



ENSIGN RETIREMENT PLAN

CHAIR'S GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

Registered number 12011384

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OPENING STATEMENT

31 MARCH 2021

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 2021 (the “Scheme 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 transaction and other ‘administration’ aspects of the scheme.
- the charges and transaction costs to members and the cumulative effect of the costs and charges.
- a ‘value for members’ assessment.
- 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 September 2021.

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
19 October 2021

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 62% of total members' benefits were invested in LifePath Flexi as at 31 March 2021.

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 2021.

On 18 March 2020, the Aegon BlackRock Property fund was suspended as independent property valuers were unable to accurately assess the value of physical properties. As a result of the suspension, contributions in respect of members that had previously elected to invest new contributions into the Aegon BlackRock Property fund were instead invested in the Aegon BlackRock Cash fund. As the consent of members was not obtained before diverting contributions to the Aegon BlackRock Cash fund, and in accordance with guidance from The Pensions Regulator, the Trustee has concluded that the Aegon BlackRock Cash fund also meets the definition of a default arrangement. Less than 1% of total members' benefits were invested in the Aegon BlackRock Cash fund as at 31 March 2021.

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 scheme and members, therefore, have a choice of fourteen alternative funds to choose from.

AIMS AND OBJECTIVES OF THE DEFAULT ARRANGEMENT

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

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

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

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

In setting up Ensign, the Trustee considered the membership profile, risk appetite, and likely retirement 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.

THE DEFAULT INVESTMENT ARRANGEMENT (CONTINUED)

REVIEWING THE DEFAULT ARRANGEMENT

The Trustee receives quarterly reports on the performance of the default arrangement and compares this against the fund's composite benchmark, however, the Trustee is also mindful of the long-term nature of investments and investment returns. The Trustee carries out a full review of the investment strategy at least every three years. A triennial review of the strategy and performance of the Life Path Flexi 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 by the Trustee at its meeting on 20 September 2021 and no changes to the default arrangements were recommended or made.

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 September 2021.

ADMINISTRATION – YEAR ENDED 31 MARCH 2021

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 December 2020, 37 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.
- Monitoring quarterly administration reports from Aegon to assess the promptness with which contributions submitted by employers are invested.

ADMINISTRATION (CONTINUED)

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

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

As referred to in my opening statement, Ensign has successfully completed the Master Trust Assurance process for the period ending 31 March 2021. 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).

ADMINISTRATION (CONTINUED)

ASSESSMENT

Administration in the scheme year ending 31 March 2021 was affected by the full weight of the Covid-19 pandemic. At Aegon, in common with other pensions administrators, this manifested in a rapid transition to staff working from home, an increase in staff sickness and associated absences, and an increase in death claims and associated enquiries from members. As a consequence, Aegon's administration performance fell slightly short of contractual service levels over the year (see table below). As a result of the 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 service level performance for critical financial transactions is also shown below.

Period	SLA – all transactions	SLA – critical transactions
Q1 20-21	92%	98%
Q2 20-21	93%	98%
Q3 20-21	91%	97%
Q4 20-21	89%	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 scheme 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.

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 2021

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 scheme year to 31 March 2021. 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
Aegon BlackRock Cash (BLK)	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)	0.50	0.02	0.52

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 suspended in March 2020, with contributions from this time directed to the Aegon BlackRock Cash fund.

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 are not held on the Aegon platform, and the Trustee completed a review of these after the end of the 2020-2021 scheme year. As a result, the Trustee will be writing to members to explain the different fund choices available within Ensign.

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 2021, 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 2021 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 0.10
Aegon BlackRock LifePath Retirement (BLK)	Range: 0.03 to 0.10
Aegon BlackRock Cash (BLK)	0.01

Self-select investment options

Fund	Transaction Costs (%)
Aegon BlackRock LifePath Capital (BLK)	Range: 0.01 to 0.10
Aegon BlackRock 30/70 Currency Hedged Global Equity Index (BLK)	0.06
Aegon BlackRock 60/40 Global Equity Index (BLK)	0.00
Aegon BlackRock World Multifactor Equity Tracker (BLK)	0.13
Aegon BlackRock World ESG Equity Tracker (BLK)	0.14
Aegon BlackRock Emerging Markets Equity Index (BLK)	0.00
Aegon BlackRock UK Equity Index (BLK)	0.00
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)	0.04
Aegon BlackRock Corporate Bond All Stocks Index (BLK)	0.05
Aegon BlackRock Over 15 Year Gilt Index (BLK)	0.00
Aegon LGIM Pre-Retirement (BLK)*	0.04
Aegon BlackRock Property (BLK) ⁺	0.11
Aegon Schroders Dynamic Multi Asset (BLK)	0.22

[#] 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 the Aegon BlackRock Cash fund.

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	£11,000 - based on the median value of the total holdings in the scheme
Salary	£33,000
Contribution rate	10% of salary (total monthly contribution of £275 increasing in line with salary) – this is the standard contribution rate in the scheme
Price inflation	2.0%
Earnings inflation	3.5%

Illustrations are shown for LifePath Flexi, LifePath Retirement and the Aegon BlackRock Cash fund, as Ensign's default arrangements. The Aegon BlackRock Cash fund is also the fund with the lowest assumed growth rate and the lowest charges. The Aegon BlackRock 60/40 Global Equity Index (BLK) fund is shown as the fund with the highest assumed growth and the Aegon BlackRock Property (BLK) fund is shown as the fund with the highest charges.

Growth, costs and charges assumptions[#]

	Aegon BlackRock LifePath Flexi (BLK)	Aegon BlackRock LifePath Retirement (BLK)	Aegon BlackRock Cash (BLK)	Aegon BlackRock 60/40 Glob Eq Index (BLK)	Aegon BlackRock Property (BLK)
Growth rate	-1.30% to 3.00%*	-1.30% to 3.00%*	-1.30%	3.00%	2.55%
AMC ¹	0.31%	0.31%	0.25%	0.30%	0.93%
AAE ²	0.00%	0.00%	0.03%	0.01%	0.00%
TC ³	0.01%	0.01%	0.01%	0.01%	0.06%

[#] 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 2021.

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	14,516.83	14,475.24	14,489.52	14,448.01	14,104.09	14,067.55
3	21,859.76	21,698.04	21,744.79	21,584.02	20,335.08	20,200.46
5	29,630.42	29,296.00	29,380.74	29,049.61	26,600.52	26,335.23
10	51,055.42	50,031.59	50,237.94	49,234.09	42,447.12	41,717.69
15	75,594.45	73,455.23	73,826.36	71,749.40	58,617.67	57,236.55
20	103,599.54	99,838.03	100,424.23	96,807.82	75,192.17	72,981.14
25	135,458.50	129,475.76	130,335.30	124,639.33	92,253.18	89,041.46
30	171,598.26	162,690.88	163,891.07	155,492.98	109,886.21	105,508.77
35	212,488.67	199,834.91	201,453.12	189,638.43	128,180.19	122,476.03
40	258,646.54	241,290.84	243,415.78	227,367.58	147,227.86	140,038.49
42*	278,710.03	259,172.79	261,528.05	243,532.58	155,079.54	147,251.99

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

COSTS AND CHARGES (CONTINUED)

Self-select investment options#

Years	Aegon BlackRock 60/40 Global Equity Index (BLK)		Aegon BlackRock Property (BLK)	
	Before charges	After all charges	Before charges	After all charges
1	14,640.54	14,598.58	14,589.49	14,460.59
3	22,390.08	22,223.96	22,188.09	21,684.11
5	30,799.68	30,449.91	30,374.61	29,325.68
10	55,013.06	53,892.38	53,652.86	50,381.90
15	84,422.17	81,970.76	81,450.54	74,478.54
20	119,937.07	115,423.28	114,472.13	101,956.79
25	162,616.14	155,096.53	153,523.07	133,192.27
30	213,689.46	201,960.61	199,523.63	168,598.18
35	274,585.93	257,126.71	253,524.72	208,628.90
40	346,964.51	321,866.83	316,725.76	253,783.84
42	379,552.33	350,762.88	344,882.48	273,401.74

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-scheme 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 scheme effectively, and that the scheme 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 + £1.50 per month admin charge

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

COSTS AND CHARGES (CONTINUED)

SUMMARY

The Trustee has assessed the various charges and transaction costs applying to the default investment funds and self-select fund options over the scheme year to 31 March 2021 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 scheme year ending 31 March 2021, 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 2021.

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.

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 2020, 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 scheme 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 2021 was agreed by the Trustee at its meeting on 20 March 2020. Items included in the plan for which training was delivered during the year included;

- GDPR and cyber security.
- Investment training and the Myners Principles.
- Overview of current master trust compliance requirements.
- Master trust supervision.
- 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 2021 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 scheme year was developed and agreed by the Trustee at its meeting on 16 March 2021.

At the end of the scheme 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.

I concluded that individual trustees and the Board remained effective and competent, and this was reported to the Trustee at its meeting on 16 March 2021.

TRUSTEE KNOWLEDGE AND UNDERSTANDING (CONTINUED)

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 scheme 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.

All Trustee Directors were historically appointed through an open and transparent process and became non-affiliated for the purposes of the DC governance requirements, however during the scheme year myself, one other employer nominated Trustee Director ("ENT") and two member nominated Trustee Directors ("MNT"s) completed initial 5 year terms as non-affiliated trustees. Under the relevant Regulations, non-affiliated trustees can serve a maximum period of 10 years, and since the expiration of our initial 5 year terms would see the commencement of our second 5 year terms, a clear and transparent appointment process in line with the Trustee's policy is now underway. This will either see our reappointment as non-affiliated trustee directors or the appointment of new non-affiliated trustee directors. This process is due to complete by 31 October 2021 and the results will be communicated shortly thereafter.

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 scheme 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 November 2020 and available on the Ensign website. Members can also telephone, e-mail or write to us.

APPENDIX: STATEMENT OF INVESTMENT PRINCIPLES



Ensign Retirement Plan

Statement of Investment Principles

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1. Introduction

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

Director

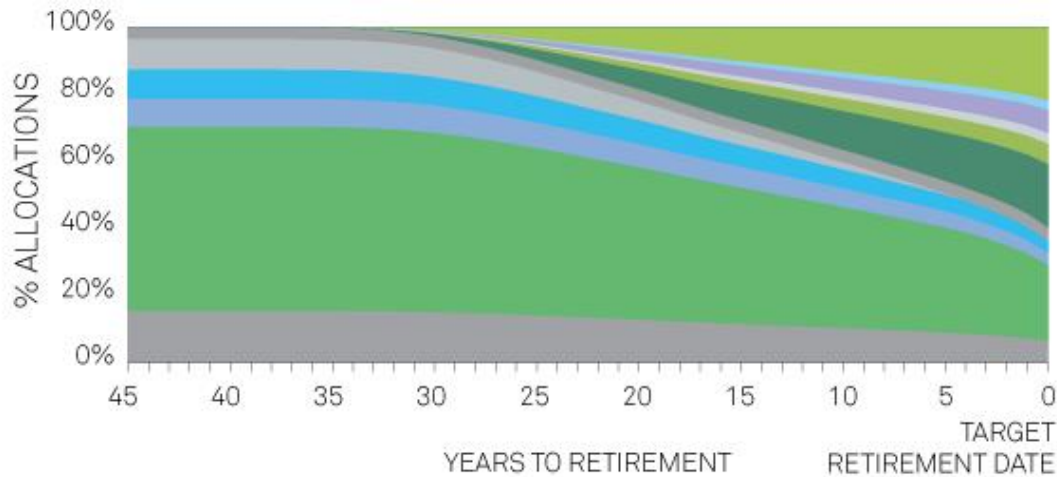
Director

Appendix 1 – Target Date Investment options

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

Aegon BlackRock LifePath Flexi

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



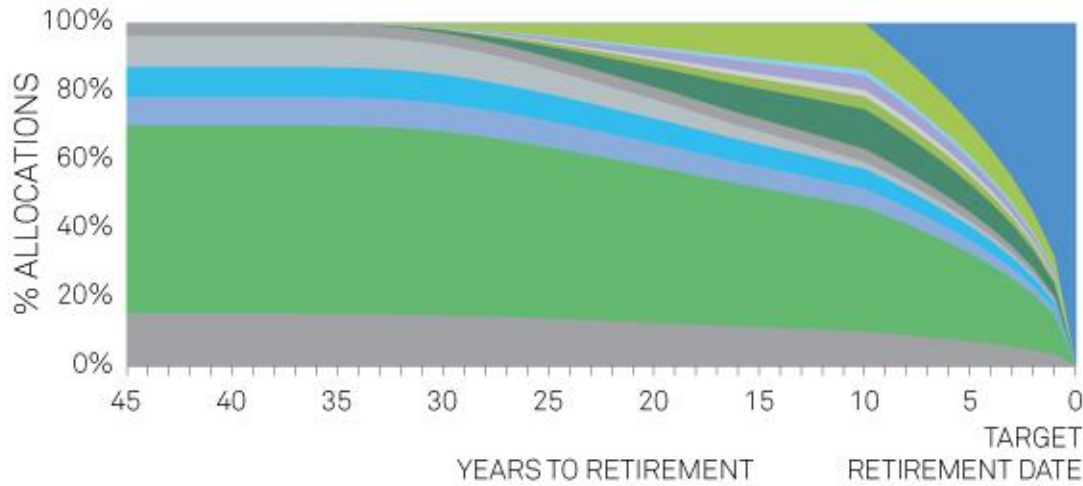
Aegon BlackRock LifePath Retirement

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



Aegon BlackRock LifePath Capital

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



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

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

Appendix 2 – Additional Fund Range

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

Asset Class	Fund	Objective	Benchmark
Long Dated Gilt	Aegon BlackRock Over 15 Years Gilt Index (BLK)	Invests in UK government bonds with a maturity period of 15 years or longer and aims to produce a return in line with its benchmark.	FTSE UK Gilts Over 15 Years Index
Index Linked Gilts	Aegon BlackRock All Stocks UK Index-Linked Gilt Index (BLK)	Invests in UK government index-linked gilts. The Fund aims to achieve a return consistent with the FTSE UK Gilts Index-Linked All Stocks Index, which is widely regarded as an appropriate benchmark for UK pension fund investment in the index-linked UK gilt market.	FTSE UK Gilts Index-Linked All Stocks Index
Gilts and Corporate Bond	Aegon LGIM Pre-Retirement (BLK)*	Aims to provide diversified exposure to assets that reflect the investments underlying a typical traditional level annuity product.	Composite benchmark
Corporate Bond	Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	Invests in investment grade corporate bonds denominated in Sterling. The Fund aims to achieve a return consistent with the iBoxx £ Non-Gilts Index. This index covers the broad spectrum of investment grade corporate bonds in issue.	iBoxx £ Non-Gilts Index
Cash	Aegon BlackRock Cash (BLK)	Aims to produce a return in excess of its benchmark principally from a portfolio of Sterling denominated cash, deposits and money-market instruments.	7 Day LIBID Rate
Commercial Property	Aegon BlackRock Property (BLK)	Invests in a number of underlying pooled property funds to gain exposure to a range of commercial property assets such as offices, shopping centres, retail warehouse parks and industrial estates.	IPD All Balanced Property Funds Index
Multi-Asset	Aegon Schroder Dynamic Multi Asset Fund (BLK)	Invests wholly in the Schrodgers Dynamic Multi Asset Fund, a non UCITS retail scheme. The investment objective of the Schrodgers 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 Schrodgers 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