ENSIGN RETIREMENT PLAN

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Registered number 12011384

Ensign

CONTENTS

TRUSTEE AND ADVISERS

TRUSTEE
Ensign Retirement Plan Trustees Limited

ADMINISTRATOR AND INVESTMENT MANAGER
Scottish Equitable plc (trading as Aegon)

AVC PROVIDERS
Utmost Life and Pensions Ltd
Standard Life Assurance Company

The AVCs were transferred to the Merchant Navy Officers Pension Fund on 16 June 2022

INDEPENDENT AUDITOR
Haysmacintyre LLP (to 4 February 2022)
Armstrong Watson Audit Limited (from 17 February 2022)

BANKERS
National Westminster Bank Plc

SECRETARY TO THE TRUSTEE
Rock Strategic Consulting Ltd

SOLICITORS
Sacker & Partners LLP

REGISTERED OFFICE OF TRUSTEE
c/o BDO LLP, 31 Chertsey Street, Guildford, Surrey, England, GU1 4HD

ENQUIRIES
Member Enquiries: Enquiries from active or deferred members should be addressed to Aegon Workplace Investing, Sunderland, SR43 4DH 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

Ensign

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 2022.

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. There were six Directors at all times during the reporting period with one resignation and a new appointment occurring on 19 October 2021.

Mr. R Murphy (Chair)*
Mr. O Tunde (Vice-Chair)+
Mr. J McGurk*
Mr. M Dickinson+
Mrs. V Milne*
Mr. M Jess+[1]
Mr. M Gray+[2]

* Employer-Nominated Director
+ Member-Nominated Director
[1] Resigned effective 19 October 2021
[2] Appointed on 19 October 2021

During the year, the Trustee met on five occasions.

CHANGES IN ADVISORS

On 4 February 2022 Haysmacintyre LLP resigned as Plan Auditors. On resignation they stated there were no circumstances connected with their resignation which they considered significantly affected the interests of the members of, or beneficiaries under, the Plan. Armstrong Watson Audit Limited were appointed in their place with effect from 17 February 2022.

CUSTODY

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

TRUSTEE'S REPORT (CONTINUED)

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 crystalised funds, whilst continuing to make contributions to their existing retirement accounts.

MASTER TRUST ASSURANCE FRAMEWORK

Ensign obtained master trust assurance as at 31 March 2022, 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 April 2021 to 31 March 2022, was signed by the Trustee on 21 June 2022 and is available for employers and members to view on Ensign's website.

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.

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.

TRUSTEE'S REPORT (CONTINUED)

CONTRIBUTIONS (CONTINUED)

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 42 late payments of contributions totalling £519,974 (including £26,734 of additional employer and member contributions), which were between 1 and 90 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 2022 are set out below:

	2022		2021	
	Accum	Decum	Accum	Decum
Active members at the start of the year	2,238	13	2,447	**5**
New active members in year⁺	402	19	394	**24**
From deferred to active	77	2	21	**-**
Leavers – retaining an entitlement	(417)	(14)	(476)	**(15)**
Deaths	(13)	-	(4)	**(1)**
Retirements	(10)	-	(33)	**-**
Transfers-out	(11)	-	(55)	**-**
Other leavers	(21)	-	(56)	**-**
Active members at the end of the year	2,245	20	2,238	**13**

DEFERRED MEMBERS				
Deferred members at the start of the year	2,763	24	2,447	**9**
New deferred members in year*	417	14	476	**15**
From deferred to active	(77)	(2)	(21)	**-**
Retirements	(48)	-	(21)	**-**
Deaths	(11)	(1)	(6)	**-**
Transfers-out	(129)	(2)	(66)	**-**
Other leavers	(16)	(1)	(46)	**-**
Deferred members at the end of the year	**2,899**	**32**	**2,763**	**24**
Total membership at the end of the year	**5,144**	**52**	**5,001**	**37**

*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 61 (2021: 62) active participating employers.

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.

Following the suspension of the BlackRock Property fund in March 2020,and in accordance with guidance from the Pensions Regulator, who were notified of this minor compliance issue, 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 a consequence, the SIP was amended to reflect this.

Following an independent investment review in September 2021, the Trustee closed the Property Fund to new contributions in March 2022, and having communicated with members accordingly, switched any contributions in the replacement Aegon BlackRock Cash fund to the default lifestyle fund.

The SIP was also amended to fully allow for the OPS (Investment and Disclosure) (Amendment Regulations) 2019 No. 982 (the Regulations), which transposed the Shareholder Rights Directive (SRDII) into UK Law which took effect on 1 October 2020, and to reflect the latest climate change and compliance requirements.

Following consultation on the draft SIP with employers, the final version was approved by the Trustee at its meeting on 19 October 2021, and is available on the Ensign website. Thereafter, the SIP has been complied with.

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	0.03	0.40
Aegon BlackRock World ESG Equity Tracker (BLK)	0.35	0.03	0.38
Aegon BlackRock Emerging Markets Equity Index (BLK)	0.45	0.05	0.50
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	0.01	0.56
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	0.01	0.31
Aegon BlackRock Over 15 Year Gilt Index (BLK)	0.30	0.01	0.31
Aegon LGIM Pre-Retirement (BLK)*	0.30	0.00	0.30
Aegon BlackRock Cash (BLK)	0.25	0.03	0.28
Aegon BlackRock Property (BLK)[+]	0.93	0.00	0.93
Aegon Schroders Dynamic Multi Asset (BLK)	0.55	0.00	0.55

*The Aegon LGIM Pre-Retirement fund 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;
- 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 environmental, social and governance factors while minimising carbon exposure (the Aegon BlackRock World ESG Equity Tracker Fund); and
- offers the option to invest in the Aegon LGIM Ethical Global Equity Index, which invests mainly in overseas equities within the FTSE4Good Global Equity Index.

Specifically in relation to the default fund and LifePath fund strategies, environmental, social and governance ("ESG") factors are being integrated into the funds, by investing in the BlackRock ACS World ESG Equity Tracker Fund. This fund 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 ESG 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.

CLIMATE CHANGE GOVERNANCE POLICY

In accordance with Climate Change Governance and Reporting Regulations 2021 ("the Regulations"), the Trustee approved its Climate Change Governance Policy ("CCGP") at its Board meeting on 21 September 2021. The CCGP builds on the Trustee's ESG strategy described above and describes from a governance perspective how Ensign will set to out meet the requirements of the Regulations.

TRUSTEE'S REPORT (CONTINUED)

At its meeting on 22 March 2022, The Trustee agreed Absolute Carbon Emissions, Carbon Intensity and Portfolio Coverage as climate metrics for the purposes of climate change reporting under the Regulations. It also set a target to reach full portfolio coverage linearly over 10 years.

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.

The performance of Ensign's investments over one, three and five years is analysed in the table below.

Fund description	One year (1 April 2021 to 31 March 2022)		Three years (1 April 2019 to 31 March 2022) pa		Five years (1 April 2017 to 31 March 2022) pa	
	Fund (%)	**Index (%)**	**Fund (%)**	**Index (%)**	**Fund (%)**	**Index (%)**
LifePath Capital						
Aegon BlackRock LifePath Capital 2022-24 (BLK)	1.94	0.86	3.56	3.23	3.46	3.33
Aegon BlackRock LifePath Capital 2025-27 (BLK)	3.49	2.67	5.47	5.19	4.98	4.90
Aegon BlackRock LifePath Capital 2028-30 (BLK)	5.18	4.63	7.23	6.94	6.30	6.22
Aegon BlackRock LifePath Capital 2031-33 (BLK)	6.33	6.21	8.27	8.30	7.02	7.13
Aegon BlackRock LifePath Capital 2037-39 (BLK)	7.57	7.47	9.52	9.55	7.93	8.09
Aegon BlackRock LifePath Capital 2040-42 (BLK)	8.16	8.04	10.07	10.12	8.35	8.53
Aegon BlackRock LifePath Capital 2043-45 (BLK)	8.79	8.68	10.66	10.76	8.79	9.00
Aegon BlackRock LifePath Capital 2049-51 (BLK)	9.50	9.42	11.44	11.59	9.37	9.61
Aegon BlackRock LifePath Capital 2061-63 (BLK)	9.54	9.46	11.65	11.79	9.47	9.74
LifePath Retirement						
Aegon BlackRock LifePath Retirement Class H	-4.33	-4.56	0.19	-0.03	0.97	0.89
Aegon BlackRock LifePath Retirement 2019-21 (BLK)	-4.29	-4.14	0.14	0.05	1.45	1.47
Aegon BlackRock LifePath Retirement 2022-24 (BLK)	-1.04	-0.91	3.13	3.09	3.53	3.60
Aegon BlackRock LifePath Retirement 2025-27 (BLK)	1.54	1.51	5.01	4.93	4.85	4.90
Aegon BlackRock LifePath Retirement 2028-30 (BLK)	4.31	4.24	6.84	6.68	6.09	6.06
Aegon BlackRock LifePath Retirement 2031-33 (BLK)	6.33	6.21	8.27	8.30	7.02	7.13
Aegon BlackRock LifePath Retirement 2034-36 (BLK)	6.93	6.82	8.86	8.89	7.45	7.59
Aegon BlackRock LifePath Retirement 2037-39 (BLK)	7.57	7.47	9.51	9.55	7.94	8.09
Aegon BlackRock LifePath Retirement 2040-42 (BLK)	8.16	8.04	10.06	10.12	8.34	8.53
Aegon BlackRock LifePath Retirement 2043-45 (BLK)	8.79	8.68	10.65	10.76	8.79	9.00
Aegon BlackRock LifePath Retirement 2046-48 (BLK)	9.10	8.98	11.08	11.19	9.10	9.33
Aegon BlackRock LifePath Retirement 2049-51 (BLK)	9.50	9.42	11.44	11.59	9.39	9.61
Aegon BlackRock LifePath Retirement 2052-54 (BLK)	9.53	9.51	11.56	11.74	9.44	9.71
Aegon BlackRock LifePath Retirement 2055-57 (BLK)	9.57	9.46	11.66	11.79	9.48	9.74
Aegon BlackRock LifePath Retirement 2058-60 (BLK)	9.54	9.46	11.65	11.79	9.46	9.74
Aegon BlackRock LifePath Retirement 2061-63 (BLK)	9.54	9.46	11.66	11.79	9.54	9.74

Ensign

TRUSTEE'S REPORT (CONTINUED)

Fund description	One year (1 April 2021 to 31 March 2022)		Three years (1 April 2019 to 31 March 2022) pa		Five years (1 April 2017 to 31 March 2022) pa	
	Fund (%)	**Index (%)**	**Fund (%)**	**Index (%)**	**Fund (%)**	Index (%)
LifePath Flexi						
Aegon BlackRock LifePath Flexi Class H	3.11	3.16	5.63	5.71	4.79	4.94
Aegon BlackRock LifePath Flexi 2019-21 (BLK)	3.15	3.18	5.63	5.69	5.02	5.14
Aegon BlackRock LifePath Flexi 2022-24 (BLK)	3.83	3.82	6.35	6.39	5.58	5.66
Aegon BlackRock LifePath Flexi 2025-27 (BLK)	4.69	4.64	7.00	7.02	6.07	6.16
Aegon BlackRock LifePath Flexi 2028-30 (BLK)	5.64	5.57	7.63	7.58	6.54	6.60
Aegon BlackRock LifePath Flexi 2031-33 (BLK)	6.34	6.21	8.27	8.30	7.03	7.13
Aegon BlackRock LifePath Flexi 2034-36 (BLK)	6.93	6.82	8.87	8.89	7.47	7.59
Aegon BlackRock LifePath Flexi 2037-39 (BLK)	7.57	7.47	9.52	9.55	7.96	8.09
Aegon BlackRock LifePath Flexi 2040-42 (BLK)	8.16	8.04	10.07	10.12	8.38	8.53
Aegon BlackRock LifePath Flexi 2043-45 (BLK)	8.79	8.68	10.66	10.76	8.82	9.00
Aegon BlackRock LifePath Flexi 2046-48 (BLK)	9.10	8.98	11.08	11.19	9.13	9.33
Aegon BlackRock LifePath Flexi 2049-51 (BLK)	9.50	9.42	11.45	11.59	9.39	9.61
Aegon BlackRock LifePath Flexi 2052-54 (BLK)	9.53	9.51	11.57	11.74	9.49	9.71
Aegon BlackRock LifePath Flexi 2055-57 (BLK)	9.58	9.46	11.66	11.79	9.50	9.74
Aegon BlackRock LifePath Flexi 2058-60 (BLK)	9.55	9.46	11.65	11.79	9.49	9.74
Aegon BlackRock LifePath Flexi 2061-63 (BLK)	9.54	9.46	11.65	11.79	9.49	9.74
Aegon BlackRock LifePath Flexi 2064-66 (BLK)	9.54	9.46	11.65	11.79	9.50	9.74
Aegon BlackRock LifePath Flexi 2067-69 (BLK)	9.55	9.46	11.65	11.79	9.47	9.74
Aegon BlackRock LifePath Flexi 2070-72 (BLK)	9.55	9.46	11.67	11.79	9.44	9.74
Fixed Income						
Aegon BlackRock All Stocks UK Index-Linked Gilt Index (BLK)	4.58	5.11	2.82	3.17	2.79	3.10
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	-5.50	-5.20	0.80	0.95	1.43	1.55
Aegon BlackRock Over 15 Years Gilt Index (BLK)	-8.15	-7.17	-1.05	-0.72	0.64	0.92
Aegon LGIM Pre-Retirement	-6.82	-6.62	0.26	0.54	1.24	1.50
Equity						
Aegon BlackRock 30/70 Currency Hedged Global Equity Index (BLK)	9.62	9.92	10.78	11.20	8.94	9.29
Aegon BlackRock 60/40 Global Equity Index (BLK)	11.06	11.26	7.66	7.97	6.20	6.56
Aegon BlackRock Emerging Markets Equity Index (BLK)	-7.97	-7.36	4.82	5.36	4.27	4.75
Aegon BlackRock UK Equity Index (BLK)	12.02	13.03	4.78	5.31	4.33	4.69
Aegon HSBC Islamic Global Equity Index (BLK)	19.23	20.12	19.83	20.73	15.61	16.41
Aegon BlackRock World ESG Equity Tracker (BLK) *	14.70	14.60	-	-	-	-
Aegon BlackRock World Multifactor Equity Tracker (BLK) *	11.69	11.86	-	-	-	-
Aegon LGIM Ethical Global Equity Index (BLK)	16.47	17.20	15.33	16.06	11.66	12.35

TRUSTEE'S REPORT (CONTINUED)

Fund description	One year (1 April 2021 to 31 March 2022)		Three years (1 April 2019 to 31 March 2022) pa		Five years (1 April 2017 to 31 March 2022) pa	
	Fund (%)	Index (%)	Fund (%)	Index (%)	Fund (%)	Index (%)
Multi Asset						
Aegon BlackRock LifePath Mature (BLK)	-6.71	-6.42	-0.84	-0.54	0.60	0.90
Aegon Schroders Dynamic Multi Asset (BLK)	2.55	11.32	4.84	6.66	3.48	4.89
Property						
Aegon Property (BLK)	21.31	23.14	7.01	8.05	6.50	7.78
Cash						
Aegon BlackRock Cash (BLK)	-0.13	0.04	0.10	0.16	0.17	0.24

*Three and five year performance not available as funds introduced in the 2019/20 scheme year.

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 2022, as set out on pages 19 to 30, 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 2021	152,401,787
Contributions receivable	12,752,165
Transfers in	2,912,067
Other Income	251,257
Benefits and payments to leavers	(12,501,756)
Administrative expenses	(533,862)
Change in market value	10,144,535
Net assets at 31 March 2022	**165,426,193**

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 1, was approved by the Trustee on 21 October 2022 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 Plans (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 relevant financial framework applicable to occupational pension plans.

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.

In July 2022, the Trustee determined that the Ensign Retirement Plan should be wound up such that Triggering Event 8 occurs and that, as a result, a "Termination Event" would be deemed to have occurred in accordance with Rule 17.1(1) of the Scheme Rules but in accordance with Rule 17.1(2) that the Scheme will continue to operate as is for the time being and no active members will be treated as leaving service as a result of the Termination Event (such that all active members remain in pensionable service after the Termination Event until otherwise decided by the Trustee) and that any wind-up would be deferred,

The Trustee has formally notified The Pensions Regulator ("TPR") of its decision and as result has submitted an Implementation Strategy to TPR stating its intention to pursue Continuity Option 1 (wind-up and transfer out).

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

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 employers 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 employers 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

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF ENSIGN RETIREMENT PLAN

Opinion

We have audited the financial statements of Ensign Retirement Plan ("the Plan") for the year ended 31 March 2022 which comprise the Fund Account, the Statement of Net Assets (Available for Benefits) and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 March 2022, and of the amount and disposition at that date of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the plan year;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- contain the information specified in Regulation 3A of and the Schedule to 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Plan 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.

Emphasis of matter – non-going concern basis

The financial statements have been prepared on a basis other than going concern. This is because the Trustee has agreed to close the Plan and move the assets to another Master Trust.This is explained in Note 1 on page 21. The Trustee is of the opinion that this is likely to conclude within the next twelve months. The Plan is therefore not expected to continue in its current form for at least twelve months from when the financial statements are authorised for issue. Our opinion is not modified in this respect.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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 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, the Plan's Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines 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 the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Plan, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

Based on our understanding of the Plan, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements and reporting frameworks for pension schemes, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Pensions Acts 1995 and 2004 and associated Regulations.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to income and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting any relevant correspondence with the Pensions Regulator and HMRC;
- Consideration of plan compliance with applicable laws including the Pension Acts of 1995, 2004, 2008, 2011, and 2014, and the Pension Schemes Acts of 1993, 2015 and 2017;
- Consideration of plan compliance with applicable regulations including 2018 SORP Financial Reports of Pension Schemes, Occupational Pension Schemes (Disclosure of information) Regulations 1996 and the Occupational and Personal Pension Schemes (Disclosure of information) Regulations 2013;
- Evaluating management's controls designed to prevent and detect irregularities; and
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 auditors' report.

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Use of our report

This report is made solely to the Plan's Trustee, as a body, in accordance with 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 the Plan’s Trustee those matters we are required to state 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 Plan’s Trustee, as a body, for our audit work, for this report, or for the opinions we have formed.

Armstrong Watson Audit Limited
Statutory Auditors
Glasgow
Date

Ensign

FUND ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
CONTRIBUTIONS AND BENEFITS			
Employer contributions		7,692,494	8,325,589
Member contributions		5,059,671	5,019,833
Total contributions	4	**12,752,165**	**13,345,422**
Transfers in	5	2,912,067	3,552,735
Other income	6	251,257	232,456
		15,915,489	**17,130,613**
Benefits paid or payable	7	(3,013,655)	(2,192,934)
Payments to and on account of leavers	8	(9,488,101)	(8,978,386)
Administrative expenses	9	(533,862)	(316,665)
		(13,035,618)	**(11,487,985)**
NET ADDITIONS FROM DEALINGS WITH MEMBERS		**2,879,871**	**5,642,628**
NET CHANGE IN MARKET VALUE OF INVESTMENTS	10	**10,144,535**	**30,160,619**
NET INCREASE IN ASSETS OF ENSIGN DURING THE YEAR		**13,024,406**	**35,803,247**
NET ASSETS OF ENSIGN AT 1 APRIL		**152,401,787**	**116,598,540**
NET ASSETS OF ENSIGN AT 31 MARCH		**165,426,193**	**152,401,787**

The notes on pages 21 to 30 form part of these Financial Statements.

STATEMENT OF NET ASSETS

AS AT 31 MARCH 2022

	Note	2022 £	2021 £
ASSETS ALLOCATED TO MEMBERS			
Investment assets			
Pooled investments vehicles	11	163,160,031	150,330,606
AVC investments	12	810,195	770,410
Cash	10	285,068	428,373
Current assets	15	830,446	366,458
		165,085,740	**151,895,847**
ASSETS UNALLOCATED TO MEMBERS			
Current assets	15	663,796	590,861
Current liabilities	16	(323,343)	(84,921)
		340,453	**505,940**
NET ASSETS OF ENSIGN AT 31 MARCH		**165,426,193**	**152,401,787**

The notes on pages 21 to 30 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-end.

The Financial Statements were approved by the Trustee on 21 October 2022 and signed on its behalf by:

Rory Murphy
Chair
Ensign Retirement Plan Trustees Limited

Olu Tunde
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".

On 25 July 2022, the Trustee formally triggered a process that will ultimately lead to the transfer of member assets to another master trust and the wind up of the Plan within the next 12 months. Accordingly, the going concern basis of accounting is no longer appropriate and the Trustee has adopted a basis of accounting other than going concern namely the cessation basis. No adjustments were necessary as a result of the change in basis of accounting.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Plan is established as a trust under English law. The address for enquiries to the Plan is included on page 2.

3. ACCOUNTING POLICIES

The principal accounting policies of Ensign are as follows:

3.1 INVESTMENTS

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

3.2 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 and special 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.

3.3 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.

3.4 EXPENSES AND OTHER INCOME

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

3.5 FUNCTIONAL CURRENCY

- Ensign's functional and presentational currency is pound Sterling (£).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. CONTRIBUTIONS RECEIVABLE

	2022 £	2021 £
Employers		
Normal contributions	7,469,494	8,100,589
Annual fees	223,000	225,000
	7,692,494	**8,325,589**
Members		
Normal contributions	4,227,630	4,256,376
Additional Voluntary Contributions	832,041	763,457
	5,059,671	**5,019,833**
	12,752,165	**13,345,422**

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

5. TRANSFERS FROM OTHER SCHEMES

	2022 £	2021 £
Group transfers in	-	444,328
Individual transfers in	2,912,067	3,108,407
	2,912,067	**3,552,735**

6. OTHER INCOME

	2022 £	2021 £
Fees from MNOPF Trustees Limited	195,470	190,070
Annual Management Charge	23,787	6,491
Other income	32,000	35,895
	251,257	**232,456**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. BENEFITS PAID OR PAYABLE

	2022	2021
	£	£
Commutations and lump sum benefits	2,455,845	2,018,408
Death benefits	557,810	174,526
	3,013,655	**2,192,934**

8. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2022	2021
	£	£
Individual transfers out	9,483,562	8,969,397
Refunds	4,539	8,989
	9,488,101	**8,978,386**

9. ADMINISTRATIVE EXPENSES

	2022	2021
	£	£
Audit fees	14,678	14,844
Trustee & Executive fees	62,713	58,697
Administration costs	114,998	117,119
Trustee Indemnity Insurance	52,973	56,000
Professional expenses	108,462	64,009
Legal adviser	48,323	5,996
Projects	131,715	-
	533,862	**316,665**

10. INVESTMENT RECONCILIATION

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

	Value at 01-Apr-21	Purchases	Sales	Change in market value	Value at 31-Mar-22
	£	£	£	£	£
Pooled investment vehicles - Accumulation	146,455,035	27,041,260	(25,101,005)	9,971,021	158,366,311
Pooled investment vehicles - Decumulation	3,875,571	2,235,035	(1,442,183)	125,297	4,793,720
AVC investments	770,410	-	(8,432)	48,217	810,195
	151,101,016	29,276,295	(26,551,620)	10,144,535	163,970,226
Cash	428,373				285,068
Total	**151,529,389**				**164,255,294**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. INVESTMENT RECONCILIATION (CONTINUED)

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 £13,606,731.

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 assets at the year-end:

Accumulation

	2022		2021	
	£	**% (1dp)**	**£**	**% (1dp)**
BLK LifePath Flexi 2025-27	10,455,650	6.6	8,252,003	5.6
BLK LifePath Flexi 2028-30	10,308,623	6.5	9,387,554	6.4
BLK LifePath Flexi 2040-42	8,055,002	5.1	-	-
BLK LifePath Flexi 2019-21 H	-	-	8,874,443	6.1
BLK LifePath Flexi 2022-24 H	20,118,455	12.7	17,240,895	11.8

Decumulation

	2022		2021	
	£	**% (1dp)**	**£**	**% (1dp)**
Aegon BlackRock All Stocks UK I/L Gilt Idx Class W	283,953	5.9	252,775	6.5
Aegon BlackRock 60/40 Global Equity Index Class W	305,726	6.4	-	-
Aegon BlackRock LifePath Flexi Class H	3,549,925	74.0	2,867,296	74.0
Aegon BlackRock Cash (BLK) Class Y	-	-	277,426	7.2

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. POOLED INVESTMENT VEHICLES

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

Accumulation	2022 £	2021 £
Bonds	789,370	1,018,944
Equity	9,318,490	8,703,697
Multi Asset	147,102,426	135,922,326
Property	93,553	135,453
Cash	1,062,472	674,615
	158,366,311	**146,455,035**

Decumulation	2022 £	2021 £
Bonds	413,826	367,764
Equity	634,995	353,458
Multi Asset	3,639,935	2,876,923
Cash	104,964	277,426
	4,793,720	**3,875,571**

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 HSBC Islamic Global Equity Index and BlackRock LGIM Ethical Global Equity Index Fund, Black Rock 60/40 Global Equity Index Class W

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. AVC INVESTMENTS

At the reporting date the Trustee held 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.

The aggregate amounts of AVC investments are as follows:

	2022	2021
	£	£
Utmost Life and Pensions Ltd	707,964	670,966
Standard Life	102,231	99,444
	810,195	**770,410**

The AVCs were transferred to the Merchant Navy Officers Pension Fund on 16 June 2022.

13. 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 2022
	£	£	£	£
Pooled investment vehicles-Accumulation	-	158,272,758	93,553	158,366,311
Pooled investment vehicles-Decumulation	-	4,793,720	-	4,793,720
AVC investments	-	696,478	113,717	810,195
Cash	285,068	-	-	285,068
Total	**285,068**	**163,762,956**	**207,270**	**164,255,294**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INVESTMENT FAIR VALUE HIERARCHY (CONTINUED)

	Level 1	Level 2	Level 3	Total 2021
	£	£	£	£
Pooled investment vehicles-Accumulation	-	146,319,582	135,453	146,455,035
Pooled investment vehicles-Decumulation	-	3,875,571	-	3,875,571
AVC investments	-	667,382	103,028	770,410
Cash	428,373	-	-	428,373
Total	**428,373**	**150,862,535**	**238,481**	**151,529,389**

14. 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 complex, 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.

Changes in the investment strategy have been noted in the Trustee report.

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 they 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 reviewing the quarterly investment reports from Aegon.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. INVESTMENT RISK DISCLOSURES (CONTINUED)

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.

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

	2022	2021
	£	£
Unit linked insurance contracts	163,160,031	150,330,606

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. INVESTMENT RISK DISCLOSURES (CONTINUED)

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.

15. CURRENT ASSETS

	2022	2021
	£	£
Allocated to members		
Normal contributions due from employers	526,313	222,475
Normal contributions due from members	259,863	123,966
Additional Voluntary Contributions due from members	44,270	20,017
	830,446	**366,458**
Unallocated to members		
Other debtors	-	4,000
Cash balance	663,796	586,861
	663,796	**590,861**
	1,494,242	**957,319**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. CURRENT LIABILITIES

	2022	2021
	£	£
Unallocated to members		
Deferred Income	190,007	-
Accrued expenses	130,336	81,217
Other creditors	3,000	3,704
	323,343	**84,921**

17. 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.

18. 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.

19. RELATED PARTY TRANSACTIONS

The Trustee is deemed to be a related party of the Plan. Included in administrative expenses are payments of £50,300 (2021: £54,620) 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. The amount received from MNOPF Trustees Limited during the year in respect of these services was £195,470 (2021: £190,070) and is included as other income. MNOPF Trustees Limited is a related party as three of the Trustee Directors of Ensign Retirement Plan Trustees Limited are also Trustee Directors of MNOPF Trustees Limited.

Ensign Retirement Plan

CHAIR'S GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

Registered number 12011384

Ensign

CONTENTS

Ensign

OPENING STATEMENT

31 MARCH 2022

This statement demonstrates how Ensign Retirement Plan Trustees Limited ("the Trustee"), the corporate trustee of the Ensign Retirement Plan ("Ensign"), governs Ensign towards achieving 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 overseeing 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 codes of practice 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 (Scheme Administration) Regulations 1996, this statement details how Ensign has met the governance standards during the year to 31 March 2022 (the "Plan Year") 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 transactions and other 'administration' aspects of the plan.
- the charges and transaction costs to members and the cumulative effect of the costs and charges.
- a 'value for members' assessment.
- Trustee knowledge and understanding.
- how the requirements relating to the appointment of non-affiliated Trustee Directors have been met.
- details of the arrangements in place on how we encourage members to make their views known to us.

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 July 2022.

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 enquiries@ensignretirementplan.co.uk.

Rory Murphy

Chair, Ensign Retirement Plan Trustees Limited
21 September 2022

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. Approximately 63% of total members' benefits were invested in LifePath Flexi as at 31 March 2022.

The Trustee has determined, on the 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 a bulk transfer of members and their benefits that took place in October 2018. Approximately 30% of total members' benefits were invested in LifePath Retirement as at 31 March 2022.

On 18 March 2020, the Aegon BlackRock Property fund was suspended as, due to the Covid-19 pandemic, 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 REPLACMT AGN BLK P Cash (BLK) Prop ("Replacement Property Fund") fund. As the consent of members was not obtained before diverting contributions to the Replacement Property Fund, and in accordance with guidance from The Pensions Regulator, the Trustee has concluded that the Aegon BlackRock Cash Replacement Property Fund also meets the definition of a default arrangement.

On 25 March 2022, having taken independent investment advice and having communicated with affected members accordingly, the Trustee closed the Property fund to new contributions and switched any members' holdings remaining in Replacement Property Fund to the default LifePath Flexi fund. Although Aegon reopened the Property Fund during the Plan Year, the Trustee, again acting on independent investment advice, removed the Property Fund from Ensign's self-select range. This therefore closed the fund to future contributions although existing holdings remain in the Property Fund unless they are switched into other funds by the members concerned. On completion of this exercise, the Replacement Property Fund was removed and ceased to be a default fund.

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

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

AIMS AND OBJECTIVES OF THE DEFAULT ARRANGEMENTS

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 arrangements.

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 DEFAULT INVESTMENT ARRANGEMENT (CONTINUED)

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 establishing Ensign, the Trustee considered the membership profile, risk appetite, and likely retirement options 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.

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. A triennial review of the strategy and performance of the Life Path Flexi fund took place in November 2018 and was reviewed by the Trustee at its meeting on 3 December 2018. This resulted in no changes being made to the default arrangement for new members joining Ensign. A subsequent triennial review of the strategy and performance of the default arrangements was considered during the Plan Year by the Trustee at its meeting on 20 September 2021 and no changes to the default arrangements were recommended or made. The review also concluded that performance of the default funds was consistent with the Statement of Investment Principles and the investment strategy and returns were consistent with its aim and objectives.

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 2022.

ADMINISTRATION – YEAR ENDED 31 MARCH 2022

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.
- 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 the 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 ("SLAs") with Aegon for the prompt processing of all financial transactions. For example, where members request a switch of investment funds, the SLA between Aegon and the Trustee is that 100% of requests must be processed within one business day. In the quarter ending 31 March 2022, 47 switch requests were received and 100% of these were processed within one business day. Such SLAs apply to all transactions handled by Aegon on the Trustee's behalf and range from 100% in one day to 95% in eight days depending on the transaction involved.
- Monitoring quarterly administration reports from Aegon to assess performance against the service level agreements.

ADMINISTRATION (CONTINUED)

- Monitoring quarterly administration reports from Aegon to assess the promptness with which contributions submitted by employers are invested.
- 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 01/20 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 01/20 pensions administration assurance report, and confirms that:

- 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.

ADMINISTRATION (CONTINUED)

As referred to in my opening statement, Ensign has successfully completed the Master Trust Assurance process for the period ending 31 March 2022. This 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 framework entitled Assurance reporting on Master Trusts (TECH 05/20 AAF).

ASSESSMENT

Administration in the Plan Year ending 31 March 2022 continued to be affected in the aftermath of the Covid-19 pandemic.. As a consequence, Aegon's administration performance fell short of contractual service levels over the year (see table below). As a result of the continued internal constraints caused by Covid-19, Aegon focussed on critical financial transactions (those which would have a direct financial impact on members or their dependants). This approach was common across the industry and followed guidance notes published by The Pensions Regulator during the course of the pandemic. The performance against Service Level Agreements ("SLA") for critical financial transactions is also shown below.

Period	SLA – all transactions	SLA – critical transactions
Q1 21-22	88%	96%
Q2 21-22	92%	99%
Q3 21-22	84%	95%
Q4 21-22	85%	97%

The Trustee's representatives hold bi-weekly meetings with Aegon's administration team and monitored their approach to the ongoing adversity caused by the pandemic throughout the Plan Year. During the year, Aegon implemented various actions and initiatives to ensure that standards did not slip any further, including the recruitment of additional personnel.

In December 2021, I wrote to Aegon to express my concern over the continued levels of service that were below the contractually agreed standards, and my letter was copied to The Pensions Regulator. Aegon responded by explaining how they had been affected by staff recruited during the pandemic subsequently leaving when the economy rapidly expanded following the easing of lockdown restrictions. Aegon explained the significant efforts being expended to recruit new staff and to retain existing staff. They also explained that there would be a lag while training took place and an accumulated backlog of work cleared.

No material issues or material complaints were raised by members during this period and Aegon's overall performance is returning to expected service level standards.

Having considered all of the above, I am confident that the processes and controls operated by Aegon and the Trustee are robust and enabled core financial transactions to be handled accurately and as promptly as possible during a difficult year.

COSTS AND CHARGES – YEAR ENDED 31 MARCH 2022

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

CHARGES

The default investment arrangements

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 Plan Year to 31 March 2022. 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%. This is summarised in the table below.

Fund	AMC (%)	Additional Expenses (%)	TER (%)
Aegon BlackRock LifePath Flexi (BLK)	0.31	0.00	0.31
Aegon BlackRock LifePath Retirement (BLK)	0.31	0.00	0.31
REPLACMT AGN BLK P Cash (BLK) Prop	0.25	0.03	0.28

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	0.03	0.40
Aegon BlackRock World ESG Equity Tracker (BLK)	0.35	0.03	0.38
Aegon BlackRock Emerging Markets Equity Index (BLK)	0.45	0.05	0.50
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	0.01	0.56
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	0.01	0.31
Aegon BlackRock Over 15 Year Gilt Index (BLK)	0.30	0.01	0.31
Aegon LGIM Pre-Retirement (BLK)*	0.30	0.00	0.30
Aegon BlackRock Property (BLK) +	0.93	0.00	0.93
Aegon Schroders Dynamic Multi Asset (BLK)	0.55	0.00	0.55

Ensign

COSTS AND CHARGES (CONTINUED)

[#] All information provided by Aegon

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

[+] The Aegon BlackRock Property fund was reinstated during the Plan Year following its suspension in March 2020, with contributions from this time directed to the Aegon BlackRock Cash fund. The Trustee removed the Property Fund from Ensign's self-select range in March 2022 as described earlier in this report.

The AMC represents the percentage deducted from the fund's value each year to meet the costs of administering 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.

Additional Voluntary Contributions ("AVCs")

There are a few legacy AVC policies in Ensign which were not held on the Aegon platform, and the Trustee completed a review of these during the 2021-2022 Plan Year. Following this review, the Trustee wrote to all members holding AVCs in December 2021 to point out that the performance of certain funds across the range in which many of our members' AVC benefits were invested had fallen short of the levels we would expect, with many funds not reaching their expected benchmark performance level. Not all funds had underperformed, and some were not competitive in terms of charges, especially compared with Ensign's default fund. The letter also pointed out the some of the AVC funds were not aligned with how most members are likely to access their savings on retirement and invited members to review their AVC policies in view of the points raised in the letter.

Transfer of AVCs

After the end of the Plan Year, on 16 June 2022, Ensign's AVC policies were transferred to the Merchant Navy Officers Pension Fund (MNOPF). Members holding AVC policies were informed in advance of this change.

Because the Trustee no longer has an ongoing relationship with the AVC providers, investment performance and information relation to costs for AVCs has not been provided to the Trustee and so is not covered further within this statement.

COSTS AND CHARGES (CONTINUED)

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 2022, 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 2022 are detailed in the table below#, correct to two decimal places.

The default investment arrangements

Fund	Transaction Costs (%)
Aegon BlackRock LifePath Flexi (BLK)	Range: 0.00 to 0.07
Aegon BlackRock LifePath Retirement (BLK)	Range: 0.01 to 0.06
REPLACMT AGN BLK P Cash (BLK) Prop (default until 25 March 2022)	0.02

Self-select investment options

Fund	Transaction Costs (%)
Aegon BlackRock LifePath Capital (BLK)	Range: 0.01 to 0.06
Aegon BlackRock 30/70 Currency Hedged Global Equity Index (BLK)	0.03
Aegon BlackRock 60/40 Global Equity Index (BLK)	0.02
Aegon BlackRock World Multifactor Equity Tracker (BLK)	0.01
Aegon BlackRock World ESG Equity Tracker (BLK)	0.07
Aegon BlackRock Emerging Markets Equity Index (BLK)	0.00
Aegon BlackRock UK Equity Index (BLK)	0.08
HSBC Islamic Global Equity Index (BLK)	0.02
Aegon LGIM Ethical Global Equity Index (BLK)	0.00
Aegon BlackRock All Stocks UK Index Linked Gilt Index (BLK)	0.03
Aegon BlackRock Corporate Bond All Stocks Index (BLK)	0.03
Aegon BlackRock Over 15 Year Gilt Index (BLK)	0.00
Aegon LGIM Pre-Retirement (BLK)*	0.00
Aegon BlackRock Property (BLK)+	0.11
Aegon Schroders Dynamic Multi Asset (BLK)	0.24

All information provided by Aegon

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

+ The Aegon BlackRock Property fund was suspended in March 2020, with contributions from this time directed to a replacement Aegon BlackRock Cash fund (REPLACMT AGN BLK P Cash (BLK) Prop) which was a default fund until 25 March 2022. The Property Fund (and replacement cash fund) were closed to future contributions on 25 March 2022.

COSTS AND CHARGES (CONTINUED)

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 member's 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 (Scheme Administration) Regulations 1996 and guidance published by The Department for Work and Pensions in preparing these illustrations.

Assumptions

Data Item	Assumption
Current age	25
Target retirement age	67
Existing account value	£12,000 - based on the median value of the total holdings in the scheme
Salary	£31,000
Contribution rate	10% of salary (total monthly contribution of £258.30increasing in line with salary) – this is the standard contribution rate in the plan
Price inflation	2.0%
Earnings inflation	3.5%

Illustrations are shown for LifePath Flexi, LifePath Retirement and the Aegon BlackRock Cash fund (representing REPLACMT AGN BLK P Cash (BLK) Prop which a default fund until 25 March 2022), 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 BlackRock 60/40 Global Equity Index (BLK) fund is shown as the fund with the highest assumed growth and the Aegon Schroders Sustainable Multi Asset (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 BlackRock 60/40 Glob Eq Index (BLK)	Aegon Schroders Sustainable Multi Asset (BLK)
Growth rate	-1.30% to 3.00%*	-1.30% to 3.00%*	-1.30%	3.00%	1.08%
AMC[1]	0.31%	0.31%	0.25%	0.30%	0.55%
AAE[2]	0.00%	0.00%	0.03%	0.01%	0.00%
TC[3]	0.01%	0.00%	0.01%	0.01%	0.35%

All information provided by Aegon

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

Notes

[1]AMC - annual management charge

[2]AAE - annual additional expense [3]TC - transaction costs

COSTS AND CHARGES (CONTINUED)

Growth rate 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 2018 to 31 March 2022.

The impact of transaction 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 (BLK)		Aegon BlackRock LifePath Retirement (BLK)		Aegon BlackRock Cash (BLK)	
	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	15,325.02	15,281.95	15,309.70	15,266.67	14,894.30	14,855.21
3	22,266.19	22,102.97	22,199.74	22,037.05	20,705.16	20,564.82
5	29,609.95	29,278.24	29,463.20	29,133.34	26,549.48	26,277.79
10	49,850.03	48,860.27	493,58.78	483,80.52	41,336.82	40,609.80
15	73,020.20	70,981.10	71,945.50	69,942.69	56,434.72	55,079.00
20	99,450.96	95,897.22	97,506.74	94,038.29	71,917.97	69,768.64
25	129,506.34	123,888.46	126,352.71	120,904.53	87,863.72	84,762.61
30	163587.00	155,260.01	158,822.83	150,798.81	104,351.99	100,146.05
35	202,133.81	190,344.52	195,288.32	184,000.43	121,465.96	116,005.74
40	245,631.60	229,504.57	236,155.06	220,812.35	139,292.44	132,430.66
42*	264,534.66	246,397.06	253,832.14	236,620.70	146,642.77	139,179.30

*A period of 42 years is used representing the time horizon between assumed age of 25 and target retirement age of 67.

Ensign

COSTS AND CHARGES (CONTINUED)

Self-select investment options

Years	Aegon BlackRock 60/40 Global Equity Index (BLK)		Aegon Schroders Sustainable Future Multi Asset (BLK)	
	Before charges	After all charges	Before charges	After all charges
1	15,468.23	15,423.34	15,208.71	15,085.04
3	22,849.02	22,675.62	21,860.09	21,400.22
5	30,855.80	30,496.71	28,833.17	27,913.67
10	53,897.15	52,774.53	47,753.34	45,103.84
15	81,864.73	79,441.95	68,959.96	63,667.52
20	115,620.43	111,197.18	92,669.72	83,709.07
25	156,166.53	148,840.78	119,117.94	105,340.73
30	204,667.83	193,290.15	148,560.12	128,683.25
35	262,477.37	245,595.99	181,273.49	153,866.55
40	331,165.91	306,960.97	217,558.93	181,030.35
42	362,086.41	334,345.41	233,145.49	192,483.72

All information provided by Aegon

COSTS AND CHARGES (CONTINUED)

VALUE FOR MEMBERS

The Trustee carries out an annual assessment at 31 March each year to assess and evaluate the extent to which the costs and charges deducted from members' accounts provide good value in relation to the benefits and services provided to the membership, and when compared to other options available in the market.

Range of services provided to members

In return for the competitive charges detailed above, the benefits received by members in Ensign include:

- High quality administration services.
- Sophisticated default investment funds and a broad range of self-select options that have performed positively over the period.
- The availability of in-plan drawdown with the same competitive charges enjoyed during accumulation.
- 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.
- Tailored video communications, giving members alternative methods to view their benefit statements.
- Tailored video communications designed to simplify and explain the features of Ensign.
- Access to a mobile app, for increased flexibility in accessing information on their benefits.
- Clear communications regarding options before, at and during retirement.
- Access to retirement advice and guidance through Aspire Retirement Services.
- 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.
- Flexibility in how and when members use their retirement account at retirement.
- Access to a range of high quality, well-managed investments funds which are independently reviewed at least every three years.

The Trustee believes that this range of services represents good value for members in the context of other similar pension schemes.

COSTS AND CHARGES (CONTINUED)

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 Accountants 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 that appropriate safeguards are in place to ensure the protection of members' benefits, that adequate systems and processes are in place to run the plan effectively, and that the plan is run in the best interests of members. As a result of authorisation, Ensign is like all other authorised master trust schemes and subject to ongoing supervision by The Pensions Regulator to ensure that the appropriate requirements continue to be met.

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 for the LifePath Flexi and Retirement Funds
TPT Retirement Solutions	0.50% AMC
National Employment Savings Trust	0.30% AMC + 1.8% contribution charge
NOW: Pensions	0.30% AMC + £1.75 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 plan. 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 include:

- 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.

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.

SUMMARY

The Trustee has assessed the various charges and transaction costs applying to the default investment funds and self-select fund options over the Plan Year to 31 March 2022 and, based on the information available, considers the charges and transaction costs continue to represent good value for members.

In reaching this conclusion, the Trustee reviewed the principal aspects of Ensign to satisfy itself that members obtained value for money over the Plan Year ending 31 March 2022, these are shown below;

- The Trustee reviewed, through quarterly administration reports, the administration services members received from Aegon during the year, taking account of the impact of Covid-19, measured against service standards agreed with Ensign, the complaints received, and the benchmark customer service score related to telephone calls.

- The charges and transaction costs imposed in comparison with other similar pension schemes and the reasonableness of those charges. In particular, the Trustee considered the comparison of charges with other master trusts as set out on page 16 of this document.

- The performance of the default investment funds which the Trustee reviews through quarterly investment reports, the annual Master Trust and GPP Defaults Report from Corporate Intelligence Adviser and through independent review of Ensigns investments on a triennial basis.

- Innovation and communication / technological developments which are monitored throughout the year and assessed by the Trustee's advisers and individual trustees in comparison with the broader industry and experiences with other pension schemes.

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 September 2022.

NET INVESTMENT RETURNS – YEAR ENDED 31 MARCH 2022

This section of the Chair's Statement is new and designed to comply with the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021, to enable members to understand and compare net investment returns (investment returns after the deduction of costs and charges) from Ensign's funds during the Plan Year.

All data below has been provided by Aegon; net investment return figures have been calculated on a geometric mean basis and are quoted per annum. Benchmark returns do not include deductions for costs and charges.

NET INVESTMENT RETURNS – DEFAULT FUNDS

The following data assumes a retirement age of 67.

Aegon BlackRock LifePath Flexi (BLK)

Aegon BlackRock LifePath funds are lifestyle arrangements where the investment allocation changes over time to reduce risk as members approach their retirement age. In accordance with guidance with respect to funds of this nature, examples of net investment returns are provided at ages 25, 45 and 55.

25 year-old at 31 March 2022				
Period	**1 year**	**3 years**	**5 years**	**Inception 30 Apr 2015**
Net return	9.54%	11.65%	9.50%	9.05%
Benchmark	9.46%	11.79%	9.74%	8.98%
Difference	+ 0.08%	- 0.14%	- 0.24%	+ 0.07%

45 year-old at 31 March 2022				
Period	**1 year**	**3 years**	**5 years**	**Inception 30 Apr 2015**
Net return	8.79%	10.66%	8.82%	8.31%
Benchmark	8.68%	10.76%	9.00%	8.38%
Difference	+ 0.11%	- 0.10%	- 0.18%	- 0.07%

55 year-old at 31 March 2022				
Period	**1 year**	**3 years**	**5 years**	**Inception 30 Apr 2015**
Net return	6.93%	8.87%	7.47%	7.19%
Benchmark	6.82%	8.89%	7.59%	7.21%
Difference	+ 0.11%	- 0.02%	- 0.12%	- 0.02%

Ensign

NET INVESTMENT RETURNS (CONTINUED)

Aegon BlackRock LifePath Retirement (BLK)

25 year-old at 31 March 2022				
Period	**1 year**	**3 years**	**5 years**	**Inception 30 Apr 2015**
Net return	9.46%	11.60%	9.44%	9.00%
Benchmark	9.46%	11.79%	9.74%	8.98%
Difference	0.00%	- 0.19%	- 0.30%	+ 0.02%

45 year-old at 31 March 2022				
Period	**1 year**	**3 years**	**5 years**	**Inception 30 Apr 2015**
Net return	8.79%	10.65%	8.79%	8.28%
Benchmark	8.68%	10.76%	9.00%	8.38%
Difference	+ 0.11%	- 0.11%	- 0.21%	- 0.10%

55 year-old at 31 March 2022				
Period	**1 year**	**3 years**	**5 years**	**Inception 30 Apr 2015**
Net return	6.93%	8.86%	7.45%	7.17%
Benchmark	6.82%	8.89%	7.59%	7.21%
Difference	+ 0.11%	- 0.03%	- 0.14%	- 0.04%

AGN BLK Cash (BLK) - (default for Property Fund until 25 March 2022)

Period	1 year	3 years	5 years	Inception 31 Jan 2008
Net return	-0.13%	0.10%	0.17%	0.64%
Benchmark	0.04%	0.16%	0.24%	0.61%
Difference	- 0.17%	- 0.06%	- 0.07%	+ 0.03%

NET INVESTMENT RETURNS – SELF SELECT FUNDS

Aegon BlackRock LifePath Capital (BLK)

25 year-old at 31 March 2022				
Period	**1 year**	**3 years**	**5 years**	**Inception 30 Apr 2015**
Net return	9.54%	11.64%	9.47%	9.03%
Benchmark	9.46%	11.79%	9.74%	8.98%
Difference	+ 0.08%	- 0.15%	- 0.27%	+ 0.05%

NET INVESTMENT RETURNS (CONTINUED)

45 year-old at 31 March 2022				
Period	**1 year**	**3 years**	**5 years**	**Inception 30 Apr 2015**
Net return	8.79%	10.66%	8.79%	8.29%
Benchmark	8.68%	10.76%	9.00%	8.38%
Difference	+ 0.11%	- 0.10%	- 0.21%	- 0.09%

55 year-old at 31 March 2022				
Period	**1 year**	**3 years**	**5 years**	**Inception 30 Apr 2015**
Net return	6.93%	8.87%	7.47%	7.19%
Benchmark	6.82%	8.89%	7.59%	7.21%
Difference	+ 0.11%	- 0.02%	- 0.12%	- 0.02%

Aegon BlackRock 30/70 Currency Hedged Global Equity Index (BLK)

Period	1 year	3 years	5 years	Inception 31 Mar 2010
Net return	9.62%	10.78%	8.94%	8.91%
Benchmark	9.92%	11.20%	9.29%	8.86%
Difference	- 0.30%	- 0.42%	- 0.35%	+ 0.05%

Aegon BlackRock 60/40 Global Equity Index (BLK)

Period	1 year	3 years	5 years	Inception 30 Sep 2010
Net return	11.06%	7.66%	6.20%	8.42%
Benchmark	11.26%	7.97%	6.56%	8.73%
Difference	- 0.20%	- 0.31%	- 0.36%	- 0.31%

Aegon BlackRock World Multifactor Equity Tracker (BLK)

Period	1 year	3 years	5 years	Inception 31 Oct 2019
Net return	11.69%	N/A	N/A	12.44%
Benchmark	11.86%	N/A	N/A	12.49%
Difference	- 0.17%	N/A	N/A	- 0.05%

NET INVESTMENT RETURNS (CONTINUED)

Aegon BlackRock World ESG Equity Tracker (BLK)

Period	1 year	3 years	5 years	Inception 21 Jan 2020
Net return	14.70%	N/A	N/A	15.80%
Benchmark	14.60%	N/A	N/A	15.06%
Difference	+ 0.10%	N/A	N/A	+ 0.74%

Aegon BlackRock Emerging Markets Equity Index (BLK)

Period	1 year	3 years	5 years	Inception 31 Jul 2010
Net return	- 7.97%	4.82%	4.27%	4.61%
Benchmark	- 7.36%	5.36%	4.75%	5.18%
Difference	- 0.61%	- 0.54%	- 0.48%	- 0.57%

Aegon BlackRock UK Equity Index (BLK)

Period	1 year	3 years	5 years	Inception 31 Oct 2009
Net return	12.02%	4.78%	4.33%	7.31%
Benchmark	13.03%	5.31%	4.69%	7.71%
Difference	- 1.01%	- 0.53%	- 0.36%	- 0.41%

HSBC Islamic Global Equity Index (BLK)

Period	1 year	3 years	5 years	Inception 31 Mar 2015
Net return	19.23%	19.83%	15.61%	15.49%
Benchmark	20.12%	20.73%	16.41%	16.22%
Difference	- 0.89%	- 0.90%	- 0.80%	- 0.73%

Aegon LGIM Ethical Global Equity Index (BLK)

Period	1 year	3 years	5 years	Inception 31 Mar 2010
Net return	16.47%	15.33%	11.66%	11.33%
Benchmark	17.20%	16.06%	12.35%	12.03%
Difference	- 0.73%	- 0.73%	- 0.69%	- 0.70%

NET INVESTMENT RETURNS (CONTINUED)

Aegon BlackRock Corporate Bond All Stocks Index (BLK)

Period	1 year	3 years	5 years	Inception 31 Mar 2010
Net return	- 5.50%	0.80%	1.43%	4.54%
Benchmark	- 5.20%	0.95%	1.55%	4.75%
Difference	- 0.30%	- 0.15%	- 0.12%	- 0.21%

Aegon BlackRock Over 15 Year Gilt Index (BLK)

Period	1 year	3 years	5 years	Inception 31 Oct 2009
Net return	- 8.15%	- 1.05%	0.64%	5.80%
Benchmark	- 7.17%	- 0.72%	0.92%	5.99%
Difference	- 0.98%	- 0.33%	- 0.28%	- 0.19%

Aegon LGIM Pre-Retirement (BLK)

Period	1 year	3 years	5 years	Inception 31 Jan 2007
Net return	- 6.82%	0.26%	1.24%	5.02%
Benchmark	- 6.62%	0.54%	1.50%	5.20%
Difference	- 0.20%	- 0.28%	- 0.26%	- 0.18%

Aegon BlackRock Property (BLK)

Period	1 year	3 years	5 years	Inception 31 Jan 2008
Net return	21.31%	7.01%	6.50%	4.36%
Benchmark	23.14%	8.05%	7.78%	4.93%
Difference	- 1.83%	- 1.04%	- 1.28%	- 0.57%

Aegon Schroders Dynamic Multi Asset (BLK)

Period	1 year	3 years	5 years	Inception 30 Jun 2015
Net return	2.55%	4.84%	6.50%	3.40%
Benchmark	11.32%	6.66%	7.78%	3.90%
Difference	- 8.77%	- 1.82%	- 1.28%	- 0.50%

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.

Following this process, one employer nominated Trustee Director resigned on 19 October 2021 and a new employer nominated Trustee Director was appointed, also on 19 October 2021.

Each of the Trustee Directors was 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 and other multi-employer industry-wide pension schemes, understanding 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.

On appointment, and then on an ongoing basis, each Trustee Director is required to read, have a working knowledge 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.

In addition, each Trustee Director receives facilitated training focussing on an overview of Ensign, its governance and benefit structure and the roles and responsibilities of the Trustee and those delegated to third parties.

ONGOING TRAINING AND DEVELOPMENT OF TRUSTEE DIRECTORS

The Trustee has a Trustee Training Policy which operates throughout the year. This is designed to ensure that all directors maintain an appropriate degree of individual knowledge and understanding needed to run the master trust, and that collectively the Trustee possesses the skills, knowledge and experience necessary to exercise its function as Trustee of Ensign.

In January 2021, all Trustee Directors responded to a questionnaire, the aim of which is to identify any gaps in their knowledge and understanding that need to be addressed through training. In particular, this questionnaire focused 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.

TRUSTEE KNOWLEDGE AND UNDERSTANDING (CONTINUED)

I reviewed 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.

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

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

A training plan was then agreed, setting out the areas of training to be provided to the Trustee Board and/or individual Directors throughout the Plan Year. This included 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.

As a result of this, the training plan for the year ending 31 March 2022 was agreed by the Trustee at its meeting on 16 March 2021. Training delivered during the year, including items from the plan covered the following;

- Automatic enrolment for seafarers and overseas workers.
- Stewardship, responsible investment, and the Statement of Investment Principles.
- LifePath investment strategy review and scenario setting for climate change.
- Climate change regulation, metrics, and targets.
- Quarterly climate change reports.
- Quarterly legal briefings from Ensign's legal advisers.

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

During January 2022 this process was repeated so that any knowledge gaps or training needs that had arisen during the year were identified and a training plan for the subsequent Plan Year was developed and agreed by the Trustee at its meeting on 22 March 2022.

At the end of the Plan Year, in accordance with the Trustee's Fitness and Propriety Policy, I reviewed the skills and competencies of individual Trustee Directors and the effectiveness of the Board as whole. In so doing I took into account;

a) the preparation and participation of each Trustee Director in advance of and at each meeting of the Trustee.

b) the knowledge and understanding of matters relating to pensions demonstrated by Trustee Directors.

c) the ability of the Trustee to review reports from its advisers and service providers, challenge where necessary, and take decisions based on the information provided.

d) the individual and collective skills of the Trustee, as evidenced through the skills matrix.

TRUSTEE KNOWLEDGE AND UNDERSTANDING (CONTINUED)

I concluded that individual trustees and the Board remained effective and competent, and this was reported to the Trustee at its meeting on 22 March 2022.

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 and to help 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.

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.

The combined knowledge and understanding of the trustees and our advisers means that we have been able to effectively manage Ensign over the year, steering the plan in line with its principal business objectives (as detailed in the Ensign Business Plan);

a) To ensure the income received into Ensign is sufficient to meet its annual outgoings.

b) To maintain sufficient reserves to meet the expected additional costs incurred following a triggering event (the "compliance costs").

CONCLUSION

Taking into account the wealth of experience, knowledge and understanding of each of the Trustee Directors individually and collectively, 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 (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 as defined in the Occupational Pension Scheme (Scheme Administration) Regulations 1996 and must therefore comply with the additional requirements relating to governance.

The process to review the appointment of Trustee Directors whose initial 5-year terms had expired during the 2020 – 2021 Plan Year completed on 19 October 2021 when myself and another employer nominated Trustee Director were elected to the Trustee Board. One such member nominated employee Trustee Directors was also elected to the board. The other member nominated director resigned and was replaced by a new member nominated Trustee Director.

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

MEMBER FEEDBACK

The Trustee encourages its members, or their representatives, to share their views and ideas about Ensign. The demographic of Ensign's membership means that members are often away at sea, as such we have encouraged the use of electronic means of communication and interaction with the plan through its internet portal, TargetPlan. Contact details are publicly available on the Ensign website, at www.ensignpensions.com, where there is a welcoming statement encouraging members to contact us. Contact details for the administrator are included on all communications with members, including the latest member newsletter, produced in January 2022 and available on the Ensign website. Members can also telephone, e-mail or write to us.

Climate Change Engagement Survey

During February 2022, the Trustee issued a Climate Change Engagement Survey to all members for whom e-mail addresses are held. The results indicated that Ensign's members are broadly supportive of the approach taken by the Trustee to climate change and associated requirements.

Ensign Retirement Plan
Statement of Investment Principles

Contents

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 Trustee 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.

Tailoring their investments to meet their own needs.

3. Investment Approach

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 considers 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 financially material risks that could impact members' investments as a result of climate change and the associated transition to a lower carbon world.

h) The risk that wider 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 Managing risks

The Trustee has developed and maintains a framework within the Risk Register for assessing the impact of all investment risks on long-term investment returns.

Time horizon

The Trustee monitors the age profile of the Scheme's membership to arrive at an appropriate investment horizon for different groups of members when considering all investment and financially material risks:

Ensign is open to new entrants;

As a result, investment risks for the Scheme's younger members who have not retired need to be considered over a time horizon in excess of 30 years;

A majority of members are expected to take income drawdown in retirement and provision is offered for income drawdown from Ensign;

As a result, investment risks for a majority of members who are approaching retirement, need to be considered over a time horizon of at least 10 years.

3.5 Expected return on investments

3.5.1 The objective of the LifePath Flexi and Retirement funds is to achieve a positive real return over the longer term.

3.5.2 The Trustee is satisfied that this return objective is consistent with the aims of the members.

3.6 Kind of investments to be held

3.6.1 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.

3.6.2 Some funds may invest in Exchange Traded Funds to gain access to less easily traded and illiquid asset classes.

3.6.3 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.

3.6.4 The Trustee considers all of the stated classes of investment to be suitable for Ensign.

3.7 Realisation of investments

3.7.1 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.

3.8 Environmental, Social and Governance Issues

3.8.1 The Trustee recognises that the consideration of financially material factors, including environmental, social and governance (ESG) factors, is relevant at different stages of the investment process.

3.8.2 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 ESG 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.

3.8.3 The Trustee, with the help of their investment adviser, has reviewed underlying investment managers' (including platforms) ESG policies, voting and engagement and is satisfied that these are in line with the above approach.

3.8.4 The Trustee is required to consider the risks of climate change in setting their investment strategy or preferred glidepath design.

3.8.5 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.

3.8.6 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.

3.8.7 The Trustee has recently made available as a self-select option, a fund with an enhanced focus on ESG issues which seeks to maximise exposure to positive ESG factors while minimising carbon exposure for those members who may wish to prioritise these issues. 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.

3.8.8 The Trustee recognises that a number of members will have strong personal views or religious convictions that influence where they believe their savings should, or should not, be invested. Section 3.11 sets out the Trustee's approach to taking such non-financial factors into account. Non-financial factors are not taken into account in the default funds.

3.8.9 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 directly or through the platform provider to engage with key stakeholders which may include the corporate management of underlying companies that Ensign are invested in, regulators and governance bodies in order to improve corporate behaviours, improve performance and mitigate financial risks. The Trustee will request, where appropriate and practicable, that the platform provider or investment managers notify the Trustee of any issue on which it may be beneficial for the Trustee to undertake further engagement. The Trustee will review engagement activity undertaken by the fund managers as part of its broader monitoring activity.

3.8.10 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.

3.8.11 Ensign offers members a default arrangement and a choice of alternative lifestyle options and self-select funds. The Trustee's stewardship activities are to be focused on the default arrangement which is used by the largest number of members and accounts for the majority of the assets.

3.9 Monitoring

3.9.1 The Trustee expects the platform provider to monitor adherence of their investment managers to stated voting and engagement policies, engage with managers where concerns are identified and to report on these issues. The Trustee will request reports from the investment platform provider on the fund managers' voting activity on a periodic basis. The Trustee will also periodically review the fund managers voting patterns and may also monitor voting on particular companies or issues affecting more than one company.

3.9.2 The Trustee expects the platform provider to meet with all major fund managers on an annual basis. The platform provider will provide the fund managers with an agenda for discussion, including issues relating to individual holdings voting record and, where appropriate, ESG issues. Managers are challenged both directly by the platform provider and by their investment advisers on the impact of any significant issues including shareholder voting record, conflicts of interests and, where appropriate, ESG issues that may be financially material to 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.

3.11 Non-financial factors

The Trustee recognises that a number of members may have strong personal views or religious convictions that influence where they believe their savings should, or should not, be invested. Nevertheless, while the Trustee will bear members' views in mind when reviewing the suitability of Ensign's investment options and choice of funds used, the Trustee will not be bound by the members' views (for instance where it is uneconomic or impracticable to do so).

The Trustee also notes that a large majority of members have not made active investment choices and so the Trustee believes that most members are unlikely to have strong views on where their savings are invested. However, the Trustee will consider the costs and benefits of surveying members' views on non-financial factors relating to the Scheme's investments.

Ensign offers a choice of ethical and faith-based funds for members who are likely to hold stronger views in these areas than the majority of members.

Impact investing relates to investments that are intended to have a positive and measurable environmental or social impact, alongside a financial return. For instance, investing in businesses and projects which benefit the local community or investing globally in companies and projects which are expected to have a positive impact on greenhouse gas emissions. The Trustee will monitor developments in this area.

The Trustee notes that non-financial factors can affect various investment risks which are borne by members and may under-perform other funds with broader-based investment approaches.

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 Following independent investment review, 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.

4.6 Manager incentives

The basis of remuneration of the investment managers by the platform provider may be subject to commercial confidentiality, however, the Trustee will seek transparency of all costs and charges borne by members. Nevertheless, the Trustee expects that it will be in the interests of both the platform provider and the investment managers on the provider's platform to produce growth in asset values in line with the funds' investment objectives. For passively managed funds this should be within an acceptable margin of the index the fund tracks. For actively managed funds the investment return should be commensurate with the level of investment risk implied by the fund's objectives.

When selecting funds, the Trustee will ask their investment advisor to consider the investment managers' remuneration strategies and appropriateness of each fund's investment guidelines to ensure that there is no inducement or scope to take an undue level of risk and that the investment managers will act in line with the interests of the Ensign members.

In accordance with the 2015 Regulations, the Trustee conducts an annual Value for Members assessment and will take action should the providers be found to be giving poor value. In addition, in accordance with guidance from the Pensions Regulator, the Trustee will periodically review Ensign's choice of provider to ensure their charges and services remain competitive. The Trustee believes that these steps are the most effective way of incentivising the provider to deliver Value for Members, of which investment management charges and investment performance are key considerations.

The Trustee also undertake a review at least every three years in which the appropriateness of the investment options at which time the suitability of Ensign's investment management arrangements are also considered.

The Trustee monitors the investment managers against a series of metrics over a long-term time horizon of 5 years including:

- Performance of their funds' respective benchmarks [or performance targets] on a quarterly basis;
- Relative tracking error where appropriate.
- The exercise of stewardship responsibilities (including engagement with issuers) on an annual basis; and
- The management of risks through Ensign's risk management framework.

The platform provider or investment managers are expected to provide explanations for any significant divergence from a fund's objectives. A material deviation from performance and risk targets or approach to portfolio management is likely to result in the fund being formally reviewed.

4.7 Portfolio turnover

The Trustee does not expect investment managers to take excessive short-term risk and will monitor the investment manager's performance against the benchmarks and objectives on a short, medium and long terms basis.

For passively managed funds the turnover of holdings is driven by changes in the index a fund seeks to track and hence is outside the control of the investment manager except where a fund's total assets under management are relatively small where the investment manager does not fully replicate the index or where a fund invests in less liquid stocks.

When selecting actively managed funds, the Trustee will consider, with the help of their investment advisers, the expected level of turnover commensurate with a fund's investment objectives, the investment manager's investment processes and the nature of the fund's assets.

Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee will ask the investment platform provider or investment managers on the platform to report on at least an annual basis on the underlying assets held within fund with details of any transactions and turnover costs incurred over Ensign's reporting year. The Trustee will seek to compare portfolio turnover and the resultant costs against peer groups or portfolio turnover and costs for an appropriate index.

Where a fund has significantly under or outperformed its benchmark, the Trustee will seek to ascertain where necessary whether higher or lower than normal turnover has been a contributory factor. The Trustee will challenge the platform provider and/or investment managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive.

4.8 Portfolio duration

The Trustee recognises the long-term nature of defined contribution pension investments and chooses funds which are expected to deliver sustainable returns over the Ensign members' investment horizon. The Trustee will carry out necessary due diligence on the underlying investment decision making process, to ensure the manager makes investment decisions over an appropriate time horizon aligned with the objectives for the related investment option.

The Trustee expects that each fund will be used for at least three years, this being the period over which performance of the fund can be appropriately evaluated and the costs of change amortised, although all funds are subject to ongoing review against various financial and non-financial metrics in addition to their continued appropriateness within the investment strategy.

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:

Rory Murphy

Director

Olu Tunde

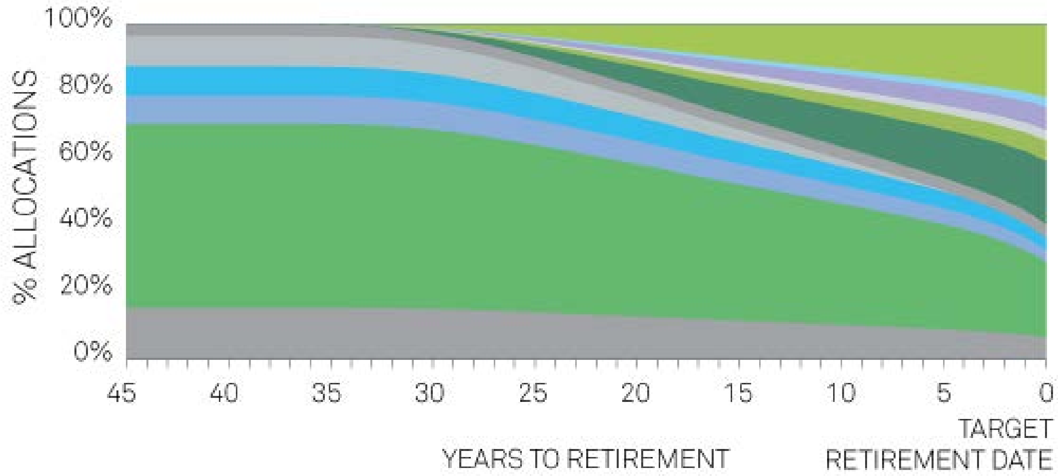
Director

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.

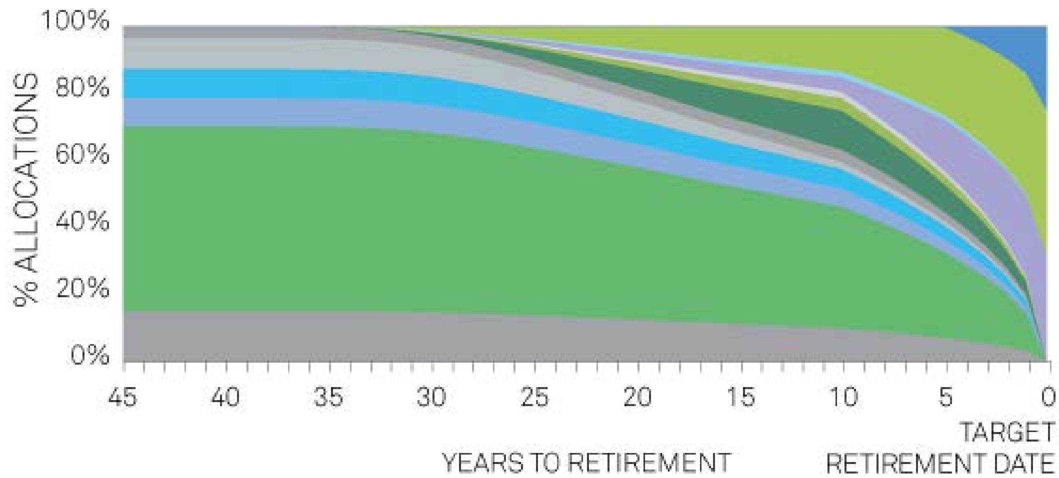
Aegon BlackRock LifePath Flexi

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
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

Asset Class	Fund	Objective	Benchmark
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

Ensign Retirement Plan Implementation Statement

Year ending 31 March 2022 relating to the SIPs in force over that period

1. Background

This report is the second investment implementation statement of the Ensign Retirement Plan ("Ensign"). It is designed to describe the actions that the Trustee has taken to manage Ensign's investments including voting behaviour over the Year to 31 March 2022 (the "Plan Year").

2. The Statement of Investment Principles

1.1 Review of the Statement of Investment Principles

The Trustee's policies for managing Ensign's investments are set out in Ensign's Statement of Investment Principles (SIP).

The SIP was reviewed during the Plan Year and a new SIP was approved on 19 October 2021. This Implementation Statement therefore references the SIPs that were in force over the Plan Year. Namely, the SIP adopted on 29 September 2020 and the amended SIP adopted on 19 October 2021 (the "Current SIP"). The key amendments related to the approach to non-financial factors and impact investing, manager incentives and climate-change.

1.2 Confirmation of compliance with the SIPs

In the Trustee's view, the SIPs have been followed over the Plan Year. This document describes the way that activity over the year followed the policies in the SIPs.

1.3 How this document has been prepared

This document has been prepared by Ensign and has been reviewed by its legal advisors. It follows the format of last year's Implementation Statement and also takes into consideration the DWP's Statutory Guidance updated on 17 June 2022 which is applicable to next year's disclosures.

3. Investment Governance

3.1 Trustee Board

The Trustee governs Ensign in accordance with its Trust Deed and Rules and legislation. Ensign Retirement Plan Trustees Limited (the "Trustee") is a corporate trustee and is responsible for all aspects of Ensign's governance, including investment governance.

During the Plan Year the Trustee Board met four times and discussed investment matters at each of its meetings including:

- Investment market updates
- Discussion of specific issues including closure of the Aegon BlackRock Property Fund
- Reviewed the performance and suitability of the LifePath funds
- Reviewed the performance and suitability of the Self-Select funds
- Updates on the approach to Environmental, Social and Governance factors including climate change
- Training on aspects of climate change
- Market and global events including the impact of Russia's invasion of Ukraine.

3.2 Executive team

The Trustee is supported in the running of the day-to-day activities of Ensign by its executive services provider, Rock Strategic Consulting Ltd (trading as "Rock Pensions"), consisting of full-time experienced pensions practitioners. The relationship with Rock Pensions is governed by a Services Agreement, of which the Schedule of Services was last reviewed on 22 March 2022.

During the year, Rock Pensions helped the Trustee manage the day-to-day activities of Ensign such as reviewing the quarterly investment reports produced by the Platform Provider, addressing fund performance issues and development of the Climate Governance Policy.

3.3 Trustee Policies

The policies relating to the management of investments are set out in the Statement of Investment Principles. In addition, the following policies are relevant to the management of investments:

- **Risk register**: The Trustee maintains a risk register which includes investment risks
- **Terms of Reference** ("TOR") describe the role and responsibilities of the Chair, Vice-Chair and Board. The TOR cover investment and non-investment aspects.
- **Climate-Change Governance Policy**: As described in 3.4 below, the Trustee established its Climate-Change Governance Policy during the Plan Year and reports on this in its annual Climate Disclosures.

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The Trustee seeks investment advice from an independent investment advisor, Hymans Robertson on a project-by-project basis.

3.4 Working Groups

The Trustee reviews regular investment related matters directly. For specific projects it may establish Working Groups consisting of two or more trustees, members of the Executive team and subject matter experts if required. Over the Plan Year, the Trustee established two Working Groups for investment matters. The first group developed and made recommendations to the Trustee around its Climate-Change Governance Policy. The second group acted on the recommendations of the Independent Investment Review to work with, challenge and develop the Platform Provider and Investment Managers' approaches in a number of areas (see 6.3 below).

4. Environmental, Social and Governance factors

The Trustee's policy in incorporating environmental, social and governance (ESG) factors into its investment arrangements distinguishes between financial factors and non-financial factors.

4.1 Financial factors

The Trustee recognises that the consideration of financially material factors, including environmental, social and governance (ESG) factors, is relevant at different stages of the investment process (Section 3.8.1 of the Current SIP). The Trustee has asked that the Platform Provider and Investment Managers have the financial interests of members as their first priority including ESG considerations (Section 3.8.2 of the Current SIP).

Independent Investment Review includes consideration of financially material ESG factors

As described in Section 6 below, the Trustee appointed Hymans Robertson to carry out its three-yearly Independent Investment Review (IIR) in September 2021. This explored in detail ESG and climate-change aspects confirming that progress had been made in many areas but also identified areas for the Trustees to discuss and challenge the Platform Provider and Investment Managers. The main findings and the action taken by the Trustees to encourage and where necessary to challenge the current approach are described in Sections 6.2 and 6.3 below.

Member survey

In January 2022, the Trustee carried out a member Engagement Survey. This survey briefly explained how ESG factors can be financially material, the importance of climate-change for investment markets and described the Trustee's current approach. Members were invited to share their views on the Trustee's current approach and the survey found that the

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membership was supportive. The Trustee uses the information from the survey to help inform how it reports on Ensign's ESG activities, including in this document.

Development and documentation of the approach to Climate-Change

During June – September 2021, the Trustee established a Working Group consisting of two Trustees, members of the Executive team and specialists to develop the Trustee's Climate Governance Policy. This is documented in the Climate-Change Governance Policy which was approved by the Trustees in September 2021. More information about this and the action taken over the year is provided in Ensign's Climate Disclosures.

4.2 Non-financial factors

The Trustee recognises that a number of members may have strong personal views or religious convictions that influence where they believe their savings should be invested. The Trustee committed to consider the costs and benefits of surveying members' views on non-financial factors (Section 3.11 of the Current SIP).

Having considered the costs and benefits, the Trustee carried out the member Engagement Survey described above. The results of this survey were supportive of the current approach which is to:

- Require Investment Managers to incorporate financially material ESG factors into the default LifePath funds

- To include funds within the range of self-select funds which may have an enhanced focus on environmental and/or social issues going beyond what may be financially material to those investments. Currently, members can invest in the Aegon LGIM Ethical Global Equity Index, the Aegon BlackRock World ESG Equity Tracker or the HSBC Islamic Global Equity Index (which invests in the largest 100 companies engaged in Sharia-compliant activities).

The Trustee also monitors developments in "impact investing" (investments with a positive environmental or social impact alongside a financial return). As described in 6.3 below the IIR identified this as an area to explore further and the Trustee discussed industry developments with the Platform Provider and the most significant Investment Manager, BlackRock. Furthermore, the member Engagement Survey explored member's views on the case for offering additional self-select funds including an impact investing fund. Based on feedback from the Engagement Survey, theTrustee has decided to continue to maintain a watching brief as member demand evolves and markets develop.

5. Strategy

The Trustee carried out the activity described below in line with its Investment Approach (see Section 3 of the Current SIP). Note that this Section was updated to include explicit reference to financially material risks as a result of climate-change and the transition to a lower carbon world.

5.1 Default LifePath Funds

92% of members investments by value[1] are held in the LifePath funds. These funds aim to help members grow their assets whilst protecting their value as retirement approaches. The funds reflect changing investment needs by gradually altering each fund's investment mix as members near their target retirement date.

These Funds were reviewed by the Board at every quarterly meeting. For the period ending 31 March 2022, the analysis showed that the Funds behaved in line with the risk objectives set out in the SIP (section 3.3.1):

- **Members close to retirement for whom protection of capital or income is prioritised**: investments values were largely protected against significant falls in assets although the rising long term interest rate environment and deterioration in economic conditions due to supply shortages, inflation and Ukraine posed challenges in the last quarter of the Plan Year.

- **Members with a longer period to retirement for whom growth is prioritised over volatility**: investment values benefited from the upswing in markets over the Plan Year although members did experience significant volatility.

Monitoring also includes wider aspects. For example, at the March 2022 Board meeting, the Trustee was updated on the exposure to Russian linked securities following the invasion of Ukraine and reviewed the manager's approach to reducing the exposure from the already very low levels.

The design of the LifePath funds is a key component of the investment strategy and, as described above, outcomes are monitored quarterly.

Additionally, the three yearly Independent Investment Review (IRR) was carried out in September 2021 by Hymans Robertson and is described in Section 6 below.

5.2 Self-select funds

As described in the Current SIP in Section 2.5, the Trustee recognises that different members have different attitudes to risk and members should therefore be able to make their own investment decisions based on their own circumstances.

[1] As at 31.3.2022

The Trustee offers 15 self-select funds and around 8% of members' assets[1] are invested in these funds (one fund, the Aegon Property Fund is closed to future contributions as explained below).

Monitoring and enhanced monitoring

Over the period, the performance of these Funds was reviewed by the Board at every quarterly meeting. The analysis showed that the Funds behaved in line with the risk objectives set out in the SIP (Section 3.3.1), with the exception of the Aegon Property (BLK) fund which was subject to enhanced monitoring.

Enhanced monitoring can be applied, for example when a fund might be at risk of failing the risk objectives in Section 3.3.1 of the Current SIP (including underperformance relative to benchmarks over a sustained period). During the Plan Year, enhanced monitoring was applied to the Aegon Property (BLK) fund due to its continuing suspension, see Section 5.3 below.

5.3 Closure of The Aegon Property (BLK) self-select fund to new investments

This fund suspended dealing, due to the Covid pandemic, on 18 March 2020 as the underling investment managers invoked "material valuation uncertainty" clauses meaning that they could not reliably price the underlying property investments. The Trustee monitored this position carefully and the Investment Manager lifted the suspension in early 2022. In line with the recommendation from the Independent Investment Review, the Trustee decided to permanently close the fund to new contributions and wrote to members to explain that future contributions, along with any cash temporarily held in the Aegon Cash fund in lieu of contributions during the period of suspension, would be directed to the LifePath funds. Members were given the option to adopt alternative courses of action, and none chose to do so.

5.4 AVC Funds

Ensign AVC arrangements for 31 members over the Plan Year. The AVC providers are **Utmost Life and Pensions** (ex-Clerical Medical with-profits funds) and **Standard Life.**

The strategy for the AVC funds was reviewed in September 2021 by Hymans Robertson. The key finding of the review was that Standard Life and Utmost should remain as Ensign's AVC providers. This balanced concerns over the value for money against the lack of competitiveness in the AVC market (many providers are closed to new business) and the maturity of most of the membership – which means that members are close to retirement. The Trustee wrote to members on 21 December 2021 to highlight these issues and remind them to update their investment choices.

6. Independent Investment Review

6.1 Background

The Trustee conducts an Independent Investment Review ("IRR") every three years. It covers investment strategy (Section 3.3.2 of the Current SIP) and incorporates ESG considerations, including climate change. The review considers Ensign's approach in the context of its overall goal of helping to improve the retirement outcomes for those working in the maritime industry (Section 2.1 of the Current SIP) and in the context of its Investment Approach (Section 3 of the Current SIP) listed below:

- Diversification
- Balance between different kinds of investments
- Risk (including risks associated with climate-change)
- Time horizons and management of risk through the risk register
- Expected return on investments
- The kind of investments to be held
- Realisation of investments
- Environmental, Social and Governance Issues as a financial factor
- Stewardship – voting and engagement
- Monitoring
- Charges and value for money
- Non-financial factors and impact investing

6.2 Summary of the 2021 Independent Investment Review

The Trustee appointed Hymans Robertson to carry out the IIR and the report was presented to the Trustees in September 2021.

The key findings from the report were:

- The LifePath Flexi Fund (one of the main default funds) delivered a good outcome in terms of returns and risk at different stages of the savings journey for members, when compared with a wider Master Trust peer group.

- The design of the LifePath funds was positive although Hymans Robertson suggested that specific aspects of the design should be explored further (e.g. the approach to currency hedging).

- The high-level review of the suitability of the self-select funds revealed no concerns with existing funds (except the Property Fund – see Section 5.3 above) and outlined areas for the Trustee to explore additional fund options.

- The IRR acknowledged that BlackRock had made progress integrating ESG considerations into the LifePath funds and that the Trustee should continue to engage on this

6.3 Trustee engagement following the IIR

While most aspects were rated “positive” by the IIR there were a small number of areas which were rated as either “positive with scope to improve outcomes in the future” or “some scope to improve outcomes”. These related to the design of the LifePath funds, the case for including further self-select funds such as “real-assets” funds and the approach to ESG. The review also made recommendations for the self-select property fund (see Section 5.3 above for more details)

To explore these areas further and if necessary, challenge or change the approach taken, the Trustee established a second Working Group consisting of two Trustee Directors and members of the Executive Team. The process followed by the Working Group was to seek Aegon and Blackrock’s initial views through written documents and follow up with meetings to discuss and challenge the approach. In most cases, the issues identified were satisfactorily resolved. One area that the Working Group felt further work is needed, due to rapid industry development, is in the incorporation of financially material ESG factors and the Working Group recommended further engagement over 2022/23. The Working Group findings were approved at the March 2022 Board and subsequently formally communicated to Aegon.

6.4 Climate-change scenarios and training to inform strategy decisions

At the same time as the Independent Investment Review, the Trustee commissioned Hymans Robertson to carry out climate scenario analysis and accompanying training. More information on the work undertaken is provided in Ensign’s Climate Disclosures. The climate scenarios analysis was considered alongside the Independent Investment Review and helped the Trustee inform its views on the suitability of the LifePath design and the importance of continuing to engage with the Investment Managers to evolve and develop their approach.

7. Review and monitoring

Section 5.4 of the SIP describes the monitoring activities. The Trustee has carried out monitoring activities in accordance with the SIP as described below:

7.1 Investment performance

Each of the funds in which Ensign invests has a stated performance objective and the Trustee has reviewed performance against objective at each quarter end during the Plan Year. The Trustee also considers the appointment of the investment managers and platform provider following each triennial Independent Investment Review.

7.2 Default LifePath funds

The performance of these funds has been reviewed at each quarter end by the Trustee. The overall suitability of the LifePath Flexi and LifePath Retirement fund's objectives are reviewed in conjunction with the Independent Investment Review (Section 6 above).

7.3 Charges

The Trustee reviews compliance with the charge cap and the Total Expense Ratio for each fund during the Plan Year as part of its reporting for the annual Chair's Statement.

7.4 Transaction costs

The Trustee received information on transaction costs and continues to consider them to be reasonable and appropriate.

7.5 Processing

The Trustee receives administration reports from the platform provider and is satisfied that contributions are invested into the appropriate funds in a timely manner.

7.6 Industry-wide monitoring

The investment policies and implementation approach adopted by Ensign are bespoke to its membership. Nevertheless, the Trustee is mindful of the approach taken by other Master Trusts and the Trustee has contributed to external research provided by Corporate Adviser Intelligence. The resulting report, The Master Trusts Default Report, enables comparison with other master trust default funds.

The Trustee also considers ad-hoc reporting from time to time. For example, in the summers of 2021 and 2022, it contributed data to the Pensions Policy Institute's DC Assets Allocation Survey.

7.7 Portfolio turnover

Member's funds are mostly index-tracking and turnover is driven by changes in the index that the fund seeks to track. For actively managed mandates, portfolio turnover is considered alongside other metrics such as returns and value for money in conjunction with the three yearly strategy review.

7.8 Manager incentives

Section 4.6 of the Current SIP sets out the Trustee's approach to manager incentives. The Platform Provider negotiates the fee structure with underlying asset managers and the Trustee seeks transparency around these arrangements (subject to commercial confidentiality) under its service provider reviews as set out in the Trustee's Service Provider Policy.

As described in Section 4.6 of the Current SIP, managers are monitored on a series of metrics over a long-term time horizon (including charging structures). These include quarterly performance and tracking error monitoring (see Section 7 above); and the exercise of Stewardship responsibilities (see 8 below).

The Trustee conducted the annual Value for Members assessment (see the Chair's Statement for more information) and this concluded that the arrangements provide value for money.

The Trustee also reviews the choice of Platform Provider, typically following the Independent Investment Review.

8. Voting and engagement disclosures

8.1 Background

Many members' funds are invested in equities; these represent an ownership stake in a company and usually carry voting rights. Securities such as bonds represent a loan to a business and do not normally include voting rights. In either case though, owners or lenders can influence the way that businesses are managed through engagement with key stakeholders in order to improve financial performance or mitigate financial risk. As described in Sections 3.8.9, 3.9.1 and 3.9.2 of the Current SIP the Trustee delegates the responsibility for engagement and exercising of voting rights to the Platform Provider and Investment Managers and monitors activity.

This section describes how the Trustee oversees engagement and voting behaviour. In collating this information, the Trustee has relied on information provided by the Investment Managers (via the Platform Provider) using the PLSA Template[2] for disclosures.

8.2 Structure and legal rights

Members' investments are held in pooled funds[3] with each Investment Manager. Pooled funds are held with a DC Platform Provider (Aegon) to manage day to day activity such as investment of contributions, fund switches and reporting. The voting rights for individual securities are retained by the underlying Investment Managers. As noted above the Trustee delegates responsibility for voting to the Investment Managers in line with its policy set out in the Current SIP.

[2] The PLSA template is an industry-wide format used to collate voting disclosures
[3] Pooled funds: a term describing a structure where individual member's holdings are aggregated with other members and other pension funds.

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8.3 List of funds holding equities

The following funds allocate all or part of their assets to equities:

- 30/70 Currency Hedged Global Equity Index (BLK)
- 60/40 Global Equity Index (BLK)
- Emerging Markets Equity Index (BLK)
- UK Equity Index (BLK)
- World ESG Equity Tracker (BLK)
- World Multifactor Equity Tracker (BLK)
- HSBC Islamic Global Equity Index (BLK)
- LGIM Ethical Global Equity Index (BLK)
- Schroders Dynamic Multi Asset (BLK)
- LifePath Flexi (BLK) – All vintages
- LifePath Capital (BLK) – All vintages before retirement.
- LifePath Retirement (BLK)

92% of Ensign's assets[4] are invested in the BlackRock LifePath funds. In addition, some of the AVC funds (held outside the DC platform) hold equities.

8.4 Description of the voting and engagement process

The section below describes the voting and engagement process adopted by BlackRock, the most material manager in the portfolio representing around 99% of Ensign's assets[5]. It relies on and summarises public documents which are available on BlackRock's stewardship website. BlackRock is a signatory to the UK Stewardship Code

Engagement process

BlackRock's engagement process is led by the BlackRock Investment Stewardship team (BIS). This is a globally co-ordinated team with local presence which works across 57 markets from 10 global offices. Stewardship policy serves as the foundation for voting and engagement decisions and is set out in the BlackRock Investment Stewardship Global Principles, market-specific voting guidelines and BlackRock's Investment Stewardship Engagement Priorities.

Oversight of BIS is provided through:

- Three regional advisory committees ("Stewardship Advisory Committees") which review and advise on amendments to market-specific voting guidelines
- The Global Investment Stewardship Committee which reviews the Investment Stewardship Global Principles and proposed changes to the market-specific voting guidelines.

[4] As at 31.3.2022
[5] As at 31.3.2022 and excludes AVCs with insurance contracts

Voting process

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS). A three-step process is applied which is summarised below:

1. **Research and issue spotting**: Analyst review of proxy research, broker research and other information; application of internal guidelines to determine how to vote or whether to escalate
2. **Review and engagement**: Discussion and escalation to advisory committees as necessary; engagement with a company's Board or management
3. **Vote execution**: Execute using external provider's electronic platform or use an independent fiduciary (e.g. in the case of conflicts of interest).

Use of proxy advisory firms

BlackRock subscribe to research from several proxy advisory firms. This is just one among many inputs into the vote analysis process. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where BlackRock's own additional research and engagement would be beneficial.

Approach for lent stock

Stock lending is an established market practice which enables investors to earn a small additional return by lending their securities to other investors. When a stock is lent, the voting rights normally transfer to the borrower. This means that the original holder temporarily loses voting rights until the security is returned or recalled. BlackRock's approach is described in their Investment Stewardship Global Principles. The approach is summarised below:

- In most cases, BlackRock anticipates that the potential long-term value to the Fund of voting shares would be less than the potential revenue the loan may provide the Fund (so securities are not recalled).
- In certain instances, BlackRock may determine that the value of voting outweighs the securities lending revenue loss to clients and would therefore recall shares to be voted.
- BIS assesses this decision by working with the Securities Lending and Risk and Quantitative Analysis teams to evaluate the costs and benefits to clients of recalling shares on loan.

Engagement priorities

BlackRock published its 2022 Investment Stewardship Engagement Priorities which are:

- Board quality and effectiveness
- Strategy, purpose and financial resilience
- Incentives aligned with value creation
- Climate and natural capital

- Company impacts on people

8.5 Trustee stewardship priorities

The Trustee is aware that the non-statutory guidance updated on 17 June 2022 which is applicable to next year's disclosures suggests that a good strategy is for the Trustees to select stewardship priorities and summarise them in the SIP. For this year's disclosures, the Trustee has focussed on climate-change and environment. In deciding to focus on these aspects, the Trustee considered financial materiality and was guided by the results of the member Engagement Survey which suggested most interest in these areas.

This is aligned with BlackRock's engagement priority (noted above) around Climate and Natural Capital (e.g. sustainable use of natural resources such as air, water, land, minerals and forests).

BlackRock set out their approach publicly in their documents: *Climate risk and the global energy transition (2022) and Our approach to engagement on natural capital (2022)* Examples of the approach adopted for Climate risk include:

> **Voting**: Seeking disclosures aligned with TCFD and Scope 1 and 2 emissions. Scope 3 disclosures may be sought where they are a material part of a company's carbon footprint.
>
> **Engagement**: Engagement is focussed on the BIS Climate Universe of over 1,000 carbon-intensive companies.

The Trustee believes that the voting and engagement activity undertaken on its behalf is in line with its stewardship priorities and SIP policy.

8.6 Overview of votes cast

Summary data on the votes cast is shown in the table in the appendix.

Most significant votes

As shown in the appendix, there are many thousands of votes over the year. The BlackRock Investment Stewardship team publishes statements of analysis, engagements, and votes in relation to certain proposals in order to illustrate their key voting rationale as informed by BlackRock's market-specific voting guidelines.

The Trustee's choice of most significant votes for this year's disclosures has been determined by reference to the following considerations:

- The Trustee's stewardship priorities (Climate and Environment) described in 8.5 above;

- Continuity from year to year to illustrate development over time;
- Publicity and media attention attaching to votes;
- Illustration of the rationale underlying votes for/against management and for/against shareholder resolutions or abstentions.
- Consideration of the size of the holding (note that we are working with the platform provider and BlackRock to provide precise holdings data in line with Statutory Guidance applicable next year).

The three most significant votes applied to the LifePath funds, the 30/70 Currency Hedged Global Equity Index fund and the 60/40 Global Equity Index fund are outlined below. Together these funds represent over 96% of the Ensign's assets[6] on the platform.

Company	**Barclays PLC (LSE: BARC)**
Market and Sector	United Kingdom/Financial Services
Stewardship priority and significance	A significant vote as it relates to the Trustee's Climate-Change stewardship theme and it has been chosen to show continuity from year to year (Barclays PLC was included in last year's Implementation Statement). It is an example where BIS **ABSTAINED** from a **shareholder resolution**.
Meeting Date	5 May 2021
Key resolutions, Board recommendation and BlackRock vote	**Shareholder resolution**: Item 29: Approve Market Forces Requisitioned Resolution Board recommendation: Vote **AGAINST** BlackRock Vote: **ABSTAIN**

The description below is taken from the relevant BIS Vote Bulletin

Overview

Barclays PLC (Barclays) is a British universal bank which engages in consumer, corporate and investment banking operations globally.

BlackRock Investment Stewardship (BIS) has engaged extensively with various board, executive and sustainability team members at Barclays over the last several years on a range of issues driving long-term shareholder value, including board composition and effectiveness, remuneration, business oversight and risk management, climate risk management and corporate strategy and culture.

The agenda for the company's 2021 annual general meeting (AGM) includes a binding climate-related shareholder resolution filed by a group of shareholders coordinated by an Australian NGO,

[6] As at 31.3.2022

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Company	Barclays PLC (LSE: BARC)

Market Forces. It asks the bank to set, disclose and implement a strategy, with improved short-, medium-, and long-term targets, to phase out its provision of financial services to fossil fuel (coal, oil and gas) projects and companies in timeframes consistent with Articles 2.1(a) and 4.1 of the Paris Agreement. The resolution also asks the bank to report annually on progress, starting from 2022, including a summary of the framework, methodology, timescales and core assumptions used, omitting commercially confidential or competitively sensitive information, and at reasonable cost.

Last year a similar shareholder resolution was filed by a UK NGO, ShareAction. In response, Barclays put forward its own resolution, committing the bank to set an ambition to become net zero in scopes 1, 2 and 3 emissions by 2050 and aligning all of its activities with the goals of the Paris Agreement while reporting annually on progress. The Board's resolution received over 99% support and the resolution submitted by ShareAction received ~24% support. BlackRock supported the company's resolution and voted against ShareAction's resolution. We published a vote bulletin explaining our voting decisions.

Over the past year, Barclays has taken a number of steps demonstrating progress in its efforts to address the climate risks and opportunities in its business, including by:

- strengthening its climate governance and risk management by creating a new Executive Committee role, Group Head of Public Policy and Corporate Responsibility, and appointing a Head of Climate Risk;
- launching its own methodology, BlueTrackTM, to measure financed emissions and track them at a portfolio level against the goals of the Paris Agreement;
- setting interim targets for the energy and power portfolios
- enhancing its disclosure aligned with the Task Force on Climate-related Financial Disclosure (TCFD) by providing a year-on-year comparison of key metrics like the credit risk concentration by elevated risk sector and carbon-related assets and financing activity; and
- making progress against its goal of £100 billion of green financing by 2030

Rationale for BlackRock's Vote

Item 29: Approve Market Forces Requisitioned Resolution (ABSTAIN)

Outcome: FAILED

BIS is supportive of the broad ask of the resolution. However, the imprecise and ambiguous wording means that BIS is unable to support it, particularly as the resolution is legally binding. BIS therefore abstained from the vote on this resolution.

BIS recognizes Barclays' recent progress aligning its activities with the goals of the Paris Agreement. At the same time, we are in agreement with the ask of the resolution, regarding closer alignment with the goals of the Paris Agreement.

In addition to the progress previously discussed, Barclays has augmented its approach to enhanced due diligence on clients in the energy sub-sectors covered by its Climate Change Statement. In-scope clients are classified as low, medium or high risk, and a committee was established last year to review "in-scope clients and transactions that contain significant reputation risk related to climate

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Company	Barclays PLC (LSE: BARC)
change." "In cases where clients are unable or unwilling to agree to an action plan to address identified risks, or the risks are deemed too high, [Barclays] may decline to support the transaction or re-evaluate the client relationship." The bank also committed to updating its methodology to track new benchmark scenarios as they are developed. Barclays expects to set new targets as it progresses in its efforts, both in the near and medium-term, to ensure the journey towards net zero alignment is advancing. These are welcome measures and we look forward to future reporting on the impact its implementation in practice is having in support of the company's climate goals. Although the bank has taken substantive actions since its commitment last year, we believe there is room to continue to improve. Potential areas of enhancement include reviewing sector policies, particularly regarding coal, where some European peers have committed to exit dates for coal-related financing. Further details on, and evidence of, the bank's enhanced due diligence approach and its effectiveness would also be beneficial. This could include an update on how Barclays is assessing transactions and clients' commitments, and how it has dealt with clients that are unwilling or unable to transition to a low carbon economy. Ultimately, however, our decision to abstain from the vote on the resolution was down to its ambiguous wording which, as a legally binding resolution, BIS is unable to support. Specifically, it asks the bank to "phase out its provision of financial services (particularly its financing activities, including project finance, corporate finance and underwriting) to fossil fuel projects and companies in timeframes consistent with…the Paris Agreement." The term "financial services" is broad and includes many activities beyond those highlighted in the resolution's wording. So while this should be a precise and legally binding ask of the company, it is instead vague and left open to interpretation. In addition, the resolution is insufficiently specific on embedded timelines and evidence of progress. Such ambiguity creates a level of legal uncertainty in relation to the resolution's implementation for the bank, and the Board, and therefore for BlackRock's clients because, as drafted, the resolution leaves open to interpretation what specific actions the bank would need to commit to in order to abide by it. If 75% of the votes are cast in favour of such a resolution, it would pass and would bind the Board and the company as if it had the force of law. It is therefore critical for the interests of shareholders that any such resolution be clearly understandable, practical and implementable. In addition, we have reservations about the timing of the filing of the resolution, which was only a few weeks before Barclays published documents for the AGM, therefore impeding meaningful engagement between Barclays and the proponent. Lastly, as the company's climate strategy, disclosures and oversight of climate risk and opportunities are currently in line with BIS' expectations, we did not vote against any members of Barclays' Board of Directors, which would be our standard course of action where we have significant concerns about a company's management of material ESG issues. BIS voted in line with management for all other resolutions.	
Next steps	BIS continues to monitor and engage with Barclays as described in the 2022 Vote Bulletin.

Company	**ExxonMobil Corporation (NYSE: XOM)**
Market and Sector	United States/Energy
Stewardship priority and significance	A significant vote as it relates to the Trustee's Climate-Change stewardship theme and it has been chosen to show continuity from year to year (ExxonMobil was included in last year's Implementation Statement). It is an example where BIS voted **FOR** a **shareholder proposal and election of directors, against the Board recommendation**. This meeting attracted considerable attention at the time and the resolutions cover a range of complex inter-connected issues.
Meeting Date	26 May 2021
Key resolutions, Board recommendation and BlackRock vote	**Election of Directors**: BlackRock voted against Board recommendations for 3 directors, with Board for others. Items 4-10 (**Shareholder proposals**). The **Board recommended voting AGAINST** BlackRock voted **FOR** items 6,9 and 10 (against management recommendation). See voting rationale below for more detail.

The description below is extracted from the relevant BIS Vote Bulletin

Overview

ExxonMobil Corporation (Exxon) is an American multinational oil and gas corporation headquartered in Irving, Texas. The company is engaged in the exploration, development, and distribution of oil, gas, and petroleum products and operates through the following segments: Upstream, Downstream and Chemical.

BlackRock Investment Stewardship (BIS) has a long history of multi-year, comprehensive engagements with Exxon on a wide range of governance issues that we believe drive long-term shareholder value, such as board composition and independence from management, corporate strategy, and the oversight of climate risk, among other topics. In the last twelve months, we have engaged with the company twelve times.

Over the past several years, we have intensified our focus with the company on its long-term strategy and Exxon's underperformance relative to both its peers and the S&P 500 over the last five years. In our vote bulletin explaining our vote at last year's annual meeting, we emphasized our prevailing view that the risks of climate change and the transition to a lower carbon economy present material regulatory, reputational, and legal risks to companies that may significantly impair their financial position and ability to remain competitive going forward.

In response to shareholder feedback following Exxon's 2020 annual meeting, the company took steps to enhance its climate commitments and disclosures. In late 2020 it announced updated greenhouse gas (GHG) emissions reduction targets, including for methane, that are "consistent with the goals of the Paris Agreement," plans to eliminate routine flaring by 2030, and a commitment to provide scope 3 emissions disclosure in 2021. In February 2021, the company announced the creation of a new business segment, ExxonMobil Low Carbon Solutions, which will initially focus on advancing carbon capture and storage (CCS) opportunities globally. Exxon views CCS as a primary technology necessary to help both the company and society achieve its GHG emissions reduction targets. In addition, in April the company reaffirmed its broader corporate strategy to "drive earnings

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Company	ExxonMobil Corporation (NYSE: XOM)
and cash flow growth, maintain a strong dividend, reduce debt and invest in lower-emission technologies." The company detailed how it is investing in its portfolio "to increase cash flow while maintaining existing production levels needed to responsibly meet society's continued demand for oil and gas and high-value chemical products." We believe these steps represent progress on issues critical for delivering financial performance, but we believe more needs to be done in Exxon's long-term strategy and short-term actions in relation to the energy transition in order to mitigate the impact of climate risk on long-term shareholder value. Specifically, unlike many of its peers, Exxon has committed limited capital expenditure toward the diversification of its portfolio. The company has invested approximately $10.4 billion over the past twenty years (since 2000) to research, develop, and deploy lower-emission energy technologies, compared to its total capital expenditure of $21.4 billion in 2020. Additionally, unlike its peers, Exxon has not allocated capital toward scope 3 emissions reductions. Exxon has been clear about its position on the energy transition and the long-term demand for oil and natural gas, stating that "under most third-party scenarios that meet the objectives of the Paris Agreement, oil and natural gas continue to play a significant role for decades in meeting increasing energy demand of a growing and more prosperous global population." In our view, Exxon and its Board need to further assess the company's strategy and board expertise against the possibility that demand for fossil fuels may decline rapidly in the coming decades, as was recently discussed in the International Energy Agency's (IEA) Net Zero 2050 scenario.The company's current reluctance to do so presents a corporate governance issue that has the potential to undermine the company's long-term financial sustainability. BIS believes that those companies that proactively consider their operational footprint in the context of a low-carbon transition will be better positioned to avoid major disruptions and deliver long-term value to their shareholders. As we discuss in our commentary Climate Risk and the Transition to a Low-Carbon Economy, climate risk carries financial impacts that will reverberate across all industries and global markets, affecting economic stability and the long-term financial returns on which our clients depend to meet their investing goals. Engine No. 1 LLC (Engine No. 1) has advocated for, among other things, improved capital allocation discipline, greater investment in technologies that will enable Exxon to meet more ambitious long-term total emissions reduction targets, and fresh perspectives in the boardroom to guide these, and other strategic changes. Engine No. 1 proposed replacing some current Board members with four new directors with experience relevant to the energy transition, Gregory Goff, Kaisa Heitala, Alexander Karsner, and Anders Runevad, who, if elected, it believes would be better able to help management align the business with a net zero economy and explore new growth areas. In response, Exxon announced in early 2021 the addition of its own new directors to the Board; Wan Zulkiflee, the former President and Group CEO of Petronas, the national oil and gas company of Malaysia; Michael Angelakis, the Chairman and CEO of Atairos and former Vice Chairman and CFO of Comcast Corporation; and, with the support of D.E. Shaw, Jeffrey Ubben, the co-founder of Inclusive Capital Partners. The company considers the appointment of Mr. Ubben, in particular, to be a signal of its willingness to revisit its long-term strategy, a view we share. Engine No. 1 expressed concern that these directors did not bring the necessary skills and experience to address the strategic issues it had identified.	

Company	**ExxonMobil Corporation (NYSE: XOM)**

On 24 May, Exxon published a Letter to Shareholders announcing additional commitments, including to appoint two new directors over the next twelve months, one with energy industry experience and one with climate experience. While we welcome this commitment, and the emphasis in the letter on enhanced transparency and shareholder engagement, we believe more urgent action is required at this point, as further discussed in our voting rationales below.

Rationale for BlackRock's Vote

Items 1.1-1.4: Elect Directors Gregory J. Goff, Kaisa Hietala, Alexander A. Karsner, Anders Runevad (card presented by Engine No. 1) (FOR items 1.1.-1.3)
Outcome: The three Directors supported by BlackRock were elected

Items 1.9, 1.12: Elect Director Kenneth C. Frazier, Elect Director Darren W. Woods (FOR)
Outcome: Both Directors were elected

We continue to be concerned about Exxon's strategic direction and the anticipated impact on its long-term financial performance and competitiveness. In our view, the Board would benefit from the addition of diverse energy experience to augment existing skillsets. As a result, BIS supported three of the four directors nominated by Engine No. 1. We believe that they, together with Mr. Ubben, bring the fresh perspectives and relevant transformative energy experience to the Board that will help the company position itself competitively in addressing the risks and opportunities presented by the energy transition.

As indicated through our voting over the last several years and as detailed in our 2020 vote bulletin, we have historically had concerns about the Board's policy of not enabling direct engagement between investors and directors, although we note that engagement has improved somewhat this year. This voting also reflected our belief that Exxon's energy transition strategy falls short of what is necessary to ensure the company's financial resilience in a low carbon economy.

Exxon has historically recruited directors, who, while highly accomplished in their own right, lacked specific energy industry experience. We feel that having a broad range of energy experience on Exxon's Board could assist in further guiding the strategic direction of the company. While recently appointed Director Wan Zulkiflee comes from the Malaysian state-owned oil and gas company, Petronas, his business experience seems less relevant to a private sector company with a diverse shareholder base.

In contrast, we believe that three of the four directors nominated by Engine No. 1 bring relevant private sector experience including independent U.S. energy production (Mr. Goff); renewable products, including wind energy (Ms. Heitala); and energy infrastructure, legislation and new energy technology (Mr. Karsner). Hence, we believe that this suite of directors will complement the skills and experience of the remaining incumbent directors, bringing fresh perspectives as well as successful track records of value creation for shareholders.

BIS supported the re-election of Mr. Frazier and Mr. Woods because our engagement with each of them over the past several months has given us greater confidence that they are prepared to internalize shareholder feedback, and lead the company, in their respective roles as Lead Independent Director and CEO, on a more ambitious course of action in adapting to the energy transition and responding to shareholders. We also believe some leadership stability is important in the context of the urgency with which the company is expected to deliver on its commitments.

Company	ExxonMobil Corporation (NYSE: XOM)

Item 4: Require Independent Board Chair (AGAINST)
Outcome: FAILED

BIS voted against this proposal because we believe our vote in support of the directors nominated by Engine No. 1 will introduce the necessary balance of independent perspective in the boardroom. Also, we have observed that Mr. Frazier in the role of Lead Independent Director is taking a more prominent position in engaging with shareholders.

Item 5: Reduce Ownership Threshold for Shareholders to Call Special Meeting (AGAINST)
Outcome: FAILED

BIS voted against this proposal, as shareholders can call special meetings at a 15% ownership threshold or at a 10% ownership threshold if a court order showing good cause is obtained.

Item 6: Issue Audited Report on Financial Impacts of IEA's Net Zero 2050 Scenario (FOR)
Outcome: FAILED

BIS voted in favour of this proposal, despite the restrictiveness of the timeline, as we believe shareholders would benefit from greater insight into whether and how the IEA's Net Zero 2050 scenario would affect Exxon's financial position and long-term strategy.

Item 7: Report on Costs and Benefits of Environmental-Related Expenditures (AGAINST)
Outcome: FAILED

BIS voted against this proposal because, on our assessment, the company's existing reporting adequately explains the tangible health and environmental benefits of its current policies and practices.

Political Activities Disclosures

BIS regularly engages with companies to understand how their activities and disclosures related to political spending and lobbying are consistent with the company's overall strategy and long-term shareholder value creation. Direct corporate political activity, engagement on public policy matters and participation in industry associations can all help protect and/or promote the economic interests of companies. However, it also carries potential business and reputational risk which boards and management need to assess and manage.

Our views are articulated in our commentary on our perspective on corporate political activities. We believe that companies should provide accessible and transparent disclosure so that investors and other interested stakeholders can understand how a company's political contributions or affiliations are aligned with its public messaging on strategic policy positions. We believe companies should monitor the positions taken by trade associations of which they are active members for consistency on major policy positions and provide an explanation where inconsistencies exist. Exxon had three shareholder proposals addressing its political activities as discussed below.

Item 8: Report on Political Contributions (AGAINST)
Outcome: FAILED

BIS voted against this proposal as Exxon's existing political contributions disclosure meets our expectations.

Item 9: Report on Lobbying Payments and Policy (FOR)
Outcome: PASSED

Company	**ExxonMobil Corporation (NYSE: XOM)**
BIS supported this shareholder proposal because additional disclosure of the company's state and local level lobbying activities and expenditures, payments to trade associations and other tax-exempt organizations that conduct lobbying, and related oversight mechanisms would allow shareholders to better assess the company's management of these activities, as well as related risks and benefits. **Item 10: Report on Corporate Climate Lobbying Aligned with Paris Agreement (FOR)** ***Outcome: PASSED*** Given the reputational risk to the company of misalignment in public positions on key strategic policy issues, we supported this proposal because we believe such a report would help investors' understanding of Exxon's climate-related lobbying and participation in trade associations. .	
Next steps	BIS continues to monitor and engage with Exxon as described in the 2022 Vote Bulletin.

Company	**Rio Tinto Group (Rio Tinto plc and Rio Tinto Limited**
Market and Sector	United Kingdom, Australia/Materials
Stewardship priority and significance	A significant vote as it relates to the Trustee's Climate-Change stewardship theme. As a group engaging in exploration, mining and processing of minerals, Rio Tinto has a crucial role in the climate transition. There is also a strong environment theme (e.g. in 2020 the company's expansion of an iron ore mine resulted in the destruction of a 46,000-year-old sacred site in Western Australia). It is an example where BIS voted **against** a Board recommendation and an example of voting **for** Board proposals on climate issues.
Meeting Date	9 April 2021 (Rio Tinto plc) and 6 May 2021 (Rio Tinto Limited)
Key resolutions, Board recommendation and BlackRock vote	**Item 3 and 4: Approve Remuneration Report for UK Law and Australian Law Purposes** Board recommendation: vote **FOR**; BlackRock voted: **AGAINST** **Item 19: Approve Emissions Targets and Item 20: Approve Climate-Related Lobbying** Board recommendation: vote **FOR**; BlackRock voted: **FOR**
The description below is extracted from the relevant BIS Vote Bulletin **Overview** Rio Tinto Group engages in the exploration, mining and processing of minerals globally. It operates under a dual listed companies structure, with the businesses of Rio Tinto plc and Rio Tinto Limited sharing a board and management structure. Rio Tinto plc's principal market is the London Stock Exchange, whereas Rio Tinto Limited's shares are listed on the Australian Securities Exchange. The two businesses conduct individual annual general meetings (AGMs) where the majority of	

Company	Rio Tinto Group (Rio Tinto plc and Rio Tinto Limited

items under voting consideration are the same (Items 1-17 for this year). Items 18, 19 and 20, however, are exclusive to the Rio Tinto Limited AGM in Australia on 6 May 2021.

BlackRock Investment Stewardship (BIS) regularly reviews Rio Tinto's governance structure and risk profile. Over the past two years we have engaged over ten times with members of Rio Tinto's board and management. We have discussed a range of material environmental, social and governance issues, including climate-related risks and opportunities, operational sustainability, human capital management and remuneration.

In 2020, the company's expansion of an iron ore mine resulted in the destruction of a 46,000-year-old sacred site in western Australia at Juukan Gorge. This site is of significant cultural and historical importance, including to the First Nations of Australia and Traditional Owners the Puutu Kunti Kurrama and Pinikura peoples (PKKP). Its destruction prompted a parliamentary inquiry and a public outcry against the company and its lack of oversight. As a result, three senior executives, including CEO, Jean-Sébastien Jacques, left the company and more recently the Chairman of the Board, Simon Thompson, accepted ultimate accountability and announced that he will not seek re-election at the 2022 AGM.

Rationale for BlackRock's Vote

Item 3: Approve Remuneration Report for UK Law Purposes (AGAINST)

Item 4: Approve Remuneration Report for Australian Law Purposes (AGAINST)

Outcome: FAILED

BIS voted AGAINST these proposals because the exit package did not adequately reflect the severity of the destruction of the Juukan Gorge and the resulting damage to the environment, relevant communities, and the company's social license to operate.

Item 19: Approve Emissions Targets (FOR)

Item 20: Approve Climate-Related Lobbying (FOR)

Outcome: PASSED

BIS voted for these two shareholder proposals because we believe that greater disclosure on climate and climate-related lobbying disclosures would benefit shareholders.

Item 19 requested the company to disclose short, medium, and long-term targets for its scope 1 and 2 GHG emissions and performance against those targets. All targets should be independently verified as aligned with the climate goals of the Paris Agreement. BIS supported this proposal as it is consistent with our expectation that companies to disclose scope 1 and 2 emissions and accompanying GHG emissions reduction targets. We believe that the companies that critically evaluate their current baseline, set rigorous GHG emissions reduction targets, and act on an accelerated timeline are those most likely to avoid operational disruption in the future.

Item 20 requested that the company enhance its annual review of industry associations to ensure that areas of inconsistency with the Paris Agreement are identified, and that if identified those memberships be subsequently suspended for a period deemed suitable by the Board. The proposal would not limit the Board's discretion to make decisions it deems are in the best interests of the company. In line with management's recommendation, BIS supported this proposal to signal the importance of the opportunity for Rio Tinto to engage its trade associations to further advance their policy positions in support of the global energy transition. We believe that improved disclosures

Company	Rio Tinto Group (Rio Tinto plc and Rio Tinto Limited
regarding the company's ability to influence its industry associations would help investors understand and assess the possible misalignment in public positions on key strategic policy issues with those of certain associations of which it is a member.	
Next steps	BIS continues to monitor and engage with Barclays and described in the 2022 Vote Bulletin.

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The Trustee of the Ensign Retirement Plan

Appendix: Summary voting data

The table below sets out summary data based on returns from the Ensign's asset managers[8] using the PLSA template.

	BlackRock LifePath Funds	**BlackRock** ***3070 Global Equity Fund***	***BlackRock 6040 Global Equity Fund***	***BlackRock UK Equity Fund***	***BlackRock World ESG Equity Fund***	***BlackRock World Multifactor Equity Fund***	***BlackRock Emerging Markets Index Fund (IE)***	***LGIM Ethical Global Equity Index Fund***	***HSBC Islamic Global Equity Index***	***Schroders Dynamic Multi Asset***
How many meetings were you eligible to vote at?	8,182	5,121	2,592	754	255	175	2,526	1,123	109	811
How many resolutions were you eligible to vote on?	83,379	55,536	33,017	10,693	3,961	2,274	21,938	15,785	1,642	10,354
What % of resolutions did you vote on for which you were eligible?	94%	99%	99%	100%	100%	100%	100%	100%	95%	93%
Of the resolutions on which you voted, what % did you vote with management?	91%	91%	92%	94%	92%	91%	89%	83%	89%	89%
Of the resolutions on which you voted, what % did you vote against management?	8%	8%	7%	5%	7%	8%	10%	17%	12%	11%
Of the resolutions on which you voted, what % did you abstain from voting?	2%	2%	0%	0%	0%	0%	3%	0%	0%	1%
% of resolutions voted contrary to the recommendation of proxy adviser?	0.7%	0.7%	0.2%	0.0%	0.3%	0.1%	1.6%	11.4%	7.2%	Note[7]

Figures may not total to 100% for a number of reasons e.g. rounding, lack of management recommendation, multiple ballots voted different ways, "abstain" considered a vote against management

[7] Not available at time of publication
[8] Excludes AVCs held with insurance policies.

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Ensign Retirement Plan
Climate-change disclosures
Year ending 31 March 2022

1. Summary

This report is the first report required under the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 for the Ensign Retirement Plan ("Ensign"). These regulations introduced requirements relating to Ensign's governance of climate-change in its investments and are based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD was set up in 2015 by the Financial Stability Board (an international body promoting financial stability) to improve climate-related financial disclosures.

The areas covered by this report and key points are:

- **Governance** – the Trustees adopted a new climate-change governance policy in September 2021
- **Strategy** – the Trustees have carried out climate-scenario analysis and an Independent Investment Review and these activities have informed decisions around management of climate risk in the portfolio
- **Risk management** – This describes the activities the Trustees have undertaken to identify and assess climate-related risks including climate updates, review of the risk register and climate data
- **Metrics and targets** – The Trustees have selected three climate metrics and reported on these. They have also set a target to improve data coverage as good data is fundamental to good decision-making.

2. Governance

This section describes the way that the Ensign Retirement Plan is organised to incorporate climate-change risk and opportunities. It describes the internal processes and controls that are in place to ensure adequate oversight. This includes the approach to knowledge and understanding in this rapidly developing area; the roles and responsibilities and the way that certain aspects are delegated and managed and the commitments to wider initiatives.

2.1 Climate-change governance policy

Over the course of 2021, the Trustee formed a Climate-Change Working Group to develop its approach to climate-change taking input from its investment consultant and legal advisors and referencing the statutory guidance and non-statutory guidance published by the DWP and written by the Pensions Climate Risk Industry Group (PCRIG). Following from which the Trustee set out its approach in its Climate-Change Governance Policy (CCGP) which was adopted on 20 September 2021.

2.2 Rationale for the time and resources spent on climate-related issues

The CCGP was developed by a Climate-Change Working Group (see below) which considered how to set a proportionate approach to the governance (e.g. time and resources) taking into account Ensign's size and structure. The key aspects of governance are set out below:

2.3 Climate-change knowledge and understanding

The Board and executive function must receive regular climate training. During 2021/22 the Trustee and Executive has received training on specific topics including:

- Climate scenarios and implications for different cohorts of members;
- Climate-change finance for pension funds;
- Quarterly reporting including training and regular updates on climate-change; topics covered included COP26 and climate metrics.

This information along with specific projects (e.g. the Independent Investment Review and Scenario analysis) are challenged and probed at regular Trustee meetings and used to inform further discussions with the platform provider and investment managers.

2.4 Roles, responsibilities and delegation

Terms of reference

All Trustee Directors have responsibility for the management of Climate-Change. This has been reflected in the Terms of Reference for the Board, Chair and Vice-Chair which have each been updated to explicitly reference adherence to the Climate-Change Governance Policy.

Climate-Change Working Group

From time to time the Trustee will establish a Climate-Change Working Group to take forward specific projects. The Working Group includes at least two Trustee Directors and Executive Team support, or specialists as required. The terms of reference for the Working Group are established by the Trustee project-by-project and the Working Group makes recommendations for approval by the Board. A Climate-Change Working Group was last established over June-September 2021 to develop the Board's Climate-Change Governance Policy. This group met twice (in addition to quarterly Trustee meetings) over this period.

2.5 Commitments to wider initiatives

The Trustee believes that broad climate-related activity will improve risk adjusted returns for all investors. Such activity may include membership of climate organisations to promote collective action for the benefit of members and stewardship and engagement with individual companies.

The most effective use of Ensign's resources is to encourage its investment managers to engage with wider activities (e.g. Climate Action 100+) on the Board's behalf. Additionally, if it is cost effective for members, the Board will support industry forums such as the Transition Pathway Initiative and the Paris Alignment Forum.

During 2021/22 the Executive Team and individual Trustee Directors have discussed with Aegon (the platform provider) and BlackRock (the main investment manager for the Plan) their approach to industry membership. The Trustee believes that these discussions, combined with the actions of other asset owners have helped to encourage their service providers to engage with wider activities.

Aegon have confirmed that they are members of the following groups:

- **IIGCC** (Aegon UK, October 2021): The Institutional Investors Group on Climate Change is a European membership body for investor collaboration and a key voice of investors taking action for a prosperous, low-carbon future
- **Net Zero Asset Owners Alliance**: (Aegon N.V November 2021): This is a UN-convened group of institutional investors committed to transitioning their portfolios to net-zero GHG emissions by 2050.
- **CDP**: Aegon N.V is an investor member of the CDP (formerly the Carbon Disclosure Project). CDP encourages companies to be more open about their greenhouse gas emissions.

Blackrock, the main investment manager (managing around 99% of the members' assets) are a member of a number of organisations including:

- **Net Zero Asset Managers Initiative** (March 2021): Blackrock are one of over 100 investment managers who have committed to aligning the financial sector and supporting the goals of the Paris Agreement
- **Climate Action 100+** (January 2020): This is an investor-led initiative to collectively engage with the largest greenhouse gas emitters to ensure that they take action on climate-change.

LGIM and Schroders, the other asset managers are also members of a number of climate organisations seeking collective action.

2.6 Framework for delegation to investment managers

The Trustee believes that the most effective way to manage Climate-Change risk and opportunity is to adopt a strong, efficient governance process as described above. The Plan's scale and resources mean that implementation and data provision is for its investment managers and platform provider. The Trustee holds the investment managers to account using a framework which considers:

- The way that climate risk is managed at portfolio level for self-select funds and within the building blocks of the "LifePath" funds;
- For the "LifePath" funds, the choice of building blocks and for index-tracking investments the extent to which climate considerations are included in index-construction;
- Stewardship activity including engagement with investee companies, voting activity including voting on reappointment of directors and auditors. For non-voting securities (e.g. corporate bonds) the extent to which engagement takes place for new issuance;
- The level of engagement that the investment manager has with industry wide initiatives and undertakings such as Climate Action 100+, the UK Stewardship Code and TCFD;
- The quality of climate analysis and reporting including current carbon emissions metrics, transition metrics (e.g. carbon pathways and implied temperature analysis);
- The quality of research carried out by the investment manager and the quality of information or education provided to the Trustee

Over the course of 2021/22 the Trustee commissioned a triennial Independent Investment Review (IIR) which explored some of the above points and confirmed the continuing suitability of the investment managers and mandates. Additionally, the Trustee and the Executive met Aegon and BlackRock to establish their approaches and to press for further development in certain areas (e.g. engagement activity in corporate bond mandates).

2.7 Oversight of climate-related activity by those who advise or undertake governance activity

The Trustee operates a governance model whereby it relies on advice for specific activities from professional advisors and it relies on an executive team for support. The Trustee's policy is that these providers:

- Demonstrate adequate climate-related expertise
- Prioritise climate-change risk and opportunity appropriately
- Have clarity on their role and the way that climate-change is embedded in their activities and the style ad frequency of reporting of climate-related developments.

In June 2021, Hymans Robertson was appointed to carry out the triennial investment review, including climate-related aspects. This appointment was carried out in line with Ensign's Adviser and Supplier Policy and in addition Hymans Robertson is subject to objectives, as required following the Competition and Markets Authority ("CMA Objectives"). These objectives reference climate considerations. The Trustee also reviews the executive team in line with its Adviser and Service Provider Policy.

3. Strategy

Strategy refers to the design of LifePath funds, the choice of self-select funds offered to members and design of the portfolios that make up the LifePath and self-select funds. The Board's strategy is described in its Climate-Change Governance Policy. Key aspects are highlighted below.

3.1 Frequency of assessment of climate issues in investment strategy

Investment strategy, including climate change is assessed no-less frequently than once every three years. Additionally, the investments are monitored and reviewed each quarter by the Board and monitoring includes a climate-change update.

The last investment strategy review, the Independent Investment Review (IIR) was carried out in September 2021 by Hymans Robertson. At the same time, the Trustees also considered training and scenario analysis carried out by Hymans Robertson on the impact of different climate scenarios on various cohorts of member (see 3.5 below).

3.2 Approach to identifying climate related risks and opportunities

The Trustees use a range of approaches for identifying climate related risks and opportunities including: training on specific topics, a quarterly update on climate issues, and review of the risk register in accordance with the Trustee's Risk Management Policy.

During 2021/22 the Trustee received training on specific climate-related topics including: climate finance; scenarios and climate metrics. These sessions were used to shape and develop Ensign's Climate Policy.

Member Engagement Survey

Additional activity over 2021/22 included a survey of members to understand what they thought about environmental, social and governance factors, sustainable investment, and impact investment. The member Engagement Survey explored members' views to better inform the Board of what our members care about so that we can report appropriately on our activities to manage climate-change issues within the Scheme, including how the Trustee engages with the investment managers and platform provider. It has also provided useful information to help prioritise areas for action (e.g. the choice of self-select funds).

3.3 Extent to which climate-related risks and opportunities are factored into investment strategies

Incorporation of climate-related risk and opportunities in investment strategy is delegated to the investment managers and platform provider. They are expected to incorporate climate risk and opportunities consistent with the Trustee's climate beliefs which are set out in the Climate-Change Governance Policy.

3.4 Time horizons and climate-related issues for each time horizon

The Trustee's policy is to consider the time horizons over which climate-related risks and opportunities may have an effect by looking at example members and the overall membership structure.

In September 2021, the time horizons chosen were:

- Long – 25 year-old member: Many years of future investment with exposure to both transition and physical risk
- Medium – 50 year-old member: Medium term to retirement with exposure to transition risk and potentially physical risk
- Short – 60 year-old member: Short term to retirement with exposure to transition risk, particularly policy risk which may flow into markets or impact the terms for securing benefits with an annuity provider

These time horizons will be reviewed no less than three-yearly or on a significant change to the membership.

As described in the next section these example members were used to model the impact of different climate scenarios of different cohorts of members to explore the potential exposure to physical climate risk and transition risk.

3.5 Resilience to different climate scenarios and how this informs strategy design

The Trustee's policy is to use scenario analysis to inform climate strategy for the most popular arrangements (over 10% of assets). A combination of quantitative and qualitative techniques may be used, depending on the availability and sophistication of the analysis available and the likely impact of scenario analysis on decision-making.

In September 2021, Hymans Robertson carried out analysis which considered the impact of three scenarios on the three example members described above. The three scenarios were:

- **Green revolution** – Concerted, immediate policy action resulting in short term transition risk but less physical risk in the long term and a high expectation of achieving an increase in global average temperatures of less than 2°C;
- **Delayed transition** – No significant policy action in the short-term meaning a more severe response is needed later. This results in greater but delayed transition risk and

similar physical risks in the long term still with an expectation of achieving an increase in global average temperatures of less than 2°C;

- **Head in the sand** – Little or no policy action for many years resulting in market uncertainty over many years and severe physical risk over time and a high certainty of an increase in global average temperatures of more than 2°C.

These scenarios were chosen as they represent plausible outcomes to which members are exposed. Climate scenario modelling is a developing area and the modelling is simplified (for example, no probabilities are assigned to the scenarios). The key assumptions relate to: the *impact on expected returns* and the *impact on volatility* for different asset classes and the *time horizons* over which these changes take place.

The analysis explored the impact on equity returns and on yields and it demonstrated that climate change impacts different cohorts of members in different ways: Younger members being most exposed to poorer and more uncertain outcomes (measured in terms of size of fund and income at retirement).

The clearest conclusion was that taking no action poses a risk in itself and therefore the analysis helped to inform and challenge the approach taken by the platform provider and investment managers both in terms of portfolio design and in terms of collective engagement and voting activity. The analysis can now be used to test the resilience of changes to portfolio design to different aspects of climate-change for different cohorts of member.

3.6 Strategy implementation – investment manager selection and review

New investment managers or strategies are assessed against the climate-related factors set out in the Climate-Change Governance Policy. These form part of the overall assessment which includes other financially material factors such as past performance and expected future performance. Over the year, no new strategies or managers were introduced.

Existing managers are assessed against the climate-related factors set out in the Climate-Change Governance Policy no less than once every three years and more frequently if monitoring reveals areas for concern. The Trustee carried out an Independent Investment Review in September 2021 and continues to monitor and have regular dialogue with the investment managers.

Following the Independent Investment Review, the Trustee adopted a structured approach to dialogue with BlackRock, the main investment manager. This included two formal meetings (first with the Executive and then with both the Executive and Trustee representatives) and the conclusions of this process were summarised in writing. The full Trustee Board reviewed the notes from each meeting and agreed the final summary.

3.7 Strategy implementation – The role of the platform provider

The platform provider has a key role acting as the consolidator of pension fund assets and the Trustee expects the platform provider to:

- Make available investment managers and strategies which conform to the Trustee's Climate Beliefs and;
- Use its influence as a consolidator to encourage the development of appropriate investment strategies.

The Trustee and Executive have had regular discussions with Aegon, the platform provider. During the course of the year, the platform provider has introduced a number of innovations including publishing its own net zero policy; membership of industry organisations and developing a suite of climate data and analysis.

3.8 Strategy implementation – The role of stewardship

The Trustee believes that the most effective way to manage climate-related issues is to delegate day to day activity (including stewardship activity) to its investment managers and to hold them to account using a framework which includes consideration of their contribution to industry-wide initiatives and their engagement and voting activity for individual securities. See this year's implementation statement for more detail on engagement and voting activity.

4. Risk management

4.1 Process for identifying and assessing climate-change risk

The Trustee's Climate Governance Policy describes the process for identifying climate-change risks. This includes:

- Trustee training on specific topics
- A quarterly update on climate issues within the quarterly investment report
- Attendance at industry-wide events (either Board or Executive) and
- Review of the risk register

Climate-related risks are assessed using a range of techniques which include consideration of the impact of physical and transition risks and time horizon using the scenario analysis described in 3 above.

In addition to the activities above, over 2021/22 the Independent Investment Review by Hymans Robertson included climate risk and the platform provider started to produce detailed climate-change data 6-monthly. This data includes information which enables the Trustee to explore physical and transition risk in the portfolio. Examples of the data include: climate value at risk (split by physical, technology and policy risk) and analysis of exposure to transition risk (e.g. through asset stranding; increased operational costs or reduced demand for carbon-based products). The data also includes analysis of exposure to low carbon solutions.

4.2 Integration of the process within the Trustee's overall risk management approach

The identification, assessment and effective management of climate-change risks is integrated into the Trustee's overall risk management process in accordance with the following principles:

- Interconnections – recognition that risks are interconnected;
- Time-based – incorporating short-, medium- and long-term considerations;
- Proportionality – the approach should be proportionate with other risks;
- Consistency – the methodology for incorporating climate risk should be consistent across the overall risk management process.

Over 2021/22 the Trustee updated its risk register to incorporate climate-change risks.

The activities described in 4.1 above have resulted in and increased focus and higher prioritisation of climate-change risk and opportunities.

5. Metrics and Targets

5.1 Rationale, influence and limitations

The Trustee's policy is to set climate-change metrics and targets in order to help measure, manage and disclose climate-change impact. These metrics may relate to outcomes (e.g. risk exposure) or processes (e.g. the way that climate risks are governed and managed). The metrics chosen may be quantitative or qualitative. The Trustee delegates the provision and collation of data to the platform provider and investment managers. The metrics chosen are expected to change over time as new techniques evolve.

5.2 Approach to monitoring and reporting

The Trustee recognises that the monitoring and assessment of exposure to climate-change risks is developing and the metrics and tools available to the Trustee may evolve. The Trustee will monitor changes in market practice to ensure that they are aware of changing best practice.

The Trustee has adopted a three-step process with the platform provider and investment managers as outlined below:

1. **Engage**: Discuss the suitability and availability of potential metrics with the platform provider, taking professional advice where appropriate and taking account of the data generally available in the market.
2. **Request**: Request that the platform provider liaises with the underlying investment managers to obtain the data or sources the data itself
3. **Review**: Recognising that the platform provider and investment managers currently have no legal obligation to provide the data, the Trustee will review the quality of the

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data provided and include a commentary on the availability and coverage of data in its annual climate reporting.

The Trustee followed this process over 2021/22 engaging with the platform provider to discuss the availability of data and to discuss Ensign's requirements. Following this engagement, the platform provider provided a detailed suite of data which the Trustee has reviewed in line with step 3 above. The Trustee believes that the suite of data provided is a good first step as it provides a detailed breakdown of a number of climate metrics (well beyond the minimum required for disclosure) which fulfils the objectives set out in 5.1 above.

The Trustees engaged early with the platform provider first to establish a timetable for the production of the data and to understand potential limitations. As a result of this early engagement the Trustees were able to review and challenge the data – in particular successfully petitioning for an alternative approach to weighting the climate metrics.

There are some asset classes which are not included in the analysis eg allocations to property and sovereign bonds. The Trustees believes that this has been pursued as far as they are able and, in accordance with the policy above will review this with the platform provider and seek to increase coverage in future.

5.3 Choice of metrics

The Trustee will consider metrics which may include, but are not limited to, exposure to fossil fuel producers and carbon reserves; overall carbon intensity; alignment with future climate pathways and management quality. The Trustee will monitor changes in market practice to ensure that they are fully aware of changing best practice and the feasibility of monitoring climate related risk within its non-equity funds.

As noted above the platform provider has made available a number of metrics. The Trustee is required by regulations to select one absolute emissions metric, one emissions intensity metric and one additional climate change metric to calculate in relation to the Scheme's assets and to use those calculations in order to assess the climate-related risks and opportunities which are relevant to the Scheme.

For these purposes , the Trustee has selected the following metrics for 2021/22,the results of which are set out in the appendix. It should be noted that the Trustee has decided to select two carbon intensity metrics in order to [better understand the carbon emissions financed by the Scheme's investments in a way that is comparable across different sized portfolios and different types of investment].

The Trustee's choice of metrics is reviewed annually, and these may be updated or replaced as market practice evolves.

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Absolute emissions: This is a measure of the total emissions that Ensign is financing. This measure depends on the size of the pension fund – all else being equal a larger pension fund would have a larger absolute emissions figure, purely due to its larger size.

Carbon intensity: Intensity measures show emissions per unit of activity (e.g. per £m of invested – also known as the Carbon Footprint or per £m of revenue – also known as the **Financed Carbon Intensity:** The Trustee has decided to report both Carbon Footprint and a sales-based intensity measure (similar to Weighted Average Carbon Intensity, WACI). These measures can be compared across pension funds more easily as they do not depend on the size of the pension fund.

Data quality: Data quality relates to the availability and reliability of climate data. Good decisions need comprehensive reliable data. The Trustee has decided to report on the level of coverage.

Details of the calculation methodology for each metric are included in the appendix.

5.4 Forward-looking metrics

The Trustee recognises that the above metrics are "snapshots" and record only the current position. What is important is the future rate of global decarbonisation; and this is captured by "forward-looking" metrics. Forward-looking analysis such as implied portfolio temperature and carbon pathway helps to identify companies that have the (a) the largest scope to reduce emissions and (b) are committed to doing so. This in turn informs portfolio construction and stock selection. The Trustee expects to engage with its platform provider and investment managers and develop its policy further in this area.

5.5 Choice of target

The Trustee is required by legislation to set at least one target for a chosen metric. Targets are set by reference to a base year against which progress is assessed, a timeline for achieving the target and the methodology by which performance against the target is assessed.

The first step in setting climate targets is to obtain comprehensive and reliable data. The Trustee has therefore chosen a data quality target (data coverage). This recognises that the Trustee delegates provision of data to the platform provider and investment managers who in turn rely on specialist data providers. The Trustee believes that a data quality target will help it to achieve the objectives in 5.1 above. More details and disclosures are set out in the appendix.

The Trustee's choice of climate target is reviewed annually, and may be updated or replaced taking into account the Scheme's performance.

September 2022
The Trustee of the Ensign Retirement Plan

Disclaimer

The Trustee has sought to provide the data in this report (and appendix) as far as it is able, taking into account the costs incurred in seeking further information and the time required (as set out in Para 25 of the Schedule to the Climate Change Governance and Reporting Regulations). The data included in this report and appendix has not been subject to audit and must not be relied on for the purpose of decision-making. Emissions data disclosure is a rapidly evolving area and the Trustee reserves the right to restate the data in future reports.

Appendix – Metrics and Targets

1. Metrics

Scope 1 and Scope 2 emissions metrics as at 31 December 2021

Default Fund Climate Metrics	Total Financed Carbon Emissions (tCO_2e)	Financed Carbon Intensity (tCO_2e / \$M sales)	Financed Carbon Emissions (tCO_2e / \$M invested)	Emissions - Reported / Estimated (%)	Emissions - Not Covered (%)
Ensign – LifePath Flexi	4,692.6	120.5	33.0	61.6%	38.4%
Ensign – LifePath Retirement	2,221.0	123.2	33.4	66.8%	33.2%

Description

The table above shows carbon metrics for all assets and separately, the two default LifePath funds (which represent over 90% of assets). The data and descriptions below have been produced by the platform provider based on information provided by MSCI. The table shows the Scope 1 and Scope 2 emissions as described below.

Total Financed Carbon Emissions (tCO_2e) - Allocated emissions to all financiers (EVIC). Measures the total carbon emissions for which an investor is responsible by their equity ownership. Emissions are apportioned based on equity ownership (% market capitalization).

$$\textbf{\textit{Total financed carbon emissions}} = \sum \frac{Current\ value\ of\ investment}{Enterprise\ value\ including\ cash} \times Scope\ 1\ and\ 2\ emissions$$

Financed Carbon Intensity (tCO_2e / \$M sales) - Allocated emissions per allocated sales. Measures the carbon efficiency of a portfolio, defined as the ratio of carbon emissions for which an investor is responsible to the sales for which an investor has a claim by their equity ownership. Emissions and sales are apportioned based on equity ownership (% market capitalization).

$$\textbf{\textit{Financed carbon intensity}} = \frac{\sum \frac{Current\ value\ of\ investment}{Enterprise\ value\ including\ cash} \times Scope\ 1\ and\ 2\ emissions}{\sum \frac{Current\ value\ of\ investment}{Enterprise\ value\ including\ cash} \times \$M\ sales}$$

Financed Carbon Emissions (tCO_2e / $M invested) - Allocated emissions to all financiers (EVIC) normalized by $M invested. Measures the carbon emissions, for which an investor is responsible, per USD million invested, by their equity ownership. Emissions are apportioned based on equity ownership (% market capitalization). This measure is also referred to as the Carbon Footprint.

$$\textbf{Carbon Footprint} = \frac{Total\ financed\ carbon\ emissions\ (see\ above)}{Total\ value\ of\ portfolio\ assets}$$

Methodology

The table shows the emissions metrics expressed as metric tonnes of CO_2 equivalent, tCO_2e. This includes CO_2 and other greenhouse gasses (as defined by the Kyoto Protocol) such as methane and nitrous oxide, expressed as an equivalent to CO_2.

The disclosures show Scope 1 and Scope 2 emissions as defined by the GHG Protocol. Scope 1 emissions are those associated directly with an entity's operations, Scope 2 emissions are indirectly associated with an entity's operations (e.g. electricity and heating). Scope 3 is not included in this reporting although the Trustee has started to receive preliminary Scope 3 information. Scope 3 relates to all other activities including the end-use of a product (e.g. CO_2e emissions from a car with an internal combustion engine is Scope 3 for a car manufacturer).

Note that if emissions are not covered, they are excluded from the total carbon emissions figure.

Emissions not covered

Coverage is less than 100% for a number of reasons. Most significantly, some asset classes (e.g. sovereign bonds and property) are currently excluded from the platform provider's analysis. While this data may in principle, available directly from data providers at additional cost, the Trustee has followed its 3-step process for engagement with the platform provider (see 5.2) and believes this is a proportionate approach. The platform provider's statement on this point is as follows:

Sovereigns/commodities/other asset classes are not included in the data at the present time due to lack of commonly accepted industry standards around disclosing, apportioning and auditing emissions data for these investments. We recognise further limitations relating to the reliability of data for in-scope assets, including the quality of issuer disclosures, uncertainty associated with some of the underlying methodological assumptions, and the still very poor levels of Scope 3 emissions disclosure.

As noted below, improved portfolio coverage is a target, and the Trustee expects the platform provider to extend coverage.

2. Target

Scope 1 and 2 emissions reported or estimated				
	Base date 31/12/21	Target for 31/12/22	Actual at 31/12/22	Actual vs Target
Total portfolio				
LifePath Flexi	61.6%	65.4%		
LifePath Retirement	66.8%	70.1%		

The trustee has agreed to set a target to reach full portfolio coverage linearly over 10 years. The base year for this target is 31 December 2021 and the table below summarises the likely format of future reporting.

To achieve the target, the Trustee expects to work with the platform provider to understand where data is missing and the steps that might be taken to improve coverage (which might include further engagement with the platform provider or the underlying data providers or stewardship activities).

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