

Insolvency Risk Appendix

This is the Insolvency Risk Appendix to the Board's determination under Section 175(5) of the Act in respect of the 2021/22 Levy Year. Unless defined in this Appendix, expressions defined in the rules set out in the determination (the "**Rules**") shall have the same meanings as set out therein.

Part 1: Categorisation Principles

1.1. This Part sets out the categorisation principles referred to at Rule E3.2, which will be applied for the purposes of assigning Employers to categories pursuant to Rule E3. Subject to paragraphs 1.4 and 1.5 of this Part 1 and Rule E7, all provisions of Rule E2 will apply in relation to data collection and will be used to determine which category an Employer is assigned to. If an Employer is categorised on any of the Scorecards identified in this Part then, regardless of the type of accounts, if any, Filed by that Employer and regardless of any financial data contained in them, the Scorecard identified in this paragraph will apply. In the event that more than one of these Scorecards could apply to the Employer, the following hierarchy applies:

- (1) Special Category Employer, Scorecard 11;
- (2) CRA Rated, Scorecard 9;
- (3) Not-For-Profit, Scorecard 8.

1.2. To be assigned to a Group category pursuant to Rule E3.1(3), (4), (5) or (6), the following conditions must be satisfied:

- (1) the Employer must be or must have a Parent; and
- (2) either:
 - (a) D&B must have collected, or there must have been Filed, in accordance with Rule E2, Consolidated Accounts for the Employer's Ultimate Parent; or
 - (b) there must be at least one member of the Group other than the Employer whose accounts would be taken into account for the purposes of paragraph 3.5 below and which has filed its Latest Accounts with Companies House in the UK.

Where an Employer that would otherwise be assigned to a Group category does not satisfy these conditions, it will instead be assigned to the category under Rule E3.1 that would be applicable if the Employer were not part of a Group.

1.3. For the purposes of assigning Employers in any case where Accounts are expressed in a currency other than sterling, D&B will:

- (1) obtain the Employer's last four sets of Accounts (to the extent that four such sets of Accounts are available);
- (2) confirm the balance sheet date of the Employer's Latest Accounts; and
- (3) for each set of Accounts obtained under (1) above:
 - (a) retrieve the currency in which the Accounts are stated;
 - (b) retrieve the exchange rate for that currency as at the balance sheet date confirmed in (2) above; and
 - (c) multiply the figures in the Accounts by the exchange rate identified in (b) above.

Where Group non-consolidated Accounts are received in respect of an Employer, D&B will follow the steps outlined at (1) to (3) above for each company in the Group, then add the converted figures for each Group entity together.

1.4. For the purposes of determining whether Rule E3.1(8) applies to an Employer:

- (1) D&B will take into account (in addition to data collected or Filed in accordance with Rule E2) any other data which the Board supplies to it for this purpose (or which the Board directs it to collect), and the Board may direct D&B that Rule E3.1(8) does or does not apply to a particular Employer; and
- (2) subject to any evidential requirements set out in Rule E3.1(8) being met, assignment will be based on whether the factual tests in Rule E3.1(8) are met as at the relevant Score Measurement Date.

1.5. For the purposes of determining whether Rule E3.1(1)(b)(iii) applies, D&B will accept data provided pursuant to Rule E2.3 up to and including the Measurement Time.

Part 2: Scorecards

Set out below are the Scorecards to which Employers will be assigned pursuant to Rule E3 and on the basis of which their Monthly Scores and Adjusted pas will be calculated pursuant to Rule E4. There are notes for some of the mathematical terms at the end of the Scorecards.

Scorecard 1 – Non-Subsidiaries £30m+ and Large Subsidiaries

Variable	Replacement value - missing data	Special Treatment	Transformation	Coefficient
Intercept	N/A	N/A	N/A	-1.4491
Log Net Worth	-10.2	When absolute(Net Worth) <10000 then sign(Net Worth)*Log10(10000)	Sign(Net Worth)*(Log10(abs(Net Worth) + 1))	-0.0851
Log Creditors Days	1.31737	For all entities except for Financial Institutions: When Creditor Days < 1 then Log10(1) When Creditor Days >60 then Log10(60) For Financial Institutions: Log10(3.78191)	Log10(Creditor Days)	1.357
Log Total Assets	5.013	When Total Assets < 0 then 5.013 When 0 < Total Assets < 10000 then Log10(10000)	Log10(Total Assets + 1)	-0.5863
Log Cash by Current Liabilities	0.10051	N/A	Sign(Cash by Current Liabilities)*(Log10(abs(Cash by Current Liabilities + 1))	-3.9768
Log Pre-Tax Profit	-10.53	When absolute(Pre-Tax Profit) <10000 then sign(Pre-Tax Profit) * Log10(10000)	Sign(Pre-tax Profit)*(Log10(abs(Pre-Tax Profit) + 1))	-0.0828

Scorecard 2 – Non-Subsidiaries <£30m

Variable	Replacement value - missing data	Special Treatment	Transformation	Coefficient
Intercept	N/A	N/A	N/A	-7.6532
Log Cash	0.3	When Cash < 0 then 0.3 When 0 < Cash < 10000 then Log10(10000)	Log10(Cash + 1)	-0.116
Capital Employed	5765253	N/A	As per the Variable Values Table definition	-0.00000000279
Log Pre-Tax Profit	-8.604	When Pre-Tax Profit = zero then -8.604	Sign(Pre-tax Profit)*(Log10(abs(Pre-Tax Profit) + 1))	-0.1073

		When absolute(Pre-Tax Profit) <10000 then sign(Pre-tax Profit)* Log10(10000)		
Log Creditors Days	1.28645	For all entities except for Financial Institutions: When Creditor Days < 1 then Log10(1) When Creditor Days >60 then Log10(60) For Financial Institutions: Log10(3.78191)	Log10(Creditor Days)	2.3253
Log Current Liabilities	9.447	When Current Liabilities < 0 then 9.447 When 0<Current Liabilities ≤10000 then Log10(10000)	Log10(Current Liabilities + 1)	0.1029

Scorecard 3 – Group £50m+

(1) General Variables table

Variable	Replacement value - missing data	Special Treatment	Transformation	Coefficient
Intercept	N/A	N/A	N/A	-4.0446
Log Cash by Current Liabilities	Log10(1 + 0.230297099)		Sign(Cash by Current Liabilities)*(Log10(abs(Cash by Current Liabilities)) + 1)	-3.3976
Parent Score (1-100)	0	When Ultimate Parent is categorised as "Scorecard 11 Special Employer" then 100	Parent Score from Table 2	-0.0505

(2) Group Variables table

Variable	Group	Weight of Evidence	Coefficient
Pre Tax Margin (%)	if Pre Tax Margin = <i>missing</i>	-2.1679833	-0.6419
	if Pre Tax Margin <2	-0.72356301	
	if 2<=Pre Tax Margin <6	0.47740313	
	if 6<=Pre Tax Margin <10	1.21941559	
	if 10<=Pre Tax Margin	1.72088477	
Average Remuneration Per Employee (£)	if Average Remuneration = <i>missing</i>	0.87970868	-0.8304
	if Average Remuneration <7,500	-2.1679833	
	if 7,500<=Average Remuneration <17,500	-1.4404347	
	if 17,500<=Average Remuneration <35,000	-0.24785423	
	if 35,000<=Average Remuneration <50,000	-0.10910432	
	if 50,000<=Average Remuneration	1.35461195	
Change in Turnover (Ratio)	if Sales <= 0 or N-3_sales <= 0	-0.33775758	-0.7579
	if Change in Turnover = <i>missing</i>	-0.33775758	

if Change in Turnover /100<-0.625	-0.35969456
if -0.625<= Change in Turnover / 100 <-0.175	-0.70730326
if -0.175< Change in Turnover / 100<0.05	-0.34929503
if 0.05<= Change in Turnover / 100 /100<0.2	1.47804661
if 0.2<= Change in Turnover / 100	0.51401619

Scorecard 4 - Group £10m to £50m

(1) General Variables table

Variable	Replacement value - missing data	Special Treatment	Transformation	Coefficient
Intercept	N/A	N/A	N/A	-3.6317
Log Cash by Current Liabilities	Log10(1 + 0.30836826)	N/A	Sign(Cash by Current Liabilities)*(Log10(abs(Cash by Current Liabilities) + 1))	-2.5509
Parent Score (1-100)	0	When Ultimate Parent is categorised as "Scorecard 11 Special Category Employer" then 100	Parent Score from Table 2	-0.0548

(2) Group Variables table

Variable	Group	Weight of Evidence	Coefficient
Pre-Tax Profit (£)	if Pre-Tax Profit = <i>missing</i>	-0.74040255	-0.5438
	if Pre-Tax Profit<0	-0.74040255	
	if 0<=Pre-Tax Profit <250,000	-0.45297925	
	if 250,000<=Pre-Tax Profit <750,000	-0.32038239	
	if 750,000<=Pre-Tax Profit <1000,000	0.55818926	
Change in Fixed Assets (%)	if 1000,000<=Pre-Tax Profit	1.08558542	-0.778
	if Change in Fixed Assets = <i>missing</i>	0.02613274	
	if Change in Fixed Assets <-75	-0.22802574	
	if -75<= Change in Fixed Assets <-25	-0.44143546	
	if -25<= Change in Fixed Assets <50	0.39646051	
Capital Employed per Employee (£)	if 50<= Change in Fixed Assets <100	-0.35902869	-0.6111
	if 100<= Change in Fixed Assets	0.02613274	
	if Capital Employed per Employee = <i>missing</i>	-0.68076769	
	if Capital Employed per Employee <0	-0.68076769	
	if 0<= Capital Employed per Employee <10,000	-0.68076769	
	if 10,000<= Capital Employed per Employee <30,000	-0.53842198	

if 30,000<= Capital Employed per Employee <57,500	-0.0747981
if 57,500<= Capital Employed per Employee <75,000	-0.14486444
if 75,000<= Capital Employed per Employee	1.07449227

Scorecard 5 - Group < £10m

(1) General Variables table

Variable	Replacement value - missing data	Special Treatment	Transformation	Coefficient
Intercept	N/A	N/A	N/A	-5.1925
Log Cash by Current Liabilities	Log10(1 + 0.56358)	N/A	Sign(Cash by Current Liabilities)* Log10(abs(Cash by Current Liabilities) + 1)	-1.1562
Log Creditors Days	Log10(13.7448 3782)	For all entities except for Financial Institutions: When Creditor Days < 1 then Log10(1) When Creditor Days >60 then Log10(60) For Financial Institutions: Log10(3.78191)	Log10(Creditor Days)	1.0606
Parent Score (1-100)	0	When Ultimate Parent is categorized as "Scorecard 11 Special Category Employer" then 100	Parent Score from Table 2	-0.0468

(2) Group Variables table

Variable	Group	Weight of Evidence	Coefficient
Shareholder's Funds (£millions)	if Shareholder's Funds= <i>missing</i>	-0.02512923	-0.6235
	if Shareholder's Funds<0	-0.89095845	
	if 0<=Shareholder's Funds<0.5	0.34144491	
	if 0.5<=Shareholder's Funds<3	0.02353005	
	if 3<=Shareholder's Funds<27.5	0.50529114	
	if 27.5<=Shareholder's Funds<50	2.07874633	
	if 50<=Shareholder's Funds	2.20795806	
Return on Capital (%)	if Return on Capital = <i>missing</i> or Capital Employed <0	-0.74816507	-0.4036
	if Return on Capital <0	-0.46891027	

	if 0<= Return on Capital <2.5	0.35287146	
	if 2.5<= Return on Capital <10	0.55918924	
	if 10<= Return on Capital <=15	0.70274366	
	if 15< Return on Capital	0.68859057	
Change in Employee Remuneration (%)	if N-3 Payroll in (0,missing) or Payroll in (0,missing)	-0.04550623	-0.9271
	if Change in Employee Remuneration = missing	-0.04550623	
	if Change in Employee Remuneration <-60	-0.37998081	
	if -60<= Change in Employee Remuneration <-10	-0.19729756	
	if -10<= Change in Employee Remuneration <20	0.08490233	
	if 20<= Change in Employee Remuneration <40	-0.02512923	
	if 40<= Change in Employee Remuneration	2.28168718	

Scorecard 6 – Group Small

Variable	Replacement value - missing data	Special Treatment	Transformation	Coefficient
Intercept	N/A	N/A	N/A	-5.78701534836878
Parent Score	0	When Ultimate Parent is categorised as "11 Special Employer" then 0	Ultimate Parent's Adjusted Monthly Score	3.04538813366191
Log Current Liabilities	5.836	When Current Liabilities < 0 then 5.836 When 0<Current Liabilities <= 10000 then Log10(10000)	Log10(Current Liabilities + 1)	0.207285140564088
Cash	0	N/A	As per the Variable Values Table definition	- 1.49239377138899E-06
Log Retained Earnings	-8.909	When abs(Retained Earnings) <= 10000 then Log10(10000)	sign(Retained Earnings) * Log10(abs(Retained Earnings) + 1)	- 0.0522723105032014
Log Debtors	10.29	When Debtors <= 10000 then Log10(10000)	sign(Debtors) * Log10(abs(Debtors) + 1)	0.218823694904031
Log Net Worth	-8.759	When abs(Net Worth) <= 10000 then sign(Net Worth)*Log10(10000) When Net Worth >=8530000 then Log10(8530001)	sign(Net Worth) * Log10(abs(Net Worth) + 1)	- 0.0698218537549641

Scorecard 7 – Independent Small

Variable	Replacement value -	Special Treatment	Transformation	Coefficient
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	missing data			
Intercept	N/A	N/A	N/A	-6.22659047988968
Log Retained Earnings	0	When $0 < \text{abs}(\text{Retained Earnings}) \leq 10000$ then $\text{sign}(\text{Retained Earnings}) * \text{Log10}(10000)$	$\text{sign}(\text{Retained Earnings}) * \text{Log10}(\text{abs}(\text{Retained Earnings}) + 1)$	- 0.036165259789864 8
Cash	0	N/A	As per the Variable Values Table definition	- 3.01137649578911e- 06
Total Assets	0	N/A	N/A	- 2.90101594123924e- 07
Change in Total Assets	0.2	When Total Assets= <i>missing</i> or N-3 Total Assets is <i>missing</i> or 0 then 0.2 When Change in Total Assets ≥ 100 then 1	Change in Total Assets is divided by 100	-0.762472561907129
Log Total Liabilities	1.505	When Total Liabilities < 0 then 1.505 When $0 < \text{Total Liabilities} \leq 10000$ then $\text{Log10}(10000)$	$\text{Log10}(\text{Total Liabilities} + 1)$	0.619659924138246

Scorecard 8 – Not For Profit

Variable	Replacement value - missing data	Special Treatment	Transformation	Coefficient
Intercept	N/A	N/A	N/A	-5.13074360579722
Log Current Assets	0	When Current Assets < 0 then 0 When 0<Current Assets <= 10000 then Log10(10000)	Log10(Current Assets + 1)	-0.350195037537332
Equity Gearing	0	N/A	As per the Variable Values Table definition	- 0.000818078409419197
Log Pre-Tax Profit	0	When 0<abs(Pre-Tax Profit) <= 10000 then sign(Pre-Tax Profit)* Log10(10000)	Sign(Pre-Tax Profit)*(Log10(abs(Pre-Tax Profit) + 1))	-0.0942328758326361
Total Assets	0	N/A	As per the Variable Values Table definition	-1.29164526087994e-07
Log Total Liabilities	0.3	When Total Liabilities < 0 then 0.3 When 0<Total Liabilities <= 10000 then Log10(10000)	Log10(Total Liabilities + 1)	0.45522572693158

Note: “abs” or “absolute” means the absolute value and refers to the distance of a number from zero, regardless of direction. The value is always positive, as the absolute value of a number cannot be negative.

Note: “log” means the common logarithm of a raw value x, which is the power to which “10” would have to be raised to equal x.

Note: “sign” means +1 if the number is positive, +1 if it is zero, and -1 if the number is negative.

Scorecard 9 – Credit Rated

The Monthly Score for a CRA Rated Employer shall be calculated in accordance with paragraph 4.8 below.

Part 3: Variable Values – Calculation Principles

3.1. Variable Values Table

Table 1 below and paragraphs 3.2 – 3.13 of this Part 3 set out how the Variable Values (as defined in Part 4 of this Appendix) set out in each Scorecard will be calculated by using data collected or received in accordance with Rule E2. To the extent that the method of calculation of any Variable Value (or the inputs to that calculation) are not expressly set out (or, as the case may be, defined) in this Part 3, the method of calculation (or definition, as the case may be) shall be in accordance with D&B's ordinary course of business from time to time.

Table 1

Variable	Source	Calculation	Notes
Average Remuneration per Employee (£Thousands)	Accounts	Total Employee Remuneration divided by Total Number of Employees	Total Employee Remuneration includes wages, social security and pensions payments and the figure is annualised if accounting period is not 52 weeks. See paragraph 3.9 in relation to Total Number of Employees.
Capital Employed (£GBP)	Accounts	Taken from line items in the Accounts and calculated by D&B	If not stated in Accounts, calculated as Total Assets minus Current Liabilities. If primary financial statements do not identify current liabilities, this is derived from the notes. Current Liabilities are those due within 12 months of the Year End Date. If the above does not create a Variable Value for this Variable, Shareholder Funds / Total Net Assets will be used in substitution for it.
Capital Employed Per Employee (£Thousands)	Accounts	Capital Employed divided by Total Number of Employees	See paragraph 3.9 in relation to Total Number of Employees.

Variable	Source	Calculation	Notes
Cash (£GBP)	Accounts	Taken directly from Accounts	
Cash by Current Liabilities (£GBP)	Accounts	Cash divided by Current Liabilities	If current liabilities is missing or zero, or if cash is missing, then the 'Cash by Current Liabilities' Variable is treated as missing
Change in Employee Remuneration (%)	Accounts	[Total Employee Remuneration in Year N minus Total Employee Remuneration in Year N-3] divided by Employee Remuneration in Year N-3 and expressed as a percentage	Year N figure taken from Latest Accounts. Year N-3 figure taken from the N-3 Accounts. Total Employee Remuneration Includes wages, social security and pensions payments. Figure is annualised if accounting period is not 52 weeks. See further paragraphs 3.9 and 3.10 below.
Change in Fixed Assets (%)	Accounts	[Fixed Assets in Year N minus Fixed Assets in Year N-3] divided by Fixed Assets in Year N-3 and expressed as a percentage	Year N figure taken from Latest Accounts. Year N-3 figure taken from the N-3 Accounts. See further paragraph 3.10 below.
Change in Total Assets (%)	Accounts	[Total Assets in Year N minus Total Assets in Year N-3] divided by Total Assets in Year N-3 and expressed as a percentage.	Year N figure taken from Latest Accounts. Year N-3 figure taken from the N-3 Accounts See further paragraph 3.10 below.

Variable	Source	Calculation	Notes
Change in Turnover (%)	Accounts	[Turnover in Year N minus Turnover in Year N-3] divided by Turnover in Year N-3	Year N figure taken from Latest Accounts. Year N-3 figure taken from the N-3 Accounts Figure is annualised if accounting period is not 52 weeks. See further paragraph 3.10 below. If reported turnover figure is zero or missing but Other Income figure is positive, the Other Income figure is used in place of Turnover
Creditors Days (Days)	Accounts	[Trade Creditors divided by Turnover] x 365	Trade Creditors can include Accounts Payable. Turnover figure annualised if accounting period is not 52 weeks. If reported turnover figure is zero or missing but Other Income figure is positive, the Other Income figure is used in place of Turnover.
Current Assets (£GBP)	Accounts	Taken directly from Accounts	If primary financial statements do not identify current assets, this is derived from the notes.
Current Liabilities (£GBP)	Accounts	Taken directly from Accounts	If primary financial statements do not identify current liabilities, this is derived from the notes.
Debtors (£GBP)	Accounts	The sum of the following line items: Trade Debtors Other Receivables Debtors	

Variable	Source	Calculation	Notes
		Prepaid Expenses Owing Due From Group Companies Tax Recoverable Amounts Owing / Due From Directors Directors + Directors Account Directors Loans	
Equity Gearing (%)	Accounts	Shareholders' Funds divided by Total Assets and expressed as a percentage	If Total Assets is missing or zero, or if Shareholders' Funds is missing, then the 'Equity Gearing' Variable is treated as missing
Intangible Assets	Accounts	Calculated as per D&B's ordinary course of business	
Fixed Assets (£GBP)	Accounts	Taken directly from Accounts	
Long Term Liabilities (£GBP)	Accounts	The sum of the following line items: Due to Group Companies Over 1 Year Mortgages/Loans Hire Purchase Due After 1 Year Other Long Term Liabilities	'Other Long Term Liabilities' means the sum of the following line items: Provisions for Liabilities and Charges Provision for Future Tax / Taxation General Provision for Contingencies Provision for Recall Provision for Reorganisation and Redundancies Provision for Warranties Pension Liabilities
Net Worth (£GBP)	Accounts	Shareholders' Funds less Intangible Assets	

Variable	Source	Calculation	Notes
Parent Score	Various	See paragraph 3.5 below for details	
Pre-Tax Margin (%)	Accounts	Pre-Tax Profit divided by Turnover and expressed as a percentage	Turnover and Pre-Tax Profit figures annualised if accounting period is not 52 weeks. If reported turnover figure is zero or missing but Other Income figure is positive, the Other Income figure is used in place of Turnover
Pre-Tax Profit (£GBP)	Accounts	Taken directly from Accounts	Pre-Tax Profit figure annualised if accounting period is not 52 weeks. Where the Accounts disclose a Surplus figure instead of a profit figure the Surplus figure will be used in place of profit.
Retained Earnings (£GBP)	Accounts	Taken directly from Accounts	
Return on Capital (%)	Accounts	Pre-Tax Profit divided by Capital Employed and expressed as a percentage	Pre-Tax Profit figure annualised if accounting period is not 52 weeks. If not stated in Accounts, Capital Employed calculated as Total Assets minus Current Liabilities If primary financial statements do not identify current liabilities, this is derived from the notes. Current Liabilities are liabilities due within 12 months of the Year End Date. See further paragraph 3.12 below.

Variable	Source	Calculation	Notes
Shareholders' Funds (£GBP)	Accounts	Taken directly from Accounts	
Total Assets (£GBP)	Accounts	Taken directly from Accounts	
Total Liabilities (£GBP)	Accounts	Current Liabilities plus Long Term Liabilities	.
Turnover (£GBP)	Accounts	Taken directly from Accounts	Turnover includes Revenue and Sales. Turnover figure annualised if accounting period is not 52 weeks. If reported turnover figure is zero or missing but Other Income figure is positive, the Other Income figure is used in place of Turnover

3.2. Log Transformed Variables

For those Variables denoted with the prefix "Log" in the "Variable" column of the relevant Scorecard, the Variable Value is as follows:

- (a) if the figure calculated in accordance with Table 1 above is missing, the Variable Value is as stated in the "Replacement value – missing data" column of the relevant Scorecard;
- (b) if the figure calculated in accordance with Table 1 above is zero, the Variable Value is zero unless that variable is Log Pre-Tax Profit in which case the Variable Value is zero for Scorecards 1 and 8 and the Variable Value is as stated in the "Special Treatment" column for Scorecard 2;
- (c) if the figure calculated in accordance with Table 1 above satisfies one of the conditions in the "Special Treatment" column of the relevant scorecard, the Variable Value is as stated in that "Special Treatment" column; and
- (d) If none of (a) to (c) apply, the Variable Value is calculated in the way described in the "Transformation" column of the relevant Scorecard, which uses the common logarithm of the raw value of that Variable. The common logarithm of a raw value x is the power to which "10" would have to be raised to equal x .

3.3. Group Variables

This paragraph applies to the Variables in the “Group Variable” tables in Part 2 of this Appendix that are part of the following Scorecards:

Scorecard 3 – Group £50m+;

Scorecard 4 – Group £10m to £50m; and

Scorecard 5 – Group < £10m.

The Variable Value is as stated in the “Weight of Evidence” column for the relevant row. The row that applies in any particular case is determined by the criteria in the “Group” column.

3.4. Non-Log Transformed Variables

This paragraph applies to all of the Variables that are neither “Log Transformed Variables” (see 3.2 above) nor “Group Variables” (see 3.3 above). The Variable Value is as follows:

- (a) if the figure calculated in accordance with Table 1 above is missing, the Variable Value is as stated in the “Replacement value – missing data” column of the relevant Scorecard;
- (b) if the figure calculated in accordance with Table 1 above satisfies one of the conditions in the “Special Treatment” column of the relevant Scorecard, the Variable Value is as stated in that “Special Treatment” column; and
- (c) if neither (a) nor (b) applies, the Variable Value is equal to the figure calculated in accordance with Table 1 above (which, for the avoidance of doubt, could be zero).

3.5. Parent Score

- (1) The Parent Score Variable is calculated by generating an Adjusted Monthly Score for the Ultimate Parent (as defined in these Rules) of the Employer, using the same procedures as set out in these Rules as if that Ultimate Parent were an Employer provided that, for these purposes:
 - (a) Notwithstanding the provisions of Rule E3 and Part 1 of this Appendix, the Ultimate Parent will always be allocated to:
 - (i) Scorecard 9 (CRA Rated) if it is CRA Rated;
 - (ii) Unless paragraph 3.5(1)(b) applies, Scorecard 1 (Non-Subsidiaries £30m+ and Large Subsidiaries) if (i) does not apply and its Latest Accounts show a Turnover of above £30 million;

- (iii) Unless paragraph 3.5(1)(b) applies, Scorecard 2 if (i) does not apply and its Latest Accounts show a Turnover of less than or equal to £30 million; or
 - (iv) Scorecard 11 if it is a Special Category Employer.
- (b) In circumstances where the Latest Accounts Filed by the Ultimate Parent (or otherwise collected by D&B pursuant to Rule E2.2(1) in respect of the Ultimate Parent) are not Consolidated Accounts:
 - (i) where the Latest Accounts Filed by (or otherwise collected by D&B pursuant to Rule E2.2(1) in respect of) the entity which would be the Ultimate Parent if any Non-UK Group members were disregarded are Consolidated Accounts, the Latest Accounts of that entity will be used and treated as if they were the Latest Accounts of the Ultimate Parent (except where the Employer itself is that entity, in which case (ii) will apply); and
 - (ii) where (i) does not apply, Variable Values calculated by reference to the Latest Accounts filed at Companies House in the UK of each member of the Group (excluding any Consolidated Accounts Filed by any member of the Group other than the Ultimate Parent, where D&B is satisfied that to include them would cause double counting) will be summed to create the Variable Value attributable to the Ultimate Parent.
- (2) Except where paragraph 3.5(3) or 3.5(4) applies, that Ultimate Parent's Adjusted Monthly Score is then converted into a 1-100 Score as set out in Table 2 below and that 1-100 Score is the Variable Value for the Parent Score Variable (where applicable) of the Employer.
- (3) This paragraph 3.5(3) applies where the Ultimate Parent is assigned to Scorecard 11 (Special Category Employer).
 - (a) Where an Employer is assigned to Scorecard 6 (Group Small), the Variable Value for the Parent Score Variable of that Employer is zero;
 - (b) In any other case, the Variable Value for the Parent Score Variable of that Employer is 100.
- (4) Where the Employer in question is assigned to Scorecard 6 (Group Small) and paragraph 3.5(3) above does not apply, the Ultimate Parent's Adjusted Monthly Score is applied as the Parent Score Variable Value.
- (5) When identifying and sourcing accounts for Group members for the purposes of this paragraph 3.5, D&B shall carry out whatever process or procedure would constitute its ordinary course of business. In the absence of any such ordinary course of business, D&B should take such reasonable practical endeavours as

agreed with the Board to identify Group members such that would enable a calculation of the Parent Score Variable in the manner that best gives effect to the general approach laid down in the Levy Rules and the Insolvency Risk Appendix.

Table 2:

1-100 Score	Minimum Score (the numbers in this column are inclusive)	Maximum Score (the numbers in this column are not inclusive, except for score 1)
1	0.039463241	1
2	0.029187329	0.039463241
3	0.023841445	0.029187329
4	0.020144396	0.023841445
5	0.017682923	0.020144396
6	0.015770161	0.017682923
7	0.014284768	0.015770161
8	0.012996069	0.014284768
9	0.012003383	0.012996069
10	0.010975772	0.012003383
11	0.010014898	0.010975772
12	0.009215554	0.010014898
13	0.008466763	0.009215554
14	0.00786111	0.008466763
15	0.007270592	0.00786111
16	0.006738982	0.007270592
17	0.006237263	0.006738982

1-100 Score	Minimum Score (the numbers in this column are inclusive)	Maximum Score (the numbers in this column are not inclusive, except for score 1)
18	0.005814188	0.006237263
19	0.00546476	0.005814188
20	0.005139028	0.00546476
21	0.004841226	0.005139028
22	0.004560466	0.004841226
23	0.004298539	0.004560466
24	0.004078565	0.004298539
25	0.003872181	0.004078565
26	0.003687459	0.003872181
27	0.003505536	0.003687459
28	0.003326618	0.003505536
29	0.003167479	0.003326618
30	0.003036272	0.003167479
31	0.002906319	0.003036272
32	0.002773755	0.002906319
33	0.002651118	0.002773755
34	0.002519154	0.002651118
35	0.002401307	0.002519154
36	0.002292955	0.002401307
37	0.002184461	0.002292955

1-100 Score	Minimum Score (the numbers in this column are inclusive)	Maximum Score (the numbers in this column are not inclusive, except for score 1)
38	0.002081722	0.002184461
39	0.001990541	0.002081722
40	0.001914589	0.001990541
41	0.001836204	0.001914589
42	0.001759802	0.001836204
43	0.001685558	0.001759802
44	0.001618604	0.001685558
45	0.001550721	0.001618604
46	0.001491213	0.001550721
47	0.001426642	0.001491213
48	0.001370278	0.001426642
49	0.001311131	0.001370278
50	0.001256508	0.001311131
51	0.001204495	0.001256508
52	0.001154751	0.001204495
53	0.001104645	0.001154751
54	0.001064693	0.001104645
55	0.001020826	0.001064693
56	0.000975639	0.001020826
57	0.000935219	0.000975639

1-100 Score	Minimum Score (the numbers in this column are inclusive)	Maximum Score (the numbers in this column are not inclusive, except for score 1)
58	0.000894632	0.000935219
59	0.000854116	0.000894632
60	0.000818508	0.000854116
61	0.000779661	0.000818508
62	0.000744607	0.000779661
63	0.000709087	0.000744607
64	0.000675719	0.000709087
65	0.000647486	0.000675719
66	0.000622072	0.000647486
67	0.000592802	0.000622072
68	0.000563914	0.000592802
69	0.000537663	0.000563914
70	0.000511018	0.000537663
71	0.000488071	0.000511018
72	0.000466564	0.000488071
73	0.000448275	0.000466564
74	0.000425953	0.000448275
75	0.000401792	0.000425953
76	0.000377299	0.000401792
77	0.000354191	0.000377299

1-100 Score	Minimum Score (the numbers in this column are inclusive)	Maximum Score (the numbers in this column are not inclusive, except for score 1)
78	0.000332131	0.000354191
79	0.000311124	0.000332131
80	0.000291257	0.000311124
81	0.000275101	0.000291257
82	0.000259524	0.000275101
83	0.00024539	0.000259524
84	0.00022919	0.00024539
85	0.000214653	0.00022919
86	0.000203362	0.000214653
87	0.000193315	0.000203362
88	0.000181695	0.000193315
89	0.000168629	0.000181695
90	0.000156772	0.000168629
91	0.000150499	0.000156772
92	0.000144854	0.000150499
93	0.000140184	0.000144854
94	0.000131295	0.000140184
95	0.000112559	0.000131295
96	0.0000900	0.000112559
97	0.0000704	0.0000900

1-100 Score	Minimum Score (the numbers in this column are inclusive)	Maximum Score (the numbers in this column are not inclusive, except for score 1)
98	0.0000563	0.0000704
99	0.0000399	0.0000563
100	0	0.0000399

3.6. Consolidated Accounts

For the avoidance of doubt, where Accounts are Consolidated Accounts, the Variable Value will be calculated on the basis of the consolidated position in relation to all entities in respect of which the Consolidated Accounts are prepared.

3.7. Currency Conversion

- (1) Except where paragraph 3.7(2) applies, in any case where Accounts are expressed in a currency other than sterling, the currency conversion rate which would be used by D&B at the closing rate as at the date of those Accounts is used to convert the currency of the Accounts to sterling for the purposes of assessing the Variable Value.
- (2) In any case where N-3 Accounts are expressed in a currency other than sterling, the currency conversion rate which would be used by D&B at the closing rate as at the date of the Scheme's Latest Accounts is used to convert the currency of the N-3 Accounts to sterling for the purposes of assessing the Variable Value.

3.8. Data collection, provision and use

For the avoidance of doubt, Rule E2 will apply for the purposes of assessing which set of Accounts are to be used to calculate each Variable Value.

3.9. Total Number of Employees

- (1) Save where paragraph 3.9(3) or 3.9(4) applies, the Total Number of Employees will be assessed without reference to the number of hours ordinarily worked by those employees.
- (2) Where D&B has, by the Measurement Time, received a written statement, signed by the Employer(s) (or, as the case may be, Group Subsidiary or Ultimate Parent's) auditor which complies with guidance issued by the Board from time to time and confirms:

- (a) that the Employer, Group Subsidiary or Ultimate Parent (as the case may be), has not stated (and is not required by law to state) in its Accounts the number of its employees; and
- (b) the number of its employees, as at the date of its Latest Accounts (calculated in accordance with paragraph 3.9(1) above unless paragraph 3.9(4) below applies),

D&B will use that data to calculate the Variable Value in respect of the Variables, which depend on Total Number of Employees, from the date on which the Employer's Latest Accounts were Filed.

- (3) Where D&B has, by the Measurement Time, received a written request from an Employer, Group Subsidiary or Ultimate Parent (as the case may be), that it should use the number of employees which appears in the Latest Accounts and is calculated on a FTE Basis for the purposes of calculating all relevant Variable Values, D&B will (subject to Rule E2.5) use that data to calculate the Variable Values which depend on Total Number of Employees, from the date on which the Employer's Latest Accounts were Filed.
- (4) Where D&B has, by the Measurement Time, received a written statement, signed by the Employer's (or, as the case may be, Group Subsidiary or Ultimate Parent's) auditor which complies with guidance issued by the Board from time to time and confirms:
 - (a) that the Employer, Group Subsidiary or Ultimate Parent (as the case may be), has not stated (and is not required by law to state) in its Accounts the number of its employees; and
 - (b) the number of its employees, as at the date of its Latest Accounts calculated on a FTE Basis,

D&B will use that data to calculate the Variable Values, which depend on Total Number of Employees, from the date on which the Employer's Latest Accounts were Filed.

3.10. Change Variables

- (1) This paragraph 3.10 applies for the purposes of calculating the following Variable Values:
 - (a) Change in Employee Remuneration;
 - (b) Change in Fixed Assets;
 - (c) Change in Total Assets;
 - (d) Change in Turnover.

- (2) Subject to (3), in the event that the figure in the N-3 Accounts which is to be used as the denominator of the fraction to calculate the relevant Variable Value is negative, that figure shall be converted to its absolute (or modulus) value for the purposes of using it as the denominator.
- (3) The figure calculated in accordance with Table 1 above is to be treated as missing in any case where one or more of the following applies:
 - (a) there are no Accounts meeting the definition of N-3 Accounts (unless paragraph 3.13 applies, in which case D&B shall take the Variable in the N-3 Accounts and not treat it as missing);
 - (b) one of the inputs to the calculation (set out in the Calculation column of Table 1 as read with the Notes column) is zero in the Latest Accounts or the N-3 Accounts.

3.11. Change in Accounting Standard

- (1) Where F Accounts are Filed in respect of an Employer or Ultimate Parent, and an Accounting Standard Change Certificate has been provided, and
- (2) the Year End Date of the F Accounts is later than the Year End Date of the N-3 Accounts,

any Change Variable impacted by the Change in Accounting Standard in respect of that Employer or Ultimate Parent will be adjusted in the manner set out in paragraph 3.10(3).

- (3) $C = Q_{F-1} - Q_{F-1 \text{ adj}} + \text{Other}_{F-1 \text{ adj}}$

$$\text{Change Variable} = (Q_N - Q_{N-3} + C) / |(Q_{N-3} - C)|$$

Where

C is the change in the relevant Variable figure as at the Year End Date of the F-1 Accounts that is due to the impact of the change in Accounting Standard.

$\text{Other}_{F-1 \text{ adj}}$ is the change in the relevant Variable figure as at the Year End Date of the F-1 Accounts that is not due to the impact of the change in Accounting Standard.

Q_{F-1} is the relevant Variable figure stated in the Employer's F-1 Accounts as at the Year End Date of the F-1 Accounts.

$Q_{F-1 \text{ adj}}$ is the relevant Variable figure stated in the Employer's F Accounts as at the Year End Date of the F-1 Accounts.

Q_N is the relevant Variable figure stated in the Employer's N Accounts as at the Year End Date of the N Accounts.

Q_{N-3} is the relevant Variable figure stated in the Employer's N-3 Accounts as at the Year End Date of the N-3 Accounts.

Where the value of $(Q_{N-3} - C)$ is negative, that value shall be converted to its absolute (or modulus) value for the purposes of using it as the denominator to calculate the Change Variable.

References to an Employer in the above paragraph shall include an Ultimate Parent where that is the entity certified.

"F-1 Accounts" – means the set of Accounts having a Year End Date that is one calendar year before the Year End Date of the Employer, or Ultimate Parent's (as the case may be) F Accounts.

"F Accounts" – means a set of an Employer, or Ultimate Parent's Accounts in which a change in Accounting Standard is reflected for the first time in respect of that Employer or Ultimate Parent (as the case may be).

"N Accounts" – means the Employer or Ultimate Parent's (as the case may be) Latest Accounts.

3.12. Capital

- (1) This paragraph 3.12 applies for the purposes of calculating the Return on Capital Variable.
- (2) Where this paragraph applies, in the event that the figures in the Accounts which are to be used as inputs to the calculation of the Variable Value (as set out in Table 1) are both negative, the figure used as the denominator of the fraction to calculate the relevant Variable Value shall be converted to its absolute (or modulus) value for the purposes of using it as the denominator.

3.13. Employers and Dormant Subsidiaries: from Consolidated Accounts to non-Consolidated Accounts

Where D&B has, by the Measurement Time, received a written statement from the Employer,

- (1) which confirms that in relation to the N-3 Accounts relating to the Employer, all the Employer's Subsidiaries were Dormant at the effective date of the N-3 Accounts;
- (2) which confirms that the Change Variables in the Employer's N-3 Accounts (being Consolidated Accounts):

- (a) report an identical value on a consolidated and non-consolidated basis and relevant extracts of the N-3 Accounts are provided (for example, with the relevant figures highlighted); or
 - (b) paragraph (a) above does not apply because the non-consolidated information is not reported in the N-3 Accounts, but instead the Employer's auditor has provided written confirmation that the values on a consolidated and non-consolidated basis were identical at the effective date of the N-3 Accounts (and that confirmation is appended to the Employer's written statement); and
- (3) which complies with any guidance issued by the Board from time in relation to this matter,

then paragraph 3.10(3)(a) above shall apply.

Part 4: Monthly Score Methodology

Once data has been applied to the relevant Scorecard and the Variable Values calculated in accordance with Parts 2 and 3 of this Appendix, the Monthly Score is calculated by applying the following processes:

Scoring Methodology A

4.1. This methodology for calculating Monthly Scores for Employers categorised on the following Scorecards:

- (1) Scorecard 1 – Non-Subsidiaries £30m+ and Large Subsidiaries;
- (2) Scorecard 2 – Non-Subsidiaries <£30m;
- (3) Scorecard 3 – Group £50m+;
- (4) Scorecard 4 – Group £10m to £50m;
- (5) Scorecard 5 – Group < £10m;
- (6) Scorecard 6 – Group Small;
- (7) Scorecard 7 – Independent Small; and
- (8) Scorecard 8 – Not For Profit.

4.2. Subject to paragraph 4.3, the Adjusted Variable Value is calculated for each Variable within the Scorecard by using the following formula:

Adjusted Variable Value = Coefficient x Variable Value, where:

“Coefficient” is the number which appears in the Coefficient column of the Scorecard for the relevant Variable; and

“Variable Value” is the value of that Variable for the Employer in question, calculated in accordance with Parts 2 and 3 of this Appendix.

4.3. The Adjusted Variable Values are summed together with the Intercept which appears in the relevant Scorecard table. For the avoidance of doubt, for Scorecards 3, 4 and 5, the Adjusted Variable Values of all of the Variables in both the General Variable table and the Group Variable table for the relevant Scorecard (as set out in Part 2) are summed together with the Intercept which appears in the relevant Scorecard table.

4.4. An algorithm is applied to transform the sum of the Adjusted Variable Values and the Intercept, as follows:

$e^x/(1+e^x)$, where:

X is the sum of the Adjusted Variable Values and the Intercept; and

"e" is "Euler's number", a mathematical constant.

4.5. The result of the calculation in paragraph 4.4 is the Monthly Score.

Scoring Methodology B

4.6. For Employers categorised on Scorecard 9 – Credit Rated, the Monthly Score shall be the Monthly Score attributed in Table 3 below to the CRA Rating for that Employer.

Table 3

CRA Rating/Letter Grade Score	Monthly Score	CRA Rating/Letter Grade Score	Monthly Score
AAA/Aaa	0.0002%	BB/Ba2	0.2788%
AA+/Aa1	0.0020%	BB-/Ba3	0.4922%
AA/Aa2	0.0031%	B+/B1	0.8750%
AA-/Aa3	0.0106%	B/B2	1.5302%
A+/A1	0.0165%	B-/B3	2.7007%
A/A2	0.0167%	CCC+/Caa1	4.2786%
A-/A3	0.0258%	CCC/Caa2	7.7381%
BBB+/Baa1	0.0433%	CCC-/Caa3	14.4170%
BBB/Baa2	0.0546%	CC	31.2570%
BBB-/Baa3	0.1113%	C	29.9233%
BB+/Ba1	0.1880%	D/Ca-C/SD/R	42.1400%

General

4.7. In calculating the Monthly Score pursuant to this Part 4, figures will not be rounded.

Part 5: Adjustments

The following adjustments will be applied to any Monthly Scores calculated by D&B to produce the Adjusted Monthly Score, PROVIDED THAT, where the data collected pursuant to Rule E2 are insufficient to allow D&B to independently verify that these adjustments should be made, no such adjustments will be made.

- 5.1. This paragraph applies in the case of any Employer or, as the case may be, Ultimate Parent, where, as at the Measurement Time:
- (1) it has already suffered an insolvency event for the purposes of section 121 of the Act; or
 - (2) it is already the subject of another insolvency procedure or another procedure analogous to an insolvency event under section 121 of the Act in a non-UK jurisdiction including, without limitation, proceedings under Chapter 7 or 11 of the United States Bankruptcy Code.

In a case to which this paragraph applies, each Monthly Score shall be adjusted so that it is 100%.

- 5.2. Where Revised Accounts are Filed on or before 28 February 2021, each Monthly Score used to calculate the 2021/22 levy shall be adjusted to what it would have been if the Revised Accounts had been Filed at the time when the set of Accounts that is revised was Filed. For example, if Revised Accounts are Filed on 28 February 2021 for a set of Accounts originally Filed on 31 December 2020, Monthly Scores will reflect the figures in the Revised Accounts on and after 31 December 2020.

Where Revised Accounts are submitted after 28 February 2021, Monthly Scores for the 2021/22 levy year may be adjusted in accordance with any policy or principles stated by the Board in respect of corrections of data.

- 5.3. Each Monthly Score shall be adjusted to what it would have been if any statement received by D&B pursuant to paragraph 3.9(2) or paragraph 3.9(4) of this Appendix had been received at the date when the Latest Accounts of the Employer, Group Subsidiary or Ultimate Parent in question were filed or otherwise collected by D&B.
- 5.4. Where an Accounting Standard Change Certificate has been received in respect of an Employer, Group Subsidiary or Ultimate Parent, each Monthly Score shall be adjusted in accordance with paragraph 3.11 of this Appendix.
- 5.5. The Board may specify the form and required timings for provision of a certification (the “**GMP Equalisation Certification**”) to demonstrate the following elements:
- (1) that the Accounts of an Employer, Group Subsidiary, or Ultimate Parent contain an amount representing the additional pension liabilities arising from GMP Equalisation (the “**GMP Equalisation Amount**”); and

- (2) that the GMP Equalisation Amount is the sole factor that would cause the reported pre-tax profit data used in any of the variable calculations set out below to be represented as a loss where reported pre-tax profit would otherwise have been represented as a profit:
 - (a) Scorecard 1 – Log Pre-Tax Profit
 - (b) Scorecard 2 – Log Pre-Tax Profit
 - (c) Scorecard 3 – Pre-Tax Margin
 - (d) Scorecard 4 – Pre-Tax Profit
 - (e) Scorecard 5 – Return on Capital
 - (f) Scorecard 8 – Log Pre-Tax Profit ; and
- (3) in the absence of any adjustment under paragraph 5.6, the impact of the GMP Equalisation Amount alone would result in the Employer, Group Subsidiary, or Ultimate Parent’s Mean Score being associated with a Levy Band with a lower Levy Rate than if the adjustment under paragraph 5.6 were to be applied.

5.6. Where a GMP Equalisation Certificate is duly received that demonstrates the elements set out in paragraph 5.5 above to the Board’s satisfaction, the GMP Equalisation Amount will be disregarded when calculating any Monthly Score in respect of the Employer, Group Subsidiary, or Ultimate Parent to whom the GMP Equalisation Certificate applies.

5.7. For the purposes of paragraphs 5.5 and 5.6 above:

- (1) **“GMP”** means the minimum pension that a scheme is legally obliged to provide to relevant members in respect of service accrued whilst their employment was contracted out of the State Earnings Related Pension Scheme between 6 April 1978 and 5 April 1997.
- (2) **“GMP Equalisation”** means the calculation and determination of the benefit entitlement of members of a scheme derived from their GMP, the outcome of which is intended to ensure that the scheme has complied with its legal requirement to provide equal benefits for male and female members.

Part 6: Calculation Principles

- 6.1. Unless otherwise specified in the Rules or in this Appendix, the Board shall round all figures representing a measure of insolvency risk to six decimal places (that is, to four decimal places when expressed as a percentage) at each stage of the calculation. Without limitation, this shall apply to (i) all figures derived by taking the average of LRs and to (ii) the product of the weighted LRs and a scaling factor based on Scheme structure in accordance with Rule E6.
- 6.2. Where an Employer has become an Employer in respect of a Scheme part way through the Levy Year immediately preceding the 2021/22 Levy Year, Rule E5.1 applies notwithstanding that the Employer was not an Employer in respect of the Scheme in question for some or all of the Score Measurement Dates during the 6-month period immediately preceding the start of the 2021/22 Levy Year.
- 6.3. Where an Employer in respect of a Scheme has come into existence as an entirely new entity part way through a Levy Year, the Mean Score which applies to the Employer shall be the value constituting the mean average of the Adjusted Monthly Scores that D&B informs the Board had been assigned to that Employer at each Score Measurement Date for which the Employer was in existence, provided that if a Monthly Score is not available as at each such Score Measurement Date, the Mean Score shall be the mean average of the Adjusted Monthly Scores derived from the Monthly Scores that are available.
- 6.4. For the purposes of Rule E5.4 and E5.5:
 - (1) Medians shall be based on a set of Levy Rate data that is supplied by D&B to the Board for the purposes of calculating the Levies in the 2021/22 Levy Year and that is designated by the Board (by reference to the date of its provision) as the appropriate data set for the purposes of this paragraph 6.4.
 - (2) The Board may revise its designation of any data set for the purposes of this paragraph 6.4, in respect of any Median, if in the opinion of the Board it would be appropriate to do so in order to ensure that the calculation of the Levies is prudent and reasonably practicable for the Board and best gives effect to the general approach laid down by the Levy Rules.
- 6.5. The Board may instruct D&B to exclude specified classes of Score which it regards as unrepresentative when calculating the relevant Medians.
- 6.6. For the avoidance of doubt, in determining such Medians D&B shall not include any Employer to which a Scheme average LR has been applied in accordance with Rule E5.3.
- 6.7. For the purposes of Rule E5.3, where the mean average LR falls between two Levy Bands, the mean average is that point at which the average falls notwithstanding that this mean average would not correspond with a LR contained within Table 4 of Part 7 of this Appendix.

- 6.8. For the purposes of Rule E5.4 and E5.5, where the Median LR falls between two Levy Bands, the Median is the mid-point between those two Levy Bands notwithstanding that this Median would not correspond with a LR contained within Table 4 of Part 7 of this Appendix.

Part 7: Levy Rate Table

Table 4: Levy Bands and Levy Rates calculated by reference to Minimum and Maximum Mean Scores.

Minimum Mean Score	Maximum Mean Score	Levy Band	Levy Rate (LR)
0.000%	<0.030%	1	0.28%
0.030%	<0.049%	2	0.31%
0.049%	<0.086%	3	0.35%
0.086%	<0.143%	4	0.40%
0.143%	<0.243%	5	0.53%
0.243%	<0.488%	6	0.81%
0.488%	<1.049%	7	1.26%
1.049%	<1.595%	8	1.76%
1.595%	<2.986%	9	2.39%
2.986%	100.000%	10	3.83%

ANNEX I: ASSIGNMENT OF CRA RATINGS

1. Scope

1.1. This Annex applies to Employers which meet the criteria for the CRA Rated category under Rule E3.1(9) of the Levy Rules.

2. Assignment of CRA Ratings

2.1. For the purposes of the Determination, the CRA Rating in respect of an Employer shall be assessed by reference to the S&P Rating, Moody's Rating and Fitch Rating for that Employer, as defined below.

2.2. Where the Employer –

(1) has been assigned only one rating, the Employer's CRA Rating shall be that rating;

(2) has been assigned more than one rating, the Employer's CRA Rating shall be the second most favourable rating.

3. S&P Global Ratings

3.1. The S&P Rating for the Employer shall be:

(1) If S&P has made publicly available a global long-term senior unsecured and unsupported senior debt rating in respect of the Employer, that rating; else,

(2) If S&P has made publicly available a global long-term insurer financial strength rating in respect of the Employer, the rating one notch below the published rating; else,

(3) If S&P has made publicly available a global long-term issuer credit rating in respect of the Employer, that rating; else,

(4) The Employer shall not be assigned an S&P Rating.

4. Moody's Investor Services

4.1. The Moody's Rating for the Employer shall be:

(1) If Moody's has made publicly available a global long-term senior unsecured and unsupported senior debt rating in respect of the Employer, that rating; else,

(2) If Moody's has made publicly available a global long-term insurer financial strength rating in respect of the Employer, the rating one notch below the published rating; else,

(3) If Moody's has made publicly available a global long-term issuer credit rating in respect of the Employer, that rating; else,

- (4) If Moody's has made publicly available a global corporate family rating in respect of the Employer, that rating; else,
- (5) The Employer shall not be assigned a Moody's Rating.

5. Fitch Ratings

5.1. The Fitch Rating for the Employer shall be:

- (1) If Fitch has made publicly available an international long-term senior unsecured and unsupported senior debt rating in respect of the Employer, that rating; else,
- (2) If Fitch has made publicly available an international long-term insurer financial strength rating in respect of the Employer, the rating one notch below the published rating; else,
- (3) If Fitch has made publicly available an international long-term issuer credit rating in respect of the Employer, that rating; else,
- (4) The Employer shall not be assigned a Fitch Rating.