Some of these instruments are held in funds managed by a third-party insurer ("reinsurer"), exposing Ensign to credit risk if the reinsurer fails to pay the full value of the investment, for example if the reinsurer became insolvent. All reinsurers are carefully selected by Aegon, authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority. In order to mitigate this credit risk, Aegon normally takes security over the assets of the reinsurers such that the claim made by Aegon would rank equally to any of the reinsurer's direct policyholders.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INVESTMENT RISK DISCLOSURES (CONTINUED)

A summary of pooled investment vehicles by type of arrangement is as follows:

	2020	2019
	£ 000	£ 000
Unit linked insurance contracts	113,579	110,871

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 asset will fluctuate because of changes in foreign exchange rates.

Interest rate risk: This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

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

Ensign is subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the funds managed by Aegon:

Assets invested in bonds are exposed to foreign exchange and interest rate risk.

Assets invested in equities are exposed to foreign exchange and other price risk.

Assets invested in multi-assets are exposed to foreign exchange, interest rate and other price risks.

Assets invested in property are exposed to other price risk.

Assets invested in cash are exposed to interest rate risk.

Aegon uses specific instruments with the aim of hedging out the majority of the foreign currency exposures, and diversification to manage market risk, gaining exposure to global equities, fixed income instruments, property and commodities, as well as other assets.

The Trustee acknowledges that Ensign is subject to interest rate risk in relation to the financial instruments held in the pooled investment vehicles and the Trustee is satisfied that the return objective of the Aegon BlackRock LifePath Flexi Fund mitigates this risk sufficiently.

The Trustee has considered the direct and indirect risks to Ensign's assets in the context of the investment strategy described above and is satisfied the funds offered to members are in line with the objectives of Ensign, particularly in relation to diversification, risk, expected return and liquidity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. CURRENT ASSETS

	2020 £	2019 £
Allocated to members		
Normal contributions due from employers	765,151	544,346
Special contributions due from employers	3,000	—
Normal contributions due from members	482,115	286,322
Additional Voluntary Contributions due from members	69,429	37,237
	1,319,695	867,905
Unallocated to members		
Other debtors	68,920	4,390
Cash balance	386,309	234,074
	455,229	238,464
	1,774,924	1,106,369

Contributions receivable were received subsequent to the year-end in line with the payment schedule.

Cash in transit represents a disinvestment not received by Ensign before the year-end.

15. CURRENT LIABILITIES

	2020 £	2019 £
Unallocated to members		
Trade creditors	6,642	—
Accrued expenses	123,938	—
Other creditors	3,000	30,048
	133,580	30,048

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. TAX

The Ensign Retirement Plan is a registered pension scheme for tax purposes under the Finance Act 2004. Contributions by employers and members are therefore, normally eligible for tax relief and Ensign is exempt from income tax and capital gains tax except for certain withholding taxes relating to overseas investment income.

17. TRANSACTION COSTS

Transaction costs are borne by Ensign in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the prices of these investments and are not separately reported.

18. RELATED PARTY TRANSACTIONS

The Trustee is deemed to be a related party of the Fund. Included in administrative expenses are payments of £15,000 (2019: £15,000) made to certain Trustee Directors for fees relating to the exercise of their duties during the year.

Contributions received in respect of Trustee Directors who are members of Ensign have been made in accordance with the Trust Deed and Rules.

During the year, the Trustee provided delegated governance and operational services to MNOPF Trustees Limited in relation to the money purchase arrangement with the Merchant Navy Officers Pensions Fund (known as “Ensign Retirement Plan (for the MNOPF)”). The amount received from MNOPF Trustees Limited during the year in respect of these services was £90,480 (2019: £100,235) and is included as other income. MNOPF Trustees Limited is a related party as four of the Trustee Directors of Ensign Retirement Plan Trustees Limited are also Trustee Directors of MNOPF Trustees Limited.

Ensign Pensions Limited, which is wholly owned by MNOPF Trustees Limited, is also a related party. Ensign Pensions Limited provides trustee secretarial, executive and pensions management services to the Trustee. The amount payable to Ensign Pensions Limited during the year was £67,935 (2019: £154,356) and the amount due at the year-end was £Nil (2019: £Nil).



ENSIGN RETIREMENT PLAN

CHAIR'S GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

Registered number 9598514

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OPENING STATEMENT

31 MARCH 2020

This statement demonstrates how Ensign Retirement Plan Trustees Limited ("the Trustee"), the corporate trustee of the Ensign Retirement Plan ("Ensign"), governs Ensign to help achieve its objectives of helping to deliver better outcomes for members at retirement.

The Trustee governs Ensign in accordance with its Trust Deed and Rules (available at www.ensignpensions.com) and in accordance with relevant legislation. The Trustee comprises six Directors and, as a Trustee Board, we have relevant experience of running other complex, multi-employer pension arrangements within the maritime industry.

As a Trustee, our aim is to ensure Ensign is run in the best interests of members to achieve a good outcome for their pension savings. This is underpinned by good governance in line with quality standards for defined contribution (DC) pension arrangements set out in The Pensions Regulator's code of practices and regulatory guidance. We have evidenced this by once again obtaining Master Trust Assurance, providing independent assurance of the design, description and operational effectiveness of control procedures that reflect high quality governance and administration, and by gaining Master Trust Authorisation from The Pensions Regulator in September 2019. Ensign continues to be the only bespoke master trust for the maritime industry and we are proud to be recognised as a well run, quality scheme with good administration and governance that delivers an exceptional service to employers and members.

In accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015, this statement details how Ensign has met the governance standards during the year to 31 March 2020 in relation to;

- investment options in which members' funds are invested, including any 'default arrangement' and other funds which members can select or have assets in;
- the requirements for processing financial transaction and other 'administration' aspects of the scheme;
- the charges and transaction costs to members and the cumulative effect of the costs and charges;
- a 'value for members' assessment; and
- Trustee knowledge and understanding.

This Statement will be published on the Ensign website as well as the online member portal, TargetPlan, and members have been notified of this in their annual benefit statements which were issued in July 2020.

On behalf of the Trustee Board of the Ensign Retirement Plan, and based on a review of the systems and controls in place, I believe that Ensign meets the requirements on governance standards and helps to deliver better outcomes for members at retirement.

If you have any questions regarding this statement, or require any further information, please contact Executive Team at enquiries@ensignretirementplan.co.uk.

Rory Murphy

Chair, Ensign Retirement Plan Trustees Limited
29 September 2020

THE DEFAULT INVESTMENT ARRANGEMENT

The Trustee has appointed Scottish Equitable plc (trading as “Aegon”) to provide administration and fund management services to Ensign. The Trustee has selected a range of funds on Aegon’s platform in which members may invest.

THE DEFAULT INVESTMENT FUND

The Trustee has adopted the Aegon BlackRock DC LifePath Flexi Fund (“LifePath Flexi”) as the investment strategy into which all members joining Ensign will automatically be invested (the “default arrangement”). Approximately 60% of members’ benefits were invested in LifePath Flexi as at 31 March 2020.

The Trustee has determined, on advice of its investment and legal advisers, that the Aegon BlackRock LifePath Retirement (BLK) fund (“LifePath Retirement”) also meets The Pensions Regulator’s definition of a default arrangement, as a result of bulk transfer of members and members’ benefits that took place in October 2018, and the Statement of Investment Principles has been updated to reflect this. Approximately 31% of members’ benefits were invested in LifePath Retirement as at 31 March 2020.

On 18 March 2020, the Aegon BlackRock Property fund was suspended as independent property valuers were unable to accurately assess the value of physical properties. As a result of the suspension, contributions in respect of members that had previously elected to invest new contributions into the Aegon BlackRock Property fund were instead invested in the Aegon BlackRock Cash fund. As the consent of members was not obtained before diverting contributions to the Aegon BlackRock Cash fund, and in accordance with guidance from The Pensions Regulator, the Trustee has concluded that the Aegon BlackRock Cash fund also meets the definition of a default arrangement. Less than 1% of members’ benefits were invested in the Aegon BlackRock Cash fund as at 31 March 2020.

Unless otherwise specified, references to “the default arrangement” within this document refer to the three funds that the Trustee has determined meets the definition of a default arrangement.

The Trustee recognises that one fund is unlikely to meet the needs of all members in the scheme and members, therefore, have a choice of fourteen alternative funds to choose from.

AIMS AND OBJECTIVES OF THE DEFAULT ARRANGEMENT

The Statement of Investment Principles, which is attached as an Appendix to this statement, documents the Trustee’s investment principles that govern decisions about investments (in relation to both the default arrangement and the wider range of investment funds available to members) and the investment aims and objectives of the default arrangement.

LifePath Flexi is a target date fund where the underlying asset allocation of the fund automatically adjusts as the member approaches their target retirement date. LifePath Flexi is designed for members who wish to stay invested post-retirement and draw an income from their retirement account (known as “drawdown”).

Similarly, LifePath Retirement is a target date fund, but designed for members who wish to purchase an annuity from their retirement account.

The Aegon BlackRock Cash fund aims to produce a return in excess of its benchmark principally from a portfolio of Sterling denominated cash, deposits and money-market instruments.

In setting up Ensign, the Trustee considered the membership profile, risk appetite, and likely retirement option of the initial members of Ensign. The Trustee found LifePath Flexi to be consistent with its investment aims and objectives for the default arrangement by allowing members to increase the value of their retirement pot from the contributions invested, whilst protecting members in the years approaching retirement. LifePath Flexi is the default arrangement into which all new members are automatically enrolled.

THE DEFAULT INVESTMENT ARRANGEMENT (CONTINUED)

REVIEWING THE DEFAULT ARRANGEMENT

The Trustee receives quarterly reports on the performance of the default arrangement and compares this against the fund's composite benchmark, however, the Trustee is also mindful of the long-term nature of investments and investment returns. The Trustee carries out a full review of the investment strategy at least every three years. The last review took place in December 2018, which resulted in no changes being made to the default arrangement for new members joining Ensign. The next review is due to take place in 2021.

AVAILABILITY OF INFORMATION FOR MEMBERS

The Trustee publishes this Governance Statement on the Ensign website, www.ensignpensions.com, and members were informed of this in the annual benefit statement issued to all members in Ensign in July 2020.

ADMINISTRATION

CORE FINANCIAL TRANSACTIONS

The Trustee recognises that there are a number of core financial transactions that must be processed promptly and accurately on behalf of members of Ensign to help deliver better outcomes for them. These core financial transactions include, but are not limited to:

- the receipt of all contributions to Ensign;
- the investment of contributions to Ensign;
- the transfer of assets relating to members into and out of Ensign;
- the transfer of members' assets between different investments within Ensign; and
- payments from Ensign to, or in respect of, members.

CONTROLS AND PROCESSES

Core financial transactions are processed by Aegon in accordance with a strict governance framework that complies with International Standard on Assurance Engagements 3402, "Assurance Reports on Controls at a Service Organisation".

A number of processes and controls are in place with Aegon to ensure that contributions to Ensign are accurate and all core financial transactions are processed promptly. These processes and controls are set out in the Trustee's policy for pursuing and resolving any late or inaccurate contributions to Ensign, and include:

- Verification and validation of the contributions being submitted by employers in comparison with the amounts expected.
- Reminders to employers to submit contributions where these have not been received prior to the deadline for submitting contributions under the schedule of contributions.
- Annual verification of members' pensionable salary and contribution rate with the participating employers.

ASSURANCES

In addition, a number of activities are undertaken by or on behalf of the Trustee to provide assurance that contributions are submitted accurately and promptly by employers and core financial transactions are processed promptly and accurately by the administrators. These include:

- Agreeing defined service level agreements with Aegon for the prompt processing of all financial transactions.
- Monitoring quarterly administration reports from Aegon to assess performance against the service level agreements.
- Monitoring quarterly administration reports from Aegon to assess the promptness with which contributions submitted by employers are invested.

ADMINISTRATION (CONTINUED)

- Monitoring quarterly administration reports from Aegon to review the summary of processes and controls operated by Aegon regarding core financial transactions and the Compliance Statement which contains a statement that “all core financial transactions (as defined in regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been processed promptly and accurately”.
- Annual review of Aegon's AAF 01/06 internal control reports.
- Annual examination of contributions to test the accuracy and promptness of contribution submissions.
- Annual audit of the contributions received over the year and the payments to and from Ensign by the Trustee's appointed independent auditor.

The processes and controls operated by Aegon, to ensure that core financial transactions are processed promptly and accurately, are outlined and tested in its independently verified AAF 01/06 pensions administration assurance report, and include:

- The documentation received in support of all financial transactions requested on a member's account is fully reviewed for completeness before processing commences.
- Checklists are in place to help ensure that all necessary information for financial transactions has been received and that all regulatory and service level requirements are met. These checklists are reviewed by an authorised member of the Member Servicing team.
- An authorised member of the Member Servicing team reviews the transactions that have been keyed for completeness and accuracy before claims are released for processing.
- The Member Servicing team runs and reviews a report weekly that details members with a status of death claim pending to verify that only cash funds are held in the member's account.
- All requests for financial transactions are scanned and tracked to help ensure compliance with agreed service standards.
- The Member Servicing team run daily reports to verify that dealing deadlines have been met, that all claims and switches in progress for the day have been fully processed, and identifies members with a partially processed transaction.
- Before single contributions are invested, an Authority to Bank form is completed to confirm that the relevant reviews have been carried out. The form is reviewed and approved by an authorised administrator.
- For regular contributions, a validation routine is performed upon loading each contribution file to ensure that contributions are received for active members.
- Weekly, a senior member of the Finance team reviews the Disinvestment Report detailing disinvestments that have not yet been paid out or chased. Issues are researched and resolved.

As referred to in my opening statement, Ensign first obtained Master Trust Assurance as at 31 March 2017 and has now successfully completed the process for the period ending 31 March 2020. This process involves the Trustee and an independent auditor, evaluating the design, description and operational effectiveness of the governance control procedures operated by the Trustee having regard to the ICAEW's Technical Release AAF 02/07.

ADMINISTRATION (CONTINUED)

ASSESSMENT

Following concerns during the previous scheme year, Aegon has worked hard to improve its administration performance over the year to 31 March 2020, with service level agreements being met. The impact of the COVID-19 pandemic in March 2020, however, resulted in an expected drop in service level performance as Aegon adjusted to remote working. During this period of transition, Aegon's focus was the prioritisation of core financial transactions, to ensure no material detriment to members, and service levels were achieved with these specific items. No material issues or complaints were raised by members during this period and Aegon's overall performance has returned to service level standard in recent months.

Having considered all of the above, I am confident that the processes and controls operated by Aegon and the Trustee are robust and enable core financial transactions to be handled promptly and accurately.

COSTS AND CHARGES

The Trustee is delighted to be able to offer members access to a high-quality pension scheme at a yearly cost that is well below the statutory maximum of 0.75%.

CHARGES

The default investment arrangement

Members in the default arrangements LifePath Flexi and LifePath Retirement, were charged a single Annual Management Charge ("AMC") of 0.31% of funds under management during the scheme year to 31 March 2020. This single charge, deducted from members' retirement accounts, included all charges incurred by the investment funds, including transaction costs. No other costs for running Ensign were borne by the members, including the costs of governance, administration, legal fees and payments for consultants. Members in the Aegon BlackRock Cash fund were charged an AMC of 0.25% and incurred additional expenses of approximately 0.03%.

Self-select investment options

The charges that applied to members who chose to invest in other funds available through Ensign are set out in the table below, including the AMC, additional expenses, and resulting Total Expense Ratio ("TER").

Fund	AMC (%)	Additional Expenses (%)	TER (%)
Aegon BlackRock LifePath Capital (BLK)	0.31	0.00	0.31
Aegon BlackRock 30/70 Currency Hedged Global Equity Index (BLK)	0.32	0.01	0.33
Aegon BlackRock 60/40 Global Equity Index (BLK)	0.30	0.01	0.31
Aegon BlackRock World Multifactor Equity Tracker (BLK)*	0.37	0.05	0.42
Aegon BlackRock World ESG Equity Tracker (BLK)*	0.35	0.03	0.38
Aegon BlackRock Emerging Markets Equity Index (BLK)	0.45	0.06	0.51
Aegon BlackRock UK Equity Index (BLK)	0.30	0.01	0.31
HSBC Islamic Global Equity Index (BLK)	0.65	0.00	0.65
Aegon LGIM Ethical Global Equity Index (BLK)	0.55	0.00	0.55
Aegon BlackRock All Stocks UK Index Linked Gilt Index (BLK)	0.30	0.00	0.30
Aegon BlackRock Corporate Bond All Stocks Index (BLK)	0.30	0.02	0.32
Aegon BlackRock Over 15 Year Gilt Index (BLK)	0.30	0.01	0.31
Aegon LGIM Pre-Retirement (BLK)*	0.30	0.01	0.31
Aegon BlackRock Property (BLK)	0.93	0.02	0.95
Aegon Schroders Dynamic Multi Asset (BLK)	0.50	0.05	0.55

*The Aegon BlackRock World Multifactor Equity Tracker Fund was introduced from 31 October 2019 and the Aegon BlackRock World ESG Equity Tracker Fund was introduced from 2 March 2020.

* The Aegon LGIM Pre-Retirement is only available for members that transferred funds into it at 15 October 2018.

COSTS AND CHARGES (CONTINUED)

The AMC represents the percentage deducted from the fund's value each year to meet the costs of managing the pension scheme. It is calculated and deducted on a daily basis. Additional expenses are incurred if a fund invests in a collective investment scheme. These relate to the fund's share of the costs of other services, such as fees paid to the trustee/depositary, custodian, auditors and registrar borne by the collective investment scheme. The AMC and additional expenses in respect of each of the investment funds available to members in Ensign are available on TargetPlan.

TRANSACTION COSTS

Transaction costs are also incurred by members in addition to the TER. The transaction costs are represented as a single annualised figure, based on the 12-month period up to 31 March 2020, using the PRIIPs Slippage Methodology. Transaction Costs include both implicit and explicit cost elements. Implicit costs are intended to capture the cost of the trading process in terms of the prices achieved. Explicit costs include broker commission, transaction taxes, exchange and swap fees. The transaction costs incurred by members during the year to 31 March 2020 are detailed in the table below, correct to two decimal places.

Fund	Transaction Costs (%)
Aegon BlackRock LifePath Flexi (BLK)	Range: 2.02 to 11.44
Aegon BlackRock LifePath Capital (BLK)	Range: 1.09 to 9.14
Aegon BlackRock LifePath Retirement (BLK)	Range: 1.86 to 11.44
Aegon BlackRock 30/70 Currency Hedged Global Equity Index (BLK)	5.19
Aegon BlackRock 60/40 Global Equity Index (BLK)	0.00
Aegon BlackRock World Multifactor Equity Tracker (BLK)*	1.81
Aegon BlackRock World ESG Equity Tracker (BLK)*	Not available as fund only introduced in 2020
Aegon BlackRock Emerging Markets Equity Index (BLK)	-6.02
Aegon BlackRock UK Equity Index (BLK)	4.54
HSBC Islamic Global Equity Index (BLK)	4.09
Aegon LGIM Ethical Global Equity Index (BLK)	0.42
Aegon BlackRock All Stocks UK Index Linked Gilt Index (BLK)	-1.13
Aegon BlackRock Corporate Bond All Stocks Index (BLK)	4.25
Aegon BlackRock Over 15 Year Gilt Index (BLK)	1.32
Aegon LGIM Pre-Retirement (BLK)*	-1.99
Aegon BlackRock Cash (BLK)	1.14
Aegon BlackRock Property (BLK)	-6.36
Aegon Schroders Dynamic Multi Asset (BLK)	35.61

*The Aegon BlackRock World Multifactor Equity Tracker Fund was introduced from 31 October 2019 and the Aegon BlackRock World ESG Equity Tracker Fund was introduced from 2 March 2020.

* The Aegon LGIM Pre-Retirement is only available for members that transferred funds into it at 15 October 2018.

COSTS AND CHARGES (CONTINUED)

The increase in transaction costs during the year is a result of the stressed market conditions experienced in the first quarter of 2020 as markets reacted to the economic pressure caused by the COVID-19 pandemic. Specifically, elevated bid/offer spreads and trading volumes during this period resulted in higher implicit costs of trading than under normal circumstances.

CUMULATIVE EFFECT OVER TIME OF COSTS AND CHARGES

The purpose of the illustrations shown below are to show how costs and charges borne by members can affect the overall value of a members' retirement account over time. They are not personal illustrations, but based on the assumptions detailed below. The Trustee has had regard to the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 ("the 2018 Regulations") and guidance published by The Pensions Regulator in preparing these illustrations.

Assumptions

Data Item	Assumption
Current age	25
Target retirement age	67
Existing account value	£8,000
Salary	£32,000
Contribution rate	10% of salary (total monthly contribution of £266.67 increasing in line with salary)
Price inflation	2.0%
Earnings inflation	3.5%

Illustrations are shown for LifePath Flexi, LifePath Retirement and the Aegon BlackRock Cash fund, as Ensign's default arrangements. The Aegon BlackRock Cash fund is also the fund with the lowest assumed growth rate and the lowest charges. The Aegon HSBC Islamic Global Equity (BLK) fund is shown as the fund with the highest assumed growth and the Aegon BlackRock Property (BLK) fund is shown as the fund with the highest charges.

Growth, costs and charges assumptions

	Aegon BlackRock LifePath Flexi (BLK)	Aegon BlackRock LifePath Retirement (BLK)	Aegon BlackRock Cash (BLK)	Aegon HSBC Islamic Global Equity Index (BLK)	Aegon BlackRock Property (BLK)
Growth rate	-0.76% to 3.00%*	-0.76% to 3.00%*	-0.76%	3.00%	2.15%
AMC	0.31%	0.31%	0.25%	0.65%	0.93%
AAE	0.00%	0.00%	0.03%	0.00%	0.02%
TC	-0.03%	-0.03%	0.01%	0.05%	0.03%

* The growth rate used for the Lifepath funds vary through time based on the underlying asset.

COSTS AND CHARGES (CONTINUED)

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum. This rate is based on potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and asset allocation of the funds. Actual growth achieved may be more or less than the assumed growth.

AMC is the Annual Management Charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the Additional Annual Expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred in addition.

TC are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on actual transaction costs for the period 1 April 2019 to 31 March 2020.

The impact of transactional costs and charges on fund values

The 'Before Charges' column shows each fund value without any transaction costs, charges or expenses being applied to the fund's holdings. The 'After all charges' column shows the fund's holdings after transaction costs, charges and expenses have been deducted.

Default arrangements

Years	Aegon BlackRock LifePath Flexi 2061-63 (BLK)		Aegon BlackRock LifePath Retirement 2061-63 (BLK)		Aegon BlackRock Cash (BLK)	
	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	11,370.07	11,342.35	11,093.34	11,065.40	11,358.64	11,330.95
3	18,437.62	18,323.53	17,345.58	17,235.81	18,382.49	18,268.79
5	25,959.69	25,714.82	23,688.67	23,462.69	25,830.88	25,587.42
10	46,902.84	46,109.64	39,971.61	39,305.96	46,439.67	45,655.94
15	71,207.31	69,492.13	56,917.18	55,600.71	70,155.16	68,471.29
20	99,293.81	96,201.52	74,598.04	72,420.89	97,340.88	94,324.57
25	131,630.49	126,611.54	93,091.42	89,844.00	128,398.54	123,534.56
30	168,737.93	161,133.74	112,479.56	107,951.36	163,771.78	156,450.22
35	211,194.78	200,221.17	132,850.14	126,828.58	203,950.40	193,453.32
40	259,643.85	244,372.24	154,296.65	146,565.94	249,474.75	234,961.40
42	280,858.63	263,571.49	163,198.67	154,722.91	269,312.81	252,926.91

COSTS AND CHARGES (CONTINUED)

Self-select investment options

Years	Aegon HSBC Islamic Global Equity Index (BLK)		Aegon BlackRock Property (BLK)	
	Before charges	After all charges	Before charges	After all charges
1	11,452.89	11,383.19	11,375.21	11,278.47
3	18,806.13	18,515.94	18,482.92	18,086.38
5	26,789.94	26,159.85	26,088.58	25,239.76
10	49,796.86	47,695.60	47,461.33	44,723.93
15	77,769.44	73,090.94	72,576.58	66,675.45
20	111,578.98	102,892.15	101,950.30	91,337.16
25	152,238.93	137,715.88	136,163.05	118,973.43
30	200,927.21	178,257.67	175,867.57	149,872.00
35	259,012.32	225,301.70	221,797.38	184,345.93
40	328,083.17	279,731.55	274,776.38	222,735.70
42	359,191.14	303,790.37	298,145.25	239,269.92

COSTS AND CHARGES (CONTINUED)

VALUE FOR MEMBERS

The Trustee carries out an annual assessment to assess and evaluate the extent to which the costs and charges deducted from members' accounts provides good value in relation to the benefits and services provided to the membership, and when compared to other options available in the market.

Services provided to members

The benefits received by members in Ensign include:

- High quality administration services;
- A sophisticated default investment fund and broad range of self-select options that have performed positively over the period;
- The availability of in-scheme drawdown;
- High quality governance and oversight by the Trustee Board and Secretariat team;
- Clear communications that are tailored to the maritime industry and reinforce important messages for members to achieve a good outcome at retirement;
- Clear communications regarding options before, at and during retirement;
- Access to retirement advice and guidance through Aspire Retirement Services;
- Online website showing daily pricing of members' retirement accounts;
- An online retirement planner that projects the growth of members' accounts to retirement and models the annual income that could be received during retirement; and
- Flexibility in how and when members use their retirement account at retirement.

Quality of services provided to members

The Trustee is confident that the governance structure of Ensign is robust and that it has the necessary processes in place to help achieve its objectives.

Ensign has obtained master trust assurance, meaning that it has been subject to an independent review of its practices against prescribed control objectives and demonstrates the high quality of governance and administration offered by Ensign. This framework was developed by the ICAEW (Institute of Chartered Accounts in England and Wales) in partnership with The Pensions Regulator to help trustees assess whether their scheme meets equivalent standards of governance and administration to those set out in the DC Code. The Trustee's report, including the report from the independent reporting accountant, is available on Ensign's website, www.ensignpensions.com.

Ensign has also achieved master trust authorisation from The Pensions Regulator (in September 2019), a scrupulous process that required Ensign to demonstrate appropriate safeguards are in place to ensure the protection of members' benefits, that adequate systems and processes are in place to run the scheme effectively, and that the scheme is run in the best interests of members.

COSTS AND CHARGES (CONTINUED)

COSTS AND CHARGES

The Trustee has compared the charges applying to members in Ensign and several of the largest UK master trusts for investing in the respective default arrangements:

Master trust arrangement	Charges applied to members
Ensign Retirement Plan	0.31% AMC
TPT Retirement Solutions	0.50% AMC
National Employment Savings Trust	0.30% AMC + 1.8% contribution charge
NOW: Pensions	0.30% AMC + £0.30 to £1.50 per month admin charge

The AMC represents the percentage deducted from the fund's value each year to meet the costs of managing the pension scheme. It is calculated and deducted on a daily basis. For both LifePath Flexi and LifePath Retirement, the AMC covers all external expenses which the fund may incur other than transaction costs. These small additional costs arise when buying or selling underlying assets of the fund. Transaction costs includes:

- Explicit costs: Include broker commission, transaction taxes, exchange and swap fees.
- Implicit costs: Intended to capture the cost of the trading process in terms of the prices achieved.
- Indirect costs: Those that occur through investment in an underlying fund.
- An anti-dilution offset: A levy may be applied on those buying and selling assets in the fund, to ensure that existing investors do not unfairly bear such costs. This benefits the fund as it offsets adverse buying/selling impacts and offsets other costs.

The Trustee recognises that these transaction costs are necessarily incurred as part of buying and selling the funds' underlying investments in order to achieve their investment objective and cannot be predicted in advance. The Trustee is mindful that transaction costs are likely to vary depending on the types of investments in which a fund invests, and that comparing portfolio transaction costs for a range of funds may give a false impression of the relative costs of investing in them, primarily because they do not necessarily reduce returns. In light of this, the Trustee reviews the performance of each fund after the deduction of transaction costs, allowing the Trustee to assess the extent to which transaction costs represent good value to members in the context of the net impact of dealing on performance.

The Trustee expects that once further advice is received on what additional transaction costs should be disclosed by investment managers, it will be able to compare the costs incurred by members investing in the self-select investment options against those incurred by other funds.

In addition to the above, there are no hidden charges or fees for members participating in Ensign: members are not charged for switching their fund, changing their retirement date or transferring their pot out of Ensign.

COSTS AND CHARGES (CONTINUED)

SUMMARY

The Trustee has assessed the various charges applying to the default investment fund and self-select fund options and, based on the information available, considers the charges to represent good value for members.

In reaching this decision, the Trustee focused on the annual management charges incurred by members, both in comparison with other master trust arrangements and taking into account the benefits they receive in return for such payments. The Trustee also took into account the information available on any additional charges and transaction costs incurred by members.

This Governance Statement is made available to members via the Ensign website and the online member portal, and members were informed of this in the annual benefit statement issued to all members in Ensign in July 2020.

TRUSTEE KNOWLEDGE AND UNDERSTANDING

The Trustee Directors recognise the importance of ensuring that collectively they possess or have access to the knowledge and understanding necessary to govern Ensign effectively. When assessing the Trustee Directors' collective knowledge and understanding, three key areas are considered: the appointment of new Trustee Directors, the ongoing training and development of Trustee Directors, and the support and advice received by the Trustee.

THE APPOINTMENT OF NEW TRUSTEE DIRECTORS

The Trustee has adopted a policy for the appointment of Trustee Directors. This, in part, ensures that the Trustee meets the legislative requirements concerning the composition of trustee boards and ensures that Trustee Directors are selected and appointed based on the qualities, skills and experience that they would bring to the Trustee Board.

During the scheme year, two additional Trustee Directors were appointed to the Trustee Board to increase the size of the Trustee Board, to add to the skills and knowledge of the existing Trustee Board, and to increase the diversity and experience of the Trustee Board.

Each of the Trustee Directors were appointed in accordance with this policy, on the basis that they were considered fit and proper to carry out their roles and have demonstrated they hold relevant skills, technical knowledge and experience relevant to their role as Trustee Directors. This includes experience of serving as trustee directors on the trustee boards of other DC pension schemes, exposure of other multi-employer industry-wide pension schemes, understanding in how to communicate with members and employers, and evidence of developing positive relationships with employers, The Pensions Regulator, the Department for Work and Pensions and other industry bodies.

ONGOING TRAINING AND DEVELOPMENT OF TRUSTEE DIRECTORS

As part of the Trustee's adopted training policy that outlines the training requirements of all Trustee Directors throughout their tenure on the Trustee Board, all Trustee Directors are required, on appointment, to read and be conversant with the main documents and policies of Ensign, including but not limited to:

- the Trust Deed and Rules of Ensign;
- the Memorandum and Articles of Association of the Trustee;
- Ensign's Statement of Investment Principles;
- the members' booklet;
- the Trustee's key policies and procedures.

Each year, all Trustee Directors respond to a questionnaire, the aim of which is to identify any gaps in their knowledge and understanding that needs to be addressed through training. In particular, this questionnaire focuses on the knowledge and understanding of the Directors in relation to a) the law relating to pensions and trusts, and b) the relevant principles relating to the funding and investment of occupational DC pension schemes.

Together with the Chief Executive of Ensign, I review the results of the questionnaires completed by each Director to:

a) ensure that each Director has sufficient and appropriate knowledge and understanding relevant to their role on the Trustee Board;

TRUSTEE KNOWLEDGE AND UNDERSTANDING (CONTINUED)

b) ensure that the knowledge and understanding of the Trustee Board as a whole is appropriate to meet the objectives of the master trust, as set out in its Business Plan, and that knowledge and skills are not concentrated in one or two individuals; and

c) identify any training needs across the Trustee Board or for individual Directors.

A training plan is then agreed, setting out the areas of training to be provided to the Trustee Board and/or individual Directors throughout the scheme year. This includes specific legal, investment and governance training, as well as opportunities for Directors to attend seminars and conferences, specific to DC schemes, to keep up to date on best practice governance standards. Any training received by the Trustee Directors, either individually or collectively, is recorded on the Trustee's skills, knowledge and training log.

All Trustee Directors have completed the relevant modules of The Pensions Regulator's Trustee Toolkit.

SUPPORT AND ADVICE RECEIVED BY THE TRUSTEE

The Trustee has appointed various advisers and service providers to advise on and manage certain aspects of Ensign. This includes an Executive team who ensure that the Trustee keeps abreast of changes in industry best practice, legislation and regulations relating to DC pension schemes. The Trustee also receives advice and guidance on specific matters from its appointed legal adviser, in particular prior to making decisions.

The Trustee has established a contract for services with each provider and understands the terms and conditions relating to the contract. The Trustee has documented the functions it delegates to its service providers to ensure it retains sufficient oversight of the delegated functions.

CONCLUSION

Taking into account the wealth of experience, knowledge and understanding of each of the Trustee Directors, as well as the professional advice that is available to them from appointed professional advisors, I am confident that the Trustee Board has the right mix of skills and competencies to ensure Ensign is well governed and properly managed and enables the Trustee to properly exercise its function.

GOVERNANCE

TRUST DEED AND RULES

In accordance with Regulation 6A(1) of the Occupational Pension Scheme (Administration) Regulations 1996, the Trust Deed and Rules do not contain provisions that would restrict who the Trustee may appoint to provide administration, fund management, advisory or any other services in respect of Ensign.

RELEVANT MULTI-EMPLOYER SCHEMES

The Ensign Retirement Plan is a relevant multi-employer scheme and must, therefore, comply with the additional requirements relating to governance.

The Trustee is currently made up of six Directors. All Directors have been appointed via the Trustee's adopted policy for appointing member-nominated and employer-nominated Directors, which has been developed against the backdrop of recent pensions legislation concerning the appointment of member-nominated trustees (Sections 241 - 243 Pensions Act 2004 and the Occupational Pension Schemes (Member-nominated Trustee and Director) Regulations 2006), and the DC governance requirements (the Occupational Pension Schemes (Charges and Governance) Regulations 2015).

Accordingly, all six Directors, including myself as the Chair of Trustees, have been appointed through an open and transparent process and are considered non-affiliated for the purposes of the DC governance requirements. This means that the Directors are not associated with any company that provides administration, investment, advisory or any other services in respect of Ensign.

Three Directors have been nominated by a recognised trade union that, in the opinion of the Trustee, represents the members in Ensign, in order that members, or their representatives, can make their views on matters relating to Ensign known to the Trustee.

There have not been any non-affiliated trustee appointments made during the scheme year.

MEMBER FEEDBACK

The Trustee encourages its members, or their representatives, to share their views and ideas about Ensign. Contact details are publicly available on the Ensign website, at www.ensignpensions.com, contact details for the administrator are included on all communications issued to members, including the latest member newsletter, posted to members in December 2019 and available on the Ensign website. Members can telephone, e-mail or write to us.

APPENDIX: STATEMENT OF INVESTMENT PRINCIPLES



Ensign Retirement Plan

Statement of Investment Principles

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1. Introduction

- 1.1 The Ensign Retirement Plan (“Ensign”) is a defined contribution pension scheme, set up under trust for the benefit of multiple non-associated employers, and their employees, with a connection to the maritime industry (a “master trust”). Ensign Retirement Plan Trustees Limited (“the Trustee”) is the sole corporate trustee of Ensign and governs Ensign in accordance with the provisions of Ensign’s Trust Deed and Rules dated 21 May 2015 (as amended from time to time) and the requirements of applicable legislation.
- 1.2 The Trustee has produced this Statement of Investment Principles (the “Statement”). It outlines the principles governing any investment decisions made by, or on behalf of, the Trustee for the management of the assets held in Ensign and sets out how these assets are invested. The Statement also demonstrates how the Trustee will monitor and review the ongoing suitability of the investment strategy for the members in Ensign.
- 1.3 The Trustee confirms that this Statement has been prepared in accordance with relevant legislation and best practice guidelines. In preparing the Statement, the Trustee sought advice from an independent investment adviser, Hymans Robertson, and took into account its investment powers under the Trust Deed and Rules. It also considered the views of the participating employers, the suitability of different types of investments, the need to diversify, liquidity of assets, the custodianship of assets and any self-investment.
- 1.4 This Statement of Investment Principles will be reviewed by the Trustee from time to time to adapt to changes in the Trustee’s investment strategy, membership profile, legal requirements placed on trustees or amendments to the Trust Deed and Rules of Ensign, or in the event of internal or external events that may significantly affect Ensign and the requirements of the Trustee. Any changes that are required to this Statement will be carried out having taken into consideration the views of employers participating in Ensign and on the advice of an appropriately qualified investment adviser.

2. Investment Objectives

- 2.1 The Trustee has a straightforward overall goal for the Ensign Retirement Plan: to help improve the retirement outcomes for those working in the maritime industry.
- 2.2 The Trustee believes that Ensign should offer an investment option which is likely to suit the majority of members, the “default arrangement”, as defined in the Occupational Pension Schemes (Investment) Regulations 2005 (the “Investment Regulations”). The arrangement that the Trustee has selected for this purpose is the Aegon BlackRock LifePath Flexi (BLK) fund (“LifePath Flexi fund”).
- 2.3 Prior to a bulk transfer of a cohort of members in October 2018, it was determined that the most suitable fund for this specific cohort’s existing benefits in the “transferring scheme” to be transferred to was the Aegon BlackRock LifePath Retirement (BLK) fund (“LifePath Retirement fund”). The LifePath Retirement Fund is therefore, also classified as a “default arrangement” for the purposes of the Investment Regulations.

- 2.4 On 18 March 2020, the Aegon BlackRock Property fund was suspended as independent property valuers were unable to accurately assess the value of physical properties. As a result of the suspension, member contributions were unable to be invested in the Aegon BlackRock Property fund and contributions in respect of members that had previously elected to invest new contributions into the Aegon BlackRock Property fund were instead invested in the Aegon BlackRock Cash fund. As the consent of members was not obtained before diverting contributions to the Aegon BlackRock Cash fund, and in accordance with guidance from the Pensions Regulator, the Trustee concluded that the Aegon BlackRock Cash fund had also become classified as a “default arrangement” for the purposes of the Investment Regulations. As detailed in Appendix 2, the Aegon BlackRock Cash fund aims to produce a return in excess of its benchmark principally from a portfolio of Sterling denominated cash, deposits and money-market instruments.
- 2.5 The Trustee recognises, however, that members have differing needs at retirement and therefore, differing investment needs, and that these may change during the course of their working lives. It also recognises that members have different attitudes to risk. Members should therefore, be able to make their own investment decisions based on their individual circumstances. A range of other investment options are also available to members that, whilst not being too complicated, should help members in achieving the following objectives:
- a) Increasing the value of their retirement pot from the contributions invested.
 - b) Protecting the value of their retirement pot in the years approaching retirement against market falls.
 - c) Protecting the value of their pot when converted into usable benefits.
 - d) Tailoring their investments to meet their own needs.

3. Investment Beliefs

3.1 Diversification

- 3.1.1 Subject to the funds’ benchmarks and guidelines, the investment managers of the funds are given full discretion over the choice of securities within the funds and are expected to maintain a diversified range of underlying holdings where appropriate.
- 3.1.2 Given the size and nature of Ensign, the Trustee has decided to invest on a “pooled fund” basis; any such investment is carried out through an investment provider.
- 3.1.3 The Trustee is satisfied that the range of funds in which Ensign invests, provides adequate diversification and a suitable range of options for Ensign’s members.
- 3.1.4 The Trustee has included a number of “target-date” funds in its investment offering, which aim to meet the needs of members at different stages of their working life and with different planned retirement dates in the future. Further details are included below.

3.2 Balance between different kinds of investments

- 3.2.1 The Trustee has ensured that there is a suitable number of alternative investment options available to members. In addition to the LifePath Flexi fund and the LifePath Retirement fund, the Trustee has introduced another target date fund, which targets cash withdrawal. Details are shown in Appendix 1.
- 3.2.2 For members who wish to make their own asset allocation decisions, the Trustee has introduced a range of funds that invest in various asset classes across the risk and return spectrum. The Trustee has been careful not to introduce a wide range of funds to avoid confusing members, details of these funds are shown in Appendix 2.

3.3 Risk

- 3.3.1 The Trustee has considered risk from a number of perspectives. These are:
- a) The risk that the investment returns over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate income at retirement.
 - b) The risk that market movements in the period prior to retirement lead to a fall in the members' retirement pot.
 - c) The risk that market movements in the period just prior to retirement lead to an increase in the cost of turning members' fund values into retirement benefits.
 - d) The risk that an investment manager will not deliver investment returns in line with their investment objectives generally or other investment managers.
 - e) The risk that funds which invest in assets which take longer to sell (are illiquid), such as property, will not be able to buy or sell these assets when asked to do so by the Trustee and/or members.
 - f) The risk that an entity holding derivative-based assets may default leading to a reduction in a fund's value.
 - g) The risk that Environmental, Social and Governance (ESG) factors can impact the long-term performance of an investment strategy
- 3.3.2 To help mitigate many of these risks, the Trustee has made available the target date fund options, which transitions members' investments from higher risk investments to lower risk investments as members approach retirement. Within the investment strategy review that Ensign conducts once every three years, each of these risks above is considered and any strategy changes that are ultimately implemented will manage these risks using an appropriate approach.

3.4 Expected return on investments

- 3.4.1 The objective of the LifePath Flexi and Retirement funds is to achieve a positive real return over the longer term.
- 3.4.2 The Trustee is satisfied that this return objective is consistent with the aims of the members.

3.5 Kind of investments to be held

- 3.5.1 Ensign may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed interest and index-linked bonds, cash, property and pooled investment vehicles considered appropriate for tax-exempt approved occupational pension schemes.
- 3.5.2 Some funds may invest in Exchange Traded Funds to gain access to less easily traded and illiquid asset classes.
- 3.5.3 Some funds may include investments through derivatives to facilitate changes in the fund's portfolio of assets or help lessen investment risks or to improve investment returns.
- 3.5.4 The Trustee considers all of the stated classes of investment to be suitable for Ensign.

3.6 Realisation of investments

- 3.6.1 Investments may be sold to provide funds to make payment of benefits under Ensign or where members have asked to switch funds. If there is an unexpected need to sell all or part of the assets of the portfolio, the Trustee requires the investment managers to be able to sell Ensign's investments in a reasonable timescale, but taking into account the market conditions at that time. Most of Ensign's assets are not expected to take a significant amount of time to sell.

3.7 Environmental, Social and Governance Issues

- 3.7.1 The Trustee has asked that the provider/investment managers have the financial interests of Ensign members as their first priority when choosing investments. This may include social, environmental and / or ethical considerations although the Trustee recognises that different providers and investment managers will have different opinions on the impact that ESG issues will have on financial outcomes.
- 3.7.2 The Trustee, with the help of their investment adviser, has reviewed underlying investment managers' (including platforms) policies in respect of Socially Responsible Investing, voting and engagement and is satisfied that these are in line with the above approach.
- 3.7.3 The Trustee has recently made available as a self-select option, an ESG focused fund for those members who may have ESG factors as an overriding investment consideration. In addition, the Trustee offers a dedicated ethical investment option and an option to invest in a fund which is managed in compliance with Shariah law.

3.8 Responsible Investing

- 3.8.1 The Trustee recognises that the consideration of financially material factors, including ESG factors, is relevant at different stages of the investment process.
- 3.8.2 The Trustee has not made explicit allowance for the risks of climate change in setting their investment strategy or preferred glidepath design.
- 3.8.3 Within any actively managed mandates used in Ensign, the Trustee will delegate responsibility for the consideration of security-specific issues to their investment managers. In passively managed mandates, the Trustee recognises that the choice of benchmark primarily dictates the assets held by the investment manager.

- 3.8.4 The Trustee will not engage directly with the underlying companies that Ensign are invested in but believe it is appropriate for the underlying fund managers to engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to improve corporate behaviours, improve performance and mitigate financial risks.
- 3.8.5 While the Trustee does not explicitly survey the views of members in Ensign, it recognises that some members will have strong views or convictions on where their savings should, or should not, be invested. Section 3.7.3 outlines how the Trustee addresses this point. For the remaining funds offered, the Trustee delegates the consideration of non-financial factors to the underlying investment managers – the expectation is that non-financial factors can be taken into account when these do not conflict with the financial interests of members and the fund's underlying risk and return objectives.
- 3.8.6 The Trustee is required to give consideration to the appropriate time horizon of the investment strategy in relation to its policy on financially material considerations, including ESG considerations. While Ensign's investment arrangements are monitored on a regular basis and the SIP is reviewed at least once every three years, the time horizon for underlying DC members is significantly longer, particularly for those who are many years from retirement. ESG considerations take this longer time horizon into account, often viewed as 20+ years.

3.9 Stewardship

- 3.9.1 The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attached to investments to the provider/investment managers and to encourage them to exercise those rights when they believe there could be a potential financial impact on the portfolio.

3.10 Charges

- 3.10.1 Ensign is a qualifying scheme for auto-enrolment purposes and so the LifePath Flexi and Retirement funds must comply with the charge cap introduced by the Pensions Act 2014 which applies from April 2015.

4. Delivering the Investment Objectives

- 4.1 The Trustee recognises that from time to time, there will be tension in delivering the objectives detailed above, but looks for an appropriate balance between them.

4.2 Aegon BlackRock LifePath Flexi and LifePath Retirement Funds

- 4.2.1 The Trustee has selected the Aegon BlackRock LifePath Flexi (BLK) fund as the fund into which members will automatically be invested, that aims to help members grow their assets whilst protecting their savings as the member approaches retirement through the use of a series of target-date funds. For a specific cohort of members, the Trustee has selected the Aegon BlackRock LifePath Retirement (BLK) fund as the fund into which these members will automatically be invested. Both of these funds reflect changing investment needs by gradually altering each fund's investment mix as members near their target retirement date, thereby

managing over time the principal investment risks faced by members: inflation, fluctuations in fund values (when this is significant) and converting the fund value into benefits at retirement.

- 4.2.2 After analysing Ensign's membership profile and projected fund values, the Trustee believes that the fund into which members are automatically enrolled should target the form of benefits that is likely to meet the needs of the majority of members: withdrawing benefits from a registered pension scheme.
- 4.2.3 The LifePath Flexi fund is designed for members who will drawdown their benefits during their retirement to provide income. The final asset allocation is a diverse allocation which is allocated to 40% growth assets and 60% more cautious assets. This is designed so that the portfolio can continue to be invested during retirement while income is being drawn from it. The LifePath Retirement fund is designed for members who wish to use all or the majority of their retirement pot to purchase an annuity at retirement. Please refer to Appendix 1 for more detail on both sets of funds.

4.3 Additional Fund Options

- 4.3.1 The Trustee recognises that the LifePath Flexi and the LifePath Retirement funds will not meet the needs of all members, so a selection of more specialised funds is offered to members who want to make active investment choices. Having considered the advice of an investment adviser, the Trustee has selected a range of funds from equity, property, bond and money market asset classes as well as absolute return and multi-asset funds, and are considered broadly suitable for the majority of members. These are detailed in Appendix 2.
- 4.3.2 Please refer to Appendix 2 for more detail on the alternative funds offered.
- 4.3.3 The Trustee does not give advice to individual members on their fund selections. Members are encouraged to take independent financial advice when making their individual investment choices.

4.4 AVC Policies

- 4.4.1 In May 2018, the Trustee accepted the transfer of AVC policies from the Trustee of the Merchant Navy Officers Pension Fund. These AVC policies were held with The Equitable Life Assurance Society and the Standard Life Assurance Company.
- 4.4.2 In November 2019, the High Court approved a bulk transfer of all policies from The Equitable Life Assurance Society to Utmost Life and Pensions. The transfer took place with effect from 1 January 2020.
- 4.4.3 No further contributions can be made to the AVC policies. Any contributions made by members prior to 31 March 2016 are invested in various investment funds offered by either Utmost Life and Pensions or the Standard Life Assurance Company. Details of the investment funds offered by either Utmost Life and Pensions or the Standard Life Assurance Company are set out in Appendix 3.

4.5 Decumulation

- 4.5.1 In January 2019, the Trustee introduced an in-scheme drawdown option for members to draw an income from their retirement pot whilst remaining invested for future potential growth.
- 4.5.2 The same investment funds as during a member's accumulation phase are available to members opting for income drawdown.
- 4.5.3 The Trustee has not selected a fund into which members will automatically be invested in; members must select the option that best meets their needs.
- 4.5.4 The same charges apply to members investing in the drawdown arrangements as in the accumulation phase.

5. Governance

5.1 Ultimate Responsibility

- 5.1.1 All investment decisions of Ensign are under the Trustee's control and the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.
- 5.1.2 The Trustee's main investment responsibilities include:
 - a) Preparation of the Statement of Investment Principles and reviewing the content of the Statement and modifying it where necessary, in consultation with an appropriately qualified investment adviser.
 - b) Appointing investment managers, investment advisers and other advisors as necessary for the good stewardship of Ensign.
 - c) Assessing the performance and processes of the investment managers by means of regular reviews of the funds' investment performance and other information.
 - d) Monitoring compliance of the investment arrangements with this Statement on a regular basis.

5.2 Day-to-Day Management

- 5.2.1 The investment platform through which Ensign's investment options are operated is provided by Scottish Equitable plc (trading as "Aegon") whose main investment responsibilities include:
 - a) The prompt investment of contributions.
 - b) Maintaining records of the members' investments.
 - c) Selling investments to pay benefits.

5.2.2 All day-to-day investment management decisions have been delegated to investment managers authorised under the Financial Services & Markets Act 2000 whose main responsibilities include:

- a) Ensuring that investment of Ensign's assets is in compliance with prevailing legislation and within the constraints detailed in this Statement.
- b) Providing the Trustee with quarterly reports including any changes to Investment Managers' processes and a review of the investment performance.
- c) Attending meetings with the Trustee as and when required.
- d) Informing the Trustee of any changes in the internal performance objective and guidelines of any pooled fund used by Ensign as and when they occur.
- e) Exercising voting rights on share holdings in accordance with their general policy.
- f) Following its general policy on stewardship, socially responsible and sustainable investment.

5.3 Day-to-Day Custody

5.3.1 Ensign's assets will be held on a day-to-day basis by the investment manager's appointed custodian.

5.4 Monitoring

5.4.1 Investment Performance

- a) Each of the funds in which Ensign invests has a stated performance objective by which the performance is measured.
- b) The Trustee will review the performance of the appointed investment manager from time to time, based on the results of their performance and investment process.

5.4.2 Aegon BlackRock LifePath Flexi and LifePath Retirement Funds

- a) The Trustee monitors the suitability of the LifePath Flexi and the LifePath Retirement fund's objectives from time to time.
- b) The Trustee monitors the performance of the LifePath Flexi and the LifePath Retirement funds against its objectives from time to time.

5.4.3 Charges

- a) The charges for the investment options (expressed in terms of each fund's "Total Expense Ratio") are monitored by the Trustee to make sure that they provide value for members when compared to the investment objectives of each fund.
- b) The LifePath Flexi and the LifePath Retirement fund's compliance with the charge cap is checked on a regular basis.

5.4.4 Transaction costs

- a) The Trustee recognises that transaction costs (both on the investment management of the funds' underlying portfolio of assets and the "spread" upon buying or selling the funds) may impact the investment returns experienced by members.
- b) The Trustee will monitor the funds' transaction costs to make sure they are reasonable and appropriate.

5.4.5 Investment process

- a) The Trustee monitors the processing of investments, to ensure that contributions in respect of members are invested into the appropriate investment options in a timely manner.

5.5 Compliance

5.5.1 The Trustee is satisfied the funds offered to members by the appointed investment managers are in line with the objectives of Ensign, particularly in relation to diversification, risk, expected return and liquidity. The choices that are made available are reviewed on a regular basis.

Signed on behalf of the Trustee of Ensign:

Director

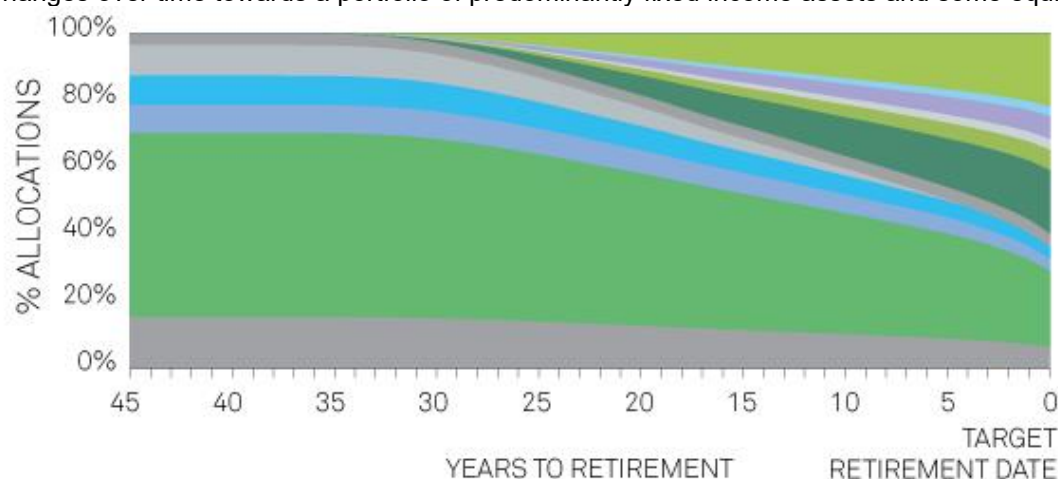
Director

Appendix 1 – Target Date Investment options

The objective of each of the LifePath funds is to provide target date retirement funds with an asset allocation that changes over time. The funds will gain exposure to global equities, fixed income instruments, property and commodities and may also invest in other permitted assets. Each LifePath fund will automatically adjust its investment strategy as it progresses towards its maturity date. Exchange rate movements can affect the value of investments that are in foreign currencies and therefore the LifePath strategy will use specific instruments with the aim of hedging out the majority of the foreign currency exposures.

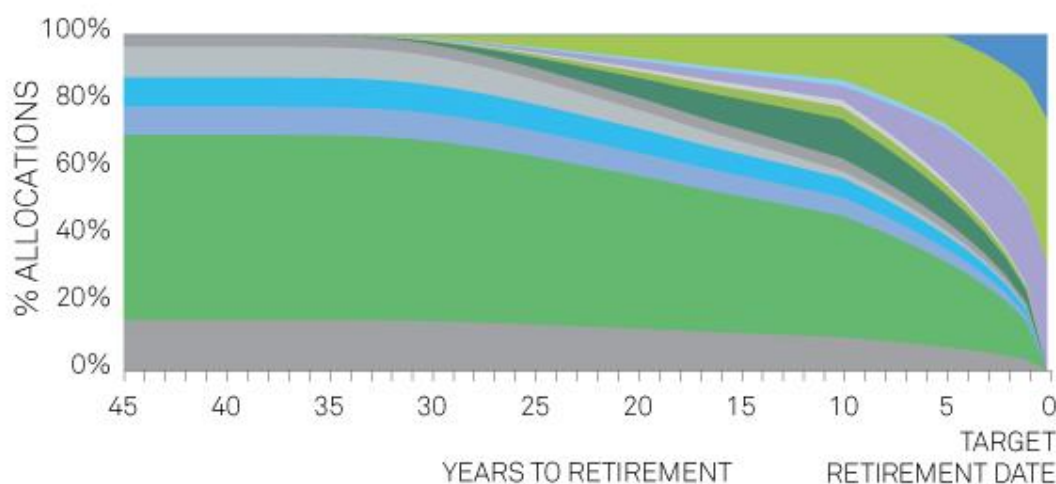
Aegon BlackRock LifePath Flexi

This portfolio is designed for members who wish to stay invested post-retirement and utilise income drawdown. To achieve this, from 10 years prior to its maturity date the Fund's investment allocation changes over time towards a portfolio of predominantly fixed income assets and some equities.



Aegon BlackRock LifePath Retirement

This portfolio is designed for members who wish to use all or the majority of their retirement pot to purchase an annuity at retirement. To achieve this, from 10 years prior to its maturity date the Fund's investment allocation changes over time towards a portfolio of mainly Sterling denominated fixed income and cash.



Aegon BlackRock LifePath Capital

This portfolio is designed for members who wish to take their retirement pot as cash at retirement. To achieve this, from 10 years prior to its maturity date the Fund's investment allocation changes over time towards a portfolio of mainly Sterling denominated short-duration fixed income and cash-like assets.



Aegon uses the following funds to invest assets in the charts shown above.

Asset Class	Fund
UK Equities	Aquila Life UK
Global Equities	Regional Aquila Life funds
Global Small Capitalisation Companies Equities	Regional Small cap funds
Emerging Markets	Emerging Markets Index sub-fund
Property	Global property tracker
Commodities	iShares Diversified Commodity Swap UCITS ETF
UK Corporate Bonds	Aquila Life Corporate Bond Fund All Stocks Fund
UK Gilts	Aquila Life All Stocks UK Gilt Fund
Overseas Corporate Bonds	BlackRock Overseas Corporate Bond Tracker
Overseas Government Bonds	Aquila Life Overseas Bond Fund
Emerging Bonds	Emerging Markets Government Bond Index Fund
Annuities Proxy	DC Pre-Retirement Fund
Cash	DC Cash Fund

Appendix 2 – Additional Fund Range

Asset Class	Fund	Objective	Benchmark
Global Equity	Aegon BlackRock 30/70 Currency Hedged Global Equity Index (BLK)	Invests primarily in equities, in the UK and overseas. Approximately 30% of the assets are invested in the shares of UK companies, 60% in developed overseas equities and the remaining 10% is invested in emerging market equities.	30% FTSE All-share Index, 60% Developed Overseas Equities with currency exposure hedged back to sterling and 10% Emerging Market Equities
Global Equity	Aegon BlackRock 60/40 Global Equity Index (BLK)	Invests primarily in UK and overseas equities and aims to produce a return in line with its benchmark. Approximately 60% of the Fund is invested in shares of UK companies and the remaining 40% is split equally between shares of companies in the US, Europe ex-UK and the Pacific Rim.	60% FTSE All Share Index/40% Fixed Overseas Weights (13.3% Continental Europe, 13.3% North America, 6.7% Japan, 6.7% Pacific Basin)
Global Equity	Aegon BlackRock World Multifactor Equity Tracker (BLK)	Invest directly into constituent companies which make up the benchmark index and via other transferable securities giving exposure to such companies as well as money-market instruments, derivatives, deposits and other funds.	MSCI World Diversified Multiple-Factor Net (GBP)
Global Equity	Aegon BlackRock World ESG Equity Tracker (BLK)	The benchmark index aims to reflect the performance characteristics of a subset of equity securities within the MSCI World Index and seeks to maximise exposure to positive ESG factors while minimising carbon exposure.	MSCI World ESG Focus Low Carbon Screened Index
Global Equity	Aegon HSBC Islamic Global Equity Index (BLK)	Invests in company shares from around the world and is compliant with Islamic Shariah principles.	Dow Jones Islamic Titan Index
Global Equity	Aegon LGIM Ethical Global Equity Index (BLK)	Invests mainly in overseas equities within the FTSE4Good Global Equity Index and aims to track the return of its benchmark.	FTSE4Good Global Equity Index
UK Equity	Aegon BlackRock UK Equity Index (BLK)	Invests in shares of UK companies and aims to produce a return in line with its benchmark.	FTSE All Share Index
Emerging Markets Equity	Aegon BlackRock Emerging Markets Equity Index (BLK)	Invests in emerging market equities and aims to produce a return in line with its benchmark.	MSCI Global Emerging Markets Index

Asset Class	Fund	Objective	Benchmark
Long Dated Gilt	Aegon BlackRock Over 15 Years Gilt Index (BLK)	Invests in UK government bonds with a maturity period of 15 years or longer and aims to produce a return in line with its benchmark.	FTSE UK Gilts Over 15 Years Index
Index Linked Gilts	Aegon BlackRock All Stocks UK Index-Linked Gilt Index (BLK)	Invests in UK government index-linked gilts. The Fund aims to achieve a return consistent with the FTSE UK Gilts Index-Linked All Stocks Index, which is widely regarded as an appropriate benchmark for UK pension fund investment in the index-linked UK gilt market.	FTSE UK Gilts Index-Linked All Stocks Index
Gilts and Corporate Bond	Aegon LGIM Pre-Retirement (BLK)*	Aims to provide diversified exposure to assets that reflect the investments underlying a typical traditional level annuity product.	Composite benchmark
Corporate Bond	Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	Invests in investment grade corporate bonds denominated in Sterling. The Fund aims to achieve a return consistent with the iBoxx £ Non-Gilts Index. This index covers the broad spectrum of investment grade corporate bonds in issue.	iBoxx £ Non-Gilts Index
Cash	Aegon BlackRock Cash (BLK)	Aims to produce a return in excess of its benchmark principally from a portfolio of Sterling denominated cash, deposits and money-market instruments.	7 Day LIBID Rate
Commercial Property	Aegon BlackRock Property (BLK)	Invests in a number of underlying pooled property funds to gain exposure to a range of commercial property assets such as offices, shopping centres, retail warehouse parks and industrial estates.	IPD All Balanced Property Funds Index
Multi-Asset	Aegon Schroder Dynamic Multi Asset Fund (BLK)	Invests wholly in the Schroders Dynamic Multi Asset Fund, a non UCITS retail scheme. The investment objective of the Schroders Dynamic Multi Asset Fund is to deliver positive returns over a market cycle based on long-term capital growth and income through investment in collective investment schemes as well as directly held transferable securities, derivatives, cash, deposits, warrants and money market instruments. The Schroders Dynamic Multi Asset Fund may gain exposure to alternative asset classes including but not limited to property, commodities, hedge funds and private equity directly where permitted or through investment in transferable securities and other permitted assets which themselves invest in these asset classes.	UK CPI

*This Fund is available only to those members who transferred into Ensign in October 2018, via a bulk transfer of members' benefits, and had existing benefits in this fund.

Charges

The following charges are applied to the monies invested in the funds offered by the Trustee:

Fund	AMC*	Additional Expenses**	TER ***
Aegon BLK LifePath Flexi (BLK)	0.31	0.00	0.31
Aegon BLK LifePath Capital (BLK)	0.31	0.00	0.31
Aegon BLK LifePath Retirement (BLK)	0.31	0.00	0.31
Aegon BLK (30:70) Currency Hedged Global Equity Index (BLK)	0.32	0.02	0.34
Aegon BlackRock 60/40 Global Equity Index (BLK)	0.30	0.01	0.31
Aegon BlackRock World Multifactor Equity Tracker (BLK)	0.45	0.05	0.50
Aegon BlackRock World ESG Equity Tracker (BLK)	0.35	0.04	0.39
Aegon BLK UK Equity Index (BLK)	0.30	0.01	0.31
Aegon BLK Emerging Markets Equity Index (BLK)	0.45	0.06	0.51
Aegon BLK Over 15 Year Gilt Index (BLK)	0.30	0.01	0.31
Aegon BLK All Stocks UK Index Linked Gilt Index (BLK)	0.30	0.01	0.31
Aegon LGIM Pre-Retirement (BLK)^	0.30	0.00	0.31
Aegon BLK Corporate Bond All Stocks Index (BLK)	0.30	0.02	0.32
Aegon BLK Cash (BLK)	0.25	0.03	0.28
Aegon BLK Property (BLK)	0.95	0.03	0.98
Aegon HSBC Islamic Global Equity Index (BLK)	0.65	0.00	0.65
Aegon Ethical Global Equity Index (BLK)	0.55	0.00	0.55
Aegon Schroders Dynamic Multi Asset (BLK)	0.60	0.05	0.65

* Annual Management Charge

** Additional expenses are all the other operating costs and expenses (OCEs) within the fund, including the known fixed cost of operating the funds (fund administration, custody and professional fees), but excludes transaction costs. These costs can vary from fund to fund and from time to time, but are accurate as at April 2019.

*** Total Expense Ratio is the total of a fund's AMC and OCE. It excludes transaction costs on the fund's underlying assets.

^This Fund is available only to those members who transferred into Ensign in October 2018, via a bulk transfer of members' benefits, and had existing benefits in this fund.

The AMC and TER includes the platform provider's charges including the charges for the routine administration of Ensign and to meet some of the Trustee's costs in operating Ensign. The charges for the investment options are paid for by the members.

Appendix 3 – AVC Policies Investment options

Investment funds offered by Utmost Life and Pensions

US Equity Fund
European Equity Fund
Asia Pacific Equity Fund
UK FTSE All Share Tracker Fund
Global Equity Fund
UK Equity Fund
UK Government Bond Fund
Money Market Fund
Managed Fund

Investment funds offered by the Standard Life Assurance Company

With-Profits One Fund
Managed Pension Fund
FTSE Tracker Pension Fund
Ethical Pension Fund
Mixed Bond Pension Fund
UK Equity Pension Fund