Endsleigh Insurance Services Limited Pension and Assurance Scheme

Annual report and financial statements

Year ended 31 December 2022

Pension Schemes Registry reference no: 10085913

Contents

Introduction

The annual report and financial statements for the Endsleigh Insurance Services Limited Pension and Assurance Scheme (the "Scheme") describes how the Trustee has managed the Scheme and any changes which have happened in the reporting period.
The reporting period is for the year ended 31 December 2022.

It includes:

- Audited accounts, auditor's report and statement
- Details of the Trustee directors and the Trustee's advisers and asset managers
- An update on Scheme funding, including the actuary's certification of the adequacy of the schedule of contributions
- An investment report, including how the investments have performed
- Implementation statement

If you have any comments or queries, please contact Mike Jones (the Scheme Secretary) at the address shown in the page below.

Principal Employer, Trustee directors and advisers

Principal Employer
EFS Financial Services Limited
Unity Place
1 Carfax Close
Swindon
SN1 1AP

Trustee directors
Company Nominated
P Agg
T J Grant
G P Wenzerul

Independent
BESTrustees Limited (represented by C Gilchrist)

Member Nominated
P Bishop
G C Okai

Trustee Company
Endsleigh Pension Trustee Limited

Trustee company secretary
Zurich Corporate Secretary (UK) Limited

Secretary to the Trustee
M Jones

Scheme Actuary
Susanna Morran FIA
Barnett Waddingham LLP

Auditors
PricewaterhouseCoopers LLP (to 3 December 2021)
In their statement on leaving office, it was noted there are no circumstances with their resignation which, in their opinion, significantly affect the interests of members or prospective members of, or beneficiaries under the Scheme.
Ernst & Young LLP (appointed 9 February 2022)

Covenant advisers
PricewaterhouseCoopers LLP

Fund Managers
Legal & General Assurance (Pensions Management) Limited
Insight Investment Management (Global) Limited

Annuity provider
Legal & General Group plc

Administrator
Zurich UK Pensions and Benefits (the "ZPen team")

Investment adviser
Barnett Waddingham LLP

Bankers
National Westminster Bank plc

Legal advisers
TLT LLP

Eversheds Sutherland (International) LLP (only for advice in connection with Guaranteed Minimum Pension (GMP) equalisation – appointed 16 March 2022)

GMP Equalisation adviser

Aon Solutions UK Limited (appointed 18 March 2022)

Address for general information and individual benefit enquiries

UK Pensions and Benefits
PO Box 377
Darlington
DL3 6XY
Email: zpenteam@uk.zurich.com

Trustee's report

How the Scheme is structured

A brief history of the Scheme

The Scheme was originally established in the 1970s to provide pension benefits for Endsleigh employees.

The original trust deed was dated 30 December 1970. That deed was amended on a number of occasions (mainly to take account of changes in legislation) and consolidated into a new deed with an effective date of 30 March 2006.

In 2001, the Scheme was closed to new members and Endsleigh introduced a Stakeholder Scheme. Endsleigh ceased contributions to the Stakeholder Scheme on 31 May 2011 and on 1 June 2011 introduced a defined contribution section within the trust. This section was called ECashBuilder and the final salary section was re-branded EPensionBuilder.

EPensionBuilder provides what are known as 'final salary' benefits; that is, the final emerging pension is calculated by reference to service and pensionable salary. With effect from 31 December 2015 EPensionBuilder was closed to future accrual (that is to say final salary benefits are based upon qualifying service up to that date), with all active members joining ECashBuilder for future benefits from 1 January 2016.

ECashBuilder provided 'defined contribution' benefits, where the final benefits depend on how much has been paid in, what the investment returns have been and the way in which the member decides to take their benefits.

In March 2018, Zurich Insurance Group ("Zurich Group") sold the Endsleigh group of companies to A-Plan Holdings and the Scheme was closed to active members. From 1 April 2018, Endsleigh has provided retirement and life assurance benefits to its employees through a new arrangement.

On the sale of the Endsleigh group of companies, the Trustee company and EFS were retained by the Zurich Group. The Scheme rules were amended to permit EFS to replace Endsleigh Insurance Services Limited as the Principal Employer and all the departing employers' obligations to the Scheme were apportioned to EFS. This means that the Zurich Group took over responsibility for the Endsleigh Scheme, rather than transferring it to A-Plan Holdings.

In September 2021, the benefits in ECashBuilder were transferred to the Aegon Master Trust.

How the Scheme is managed

Trustee directors

The Scheme is set up under trust under English law, which ensures a high level of security for members' benefits by legally separating the Scheme's assets from those of the Zurich Group. The Principal Employer is EFS Financial Services Limited ("EFS").

The Trustee company, Endsleigh Pension Trustee Limited, is responsible for managing the trust. Each Trustee company director (usually referred to as a "Trustee director") has a legal duty to run the Scheme in accordance with the governing trust deed and rules for the benefit of members and their dependants.

At least one third of the Trustee directors must be nominated by the members. The remaining Trustee directors are nominated by the Principal Employer. The Trustee can operate with vacancies, which does happen from time to time when people leave. The Trustee directors follow Zurich Group and industry best practice but operate quite independently. Importantly, one of the Trustee directors is completely independent of Zurich's day to day business.

Terms of office

Provided they remain eligible, member nominated Trustee directors ("MNDs") are appointed for a three year term (unless they choose to resign before this). At the end of the three years, they can choose to stand for selection again.

Trustee directors nominated by the Principal Employer do not have fixed terms of office and continue as Trustee directors until they resign, or the Principal Employer removes them.

Any Trustee director will stop being a Trustee director immediately if they are prohibited by law from acting as a trustee or a director.

Selecting member nominated Trustee directors

Deferred and pensioner members are eligible to stand as MNDs.

Newly appointed MNDs are selected through a competency based interview by a selection panel consisting of two Trustee directors (including the Chair) plus Zurich's Head of UK Pensions and Benefits (or a nominated representative). Where the selection panel does not include any members of the Scheme, a member (typically occupying a role on the senior leadership team at Endsleigh) will be invited to be a fourth member of the selection panel.

Selected nominees will have the necessary skills and aptitude to be Trustee directors.

Changes to the Trustee directors

There were no changes to the Trustee directors in the year ended 31 December 2022.

The Trustee company

The Trustee company has 1 share, held by Zurich Holdings Ltd.

Overview of the Scheme year

Trustee meetings

The Trustee directors normally meet as a full board at least four times a year. The Trustee directors will usually act by consensus, although they do each have one vote, should the need arise. The Chair does not have a casting vote.

This year there were four regular Trustee meetings and four additional meetings. Meeting attendance is recorded in the table below.

Trustee director	Number of meetings attended
BESTrustees Limited (represented by C Gilchrist)	8/8
P Agg	8/8
P Bishop	4/8
T Grant	8/8
G Okai	7/8
G Wenzerul	7/8

Changes made during the Scheme year

There were no changes made during the Scheme year ended 31 December 2022.

Preparation and audit of financial statements

The Trustee confirms that the financial statements have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Qualified auditor's report on the financial statements with regard to the rights & obligations of annuity policies

Under the requirements of the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP"), annuity policies that were previously (prior to 2015) excluded from the financial statements, now (post 2015) have to be valued and included as part of the Scheme's Statement of net assets.

This requirement includes historic polices that were taken out many years ago. The Scheme holds such policies and these have been valued by the Actuary at the year-end date as £3,888,000 (2021: £5,460,000). These are all bulk annuity policies in relation to 31 members.

For the year ended 31 December 2022, the auditor was not provided with sufficient and appropriate evidence to confirm the ownership of those policies and the audit opinion was qualified in this respect.

The Trustee continues to engage with the annuity provider and its legal advisers so that a remediation can be found.

Employer related investment

There were no employer related investments (as defined by the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005) in Zurich Group companies at any time during the year.

The EPensionBuilder arrangement includes indirect investments in the Zurich Group through pooled investment vehicles accounting for less than 0.1% of the Scheme's assets.

Transfers out of the Scheme

Individuals who leave the Scheme before they retire can, if they wish, transfer the value of their benefits (usually known as a cash equivalent) into another pension arrangement. During the Scheme year all cash equivalent transfer values were calculated and verified in the manner prescribed by regulations made under section 97 of the Pension Schemes Act 1993. No allowance is made in these calculations for any discretionary benefits. There were no transfers where the cash equivalent paid was less than the amount provided for by section 94(1) of the Pension Schemes Act 1993.

Scheme events

Russian invasion of Ukraine

The invasion of Ukraine by Russia has resulted in a period of uncertainty for the global economy and financial markets, in turn creating significant volatility in the valuation of investment assets. The Trustee has kept the situation under review, and will continue monitoring, over the coming months, including implications for investment strategy and risk management. In addition, through the Trustee's regular covenant updates, no material impact to the covenant was identified.

Bond market volatility

Global financial markets were highly volatile in September and October 2022. This instability was associated with the reaction to the UK government's mini-budget, as well as increasing concerns around the potential pace of monetary policy tightening in the US. The volatility had an impact on UK pension schemes with liability driven investment (LDI) portfolios. This came about when the market movements resulted in schemes selling government bonds in order to meet emergency collateral calls on their LDI portfolios. The Scheme is exposed to LDI through its investment in two LDI funds. During the highly volatile period, a number of collateral calls were made by the fund manager and all of these capital calls were met on time in order for the Scheme to maintain its interest rate and inflation hedging targets. The LDI funds subsequently deleveraged to reduce sensitivity to yield movements and this meant going forward the Scheme was required to invest more assets into the LDI funds to maintain the same level of hedging. In light of the changes to the LDI allocation, the Trustee agreed an investment strategy change in Q4 2022. Implementation of the changes began in Q2 2023 and will be complete by Q1 2024. Due to the increase in yields over the Scheme year and the investment in LDI, the assets of the Scheme fell significantly. Even with the significant fall in assets, the annual actuarial report for the latest Scheme year estimated a slight improvement to the funding ratio. The value of the annuity contract also fell due to the increase in yields.

Pension Increases – EPensionBuilder

Pensions in payment

The Trust Deed and Rules make provision for pensions in payment to be increased annually on the anniversary of retirement. The following table sets out how pensions in payment are increased for different periods of service.

None of the increases were discretionary. There is more information about how pension increases are calculated in the members' guide. For pensioners with pensionable service before 6 April 1997, and who were over Guaranteed Minimum Pension (GMP) payment age before 6 April 2016, the state rather than the Scheme may increase part of their pension. However, for members achieving GMP payment age on or after 6 April 2016 the state no longer provides these increases.

Category	Pensionable service	Rate in 2022
Pensions payable for leavers before 6 April 1997	All pensionable service	3.0%
Pensions payable for leavers on or after 6 April 1997	Pensionable service up to 31 December 2003	4.9%
	Pensionable service between 1 January 2004 and 5 April 2006	4.9%
	Pensionable service from 6 April 2006	2.5%

Preserved pensions[1]
The Trust Deed and Rules also make provision for preserved pensions to be increased annually, between members leaving and taking their benefits. The following table shows the rates of increase applicable.

Pensionable service	Rate
Pensionable service up to 31 December 2003	Fixed 5%
Pensionable service from 1 January 2004	RPI subject to a maximum of 5%
Guaranteed minimum pension (GMP)	In accordance with statutory increases

Scheme running costs
A budget for Scheme expenses is agreed on an annual basis and actual spend against budget is monitored throughout the year.

Membership details
The change in membership of the Scheme during the year is given below.

	Total	Members with Preserved Benefits EPB[3]	Employed Deferred[2] EPB	Pensioners EPB
Balance at start of year	**1,603**	1,358	17	228
Transferred out to other schemes	**(5)**	(5)	-	-
Deaths	**(1)**	(1)	-	-
Retirements	**-**	(33)	-	33
Employed deferred leavers	**-**	7	(7)	-
Balance at end of year	**1,597**	1,326	10	261
Pensions secured by annuity policies with Legal & General	**31**			31
Year end balance including annuitants	**1,628**	1,326	10	292

[1] Members have preserved benefits if they have left active membership of the Scheme but have not yet claimed their benefits
[2] Employed deferred category is members with EPensionBuilder benefits who have been continuously employed by Endsleigh since January 2016.
[3] EPensionBuilder

Compliance Statement

Tax status of the Scheme
The Scheme is a registered scheme and as such is exempt from most UK income and capital gains taxes. The Trustee knows of no reason why this registration should be withdrawn.

Scheme investments
The Fund Managers appointed on behalf of the Trustee to manage funds under section 34 of the Pensions Act 1995 are appropriately authorised under the Financial Services and Markets Act 2000 to manage investments or are specifically exempted from the requirements of the Act. The Fund Managers appointed have the appropriate knowledge and experience necessary to manage the particular investment delegated to them.

Statement of Trustee's responsibilities in respect of the financial statements
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, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments 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 the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

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 it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions. 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 the members.

Scheme funding

Report on Actuarial Liabilities – EPensionBuilder
As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.
Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. Technical Provisions are the present value of benefits to which members are entitled. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Principal Employer and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

Funding position
The most recent full completed actuarial valuation of EPensionBuilder was carried out as at 31 December 2020 and approved on 29 March 2022.
The valuation indicated that EPensionBuilder had a deficit of £75.2m, equivalent to a funding level of 75%.

Annual Actuarial Report
A full Scheme valuation is conducted every three years. In the intervening years the Trustee obtains an annual funding update.

A summary of the funding position as at the 31 December 2020 full valuation, the 31 December 2021 annual update and the 31 December 2022 annual update is shown below.

Funding results	Triennial valuation 31 December 2020 £ million	Annual update 31 December 2021 £ million	Annual update 31 December 2022 £ million
Assets	230.4	232.7	133.7
Liabilities Technical provisions	305.6	283.3	160.8
(Deficit)	**(75.2)**	**(50.6)**	**(27.1)**
Funding level	75%	82%	83%

Method
The actuarial method used in the calculation of the Technical Provisions is the Projected Unit Method.

The key assumptions used in the calculation of the Technical Provisions as at the 31 December 2020 valuation were as follows:

Key Financial Assumptions/Data as at 31 December 2020	
Discount rate	Market implied gilt yield curve plus 1.12% pa until 31 December 2038, linearly reducing the margin over gilts until it reaches 0.78% by 31 December 2044.
Price inflation – RPI	Market implied inflation curve
Price inflation – CPI	RPI less 0.8% pa until 2030 and in line with RPI thereafter
Pension increases: – RPI with a minimum of 3% and a maximum of 5% – RPI with a maximum of 5% – RPI with a maximum of 2.5%	Based on the inflation curve with relevant caps applied each year
Mortality Table	113% of S3PMA_L for males, 100% of S3PFA for females

GMP Equalisation
An approximate allowance for the cost of equalising benefits for the effect of unequal GMPs of £960,000 was made when calculating the Technical Provisions.
This estimate was calculated on the actuarial value method which compared the estimated value of benefits calculated on a male GMP basis with those calculated on a female GMP basis. If the value was higher than the opposite sex value, the difference contributed to an additional liability in EPensionBuilder.

Recovery Plan
The Trustee agreed a recovery plan with the Principal Employer to fund the deficit.

Contributions of £11.38m are payable annually on 30 June each year (starting from 30 June 2022 until 30 June 2026). A final contribution of £14.87m is payable on 30 June 2027.

Actuarial certificate

A copy of the Actuary's full report on the valuation as at 31 December 2020 is available on request from the Scheme Secretary (see Principal Employer, Trustee directors and advisers section).

By law, the statement from the Scheme Actuary below and the Certification of the Schedule of Contributions (see Certification of the Schedule of Contributions section) must be included in this annual report. The wording complies with guidelines issued by the Institute and Faculty of Actuaries.

The next full valuation for the Scheme will be as at 31 December 2023.

Endsleigh Insurance Services Limited Pension and Assurance Scheme

Certification of the calculation of Technical Provisions

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's Technical Provisions as at 31 December 2020 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 29 March 2022.

Signature:		Date:	29 March 2022
Name:	Susanna Morran	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	St James's House St James's Square Cheltenham Gloucestershire GL50 3PR	Employer:	Barnett Waddingham LLP

Investment report

Investment management

The Trustee is responsible for setting the investment strategy for the Scheme, which is described in more detail below. The Trustee sets the investment strategy after taking advice from the Scheme's investment adviser.

Statement of investment principles (SIP)
In accordance with section 35 of the Pensions Act 1995 the Trustee, after consultation with EFS, Fund Managers and advisers, has drawn up a SIP to set out governing decisions about investments for the purposes of the Scheme, which it reviews on a regular basis. The statement describes the Trustee's investment objectives and how investments are chosen, what kinds of investments it holds, the balance between different types of investment, its approach to risk and how it monitors the investment performance.

The latest SIP dated 28 September 2020 is available on www.zpen.info. There were no departures from the SIP in the Scheme year.

Financially material considerations
The Trustee considers Environmental Social and Governance (ESG) factors at various steps in its investment process. The Trustee recognises that the choice of benchmark dictates the assets held by the Fund Managers and that the Fund Managers have minimal freedom to take account of factors that may be deemed to be financially material. The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark and believes the choice of benchmarks will deliver appropriate risk adjusted returns. The Trustee reviews the index benchmarks employed for the Scheme on a periodic basis.
The Trustee has not imposed any restrictions or exclusions to the investment arrangements based on factors they believe not to be financially material. The Trustee therefore expects that the Fund Managers will ultimately act in the best interests of the Scheme's assets to maximise returns for a given level of risk.

Non-financial matters
Given the inherent uncertainty, the Trustee has not made explicit allowance for the risks of climate change in setting the strategic benchmark.

The Trustee does not have a formal policy of soliciting member or beneficiary views on non-financial matters in its investment decision making but will periodically review its position.

Engagement
The Fund Managers' house policies are expected to broadly meet with the Trustee's views, if expectations are not met the Trustee will engage with the Fund Managers.

The Trustee believes it is appropriate for its Fund Managers to engage with key stakeholders which may include corporate management of issuers of debt or equity, regulators and governance bodies, relating to its investments for the Scheme in order to improve corporate behaviours (including the management of actual or potential conflicts of interest), improve performance and strategy and mitigate financial risks (including ESG factors).

The Trustee will review engagement activity undertaken by its Fund Managers as part of its broader monitoring activity periodically. The Trustee believes that such engagement incentivises the Fund Managers to preserve and enhance long term shareholder value of its investments.

The Trustee separately considers any conflicts of interest arising in the management of the Scheme and its investments and has ensured that each Fund Manager has an appropriate conflicts of interest policy in place. Fund Managers are required to disclose any potential or actual conflict of interest in writing to the Trustee.

Incentives
The Fund Managers are paid for their services based on the value or exposure of the assets they manage for the Trustee.

Turnover
In the normal course of events the Fund Managers will sell investments from time to time to be replaced by others. The Trustee monitors the turnover and the transaction costs that are generated to ensure it is not excessive.

The Fund Managers are aware that the expenses involved in transactions can affect performance and that excessive transactions may give rise to an income tax liability if it were to be regarded as trading by HM Revenue & Customs.

There are no specific targets set by the Trustee on transaction costs, the Trustee will monitor that the level of transaction costs are relative to the Fund Managers' strategy and adhere to the Scheme's investment strategy.

The Trustee is satisfied that the Fund Managers are remunerated in such a way that they are incentivised to act accordance with the Trustee's policies and in the best interest of the Scheme and its beneficiaries.

Management of Investments
The Trustee has delegated management of investments to professional Fund Managers which are listed in the Principal Employer, Trustee directors and advisers section. These managers, who are regulated by the Financial Conduct Authority in the United Kingdom, manage the investments within the restrictions set out in investment management agreements which are designed to ensure that the objectives and policies set out in the SIP are followed.

The Trustee engaged with all of its Fund Managers during the COVID-19 pandemic. The Trustee was assured of the Fund Managers' operational capabilities in the lockdown as business continuity plans were activated due to office closures. The Trustee was satisfied with the Fund Managers' operational performance.

Custodial arrangements
The Trustee has invested in a unit linked policy with Legal & General Assurance (Pensions Management) Limited (PMC) and a pooled fund arrangement with Insight Investment Management (Global) Limited (Insight) and has not, therefore, appointed separate custodians. PMC and Insight appoint custodians for the safe custody of assets held within the policy. The two custodians PMC has appointed are HSBC and Citibank, whilst Insight has appointed Northern Trust.

Voting rights
As the Scheme's assets are invested in pooled funds, the day-to-day decisions, including the exercise of voting rights have been delegated to the Fund Managers.

Responsible Investment
As a part of investors' fiduciary duty, whenever possible, the Trustee will prefer to incorporate environmental, social and governance ("ESG") factors into the investment approach. More detail on the Trustee's approach to responsible investment ("RI") is available in the SIP.
As EPensionBuilder invests in pooled funds, the Trustee cannot directly influence the RI policies and practices of companies in which the pooled funds invest. However, the Trustee recognises that the Fund Managers take into account ESG factors through the use of their shareholder influence.

Investments
The investment objective for EPensionBuilder is to invest in assets of appropriate quality and liquidity which will generate income and capital growth to meet the cost of current and future benefits which EPensionBuilder provides.

The Trustee regularly reviews the performance of the Fund Managers, who invest in a diverse portfolio to optimise returns, without exposure to excessive risk.
The strategic asset allocation ("SAA"), updated in November 2022, is shown below. The target SAA is expected to be reached in Q1 2024.

	2021 SAA[4]	Target SAA
Equities	32%	25%
- Global Equity 50:50	*32%*	*0%*
- Global Equity 30:70	*0%*	*25%*
Corporate Bonds	33%	25%
- AAA-AA-A Bonds All Stocks Index	*23%*	*0%*
- AAA-AA-A Bonds-Over 15 Year Index	*10%*	*0%*
- Active Corporate All Stocks	*0%*	*17.5%*
- Active Corporate Bond Over 10 years	*0%*	*7.5%*
LDI	35%	50%
- LDI Enhanced Longer Nominal Fund	*19%*	*30%*
- LDI Enhanced Longer Real Fund	*11%*	*15%*
- ILF GBP Liquidity Fund	*5%*	*5%*

The Trustee monitors the asset allocation on a quarterly basis to ensure assets are invested within agreed SAA ranges. As at 31 December 2022 the actual asset allocation was outside of the agreed SAA range, due to the bond market volatility and subsequent impact on the LDI funds. As a result of the unprecedented increase in gilt yields, LDI funds in the market were required to call additional capital from pension schemes to maintain interest rate and inflation protection. Following a number of capital calls, LDI funds permanently reduced leverage to de-sensitise the funds from further yield movements. The impact of deleveraging is that more assets are now required for the Scheme to maintain its target interest rate and inflation hedging meaning the Scheme is overweight in LDI funds and underweight in equity and corporate bonds. In light of the changes to the LDI allocation, the Trustee agreed an investment strategy change in Q4 2022. Implementation of the changes began in Q2 2023 and will be complete by Q1 2024.

EPensionBuilder investment performance

The EPensionBuilder investments are divided into two different types of assets: growth and matching assets. The equities are the growth assets, these increase the expected investment return for EPensionBuilder. The matching assets are designed to reduce the risk exposures of EPensionBuilder. The matching assets are held to match and move with the liabilities and give protection to the overall funding position.

The investments in equities and corporate bonds are managed by PMC and are passively managed against the relevant index; this means that the Fund Manager ensures that the spread of investments in the fund reflects the relevant market index movements.

The Insight LDI Enhanced Selection Funds are designed to track the liability cash flows of a typical pension scheme, rather than EPensionBuilder specifically. Their performance is measured against a swaps comparator and a gilt comparator, due to the fact that the Fund Manager has discretion over mainly investing in gilts or swaps.

Due to the market volatility described in the previous section 'Investments', the LDI funds made significant losses during the Scheme year. Liabilities of the Scheme are estimated to have fallen significantly as a result of the yield increases, therefore the impact of the LDI fund performance is offset by the fall in liabilities.

The performance of the funds against the benchmark is shown below.

[4] Target 2021 refers to the SAA in force at the Scheme year end (agreed in 2021)

Annualised gross return over	1 year %	3 years %	5 years %
EPensionBuilder	**-49.4**	**-26.5**	**-16.5**
Benchmark	*-49.5*	*-26.4*	-17.0
<u>Growth</u>			
Global Equity 50:50	**-3.3**	**4.9**	**5.2**
Benchmark	*-3.4*	*4.8*	5.1
AAA-AA-A Bonds All Stocks Index	**-17.0**	**-5.1**	**-1.7**
Benchmark	*-16.9*	*-5.0*	-1.8
AAA-AA-A Bonds-Over 15 Year Index	**-36.3**	**-12.0**	**-5.2**
Benchmark	*-36.6*	*-12.2*	-5.3
<u>Matching assets</u>			
LDI Enhanced Longer Nominal Fund	**-92.7**	**-58.1**	**-36.5**
Benchmark (Gilts)	*-94.1*	*-60.3*	-38.0
Benchmark (Swaps)	-91.8	-57.7	-38.2
LDI Enhanced Longer Real Fund	***-93.5***	***-54.1***	**-36.4**
Benchmark (Gilts)	-93.9	-54.4	-35.8
Benchmark (Swaps)	*-93.1*	*-54.3*	-39.4

Source: Legal and General Assurance (Pensions Management) Limited, Insight Investment Management (Global) Ltd

The Trustee approves the above report.

Signed on behalf of the Trustee by:

Director

Name Tim Grant

Independent auditor's report to the Trustee of the Endsleigh Insurance Services Limited Pension and Assurance Scheme

Qualified opinion

We have audited the financial statements of the Endsleigh Insurance Services Limited Pension and Assurance Scheme ('the Scheme') for the year ended 31 December 2022 which comprise the Fund Account, the Statement of Net Assets available for benefits and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section, the financial statements:

- give a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for qualified opinion

Included within the Scheme's net assets are Insurance policies relating to 31 individual members valued at £3,888,000 (2021: £5,460,000) for which we have not been provided with sufficient appropriate audit evidence to confirm their ownership.

Direct confirmations from the Insurers are required to confirm ownership of the policies. For these policies, the Insurer was not yet able to provide confirmation of ownership due to the length of time that has passed since these policies were entered into and the inability of the Insurer to create a link between them and the Trustee.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements, our auditor's report thereon and our auditor's statement about contributions. The Trustee is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 8, the 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 Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Trustee.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant related to pensions legislation and the financial reporting framework. These are the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (Financial Reports of Pension Schemes). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.

- We understood how the Scheme is complying with these legal and regulatory frameworks by making enquiries of the Trustee. We corroborated our enquiries through our review of the Trustee's meeting minutes.

- We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Scheme has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. In our assessment, we considered the risk of management override of controls. Our audit procedures included verifying cash balances and investment balances to independent confirmations, testing manual journals on a sample basis and also those journals where there is an increased risk of override, and an assessment of segregation of duties. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustee for its awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of Trustee's minutes.

- The Scheme is required to comply with UK pensions regulations. As such, we have considered the experience and expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Scheme with these regulations as part of our audit procedures.

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

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's 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 Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Ernst & Young LLP

Statutory Auditor

Glasgow

Date 28 July 2023

Financial statements

Fund account for the year ended 31 December 2022

£000s	Note	**EPB 2022**	EPB 2021	ECB[5] 2021	Total 2021
Contributions and benefits					
Employer contributions	4	**11,380**	6,500	-	6,500
Transfers in	5	**-**	72	-	72
		11,380	6,572	-	6,572
Benefits	6	**(2,859)**	(2,529)	(13)	(2,542)
Payments to and on accounts of leavers	7	**(2,064)**	(1,419)	(20,983)	(22,402)
Administrative expenses	8	**(1)**	(1)	(20)	(21)
		(4,924)	(3,949)	(21,016)	(24,965)
Net additions / (withdrawals) from dealings with members		**6,456**	2,623	(21,016)	(18,393)
Returns on investments					
Investment income	9	**1,912**	3,648	-	3,648
Change in market value of investments	10	**(108,923)**	(4,904)	1,674	(3,230)
Investment management expenses	11	**(80)**	(109)	(48)	(157)
Net returns on investments		**(107,091)**	(1,365)	1,626	261
Net (decrease) / increase in the fund		**(100,635)**	1,258	(19,390)	(18,132)
Net assets of the Scheme					
Opening net assets		**238,038**	236,780	19,390	256,170
Closing net assets		**137,403**	238,038	-	238,038

Statement of net assets available for benefits as at 31 December 2022

£000s	Note	**EPB 2022**	EPB 2021	ECB 2021	Total 2021
Investment assets					
Pooled Investment Vehicles	13	**133,238**	231,249	-	231,249
Insurance policies	10	**3,888**	5,460	-	5,460
Total net investments		**137,126**	236,709	-	236,709
Current assets	18	**427**	1,439	-	1,439
Current liabilities	19	**(150)**	(110)	-	(110)
Total net assets available for benefits		**137,403**	238,038	-	238,038

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations for EPensionBuilder, is dealt with in the report on actuarial liabilities in the Scheme funding section of this report, and these financial statements should be read in conjunction with this report.

The accompanying notes form part of these financial statements.

The financial statements were approved by the Trustee on 28 July 2023 and were signed on its behalf by:

Director 

Name Tim Grant

[5] ECashBuilder

Notes to the financial statements

1 General information

Endsleigh Insurance Services Limited Pension and Assurance Scheme ('the Scheme') is established as a trust under English Law. The address for enquiries is ZPen Team, PO Box 377, Darlington, DL3 6XY. The registered address for the Trustee is Unity Place, 1 Carfax Close, Swindon, SN1 1AP.

The Scheme has a defined benefit ("DB") section which was closed to new members in 2001 and to future accrual with effect from January 2016. It also had a defined contribution ("DC") section which was open to new members until the Scheme fully closed in March 2018 and then subsequently moved to the Aegon Mast Trust in September 2021. Before its closure, the Scheme was used as an auto-enrolment scheme by the employer.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by the employer and members are normally eligible for tax relief and income and capital gains earned by the Scheme receive preferential tax treatment.

2 Basis of preparation

The individual financial statements of the Scheme have been prepared in accordance with Section 41(1) and (6) of the Pensions Act 1995 (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, the Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

The financial statements have been prepared on the going concern basis. In assessing the appropriateness of the going concern basis of accounting, the Trustee considered a period of 12 months from the date that the financial statements are approved.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

b) Contributions

Employers' deficit funding contributions are accounted for in accordance with the agreement under which they are being paid.

Additional contributions are accounted for on the due dates set out in the schedule of contributions, or on receipt if earlier, with the agreement of the Principal Employer and the Trustee.

c) Transfers to and from other schemes

Transfer values represent the capital sums either received in respect of members from previous pension schemes or payable to other registered pension schemes for members who have left the Scheme. They are accounted for on an accruals basis on the date the trustees / provider of the receiving plan accepts the liability. In the case of individual transfers this is normally when the payment of the transfer value is made.

d) Benefits

Where members can choose whether to take their EPensionBuilder benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised. Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Scheme as appropriate.

e) Investment income and change in market value

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

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, the change in market value also includes income, net of withholding tax, which is reinvested in the fund.

f) Investments

Pooled investment vehicles, which are not traded on an active market, are stated at the closing bid price at the Scheme year end date, as advised by the fund managers. Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme funding valuation assumptions updated for market conditions at the reporting date.

4 Contributions

£000s	**EPB 2022**	EPB 2021	ECB 2021	Total 2021
Employer contributions				
Deficit funding	**11,380**	6,500	-	6,500
	11,380	6,500	-	6,500

As a result of the 31 December 2020 valuation a new schedule of contributions has been agreed and was approved on 29 March 2022. Contributions of £11.38m will be paid by the Employer annually by 30 June each year (starting from June 2022 until 30 June 2026). The final contribution payable by 30 June 2027 will be £14.87m.

5 Transfers in

£000s	**EPB 2022**	EPB 2021	ECB 2021	Total 2021
Transfers in	**-**	72	-	72
	-	72	-	72

Transfers in are in respect of benefits built up in Endsleigh's pension arrangements from April 2018 (following the sale of the Endsleigh Group of companies to A-Plan) for members with EPensionBuilder benefits. This concession was agreed as part of the closure of the Scheme in March 2018.

6 Benefits paid or payable

£000s	**EPB 2022**	EPB 2021	ECB 2021	Total 2021
Pensions	**(2,219)**	(2,074)	-	(2,074)
Commutations and lump sum retirement benefits	**(640)**	(455)	(13)	(468)
	(2,859)	(2,529)	(13)	(2,542)

Pensions include £227k (2021: £241k) paid directly by the Annuity provider to the pensioners.

7 Payments to and on accounts of leavers

£000s	**EPB 2022**	EPB 2021	ECB 2021	Total 2021
Payments to and on accounts of leavers	**(2,064)**	(1,419)	(391)	(1,810)
Bulk transfer out	**-**	-	(20,592)	(20,592)
	(2,064)	(1,419)	(20,983)	(22,402)

The Bulk transfer out is related to the full transfer of the ECashBuilder benefits to the Aegon Master Trust, in September 2021. This occurred following a review of the investment options and Trustee's conclusion that the members of this section could get improved value for money in the Master Trust.

8 Administrative expenses

£000s	EPB 2022	EPB 2021	ECB 2021	Total 2021
Legal fees	**-**	-	(20)	(20)
Bank charges	**(1)**	(1)	-	(1)
	(1)	(1)	(20)	(21)

The legal fees balance is a contribution towards the legal costs associated with the transfer to the Master Trust.

9 Investment income

£000s	EPB 2022	EPB 2021	ECB 2021	Total 2021
Income from pooled investment vehicles	**1,685**	3,407	-	3,407
Annuity income	**227**	241	-	241
	1,912	3,648	-	3,648

Income from pooled investment vehicles represents capital returned to the Scheme in the form of special dividends, as a result of re-leveraging events, following the increase in value of an Insight LDI fund.

10 Reconciliation of investments

£000s	Opening Value	Purchases at cost	Sale proceeds	Change in market value	Closing Value
Pooled investment vehicles	231,249	89,040	(79,700)	(107,351)	133,238
Insurance Policies	5,460			(1,572)	3,888
Total net investments	**236,709**	**89,040**	**(79,700)**	**(108,923)**	**137,126**

11 Investment management expenses

£000s	EPB 2022	EPB 2021	ECB 2021	Total 2021
Charges deducted by way of cancellation of member units	**-**	-	(48)	(48)
Management Fees	**(80)**	(109)	-	(109)
	(80)	(109)	(48)	(157)

12 Investment transaction costs

There were no direct transaction costs during the year. In addition, indirect costs were incurred through the bid-offer spread on pooled investment vehicles.

13 Pooled Investment Vehicles

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

£000s	EPB 2022	EPB 2021
Unit Linked insurance contracts	**69,556**	147,162
Open ended investment companies	**63,682**	84,087
Total net investments	**133,238**	231,249

The Scheme's investments in pooled investment vehicles at the year-end compromised:

£'000	EPB 2022	EPB 2021
Equities	**29,197**	75,044
Bonds	**40,359**	72,117
LDI	**59,496**	72,552
Cash	**4,186**	11,536
Total	**133,238**	231,249

14 Insurance policies-annuities

The Trustee holds insurance policies relating to 31 individual members valued at £3,888,000 (2021: £5,460,000) with Legal and General, which provide annuity income to cover pensions for certain members. These insurance policies have been valued and included in the financial statements under the requirements of the Statement of Recommended Practice (SORP) 2018. The policies are valued annually by the Scheme Actuary using the funding basis assumptions from the most recent triennial valuation shown in the Scheme funding section of this report.

Direct confirmations from the Insurers are required to confirm ownership of the policies. In 2022, the Insurer was not able to provide confirmation of ownership due to the length of time that has passed since these policies were entered into and the inability of the Insurer to create a link between them and the Trustee.

As a result, the audit opinion on the financial statements was qualified in respect of the rights & obligations of the insurance policies as their ownership by the Trustee of the Scheme could not be confirmed.

15 Fair Value of Investments

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

A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

- Level 1: The unadjusted quoted price in an active market for identical assets at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investments have been included at fair value within these categories as follows:

Category £'000	1	2	3	2022 Total
Pooled investment vehicles	-	133,238	-	133,238
Insurance policies	-	-	3,888	3,888
	-	**133,238**	**3,888**	**137,126**

Category £'000	1	2	3	2021 Total
Pooled investment vehicles	-	231,249	-	231,249
Insurance policies	-	-	5,460	5,460
	-	**231,249**	**5,460**	**236,709**

16 Investment risks

FRS102 requires the disclosure of information in relation to certain investment risks.

- **Credit risk**: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- **Market risk**: this comprises currency risk, interest risk and other price risk.
- **Currency risk**: this is the risk that the fair value or future value of cash flows 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 a similar financial instrument traded in the market.

Investment strategy

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy described in the Trustee report.

Credit Risk

The Trustee invests in pooled investment vehicles and is therefore directly and indirectly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles (2022: £133.2m, 2021: £231.2m). EPensionBuilder is indirectly exposed to credit risk arising on the financial instruments held by the pooled investment vehicles. The pooled vehicles do not have a credit rating.

The Trustee's bond holdings in pooled investment vehicles are rated by external agencies, with all of the bonds being A (S&P) rated or above. Indirect credit risk arising from pooled investment vehicles is minimised by the underlying assets of the pooled arrangements being subject to minimum rating criteria, investing in a large number of issuers to reduce concentration risk, the regulatory environment in which the Fund Managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on appointment of new pooled fund managers and on an on-going basis monitors any changes to the operating environment of the pooled fund manager. Pooled investments of EPensionBuilder comprise managed funds and insurance contracts..

Currency risk

The Trustee has indirect exposure to currency risk because some of the investments are held in overseas markets via pooled investment vehicles. The Trustee has set a benchmark target to overseas currency exposure of 16%. At the year-end the exposure was 11% (2021 16%).

Interest rate risk

The Trustee is subject to indirect interest rate risk because some of the EPensionBuilder investments are held in bonds and LDI investments which invest in swaps, gilts and repurchase agreements (2022: £99.9m, 2021: £144.7m). The Trustee has set a benchmark target of the total investment in bonds and the LDI fund of 68% of the total investment portfolio. Under the LDI strategy if interest rates fall the value of the LDI investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise the LDI Investments will fall in value as will the actuarial liabilities because of an increase in the discount rate. At the year-end the LDI portfolio represented 47.5% of the total pooled investment portfolio (2021: 36.4%).

Other price risk

Other indirect price risk arises principally in relation to EPensionBuilder's return seeking assets which include equities held in the Global Equity 50:50 Index fund. The Trustee has set a target asset allocation of 32% with a tolerance limit of +/- 5% (2022: £29.2m, 2021: £75.0m) of investment being held in return seeking investments.

The Trustee manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

17 Concentration of investments

Investments accounting for more than 5% of the Scheme's net assets were:

£000s	2022 Value	%	2021 Value	%
Global Equity 50:50 Index	29,197	21.2%	75,044	31.7%
AAA-AA-A Bonds-All Stks Index	26,234	19.1%	49,949	21.1%
LDI Enhanced Selection Longer Nominal	37,591	27.4%	47,509	20.1%
LDI Enhanced Selection Longer Real	21,905	15.9%	25,042	10.6%
AAA-AA-A Bonds-Over 15y Index	14,125	10.3%	22,169	9.4%
Total	**129,052**		**219,713**	

18 Current assets

£000s	EPB 2022	EPB 2021	ECB 2021	Total 2021
Cash Balances	**427**	1,439	-	1,439
	427	1,439	-	1,439

19 Current liabilities

£000s	EPB 2022	EPB 2021	ECB 2021	Total 2021
Other Creditors	**(62)**	(69)	-	(69)
Unpaid Benefits	**(53)**	-	-	-
ZES[6] customer account	**(35)**	(41)	-	(41)
	(150)	(110)	-	(110)

20 Contractual commitments and contingent liabilities

There were no significant contractual commitments or contingent liabilities as at 31 December 2022 (2021: nil).

21 Related party transactions

Key management personnel

BESTrustees plc received fees of £25k (2021: £27k) during the year in respect of duties as independent Trustee director.

Accrued benefits under EPensionBuilder, in accordance with the Trust Deed and Rules, include amounts in respect of two trustee directors (2021: two). There were no pensions paid.

Employer and other related parties

All Scheme expenses, except for the EPensionBuilder asset management fees, are met by EFS. The asset management fees are initially settled by Zurich Employment Services Limited and then recharged to the Scheme on a quarterly basis. Amounts due to be settled as at 31 December 2022 are disclosed in note 19 as ZES customer account.

22 Employer-related investments

The EPensionBuilder arrangement includes indirect investments in the Zurich Group through pooled investment vehicles accounting for less than 0.1% of the Scheme's assets (2021: less than 0.1%).

23 Guaranteed minimum pensions (GMP) equalisation

In October 2018, the High Court ruled that pension schemes were required to equalise benefits for the effect of unequal GMPs for men and women built up between 17 May 1990 and 5 April 1997. A subsequent ruling stated that schemes providing GMPs must revisit and, where necessary, top-up historic cash equivalent transfer

[6] Zurich Employment Services Limited

values paid out which were calculated on an unequal basis. The Trustee is now reviewing, with its advisers, the implication of these rulings on the Scheme. As soon as this review is finalised and any liability quantified, members will receive further communication and any impact on financial reporting will be considered by the Trustee. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore has not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

24 Subsequent events

The Trustee agreed a new investment strategy in Q4 2022. Implementation of the changes began in Q2 2023 and will be complete by Q1 2024. The change of investment strategy was required due to the impact of the LDI funds deleveraging, therefore requiring more assets to be invested for the Scheme to maintain its interest rate and inflation hedging target.

Independent auditor's statement about contributions to the Trustee of the Endsleigh Insurance Services Limited Pension and Assurance Scheme

We have examined the summary of contributions to the Endsleigh Insurance Services Limited Pension and Assurance Scheme for the Scheme year ended 31 December 2022 which is set out on page 28.

In our opinion contributions for the Scheme year ended 31 December 2022 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the Scheme actuary on 25 March 2019 and 29 March 2022.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on page 28 have in all material respects been paid at least in accordance with the schedules of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the schedules of contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions.

It is our responsibility to provide a Statement about Contributions paid under the schedule of contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Scheme's Trustee, as a body, in accordance with regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our work, for this statement, or the opinions we have formed.

Ernst & Young LLP

Ernst & Young LLP

Statutory Auditor

Glasgow

Date 28 July 2023

Summary of contributions payable during the year

During the year, the contributions payable to the Scheme were as follows:

Amount in £'000	2022
Required by the schedules of contributions	
Deficit reduction	11,380
Total per fund account	**11,380**

The actuary's certificate confirming the adequacy of the contribution rate is shown below.

The summary of contributions on this page was approved by the Trustee on 28 July 2023 and is signed on its behalf by:

Director

Name Tim Grant

Endsleigh Insurance Services Limited Pension and Assurance Scheme

Certification of the Schedule of Contributions

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected on 31 December 2020 to be met by the end of the period specified in the Recovery Plan dated 29 March 2022.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 29 March 2022.

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

Signature:		Date:	29 March 2022
Name:	Susanna Morran	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	St James's House St James's Square Cheltenham Gloucestershire GL50 3PR	Employer:	Barnett Waddingham LLP

The Endsleigh Insurance Services Limited Pension & Assurance Scheme ("the Scheme") Implementation Statement

28 July 2023

Introduction

This statement has been prepared by the Trustee of Endsleigh Insurance Services Limited Pension & Assurance Scheme ("the Scheme") to demonstrate how, and the extent to which, the policies relating stewardship and engagement in the Scheme's Statement of Investment Principles ("SIP") have been implemented during the year ended 31 December 2022.

This document (the Statement) has been prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and will be included in the Scheme's Report and Accounts and published on www.zpen.info.

The SIP in force during the Scheme year ended 31 December 2022 was prepared in accordance with all relevant legislation in-force at the date of the approval. The SIP outlines the principles and policies governing investment decisions made by, or on behalf of the Trustee for the management of the defined benefit (DB) and defined contribution (DC) assets and the Trustee's policy for complying with Sections 35 and 36 of the Pensions Act 1995 and subsequent legislation. Last year, the Trustee agreed to move ECashBuilder (the DC Section) to the Aegon Master Trust with the transfer of the DC assets on 12 October 2021. Therefore, this statement only covers how the policies in the SIP were followed for the DB assets.

Review of the SIP during the year

During the year ended 31 December 2022 the Trustee did not review the SIP and therefore the SIP has not been changed during the Scheme year. The last review took place in 2020 and the SIP was formally approved by the Trustee on 28 September 2020. Prior to formally approving the SIP on that date, the Trustee's investment and legal advisers reviewed the SIP to ensure it continued to comply with all legal requirements and to incorporate the Trustee's responsible investment strategy in line with investment regulations. The SIP will next be reviewed by the Trustee following the completion of the investment strategy review in 2023, as part of the review, all DC related policies will be removed following the move to Aegon Master Trust from ECashBuilder.

How have the policies in the SIP been followed over the year?

In the opinion of the Trustee, the policies set out in the SIP dated 28 September 2020, have been adhered to. The rest of this Statement explains how and the extent to which these policies have been adhered.

Policies for choosing and realising investments, and the kinds of investments to be held [7]

The SIP outlines the Trustee's principles and policies for choosing investments and the kind of investments to be held. In selecting investments, the Trustee obtains and considers written advice from a regulated investment adviser.

For EPensionBuilder, the policies are fulfilled by identifying appropriate objectives which reflect the risk and return requirements and then constructing a portfolio of investments to meet these objectives.

In September, following the announcement of the Government's growth plan ("mini-budget"), markets experienced heightened volatility. Long-dated gilt yields in particular moved with unprecedented scale and speed resulting in industry-wide de-leveraging of liability-driven investment (LDI) funds. The Scheme needed to respond quickly to a number of de-leveraging events before markets calmed following intervention from the Bank of England (BoE).

The following table shows details of the investments made into the LDI Funds. In most cases, liquidations were made from the equity fund in order to be able to make the capital payments.

[7] Sections 2.2, 2.3 and 2.7 from the SIP

Investments made into Insight LDI Funds	
Date Paid	**Amount (£m)**
14 September 2022	3.8
22 September 2022	6.1
04 October 2022	10.5
13 October 2022	12.2
17 October 2022	9.0
19 October 2022	6.5
Totals	**48.1**

Subsequently, the Insight LDI funds reduced leverage and a higher allocation to LDI was needed in order to maintain its interest rate and inflation hedging ratios. As such, the Scheme temporarily operated outside of the agreed Strategic Asset Allocation (SAA). The decision to operate outside of the SAA was agreed by the Trustee as maintaining its hedging ratios was prioritised.

A new SAA will be implemented from Q2 2023 and completed in Q1 2024 following formal advice from the Trustee's investment adviser, Barnett Waddingham.

Fund	Asset allocation – Current	Asset allocation- Proposed	Change
Cash	5%	5%	No Change
Equities	32%	25%	-7%
Credit	33%	25%	-8%
LDI	30%	45%	+15%
Total	100%	100%	

The DB assets are monitored by the Trustee board periodically and are reviewed regularly by the in-house pension team "ZPen team" and the Trustee. For more information on how the Scheme's investments are governed, please see the Report and Accounts at www.zpen.info.

***Policies on managing and measuring risk, and expected returns*[8]**
DB assets
The Trustee's objectives are:

- to invest in assets of appropriate quality and liquidity which will generate income and capital growth to meet, together with new contributions from the employer, the cost of current and future benefits which the Scheme provides, as set out in the Scheme's trust deed and rules as amended from time to time; and
- over the long term to equal or exceed the real, i.e. after adjusting for the effects of inflation, investment return assumed in the actuarial valuation of the liabilities of the Scheme from time to time; and
- any other objective that the Trustee may, from time to time, consider appropriate.

The Trustee believes by fulfilling its objectives and by adhering to the policies in the SIP it ensures that assets are invested in the best interests of members and their beneficiaries.

During the year, the Trustee monitored the return on assets on a quarterly basis. Assets were monitored and re-balanced when necessary. Where possible, re-balancing was done with the regular outflows (for example, pensioner payroll) to reduce unnecessary transaction costs.

The Trustee has an Integrated Risk Management (IRM) policy that it adheres to. Risk monitoring has been reported to the Trustee board on a quarterly basis. Any investment strategy decisions are taken in the context of IRM, this includes the investment strategy refinements referred to in the previous section.

[8] Sections 2.1, 2.5 and 2.6 from the SIP

Policies on the exercise of voting rights and undertaking engagement activities
The Trustee's strategy on engagement is summarised below, together with its assessment of how, and the extent to which, this has been implemented over the Scheme year to 31 December 2022:

Policy & response[9]

DB assets
2.8.3. The Trustee considers ESG factors at various steps in its investment process. The Trustee recognises that the choice of benchmark dictates the assets held by the Fund Managers and that the Fund Managers have minimal freedom to take account of factors that may be deemed to be financially material. The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark and believes the choice of benchmarks will deliver appropriate risk adjusted returns. The Trustee will review the index benchmarks employed for the Scheme on a periodic basis.
The Trustee has not imposed any restrictions or exclusions to the investment arrangements based on factors it believes not to be financially material. The Trustee therefore expects that the Fund Managers will ultimately act in the best interests of the Scheme's assets to maximise returns for a given level of risk

On 6 May 2022, the Trustee discussed responsible investment practices with LGIM. For more information on the topics that were discussed, please see the below section entitled 'Engagement with fund managers'

In this Statement and in the SIP, reference to "Fund Managers" means LGIM and the LDI Manager.

In November 2022, the Trustee considered its responsible investment strategy at the Trustee Board. The Trustee concluded it was satisfied with its current approach, ensuring ESG integration is focused on the fund manager selection and monitoring process, with its Funds Managers employing active ownership of the assets held.

2.8.4. Where applicable, Fund Managers report on voting activity to the Trustee on at least an annual basis. The Trustee will monitor Fund Managers' voting activity and may periodically review Fund Managers' voting patterns. The Trustee will be reliant on the information presented by the Fund Managers regarding votes cast and identification of voting patterns.

The Trustee aims to meet with all their Fund Managers periodically. Fund Managers are challenged on the impact of any significant issues including, where appropriate, ESG factors and voting policies

EPensionBuilder's equity holdings are managed by LGIM. LGIM discloses their voting activity by market and proposal category on a quarterly basis together with an engagement summary. LGIM continues to develop and follow its own policies rather than adopt those of third parties, as these may not fully reflect the nuances of companies, their future commitments or LGIM's own engagement activity. Such policies also may be focused on a particular country, rather than being global in nature. The effectiveness of LGIM's engagement is supported by the sheer size of the pooled funds managed and their weight in corporate voting. According to LGIM, the adoption of third-party policies may also be impractical from a pooled fund perspective. A split of the votes within LGIM's pooled funds would decrease the impact of LGIM's voting choices and introduce operational risk into its voting procedures.

2.8.5. The Fund Managers' house policies are expected to broadly meet with the Trustee's views, if expectations are not met the Trustee will engage with the Fund Managers.

The Trustee believes it is appropriate for its Fund Managers to engage with key stakeholders which may include corporate management of issuers of debt or equity, regulators and governance bodies, relating to their investments for the Scheme in order to improve corporate behaviours (including the management of actual or potential conflicts of interest), improve performance and strategy and mitigate financial risks (including ESG factors).
The Trustee will review engagement activity undertaken by its Fund Managers as part of its broader monitoring activity periodically. The Trustee believes that such engagement incentivises the Fund Managers to preserve and enhance long term shareholder value of its investments.

[9] The references are in relation to the specific policy set out in the SIP

The Trustee separately considers any conflicts of interest arising in the management of the Scheme and its investments and has ensured that each Fund Manager has an appropriate conflicts of interest policy in place. Fund Managers are required to disclose any potential or actual conflict of interest in writing to the Trustee.

The Trustee continues to meet with the Fund Managers on a regular basis (see Engagement with fund managers) and responsible investment (RI) remains a standing item for the Fund Managers. RI is discussed less regularly with the LDI Manager due to the limited scope of its investments (mainly Gilts). For more information about the meetings with Fund Managers, including an example of a meeting which has taken place and matters that the Trustee has raised with Fund Managers, please see the below section entitled 'Engagement with fund managers'.

2.8.6. Given the inherent uncertainty, the Trustee has not made explicit allowance for the risks of climate change in setting its strategic benchmark.

The Trustee does not have a formal policy of soliciting member or beneficiary views on non-financial matters in its investment decision making but will periodically review its position.

The Trustee maintained its position on soliciting member views on non-financial matters in its investment decision making between the effective date of the SIP and the Scheme year end.

Engagement with fund managers
The Trustee engages with the Fund Managers regularly. This includes engagements through meetings with Trustee and ZPen team representatives. The Trustee has found direct meetings with the Fund Managers is the most effective way to engage on responsible investment and voting records.

Insight (LDI Manager) attendance at the Trustee board meeting
The Trustee invites the Fund Managers to attend Trustee board meetings periodically, during the LDI crisis, Insight representatives were invited to present an update to the Trustee. The agenda focused on the following topics:

- Recap of LDI
- Current LDI market conditions
- Impact of the market conditions on the Trustee's funds

One of the key outcomes of the meeting was to discuss the reduction of leverage within Insight's LDI funds and the longer term impact on the Scheme for the change. In the following agenda item the Trustee discussed the Scheme's investment strategy review to address the longer term impact of the LDI fund changes.

Annual Responsible Investment meeting - 6 May 2022
The Responsible Investment meeting consisted of a number of attendees representing the Trustee (delegated through the standard nature and basis of the work undertaken by the ZPen team). This included the Scheme's responsible investment champion, the ZPen Finance and Investment Manager and Zurich Group's Pension Investment Manager. The attendees were briefed ahead of the meeting with LGIM with key information on each pooled fund in order to facilitate discussions.

The meeting was structured to discuss three main topics, these were:

- Responsible investment updates through 2022 (including policy changes/personnel)
- Specific examples of voting and engagement
- Current RI reporting disclosures

Exercise of voting rights
As all of the Scheme's assets are externally managed, the Trustee reviews the Fund Managers' applicable proxy voting policies every three years or more frequently if there are any material changes. If these are in alignment with the Trustee's beliefs described in SIP, the Trustee will delegate the authority to exercise voting rights to the Fund Managers.

As stated in the 'Policy and Response' section, the Trustee met with all of its Fund Managers during the Scheme year, with RI as a key topic for the majority of meetings.

The Scheme's equity holdings are managed by LGIM via pooled investments. The statistics for the assets will reflect the fact that LGIM would have voted as fund managers on behalf of all the pooled fund holders.

The Trustee reviewed updates on voting statistics from LGIM during the Scheme year and was satisfied with the reports provided.

As stated in the 'Policy and response' section, the Trustee is satisfied that LGIM's voting policy is aligned with its own guiding principles. LGIM votes actively at company meetings, applying principles on a pragmatic basis. LGIM views this as one of the most effective ways of signalling approval (or otherwise) of a firm's governance, management and strategy.

The key statistics and significant votes for LGIM are shown in the 'EPensionBuilder' section below.

EPensionBuilder

LGIM's statistics showed the following:

- **3,197 meetings in total**
- **40,837 individual resolutions**
    - 99.79% of the resolutions were voted on, from which 82.00% voted with management, 17.86% against management and 0.14% abstained
    - In 69.82% of meetings voted on at least one vote was against management
    - 12.14% of resolutions, the vote was contrary to the recommendation of LGIM's proxy adviser ISS

Significant votes

The Trustee has delegated to LGIM to define the most significant votes cast on their behalf during the Scheme year.

A summary of the key voting action from LGIM for the DB assets is set out below. This information has been provided by LGIM, and references to "our" and "we" throughout this section are references to LGIM, not the Trustee.

Company name	Royal Dutch Shell Plc
Date of vote	24th May 2022
Summary of the resolution	Resolution 20 - Approve the Shell Energy Transition Progress Update
How you voted	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	In the 6 weeks ahead of the AGM, we held several engagements (meeting, call, emails) with the Board Chairman and company representatives to discuss a variety of topics, including our vote on the Transition Plan resolutions put to shareholders at the AGM.
Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.
Outcome of the vote	79.9% of shareholders supported the resolution
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Company name	BP Plc
Date of vote	12th May 2022
Summary of the resolution	Resolution 3 - Approve Net Zero - From Ambition to Action Report
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Voted in line with management
Rationale for the voting decision	Climate change: A vote FOR is applied, though not without reservations. While we note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is our view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, we remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.
Outcome of the vote	88.5% of shareholders supported the resolution
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Company name	Rio Tinto Plc
Date of vote	8th April 2022
Summary of the resolution	Resolution 17 - Approve Climate Action Plan
How you voted	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Climate change: We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.
Outcome of the vote	84.3% of shareholders supported the resolution
Implications of the outcome eg were there any lessons learned and	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

what likely future steps will you take in response to the outcome?	
On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Company name	Glencore Plc
Date of vote	28th April 2022
Summary of the resolution	Resolution 13 - Approve Climate Progress Report
How you voted	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Climate change: A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C.While we note the progress the company has made in strengthening its medium-term emissions reduction targets to 50% by 2035, we remain concerned over the company's activities around thermal coal and lobbying, which we deem inconsistent with the required ambition to stay within the 1.5°C trajectory.
Outcome of the vote	76.3% of shareholders supported the resolution
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Company name	Apple Inc.
Date of vote	4th March 2022
Summary of the resolution	Resolution 9 - Report on Civil Rights Audit
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	We met with Apple earlier in 2022 as part of our regular engagement and as part of this discussion, we sought further information from the company regarding a number of proposals that were to be tabled at the forthcoming AGM.
Rationale for the voting decision	Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.
Outcome of the vote	53.6% of shareholders supported the resolution
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria have you assessed this vote to be "most significant"?	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.