

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

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KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

TRUSTEES AND ADVISERS

Principal Employer

Kelly Services (UK) Limited
Apple Market House
17 Union Street
Kingston-upon-Thames
KT1 1RR

Trustees

N Douglas (appointed 24 May 2023)
H Hashmi (resigned 9 March 2023)
C McKinnon (Member-Nominated)
M Old (resigned 9 March 2023)
M Russo (resigned 24 May 2023)
C Saunders (appointed 24 May 2023)

Secretary to the Trustees

Georgina Birch
Kelly Services (UK) Limited

Consultants and Actuaries

Mercer Limited

Plan Actuary

Michael Knott FFA
Mercer Limited

Plan Administrators

Mercer Limited

Independent Auditor

KPMG LLP

Investment Consultants

Mercer Limited

Investment Manager

Mobius Life Limited

Bankers

The Royal Bank of Scotland

Legal Advisers

Stephenson Harwood LLP

Address for enquiries

Georgina Birch
Kelly Services (UK) Limited
Apple Market House
17 Union Street
Kingston-upon-Thames
KT1 1RR

Email: edinburgh-ops@mercero.com

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

TRUSTEES' REPORT

The Trustees of the Kelly Services (UK) Limited Benefits Plan (the Plan) are pleased to present the Trustees' Report and audited financial statements for the year ended 31 March 2023. The financial statements have been prepared and audited in accordance with the Regulations made under sections 41(1) and (6) of the Pensions Act 1995.

The report sets out how the Plan is run, how the assets are invested, and the financial activity of the Plan in the year to 31 March 2023.

The Plan was established on 3 June 1981 and is governed by the Consolidating Definitive Trust Deed and Rules dated 24 February 2015.

The Plan is a registered pension scheme for tax purposes. It is therefore exempt from UK income and capital gains taxes.

The Plan is a hybrid occupational pension scheme consisting of a Defined Benefit Section, which provides benefits based on a member's salary, and a Defined Contribution Section, which provides benefits based on a member's accumulated fund.

In December 2015 the Trustees of the Plan decided that the DC Section and AVC pension savings should be discharged and transferred out of the Plan. The decision was made against the background of changing pension legislation for trust-based pension schemes as well as for individuals themselves with the introduction of new pension flexibilities on retirement. Members were given the option to either transfer their pension savings to the Friends Life Master Trust or assign their AVCs to an individual policy with Prudential (the default option) or to transfer to their own pension arrangement. In 2017 all purely DC members, with the exception of a small group of DC members who have protected tax free cash, were transferred out. The remaining DC members are members with a GMP underpin applying to their benefits that could not, therefore, be included within the exercise.

Changes to the Plan

There were no changes to the contribution or benefit structure of the Plan during the year ended 31 March 2023.

Benefit Structure

Defined Benefit Section

- **3 June 1981 to 1 April 1993 (Purely defined benefit)**

For service in this period benefits are payable to members based on length of service and their average salary prior to retirement. These benefits are funded by all of the investments not currently allocated to members. There are a small number of members remaining in this category.

- **1 April 1993 to 5 April 1997 (Defined contribution with GMP underpin)**

For service in this period contribution for each member are invested until retirement when the accumulated value of each member's investment account is available to purchase benefits. When the benefits are purchased there is a guarantee of the minimum pension a member has accrued (Guarantee Minimum Pension).

The accumulated contributions paid up to 5 April 1997 remain in the Plan and are allocated to members.

Defined Contribution Section

- **6 April 1997 to 31 March 2004 (Purely defined contribution)**

For service in this period the method of calculating benefits remained as it was in the period from 1 April 1993 to 5 April 1997 (as described above) except that there was no longer a Guaranteed Minimum Pension when benefits were purchased.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

TRUSTEES' REPORT (CONTINUED)

Defined Contribution Section (Continued)

The accumulated contributions paid to this Section remain in the Plan and are allocated to members.

As explained within the changes made to the Plan enumerated on page 2, as a result of review of the pension scheme arrangements, the employer decided to change the pension provision for Defined Contribution members from 1 April 2004 and, therefore, contributions to the Defined Contribution Section ceased in March 2004. From this date, both employer and member contributions have been paid to alternative pension arrangements.

Appointment and Removal of Trustees

Under the Trust Deed and Rules of the Plan, Trustees are appointed and may be removed by the Principal Employer ("Company").

At least one third of the Trustees are nominated by Plan members. The Trustees are aware of the Member-Nominated Trustee Regulations 2006 and are responsible for determining the nomination and selection process within the terms of this legislation and the Pension Regulator's Code of Practice.

The Trustees who served during the Plan year are listed on page 1, along with the changes since the last report.

During the year the Trustees met on 2 occasions.

Membership

Details of the membership of the Plan as at 31 March 2023 are given below:

MEMBERS WITH DEFERRED BENEFITS

Opening balance	186
Transfers out	(2)
Deaths	(1)

MEMBERS WITH DEFERRED BENEFITS AT THE END OF THE YEAR	183
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PENSIONERS

Opening balance	9
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PENSIONERS AT THE END OF THE YEAR	9
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TOTAL MEMBERSHIP	192
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Members with deferred benefits above as at 31 March 2023 are made up of 6 purely Defined Benefit members (2022: 6), and 177 Defined Contribution members with GMP underpin (2022: 180).

Financial development of the Plan

The Fund Account on page 16 shows that the net additions arising from dealings with members for the year were £51,840 (2022: £104,908). The net return on the Plan's investments for the year was a loss of £495,885 (2022: gain of £135,018). The total net movement in the Plan's assets for the year was a decrease of £444,045 (2022: increase of £239,926), giving net assets of the Plan at the year end of £4,234,122 (2022: £4,678,167).

The fall in the size of the Plan's investments was broadly due to the impact of the adverse market conditions triggered by the mini budget in September 2022. The valuation of investments had not bounced back at year end.

Further details of the financial developments of the Plan may be found in the audited financial statements on pages 16 to 27.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

TRUSTEES' REPORT (CONTINUED)

Actuarial Review

The financial statements set out on pages 16 to 27 do not take into account the liabilities to provide pension benefits which fall due after the year end. These liabilities are considered by the Plan Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Plan and the level of contributions payable.

The most recent triennial valuation was carried out at 31 March 2021.

The formal actuarial certificate required by statute to be included in this Annual Report from the Plan Actuary appears on page 31. In addition, as required by FRS 102, the Trustees have included the Report on Actuarial Liabilities on pages 28 and 29, which forms part of the Trustees' Report.

Contributions

In accordance with the Recovery Plan agreed in July 2022 following the completion of the 2021 actuarial valuation and the Schedule of Contributions certified by the Scheme Actuary on 20 July 2022, annual contributions of £300,000 are payable annually in arrears from 1 April 2022 to 31 March 2031, with a reduced contribution of £170,000 payable in the final year.

In addition, annual contributions of £130,000 are payable to reimburse levies to the Pension Protection Fund, management and administration expenses paid from the Plan in the previous year. These contributions are payable by 30 June each year.

Pension Increases

Pension increases are applied on 6 April each year, with the first increase being proportional.

The pension benefits in excess of the GMP in respect of membership from 5 April 1988 escalate in the course of payment at the rate of 3% per annum or the Consumer Price Index if less.

The Plan rules allow the Trustees, at their discretion, to further increase pensions after they have become payable. There were no discretionary increases awarded during the year.

Deferred pensions were subject to increases in line with statutory regulations governing preservation.

Transfer Values – Defined Benefit Section

Any transfer values paid to other pension plans or credits given in respect of transfer values received from other pension plans are calculated and verified by the Plan's Actuary or calculated in accordance with instructions prepared by him, in accordance with statutory regulations.

The cash equivalent transfer values would have been reduced to reflect the actuarial position of the Plan on the "Trustees' Cash Equivalent Transfer Value basis". Therefore, transfer payments will be made at less than the full cash equivalent until the Plan's funding position is reviewed again.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

TRUSTEES' REPORT (CONTINUED)

GMP Equalisation

On 26 October 2018, the judgment handed down in the case of Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others determined that members' Guaranteed Minimum Pension (GMP) benefits should be equalised between men and women. Following on from the original judgment, a further High Court ruling on 20 November 2020 has provided clarification on the obligations for trustees. This judgment focused on the GMP treatment of historic transfers out of members' benefits, an issue that had not been addressed in the 2018 GMP ruling. Under this ruling, trustees are required to review historic transfer values paid from May 1990 to assess if any top up payment is required to be paid to the receiving scheme, to reflect members' rights to equalised GMP benefits.

No provision has been included in the financial statements at this stage, as any increases in benefits in respect of past service are expected to be immaterial, but any additional liabilities identified on completion of the review will be included in future financial statements.

Investment Management

The day-to-day management of the investments has been delegated by the Trustees to the investment manager as shown on page 1.

The remuneration of the investment manager is reflected in the calculation of unit prices.

The investments on the Mobius Life platform are not held in the name of the Plan but are part of a designated portfolio held on behalf of the Plan. The securities underlying the units in the pooled investment vehicles are held and recorded by custodians appointed by the individual investment managers.

A Statement of Investment Principles has been produced as required by Section 35 of the Pensions Act 1995, and is available on request from the Trustees at the address shown on page 1 of this report or online at [Kelly Services SIP August 2020.pdf \(cdn-website.com\)](#). A copy of the most recent SIP, signed September 2020, is included in Appendix 1 to the financial statements.

The Trustees believe that Environmental, Social and Corporate Governance ("ESG") issues may have a material impact on investment risk and return outcomes, thereby affecting the performance of investment portfolios and should therefore be considered as part of the Plan's investment process.

The Trustees have delegated responsibility for the selection, retention and realisation of investments to the investment managers. The Trustees' policy is that the extent to which ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, are taken into account in these decisions is left to the discretion of the investment managers. However, the investment managers who are registered with the FCA are expected to act in accordance with their own corporate governance policies and current best practice, as well as comply with the UK Corporate Governance Code and UK Stewardship Code, including public disclosure of compliance via an external website.

The Trustees will continue to review the available products and approaches in this space and strive for the Plan to continue to deliver strong risk-adjusted returns, incorporating responsible investments principles into the process, where possible.

Member views on non-financial matters are not taken into account in the selection, retention and realisation of investments. Nevertheless, the Trustees believe that they have a good understanding of membership demographics, behaviours and preferences and strive to provide a fund range that meets both financial and non-financially relevant member needs.

The Trustees believe that good stewardship can create and preserve value for companies and markets as a whole and can therefore enhance long-term portfolio performance and is therefore in the best interests of the Plan's beneficiaries and aligned with fiduciary duty.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

TRUSTEES' REPORT (CONTINUED)

Investment Management (Continued)

The Trustees are supportive of the UK Stewardship Code published by the Financial Reporting Council and encourage the Plan's underlying managers who are regulated by the Financial Conduct Authority to comply with the UK Stewardship Code. Such managers are expected to report on their adherence to the Code on an annual basis. For managers that choose not to comply with any of the principles in the UK Stewardship Code, or not to follow the guidance at all, the Trustees will request a clear rationale from the managers on their alternative approach to stewardship.

As the Plan invests in pooled funds via an investment platform, the Trustees' scope to vote on the Plan's shares directly is currently limited. The Trustees have therefore concluded that the decision on how to exercise voting rights should be left with the underlying investment managers who will exercise these rights in accordance with their respective published corporate governance policies. These policies take into account the financial interests of shareholders and should be for the members' benefit.

The Trustees request annual reports on the voting undertaken by the Plan's underlying investment managers during the period and review the voting to ensure it remains broadly consistent with the Trustees' view of good stewardship standards.

The Trustee's Annual Implementation Statement, (which forms part of the Trustees' Report) sets out voting and engagement information undertaken by the Plan's investment managers for the year ending 31 March 2023, and is included on pages 34 to 51 of the financial statements.

Trustee's Policies with Respect to Arrangements with Asset Managers

The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The fund range and default investment strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment strategy or general fund range.

Investment managers are appointed by based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

The Plan only invests in pooled investment vehicles. The Trustees therefore accept that they cannot specify the risk profile and return targets of the manager, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

The underlying investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Plan. Where possible, discounts are negotiated by with the underlying managers on their standard charges and the Plan benefits directly from these discounts.

None of the underlying managers in which the Plan's assets are invested have performance-based fees which could encourage the manager to make short term investment decisions to hit their profit targets.

The Trustees therefore consider that the method of remunerating fund managers is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustees accept that they cannot influence the charging structure of the pooled funds in which the Plan is invested but are satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund's stated characteristics. The Trustees are therefore satisfied that this is the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustees' policies as set out in the SIP.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN
YEAR ENDED 31 MARCH 2023

TRUSTEES' REPORT (CONTINUED)

Internal Dispute Resolution (IDR) Procedure

The Trustees have adopted a dispute resolution procedure, a copy of which can be provided on request to the Plan administrator.

Any member or beneficiary with a complaint against the Scheme or a query about their pension entitlement which they consider has not been satisfactorily addressed can use the "Internal Disputes Resolution Procedure" or, alternatively, they can obtain free advice through The Money and Pensions Service (MaPS) who can be reached at Holborn Centre, 120 Holborn, London, EC1N 2TD. If a member has a complaint which MaPS is unable to resolve then they can ask for a ruling from the Pensions Ombudsman who can be reached at 10 South Colonnade, Canary Wharf, London, E14 4PU.

Further Information

Members are entitled to inspect copies of documents giving information about the Plan. In some circumstances copies of documents can be provided, but a charge may be made for copies of the trust documents (Deed and Rules) and of the Actuary's report.

Any query about the Plan, including requests from individuals for information about their benefits, should be addressed to:

The Trustees of the Kelly Services (UK) Limited Benefits Plan


C/o Mercer Limited
Maclaren House, Talbot Road
Stretford, Manchester, M32 0FP

This report, including the Investment Report, Members' Information and the Implementation Statement, was approved by the Trustees on


31 October 2023

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and signed on their behalf by

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Trustee

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.....531F79C7F79C4C8.....

Trustee

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

- a true and fair view of the financial transactions of the Plan during the Plan period and of the amount and disposition at the end of the Plan period of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan period; and
- contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for:

- assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up the Plan, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustees' annual report, information about the Plan prescribed by pensions legislation, which they should ensure is fair and impartial.

The Trustees are responsible under pension legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records of contributions received in respect of any active member of the Plan and for monitoring that contributions are made to the Plan in accordance with the Schedule.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Plan and financial information included on the Plan's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

INVESTMENT REPORT

Investment Report

The funds held at the year-end were as follows:

	31 March 2023		31 March 2022	
	£	%	£	%
Defined Benefit Section	3,398,433	91.4	3,866,179	91.1
Defined Contribution Section	318,195	8.6	378,468	8.9
Plan Total	3,716,628	100.0	4,244,647	100.0

Underlying Fund Valuation at 31 March 2023

	31 March 2023		31 March 2022	
	£	%	£	%
Aquila Connect 50/50 Global Equity Index Fund	2,074,946	55.8	2,475,816	58.3
Aquila Connect Over 15 Years Gilt Index Fund	1,072,084	28.9	1,096,290	25.8
Aquila Connect Over 15 Years Corporate Bond Fund	185,758	5.0	239,117	5.6
Aquila Connect Over 5 Years Index-Linked Gilt Fund	149,708	4.0	211,761	5.0
Aquila Connect (40:60) Global Equity Fund	9,275	0.2	9,441	0.2
Aquila Connect UK Equity Fund	2,328	0.1	2,311	0.1
Aquila Connect World (ex-UK) Equity Fund	4,058	0.1	4,254	0.1
L&G Sterling Liquidity Fund	218,471	5.9	205,657	4.8
	3,716,628	100.0	4,244,647	100.0

Performance

The performance statistics quoted by Mobius Life Limited for the year ended 31 March 2023 are as follows:

Fund	1 Year %	3 Years % p.a.	5 Years % p.a.
Aquila Connect 50/50 Global Equity Index Fund	2.4	14.6	7.0
Aquila Connect Over 15 Years Gilt Index Fund	-30.5	-16.6	-6.5
Aquila Connect Over 15 Years Corporate Bond Fund	-23.2	-8.4	-3.5
Aquila Connect Over 5 Years Index-Linked Gilt Fund	-30.4	-9.2	-4.1
Aquila Connect (40:60) Global Equity Fund	0.8	15.8	9.0
Aquila Connect UK Equity Fund	2.5	13.4	4.8
Aquila Connect World (ex-UK) Equity Fund	-1.2	16.6	11.2
L&G Sterling Liquidity Fund	2.3	0.9	0.8

Note: Returns are gross of fees.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN
YEAR ENDED 31 MARCH 2023

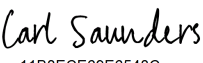
SUMMARY OF CONTRIBUTIONS


Trustees' Summary of Contributions payable under the Schedules of Contributions in respect of the Plan year ended 31 March 2023

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustees. It sets out the contributions payable to the Plan under the Schedules of Contributions certified by the Plan Actuary on 28 June 2019 and 20 July 2022.

Contributions payable under the Schedules in respect of the Plan year	£
Employer: Deficit funding contributions	300,000
Total contributions payable under the Schedules and reported in the financial statements (as reported on by the Plan auditor)	300,000

31 October 2023
Signed on behalf of the Trustees on

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Trustee

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Trustee

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE KELLY SERVICES (UK) LIMITED BENEFITS PLAN

Statement about contributions

We have examined the Summary of Contributions payable under the Schedules of Contributions to the Kelly Services (UK) Limited Benefits Plan in respect of the Plan year ended 31 March 2023 which is set out on page 10.

In our opinion contributions for the Plan year ended 31 March 2023 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects from 1 April 2022 to 19 July 2022 been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 28 June 2019 and subsequently been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 20 July 2022.

Scope of work

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions 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 Plan and the timing of those payments under the Schedules of Contributions.


Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, the Plan's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan. The Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan 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 to the Plan and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Plan's Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Plan's Trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustees as a body, for our work, for this statement, or for the opinions we have formed.

DocuSigned by:

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Iryndee Kaur-Delay

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

31 October 2023

Date:

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE KELLY SERVICES (UK) LIMITED BENEFITS PLAN

Opinion

We have audited the financial statements of Kelly Services (UK) Limited Benefits Plan ("the Plan") for the year ended 31 March 2023 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year ended 31 March 2023 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 Plan year.
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Plan in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustees have prepared the financial statements on the going concern basis as they do not intend to wind up the Plan, and as they have concluded that the Plan's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustees' conclusions, we considered the inherent risks to the Plan and analysed how those risks might affect the Plan's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified and concur with the Trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Plan will continue in operation.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE KELLY SERVICES (UK) LIMITED BENEFITS PLAN (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustees, as to the Plan's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustees' minutes.

We remained alert to any indications of fraud throughout the audit.

As required by auditing standards, our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Trustees or Plan administrator may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension Plan relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustees; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and unusual entries to cash.
- Evaluated the business purpose of significant unusual transactions

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustees and Plan administrator (as required by auditing standards) and discussed with the Trustees and Plan administrator the policies and procedures regarding compliance with laws and regulations.

As the Plan is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Plan's procedures for complying with regulatory requirements and reading the minutes of Trustees' meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Plan is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Plan is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE KELLY SERVICES (UK) LIMITED BENEFITS PLAN (CONTINUED)

litigation, or the loss of the Plan's registration. We identified the following areas as those most likely to have such an effect: pensions legislation data protection legislation, and, recognising the financial and regulated nature of the Plan's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and their delegates and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of Contributions in our statement about contributions on page 11 of the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustees are responsible for the other information, which comprises the Trustees' report (including the Report on Actuarial Liabilities, Implementation Statement, Chair's Statement Regarding DC Governance and the Summary of Contributions), and the actuarial certification of the Schedule of Contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustees' responsibilities

As explained more fully in their statement set out on page 8, the Plan Trustees are responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to wind up the Plan, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.


KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE KELLY SERVICES (UK) LIMITED BENEFITS PLAN (CONTINUED)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Plan Trustees, 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 Plan Trustees 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 Plan Trustees, as a body for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Iryndee Kaur-Delay

31 October 2023

Date:

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

	Note	DB Section 2023 £	DC Section 2023 £	Total 2023 £	DB Section 2022 £	DC Section 2022 £	Total 2022 £
CONTRIBUTIONS AND BENEFITS							
Employer contributions	4	300,000	-	300,000	286,267	-	286,267
		300,000	-	300,000	286,267	-	286,267
BENEFITS							
Benefits paid or payable	5	(16,252)	-	(16,252)	(43,324)	-	(43,324)
Payments to and on account of leavers	6	(28,361)	-	(28,361)	(25,263)	-	(25,263)
Administrative expenses	7	(203,546)	-	(203,546)	(112,772)	-	(112,772)
		(248,159)	-	(248,159)	(181,359)	-	(181,359)
NET ADDITIONS FROM DEALINGS WITH MEMBERS		51,841	-	51,841	104,908	-	104,908
INVESTMENT RETURNS							
Investment income	8	310	-	310	4	-	-
Change in market value of investments	9.1	(439,633)	(56,563)	(496,196)	132,189	2,825	135,014
NET RETURNS ON INVESTMENTS		(439,323)	(56,563)	(495,886)	132,193	2,825	135,018
NET (DECREASE)/ INCREASE IN THE FUND DURING THE YEAR		(387,482)	(56,563)	(444,045)	237,101	2,825	239,926
TRANSFER BETWEEN SECTIONS	11	12,927	(12,927)	-	-	-	-
NET ASSETS OF THE PLAN AT 1 APRIL		4,290,482	387,685	4,678,167	4,053,381	384,860	4,438,241
NET ASSETS OF THE PLAN AT 31 MARCH		3,915,927	318,195	4,234,122	4,290,482	387,685	4,678,167

The notes on pages 18 to 27 form an integral part of these financial statements.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AT 31 MARCH 2023


	Note	2023 £	2022 £
DEFINED BENEFIT SECTION			
INVESTMENT ASSETS			
Pooled investment vehicles	9.4	3,398,433	3,866,178
TOTAL DB SECTION INVESTMENTS		3,398,433	3,866,178
CURRENT ASSETS	12	593,810	478,210
CURRENT LIABILITIES	13	(76,316)	(53,906)
TOTAL NET ASSETS OF THE DB SECTION		3,915,927	4,290,482
DEFINED CONTRIBUTION SECTION			
INVESTMENT ASSETS			
Pooled investment vehicles	9.4	318,195	378,468
TOTAL DC SECTION INVESTMENTS		318,195	378,468
CURRENT ASSETS	14	-	102,209
CURRENT LIABILITIES	15	-	(92,992)
TOTAL NET ASSETS OF THE DC SECTION		318,195	387,685
TOTAL NET ASSETS AT 31 MARCH		4,234,122	4,678,167

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Defined Benefit Section of the Plan, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on pages 28 and 29 and these financial statements should be read in conjunction with that Report.


The notes on pages 18 to 27 form an integral part of these financial statements.

31 October 2023

These financial statements were approved by the Trustees on and were signed on their behalf by:

DocuSigned by:

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Trustee

DocuSigned by:

 531F79C7F79C4C8.....

Trustee

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The financial statements are prepared on a going concern basis, which the Trustees believe to be appropriate as they believe that the Plan has adequate resources to meet obligations as they fall due for at least the next 12 months from the approval of these financial statements.

2 IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Plan is established as a trust under English law. The address for enquiries to the Plan is included on page 1 of the Trustees' Report.

3 ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements.

3.1 Accruals concept

The financial statements have been prepared on an accruals basis.

3.2 Currency

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

3.3 Contributions

Employer contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions.

3.4 Payments to members

Pensions in payment are accounted for in the period to which they relate.

Benefits are accounted for in the period in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Individual transfers out of the Plan are accounted for when the member liability is discharged which is normally when the transfer amount is paid.

3.5 Expenses

Administrative expenses and investment expenses are accounted for on an accruals basis.

3.6 Investment income

Any income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicle and reflected in the unit price. It is reported within 'Change in market value'.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 ACCOUNTING POLICIES (CONTINUED)

3.7 Valuation of investments

Investments are included in the financial statements at fair value.

Units in pooled investment vehicles are stated at bid price as quoted by the investment manager at the year end.

Realised and unrealised gains and losses on investments are dealt with in the Fund Account for the year in which they arise.

4 CONTRIBUTIONS

	DB Section 2023 £	DC Section 2023 £	Total 2023 £
Employer's Contributions			
Deficit funding contributions	300,000	-	300,000
	300,000	-	300,000
	DB Section 2022 £	DC Section 2022 £	Total 2022 £
Employer's Contributions			
Deficit funding contributions	196,267	-	196,267
Contributions in respect of expenses	90,000	-	90,000
	286,267	-	286,267

In accordance with the Schedule of Contributions certified by the Plan Actuary on 28 June 2019, annual deficit contributions of £185,000, increasing by 3% per annum, were payable annually in arrears from 1 April 2019 to 31 March 2030. In addition, annual contributions of £90,000 were payable to meet the estimated cost of levies to the Pension Protection Fund, and management and administration expenses.

A new Recovery Plan was agreed in July 2022 following the completion of the 2021 actuarial valuation and a new Schedule of Contributions was certified by the Plan Actuary on 20 July 2022. Under this Schedule, annual contributions of £300,000 are payable annually in arrears from 1 April 2022 to 31 March 2031, with a reduced contribution of £170,000 payable in the final year. In addition, annual contributions of £130,000 are payable to reimburse levies to the Pension Protection Fund, management and administration expenses paid from the Scheme in the previous year. These contributions are payable by 30 June each year.

5 BENEFITS

	DB Section 2023 £	DC Section 2023 £	Total 2023 £
Pensions	16,252	-	16,252
	16,252	-	16,252

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 BENEFITS (CONTINUED)

	DB Section 2022 £	DC Section 2022 £	Total 2022 £
Pensions	11,852	-	11,852
Commutations and lump sums	31,472	-	31,472
	<u>43,324</u>	<u>-</u>	<u>43,324</u>

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	DB Section 2023 £	DC Section 2023 £	Total 2023 £
Individual transfers out to other plans	28,361	-	28,361
	<u>28,361</u>	<u>-</u>	<u>28,361</u>

	DB Section 2022 £	DC Section 2022 £	Total 2022 £
Individual transfers out to other plans	25,263	-	25,263
	<u>25,263</u>	<u>-</u>	<u>25,263</u>

7 ADMINISTRATIVE EXPENSES

	DB Section 2023 £	DC Section 2023 £	Total 2023 £
Administration and actuarial fees	175,419	-	175,419
Audit fees	17,200	-	17,200
Legal fees	9,121	-	9,121
Levies	1,806	-	1,806
	<u>203,546</u>	<u>-</u>	<u>203,546</u>

	DB Section 2022 £	DC Section 2022 £	Total 2022 £
Administration and actuarial fees	99,127	-	99,127
Audit fees	12,000	-	12,000
Levies	1,645	-	1,645
	<u>112,772</u>	<u>-</u>	<u>112,772</u>

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 INVESTMENT INCOME

	DB Section 2023 £	DC Section 2023 £	Total 2023 £
Interest on cash deposits	310	-	310
	310	-	310
	DB Section 2022 £	DC Section 2022 £	Total 2022 £
Interest on cash deposits	4	-	4
	4	-	4

9 INVESTMENTS

9.1 RECONCILIATION OF INVESTMENTS

Defined Benefit Section

	Value at 1 April 2022 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 March 2023 £
Pooled investment vehicles	3,866,178	412,451	(440,563)	(439,633)	3,398,433
	3,866,178	412,451	(440,563)	(439,633)	3,398,433

Defined Contribution Section

	Value at 1 April 2022 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 March 2023 £
Pooled investment vehicles	378,468	121,571	(125,281)	(56,563)	318,195
	378,468	121,571	(125,281)	(56,563)	318,195

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Any costs borne by the Plan in relation to investment transactions which are reflected through the unit prices are not separately identifiable and are also reflected through the change in market value.

All investment assets under the Defined Contribution Section are designated to members.

9.2 TRANSACTION COSTS

Transaction costs are borne by the Plan in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9.3 CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Plan's net assets at 31 March 2023:

	2023 £	2023 % of net assets	2022 £	2022 % of net assets
Aquila Connect 50/50 Global Equity Index Fund	2,074,946	49.0	2,475,817	52.9
Aquila Connect Over 15 Years Gilt Index Fund	1,072,084	25.3	1,096,290	23.4
Aquila Over 15 Years UK Corporate Bond Index	218,471	5.2	239,117	5.1

9.4 POOLED INVESTMENT VEHICLES

The Plan's investments in pooled investment vehicles at year end were:

	DB Section £	DC Section £	2023 £
Equity Funds	1,957,322	133,285	2,090,607
Bond Funds	1,261,069	146,481	1,407,550
Cash Funds	180,042	38,429	218,471
	<u>3,398,433</u>	<u>318,195</u>	<u>3,716,628</u>

	DB Section £	DC Section £	2022 £
Equity Funds	2,327,825	163,997	2,491,822
Bond Funds	1,364,741	182,426	1,547,167
Cash Funds	173,612	32,045	205,657
	<u>3,866,178</u>	<u>378,468</u>	<u>4,244,646</u>

9.5 FAIR VALUE HIERARCHY

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

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment dates.

Level 2 Inputs other than the quoted prices included within Level 1 that are observable (i.e. developed 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.

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

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9.5 FAIR VALUE HIERARCHY (CONTINUED)

The Plan's investment assets fall within the above hierarchy as follows:

	Level 1 £	Level 2 £	Level 3 £	2023 £
Defined Benefit Section				
Pooled investment vehicles	-	3,398,433	-	3,398,433
Defined Contribution Section				
Pooled investment vehicles	-	318,195	-	318,195
	-	3,716,628	-	3,716,628

	Level 1 £	Level 2 £	Level 3 £	2022 £
Defined Benefit Section				
Pooled investment vehicles	-	3,866,178	-	3,866,178
Defined Contribution				
Pooled investment vehicles	-	378,468	-	378,468
	-	4,244,646	-	4,244,646

9.6 INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

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 rate risk and other price risk.

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

The main investment objective for the Trustees of the Plan is to maintain a portfolio of suitable assets to meet, together with future contributions, the benefits payable under the Trust Deed and Rules as they fall due. The Plan has exposure to investment risks because of the investments it makes to implement its investment strategy as detailed in the most recent Statement of Investment Principles.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9.6 INVESTMENT RISKS

(i) Credit risk (Continued)

The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustees by regular reviews of the investment portfolios.

Further information on the Trustees' approach to risk management and the Plan's exposure to credit and market risks are set out below.

The Plan invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the investments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles. A summary of the pooled investment vehicles by type of arrangement is set out below.

	DB Section £	DC Section £	2023 £
Unit linked insurance contracts	3,398,433	318,195	3,716,628
	<u>3,398,433</u>	<u>318,195</u>	<u>3,716,628</u>
	DB Section £	DC Section £	2022 £
Unit linked insurance contracts	3,866,178	378,468	4,244,646
	<u>3,866,178</u>	<u>378,468</u>	<u>4,244,646</u>

The Plan's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Mobius Life carries out their own due diligence checks before a new pooled fund is invested in, and on an ongoing basis monitor any changes to the regulatory and operating environment of the underlying pooled investment managers.

Indirect credit risk arises in relation to underlying investments held in the corporate bond pooled investment vehicles. The Trustees manage the indirect credit risk of the Plan by investing in funds which hold a majority of investment grade credit rated investments.

At the year end the Plan was exposed to indirect credit risk via its holdings of corporate bond securities as follows:

	2023 £	2022 £
Defined Benefit Section	184,375	237,316
Defined Contribution Section	1,383	1,801
	<u>185,758</u>	<u>239,117</u>

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9.6 INVESTMENT RISKS (CONTINUED)

(ii) Currency risk

The Plan's assets are subject to indirect currency risk because some of the Plan's investments are held in overseas markets via pooled investment vehicles. The Trustees manage the currency risk of the Plan by investing in pooled funds which construct a diverse portfolio across various markets. In addition, currency exposure can act as a diversifier in times of stress. The Trustees do not currently have a currency hedging policy.

At the year end the Plan was exposed to indirect currency risk via its holdings in global equity pooled funds as follows:

	2023 £	2022 £
Defined Benefit Section	1,957,322	2,327,826
Defined Contribution Section	130,957	161,686
	<u>2,088,279</u>	<u>2,489,512</u>

(iii) Interest rate risk

The Plan's assets are subject to indirect interest rate risk through its gilt and corporate bond pooled investment vehicles. The Trustees manage the interest rate risk of the DB Section of the Plan by considering the net risk when taking account of how their liabilities are valued. The interest rate risk of the DC Section of the Plan is managed by the Trustees by considering the net risk of how annuities are valued and the expectation that members will want to convert a proportion of their investment into an annuity.

At the year end, the Plan was exposed to indirect interest rate risk via its holdings in gilts and corporate bond pooled investment vehicles as follows:

	2023 £	2022 £
Defined Benefit Section	1,261,069	1,364,741
Defined Contribution Section	146,481	182,427
	<u>1,407,550</u>	<u>1,547,168</u>

(iv) Other price risk

Other price risk arises principally in relation to the Plan's equity holdings in pooled investment vehicles, as well as the index linked Gilts due to the inflation sensitive elements of the Fund. The Plan manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

At the year end, the Plan's exposure to investments subject to indirect other price risk through its equity and index-linked gilt pooled investment vehicles was:

	2023 £	2022 £
Defined Benefit Section	2,105,676	2,537,649
Defined Contribution Section	134,639	165,934
	<u>2,240,315</u>	<u>2,703,583</u>

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 TAX

The Kelly Services (UK) Limited Benefits Plan is a registered pension scheme for tax purposes under the Finance Act 2004. The Plan is therefore exempt from income tax and capital gains tax except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate.

11 TRANSFERS BETWEEN SECTIONS

	DB Section 2023 £	DC Section 2023 £
DC benefits met from DB Section	9,217	(9,217)
Disinvestments in respect of DC Section charges	3,710	(3,710)
	<u>12,927</u>	<u>(12,927)</u>

12 CURRENT ASSETS – DB SECTION

	2023 £	2022 £
Bank balance	593,706	385,218
Transfer due from DC Section	-	92,992
Other debtors	104	-
	<u>593,810</u>	<u>478,210</u>

13 CURRENT LIABILITIES – DB SECTION

	2023 £	2022 £
Benefits payable	-	75
Accrued expenses	76,316	53,831
	<u>76,316</u>	<u>53,906</u>

14 CURRENT ASSETS – DC SECTION

	2023 £	2022 £
Bank balance	-	102,209
	<u>-</u>	<u>102,209</u>

15 CURRENT LIABILITIES – DC SECTION

	2023 £	2022 £
Transfer due to DB Section	-	92,992
	<u>-</u>	<u>92,992</u>

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 EMPLOYER RELATED INVESTMENTS

There were no employer-related investments at the year-end (2022: Nil).

17 RELATED PARTY TRANSACTIONS

The Principal Employer, Kelly Services (UK) Limited, is a related party of the Plan and pays contributions into the Plan in accordance with the Schedule of Contributions in force for the year.

18 GMP EQUALISATION

On 26 October 2018, the judgment handed down in the case of Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others determined that members' Guaranteed Minimum Pension (GMP) benefits should be equalised between men and women. Following on from the original judgment, a further High Court ruling on 20 November 2020 has provided clarification on the obligations for trustees. This judgment focused on the GMP treatment of historic transfers out of members' benefits, an issue that had not been addressed in the 2018 GMP ruling. Under this ruling, trustees are required to review historic transfer values paid from May 1990 to assess if any top up payment is required to be paid to the receiving scheme, to reflect members' rights to equalised GMP benefits.

No provision has been included in the financial statements at this stage, as any increases in benefits in respect of past service are expected to be immaterial, but any additional liabilities identified on completion of the review will be included in future financial statements.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

REPORT ON ACTUARIAL LIABILITIES

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 plan is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustees and the employer and set out in the Statement of Funding Principles, a copy of which is available to Plan members on request.

The most recent triennial actuarial valuation of the Plan effective as at 31 March 2021 showed that the accumulated assets of the Plan represented 60% of the Plan's technical provisions in respect of past service benefits; this corresponds to a deficit of £2,979,000 at the valuation date.

	£000
The value of the technical provisions was:	7,417
The value of the assets at that date was:	4,438

If the Plan had been discontinued and wound up at 31 March 2021 there would have been insufficient assets to buy out the accrued benefits through the purchase of annuity policies with an insurer. The estimated discontinuance (or wind up) funding level was 60%, corresponding to a shortfall of £2,979,000.

There has since been an actuarial report carried out with an effective date of 31 March 2023. This showed that the accumulated assets of the scheme now represented 81% of the Plan's Technical Provisions at this date.

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Plan in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live. An allowance of £124,000 has been made on the technical provisions basis for GMP equalisation, approximately 2% of the liabilities. A similar approach has been taken for the discontinuance basis. The method and significant actuarial assumptions used in the calculations are as follows:

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Pre-retirement discount rate: The pre discount rate will be calculated using the Nominal Gilt Yield Curve less 0.3% p.a. at each term.

Post retirement discount rate: The pre discount rate will be calculated using the Nominal Gilt Yield Curve at each term.

Rate of inflation - Retail Prices Index (RPI): The rate of inflation as measured by RPI growth will be calculated using the Nominal Gilt Inflation Curve.

Rate of inflation - Consumer Prices Index (CPI): The assumption for CPI growth will be calculated as the assumption for RPI Inflation less 0.5% p.a. until 2030 and RPI Inflation thereafter.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

REPORT ON ACTUARIAL LIABILITIES (CONTINUED)

Significant Actuarial Assumptions (Continued)

Revaluation of pensions in deferment: Elements of pension in deferment which have future revaluation in line with CPI subject to a maximum of 5% p.a. will be calculated as revaluing at the assumed rate of CPI inflation, subject to a minimum assumption of 0% and a maximum assumption of 5% p.a.

The maximum and minimum are calculated cumulatively over the period between date of leaving and retirement for each member and compared with actual CPI increases over that period.

Pension increases: The assumption for pension increases will be calculated using the Black-Scholes stochastic model applying any applicable maximum and/or minimum rates, the CPI inflation assumption and an assumed inflation volatility of 1.75% p.a. The model is applied to the CPI inflation for each term in the curve.

Mortality: No allowance will be made for pre-retirement.

The basis adopted for the valuation was:

Base mortality table: 95% of the mortality rates in 2019 Vita Curves for males and females, projected to the valuation date in line with the approach below.

Allowance for future improvements: CMI_2020 core projection model with a 1.75% p.a. long term projected rate of improvement and a smoothing parameter (S_k) of 7.5 (CMI_2020 [1.75%; $S=7.5$]), using a year of birth approach.

The 2019 Vita Curves identify a mortality assumption for each member which reflects his or her individual mortality characteristics.

Recovery Plan

In light of the deficit arising from the actuarial valuation, a recovery programme was agreed between the Trustees and the Employer on 15 July 2022. Under the Recovery Plan, the Employer will pay deficit funding contributions of £300,000 annually in arrears for period of 9 years from April 2022 to 31 March 2031 and with a reduced contribution of £170,000 payable in the final year i.e. by 31 March 2031.

Next actuarial valuation

The next triennial valuation is due to be carried out as at 31 March 2024.

SCHEDULE OF CONTRIBUTIONS

Schedule of Contributions

Kelly Services (UK) Ltd Benefits Plan

This schedule of contributions has been prepared by the trustees, after obtaining the advice of Michael Frost, the Scheme Actuary. It replaces the previous schedule of contributions which was actuarially certified on 28 June 2019.

In preparing this schedule of contributions, account has been taken of contributions due in the period between 31 March 2021 and the commencement of this schedule under the previous schedule(s) of contributions, together with any further contributions paid during the same period.

Period covered by this schedule of contributions

This schedule of contributions takes effect from the date it is certified by the Scheme Actuary. It ends on 31 March 2021.

Contributions by employer in respect of expenses

The employer will pay contributions of up to £152,000 p.a. to reimburse scheme management and administration expenses and fees to the Pension Protection Fund that have been paid from the scheme in the previous scheme year. These contributions will be payable by 30 June each year and will reflect the expenses paid from the scheme in the scheme year ending on the previous 31 March.

Contributions by employer in respect of the shortfall in funding

In accordance with the recovery plan following the 31 March 2021 actuarial valuation, the employer will pay contributions of £200,000 p.a. initially in arrears for a period of 8 years from 1 April 2022 to 31 March 2031. A reduced contribution of £170,000 will be payable in the final year, i.e. by 31 March 2031.

Additional employer contributions

The employer may pay additional contributions of any amount and at any time that it chooses not to do so.

Signatures

Signed on behalf of the trustees:

Name: HAROON HASHMI

Position: TRUSTEE

Date: 15/07/2022

Signed on behalf of Kelly Services (UK) Limited:

Name: HAROON HASHMI

Position: FINANCE DIRECTOR

15/07/2022.

SCHEDULE OF CONTRIBUTIONS (CONTINUED)

Actuary's Certification of Schedule of Contributions

Kelly Services (UK) Ltd Benefits Scheme

Adequacy of rates of contributions

1. 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 March 2021 to be met by the end of the period specified in the recovery plan dated (i.e. signed on behalf of the trustees on) 15 July 2022

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated (i.e. signed on behalf of the trustees on) 15 July 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:

20 July 2022

Name:

Michael Knott

Qualification:

Fellow of the Institute
and Faculty of Actuaries

Address:

7 Lochside Avenue
Edinburgh EH12 9DJ

Name of employer:

Mercer Limited

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

MEMBERS' INFORMATION

INTRODUCTION

The Plan is a hybrid scheme and is administered by Mercer Limited in accordance with the establishing document and rules, solely for the benefit of its members and other beneficiaries.

The registration number in the Register of Occupational and Personal Pension Plans is 10016897.

Other information

- (i) The Pensions Ombudsman (TPO) deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes. Members have the right to refer a complaint to TPO free of charge.

Contact with TPO about a complaint needs to be made within three years of when the event(s) being complained about happened, or if later, within three years of when a member first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

TPO now operates an Early Resolution Service (ERS) in addition to its normal Adjudication Service that aims to provide a quick, informal and streamlined process. Any member that elects to use the ERS does not need to follow the Trustee's Internal Dispute Resolution Procedure (IDRP). However, should any complaint that has gone through the ERS remain unresolved, TPO expects the IDRP to be followed prior to the complaint being passed to its Adjudication Service.

Enquiries should be addressed to:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU



0800 917 4487



enquiries@pensions-ombudsman.org.uk



www.pensions-ombudsman.org.uk

- (ii) The Money & Pensions Service ("MaPS") brings together three respected providers of financial guidance; Pensions Wise, the Money Advice Service and the Pensions Advisory Service. MaPS is committed to ensuring that people throughout the UK have guidance and access to the information that they need to make effective financial decisions over their lifetime. The contact details are:

Money and Pensions Service
Holborn Centre
120 Holborn
London
EC1N 2TD



01159 659570



www.moneyandpensionsservice.org.uk

- (iii) The Pensions Regulator (TPR) can intervene if it considers that a scheme's Trustees, advisers or the employer are not carrying out their duties correctly. The address for TPR is:

Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW



0345 600 0707



www.thepensionsregulator.gov.uk

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

MEMBERS' INFORMATION (CONTINUED)

Other information (Continued)

- (iv) The Pension Protection Fund (PPF) was established under the Pensions Act 2004 to pay compensation to members of eligible defined benefit pension schemes, when the sponsoring employer has suffered a qualifying insolvency event, and where the scheme is assessed as having insufficient assets to cover PPF levels of compensation.

The PPF is funded by a retrospective levy on occupational pension schemes.

- (v) The Trust Deed and rules, the Plan details, and a copy of the Schedule of Contributions and Statement of Investment Principles are available for inspection free of charge by contacting the Trustees at the address shown for enquiries in this report. Any information relating to the members' own pension position, including estimates of transfer values, should also be requested from the administrators of the Plan, Mercer Limited.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

ANNUAL IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEES' REPORT)

Kelly Services (UK) Limited Benefits Plan - 1 April 2022 to 31 March 2023 (the "Plan Year")

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustees, has been followed during the year to 31 March 2023 (the "Plan Year"). This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

The table later in the document sets out how, and the extent to which, the policies in the Kelly Services (UK) Limited Benefits Plan (the "Plan") SIP have been followed in respect of all money purchase assets held by the Plan.

The Statement flows directly from and should be read in conjunction with the Plan's SIP (in place at the Plan Year end and signed September 2020) which is available online:

<https://irp.cdn-website.com/18d06461/files/uploaded/Kelly%20Services%20SIP%20August%202020.pdf>.

Investment Objectives of the Plan

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan included in the SIP are summarised as follows:

DB Section

- To ensure that the Plan's assets and future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Plan as they arise.
- To pay due regard to the interests of the employer in relation to the funding level of the Plan.
- To achieve and maintain a funding level of 100% on an on-going basis without taking unacceptable risk.
- To set and monitor appropriate benchmarks and performance targets for the investment managers.

DC Section

- The Trustees are mindful of their responsibility to provide members with an appropriate range of investment funds and a suitable default investment strategy.
- The long-term objective of the Trustees is to enable members to provide adequately for themselves in retirement.

The policies set out in the SIP are intended to help meet the overall long-term objective of the Plan. Detail on the Trustees' objectives with respect to the default investment strategy and the self-select fund range are contained in Section 5 of the SIP.

At year-end, the Trustees were reviewing the DB and DC section objectives of the Plan. The new objectives will be stated in next year's statement.

Review of the SIP

The latest version of the Plan's SIP was signed in September 2020. During the Plan year to 31 March 2023, the SIP was not reviewed. The SIP will be reviewed within the next Plan year.

Assessment of how the policies in the SIP have been followed for the year to 31 March 2023

The information provided in the following table highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP, relating to the Plan as a whole. The Trustees believe they have generally adhered to all of their policies as set out in the SIP over the course of the year.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

	Requirement	Summary of Trustee Policy	Summary of the Plan Year to 31 March 2023
1	Securing compliance with the legal requirements about choosing investments	<p><i>Under the Pensions Act 1995, trustees are required to prepare and review regularly a Statement of Investment Principles, dealing with certain specific matters.</i></p> <p><i>The Trustees have obtained and considered written advice from a suitably qualified individual whom they believe to have a degree of knowledge and experience that is appropriate for the management of the Plan's investments.</i></p> <p><i>SIP Section 1</i></p>	<p><u>DB and DC Section</u></p> <p>The Trustees last received formal Section 36 advice from their Investment Consultant on 27 September 2018 regarding the changes to the DB strategy and DC default investment option. No written advice has been required between that date and the end of the Plan Year to 31 March 2023. The most recent formal triennial investment strategy review for the Plan, which was undertaken late, took place after the Plan Year, in August 2023.</p> <p>The Trustees have a Statement of Investment Principles, which was last reviewed in August 2023 (having been signed in September 2020). An updated version of the Statement of Investment Principles is due to be signed before the end of 2023.</p>
2	Types of investments to be held	<p><u>DB Section</u></p> <p><i>The Trustees are permitted to invest across a wide range of asset classes, including the following: UK and overseas equities, UK and overseas government bonds, fixed and inflation-linked, UK and overseas corporate bonds, Convertible bonds, Property, Commodities, Hedge funds, Private equity, High yield bonds, Emerging market debt, Diversified growth, Liability driven investment products and Cash.</i></p> <p><u>DC Section</u></p> <p><i>The Trustees wish to give members a reasonable degree of freedom over the investment policy of their accounts. DC Members who have a GMP Underpin are not able to self-select, they are invested in the default strategy, as described in this section. Asset classes include equities, bonds and money market instruments.</i></p>	<p><u>DB Section</u></p> <p>There were no changes in the investment strategy during the year.</p> <p><u>DC Section</u></p> <p>No changes were made to the investment strategy over the Plan Year.</p> <p>The Trustees continue to offer a range of self-select fund options to members (excluding those with a GMP underpin, who can only invest in the lifestyle strategy) across a range of asset classes.</p> <p>The most recent formal triennial investment strategy review for the Plan took place after the Plan Year, in August 2023. Management style and asset allocations were reviewed as part of this exercise. A number of changes were proposed including:</p> <ul style="list-style-type: none"> • Consideration of alternative lifestyles, targeting cash and / or income drawdown at retirement, for members without GMP underpins; • At-retirement allocation fully invested in the LGIM Inflation-linked Annuity Aware Fund to better reflect the factors (longevity, inflation

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

		<p><i>All of the funds in which the Plan invests are pooled and unitised.</i></p> <p><i>SIP Section 5</i></p>	<p>and interest rates) that drive future value increases in the GMP;</p> <ul style="list-style-type: none"> • Move towards a market-cap weighted allocation in global equities, including emerging markets, and a balanced approach to hedging overseas currency exposure; • Introducing an explicit ESG-focused allocation to the default strategy's equity allocation. <p>Following the August 2023 meeting, the Trustees are considering whether to implement the proposed changes to the glidepath.</p>
3	The balance between different kinds of investments	<p><u><i>DB Section</i></u></p> <p><i>The Trustees agreed to an investment strategy comprised of growth and defensive (stabilising/matching) assets.</i></p> <p><i>The growth portfolio is comprised of UK and Global equities. The defensive portfolio is composed by corporate bonds, fixed-interest gilts, index-linked gilts and cash.</i></p> <p><i>The Plan is comprised of DC assets and DB assets. The investments are taken to achieve an acceptable level of expected return within an acceptable level of risk.</i></p> <p><u><i>DC Section</i></u></p> <p><i>The Trustees have explicitly considered the trade-off between risk and expected returns when establishing the balance between different kinds of investments.</i></p> <p><i>When self-selecting, the balance between funds and asset classes is the member's decision. This balance will determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerance.</i></p> <p><i>SIP Section 5</i></p>	<p><u><i>DB Section</i></u></p> <p>The Trustees aim to review the Plan's investment strategy following any significant changes in investment policy.</p> <p>The basis of the Trustees' strategy is to divide the Plan's assets between a "growth" portfolio, comprising assets such as equities, and a "defensive" portfolio, comprising assets such as corporate bonds, gilts and cash. The Trustees have determined the investment strategy after considering the Plan's liability profile and the requirements of the Statutory Funding Objective, their own appetite for risk, and the strength of the Sponsoring Employer's covenant.</p> <p><u><i>DC Section</i></u></p> <p>The asset allocation of the default investment option must be reviewed on a triennial basis (or more frequently if required). The default investment option was not reviewed during the Plan year and the most recent triennial investment strategy review, which considered the strategy for the default investment option, including the asset allocation across all stages of the lifestyle glidepath, took place in August 2023.</p> <p>The Trustees receive quarterly investment performance reports, which monitor the performance of the funds used in the default investment option.</p>

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

4	Risks, including the ways in which risks are to be measured and managed	<p><u>DB Section</u></p> <p><i>The Trustees recognise risk (both investment and operational) from a number of perspectives in relation to the DB section of the Plan.</i></p> <p><i>Should there be a material change in the Plan's circumstances, the Trustees will review whether and to what extent the investment arrangements should be altered, in particular whether the current risk profile remains appropriate.</i></p> <p><u>DC Section</u></p> <p><i>The Trustees recognise that in a defined contribution arrangement, members assume the investment risks themselves. The Trustees further recognise that members are exposed to different types of risk at different stages of their working lifetimes. The main types of investment risks are: Inflation Risk, Currency Risk, Credit Risk, Other Price Risk, Environmental, social and governance (ESG) Risks, Pension Conversion Risk, Manager Risk and Liquidity Risk.</i></p> <p><i>SIP Section 6</i></p>	<p><u>DB Section</u></p> <p>As detailed in Section 6 of the SIP, the Trustees consider both quantitative and qualitative measures for these risks when deciding investment policies, the choice of fund managers / funds / asset classes.</p> <p>The Trustees maintain a risk register of the key risks, including the investment risks.</p> <p><u>DC Section</u></p> <p>As detailed in Section 6 of the SIP, the Trustees consider both quantitative and qualitative measures of risks as well as how best to manage the various risks facing DC members.</p> <p>The Trustees provide a range of self-select investment options, which enable members (excluding those with a GMP underpin) to reflect, in their selection of funds, the level of risk they wish to take in light of their own individual circumstances.</p> <p>The Plan maintains a risk register of the key risks, including consideration of investment market risks along with investment manager risks, performance and concentration.</p>
5	Expected return on investments	<p><u>DB Section</u></p> <p><i>The Plan's assets are expected to provide an investment return commensurate with the level of risk being taken.</i></p> <p><u>DC Section</u></p> <p><i>When self-selecting, the balance between funds and asset classes is the member's decision. This balance will determine the expected return on a member's assets and</i></p>	<p><u>DB and DC Section</u></p> <p>The investment performance report is reviewed by the Trustees on a quarterly basis; this includes performance figures for the funds used in the default investment option and additional self-select fund choices. The investment performance report includes how each investment manager is delivering against their specific benchmark and target.</p>

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

		<p><i>should be related to the member's own risk appetite and tolerance. Members can switch between funds by changing their investment instructions.</i></p> <p><i>Regarding the default, the Trustees have explicitly considered the trade-off between risk and expected returns when establishing the balance between different kinds of investments</i></p> <p><i>SIP Section 5</i></p>	<p>During the 1 November 2022 meeting, the Trustees agreed to conduct regular reviews of investment performance at future trustee meetings and subsequently did so.</p> <p>The trade-off between risk and return was considered as part of the investment strategy review that took place in August 2023.</p>
6	Realisation of investments	<p><i>The funds are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore should be realisable at short notice, based on either Trustees' or member demand. The selection, retention and realisation of investments within the pooled arrangements are the responsibility of the relevant investment manager.</i></p> <p><i>SIP Section 6</i></p>	<p><u>DB and DC Section</u></p> <p>All the funds used by both the DB and DC Sections of the Plan continue to be daily dealt pooled investment vehicles with assets mainly invested in regulated markets. The Trustees are therefore confident that these assets can be realised at short notice as required and do not have any major concerns surrounding the liquidity of the Plan's investments.</p>
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	<p><i>The Trustees believe that Environmental, Social and Corporate Governance ("ESG") issues may have a material impact on investment risk and return outcomes, thereby affecting the performance of investment portfolios and should therefore be considered as part of the Plan's investment process.</i></p> <p><i>The Trustees have delegated responsibility for the selection, retention and realisation of investments to the investment managers. The Trustees' policy is that the extent to which ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, are taken into account in these decisions is left to the discretion of the investment managers. However, the investment managers who are registered with the FCA</i></p>	<p><u>DB and DC Section</u></p> <p>The majority of funds within the Plan have been assigned an ESG rating by Mercer. These ratings are formally reviewed at least annually. Where a manager is not highly rated from an ESG perspective, the Trustees will continue to monitor this manager. When implementing a new manager, the Trustees consider the ESG rating of the manager.</p> <p>The SIP includes the Trustees' policy on ESG factors, Stewardship and Climate Change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. The Trustees keep their policies under regular review with the SIP subject to review at least triennially.</p>

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

		<p><i>are expected to act in accordance with their own corporate governance policies and current best practice, as well as comply with the UK Corporate Governance Code and UK Stewardship Code, including public, including public disclosure of compliance via an external website.</i></p> <p><i>SIP Section 7</i></p>	
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	<p><i>Member views on non-financial matters are not taken into account in the selection, retention and realisation of investments. Nevertheless the Trustees believe that they have a good understanding of membership demographics, behaviours and preferences and strive to provide a fund range that meets both financial and non-financially relevant member needs.</i></p> <p><i>SIP Section 7</i></p>	<p><u>DB and DC Section</u></p> <p>The Trustees on a quarterly basis review the investment performance report – this includes ratings (both general and specific ESG) from the investment advisers. All managers where Mercer Research Team had attributed a rating, remained highly rated during the year.</p> <p>During the 1 November 2022 Trustees Meeting, it was agreed that appropriate attention would be given to ESG and Climate Change when conducting the DC investment strategy review in August 2023, which it duly was.</p>
9	The exercise of the rights (including voting rights) attaching to the investments	<p><i>As the Plan invests in pooled funds via an investment platform, the Trustees' scope to vote on the Plan's shares directly is currently limited. The Trustees have therefore concluded that the decision on how to exercise voting rights should be left with the underlying investment managers who will exercise these rights in accordance with their respective published corporate governance policies. These policies take into account the financial interests of shareholders, and should be for the members' benefit.</i></p> <p><i>SIP Section 7</i></p>	<p><u>DB and DC Section</u></p> <p>The Trustees have delegated the exercise of voting rights to the appointed investment managers. Investment managers are expected to provide voting summary reporting on an annual basis. The Trustee review the 'significant votes' information provided by the investment managers on an annual basis.</p> <p>Following the DWP's consultation response and outcome regarding Implementation Statements, on 17 June 2022, an updated guidance was produced which is effective for all scheme year-ends on or after 1 October 2022.</p> <p>The updated Guidance requires Trustees to include details of significant votes undertaken over the Plan year within this Implementation Statement. The voting information should also include details explaining why each vote has been categorised as most significant, what the vote was, and why the manager voted in the way it did.</p>

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

			<p>The Trustees agreed the below areas of focus for the Plan:</p> <ul style="list-style-type: none"> • Environmental: Climate change: low-carbon transition & physical damages resilience; Pollution & natural resource degradation • Social: Human rights: modern slavery, pay & safety in workforce and supply chains, abuses in conflict zones • Governance: Diversity, Equity and Inclusion (DEI) - inclusive & diverse decision making <p>Voting activity carried out over the last 12 months on behalf of the Trustees is shown in the Appendix of this Statement. Over the period covered by this Statement, the Trustees have not directly challenged managers on voting activity.</p>
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, Trustees would monitor and engage with relevant persons about relevant matters)	<p><i>By encouraging a medium to long-term view, it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.</i></p> <p><i>SIP Section 4</i></p>	<p><u>DB and DC Section</u></p> <p>The undertaking of engagement activities in respect of investments is also delegated to investment managers.</p> <ul style="list-style-type: none"> • Over the Plan Year, the Trustees did not directly carry out any engagement activities with investment managers or underlying investee companies.
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustees' policies required under subparagraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005	<p><i>Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.</i></p> <p><i>SIP Section 4</i></p>	<p><u>DB and DC Section</u></p> <p>No new manager appointments were made over the Plan Year to 31 March 2023. The Trustees believe that the appointments with their investment managers are consistent with their long-term objectives.</p>

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

12	<p>How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.</p>	<p><i>The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis.</i></p> <p><i>A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment strategy or general fund range.</i></p> <p><i>SIP Section 4</i></p>	<p><u>DB and DC Section</u></p> <p>The Trustees receive quarterly monitoring reports on the performance of the underlying investment managers from their platform provider, which present performance information over 3 months, 1 year and 3 years per annum, on a net of fees basis including benchmark returns.</p> <p>The Trustees' responsibilities include assessing the quality of the performance and processes of the investment managers by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Consultant.</p> <p>The current range of investment managers are aware that their continued appointment is dependent on them meeting these performance targets over the medium to long-term.</p>
13	<p>How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustees' policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005 [concerning the matters described in rows 2-8 of this Statement].</p>	<p><i>The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis.</i></p> <p><i>The underlying investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Plan.</i></p> <p><i>None of the underlying managers in which the Plan's assets are invested have performance based fees which could encourage the manager to make short term investment decisions to hit their profit targets.</i></p> <p><i>SIP Section 4</i></p>	<p><u>DB and DC Section</u></p> <p>The Trustees have considered the long-term investment performance of the investment managers on a quarterly basis, as well as their Investment Consultant's views of the investment manager, and are comfortable that the longer term performance and forward-looking capabilities remained suitable.</p> <p>The remuneration for investment managers used by the Plan is based on assets under management; the levels of these fees are reviewed annually as part of the annual value for money assessment (for the DC Section) to ensure they continue to represent value for members. If performance is not satisfactory, the Trustees will ask the fund manager to provide additional rationale, and if not satisfied with this, may request further action to be taken, including a review of fees.</p> <p>The Trustees are satisfied that the investment fund managers' short-term performance will not impact long-term goals. In particular, none of the funds has performance fees in place, which could encourage managers to make short-term investment decisions to hit their short-term profit targets at the expense of longer-term performance.</p>

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

14	How the Trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<p><i>The Trustees consider portfolio turnover costs as part of the annual value for members' assessment. The Trustees are also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.</i></p> <p><i>Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Plan.</i></p> <p><i>SIP Section 8</i></p>	<p><u>DB Section</u></p> <p>The Trustees do not have an overall portfolio turnover target. The Plan invests in a range of pooled funds, across a wide range of asset classes. The Trustees are therefore satisfied that it is not appropriate to have an overall portfolio turnover target for the Plan.</p> <p><u>DC Section</u></p> <p>Over the Plan year to 31 March 2023, the Trustees considered the levels of transaction costs as part of their annual Chair's Statement and Value for Members Assessment.</p> <p>The Trustees view the Plan's costs and charges as being expensive versus the comparator arrangements, albeit over the Plan year the higher risk default phase investment strategy has produced higher returns.</p> <p>Therefore the Trustees believe better value for members from a costs and charges perspective may be available through a larger, multi-employer DC arrangement, noting that the presence of a DB underpin presents significant additional challenges for undertaking such a move in practice.</p> <p>The Trustees note the challenges in assessing these costs due to the lack of industry-wide benchmarks for such transaction costs.</p>
15	The duration of the arrangement with the asset manager.	<p><i>The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis.</i></p> <p><i>All the funds are open-ended with no set end date for the arrangement. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment strategy or general fund range.</i></p> <p><i>SIP Section 4</i></p>	<p><u>DB and DC Section</u></p> <p>The investment performance of all funds is reviewed by the Trustees on a quarterly basis; this includes how each investment fund manager is delivering against their specific targets.</p> <p>No manager appointments were terminated over the Plan year to 31 March 2023.</p>

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

APPENDIX: INVESTMENT MANAGER VOTING AND ENGAGEMENT ACTIVITY

Section 7 of the SIP sets out the Trustees' policy on Environmental, Social and Governance (ESG) factors, stewardship and climate change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. The SIP also includes the approach to the stewardship of the investments and how the Trustees take account (if at all) of member views on 'non-financial matters'.

Voting Activity during the Plan year

The Trustees have delegated their voting rights to the investment managers. The SIP states: "The Trustees have delegated responsibility for the selection, retention and realisation of investments to the investment managers. The Trustees' policy is that the extent to which ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, are taken into account in these decisions is left to the discretion of the investment managers. However, the investment managers who are registered with the FCA are expected to act in accordance with their own corporate governance policies and current best practice, as well as comply with the UK Corporate Governance Code and UK Stewardship Code, including public disclosure of compliance via an external website".

The undertaking of engagement activities in respect of investments is also delegated to investment managers. New guidance in this area from the Department of Work and Pensions (DWP) came into effect for schemes with year ends post 1 October 2022 noting that "to the extent this Guidance is non-statutory, trustees are encouraged to consider this Guidance from the date of publication". This guidance requires specific details around why Trustees consider votes to be significant, size of the holding, next steps etc.

It is the Trustees' view that the policy has been followed during the Plan year to 31 March 2023. The majority of voting activity will arise in public equity funds. However, voting opportunities may arise in other asset classes such as certain bonds, property, private equity and multi-asset funds. The Trustees have only received information relating to public equity funds this year. The assets of the Plan are invested via Mobius Life investment platform.

Over the Plan year to 31 March 2023, the Trustees did not consider the extent to which the appointed investment managers engaged in securities lending or the potential implications for who held voting rights.

Stewardship Priorities

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022, updated Statutory Guidance was produced which is effective for all plan year ends on or after 1 October 2022.

The updated Guidance requires trustees to include details of what they believe to be significant votes undertaken on their behalf within the Implementation Statement, including an explanation on why each vote was categorised as most significant, what the vote was, and why the manager voted in the way it did. The Trustees have not set an expression of wish or confirmed to the managers what these voting priorities were.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

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ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

The Plan invests solely in pooled funds. As such, voting rights are delegated to the investment managers and the Trustees expect their investment managers to engage with the investee companies on their behalf. However, the Trustees have also considered what the Plan's stewardship priorities should be as a result of the new requirements introduced last year. Based on this, the Trustees designated stewardship priorities in each of Environmental, Social and Governance areas, which are summarised as below:

- Environmental: Climate change: low-carbon transition & physical damages resilience; Pollution & natural resource degradation
- Social: Human rights: modern slavery, pay & safety in workforce and supply chains, abuses in conflict zones
- Governance: Diversity, Equity and Inclusion (DEI) - inclusive & diverse decision making

Also, where possible, a screen related to size is included, specifically that the stock in question is one of the largest holdings in a particular portfolio, to ensure that the votes being classified as significant represent a meaningful portion of the relevant portfolio. In setting the criteria on significant votes to report, the Trustees have decided to include votes assigned to securities comprising more than 1% of the portfolio.

The Trustees do not use the direct services of a proxy voter however; BlackRock use of proxy voting services is described later in this appendix. The following funds available to members of the Plan (either as self-select funds or within the default) hold equities:

- BlackRock Life Aquila (50:50) Global Equity Fund
- BlackRock Life Aquila (40:60) Global Equity Fund
- BlackRock Life Aquila UK Equity Fund
- BlackRock Overseas Equity Fund

Overview of voting activity, on behalf of the Trustees, for the funds holding equities for the 12 months to 31 March 2023

Voting activity information from each of the underlying investment managers (where provided) over the prior 12 months to 31 March 2023 is summarised in the table below. Voting activity was requested for all funds with equity holdings.

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ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

Fund	How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?
BlackRock Life Aquila (50:50) Global Growth Fund	34,376	96%	94%	5%	0%
BlackRock Life Aquila (40:60) Global Equity Fund	40,517	94%	93%	6%	0%
BlackRock Life Aquila UK Equity Fund	10,135	99%	96%	3%	1%
BlackRock Overseas Equity Fund	27,694	92%	92%	7%	0%

Source: BlackRock as at 31 March 2023.

Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

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ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

Most significant votes

Manager	Fund	Company	Approx. Size of Holding at date of vote (% of fund)	Date of vote	Criteria for assessing as significant	Topic and How the Manager voted	Rationale of Manager vote	Outcome of the vote
BlackRock	(50:50) Global Equity Fund	Royal Dutch Shell Plc	3.48%	24 May 2022	Environmental (Climate Change)	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions Voted AGAINST the Proposal	Proposal is not in shareholders' best interests.	Fail
	(40:60) Global Equity Fund	Amazon. com, Inc.	1.35%	25 May 2022	Environmental (Pollution)	Report on Efforts to Reduce Plastic Use Voted FOR the Proposal	The company does not meet BlackRock expectations for disclosure of natural capital policies and/or risk.	Fail
					Social (Human Rights)	Report on Worker Health and Safety Disparities Voted AGAINST the Proposal	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	Fail
	UK Equity Fund	Rio Tinto Plc	2.39%	8 Apr 2022	Environmental (Climate Change)	Approve Climate Action Plan Voted FOR the Proposal	Rationale for the voting decision was not disclosed by BlackRock*	Pass
		Royal Dutch Shell Plc	6.89%	24 May 2022	Environmental (Climate Change)	Approve the Shell Energy Transition Progress Update Voted FOR the Proposal	Rationale for the voting decision was not disclosed by BlackRock*	Pass

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

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ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

Manager	Fund	Company	Approx. Size of Holding at date of vote (% of fund)	Date of vote	Criteria for assessing as significant	Topic and How the Manager voted	Rationale of Manager vote	Outcome of the vote
		Alphabet Inc.	1.29%	01 Jun 2022	Environmental (Climate Change)	Report on Metrics and Efforts to Reduce Water Related Risk Voted FOR the Proposal	BlackRock believe it is in the best interests of shareholders to have access to greater disclosure on this issue.	Fail
	World (Ex-UK) Equity		1.29%		Governance (DE&I))	Oversee and Report a Third-Party Racial Equity Audit Voted FOR the Proposal	BlackRock believe it is in the best interests of shareholders to have access to greater disclosure on this issue.	Fail
		Meta Platforms, Inc.	1.15%	25 May 2022	Social (Human Rights)	Report on Child Sexual Exploitation Online Voted AGAINST the Proposal	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	Fail

Source: BlackRock as at 31 March 2023.

*Where rationale was not provided by BlackRock, Trustees will continue to chase this, and for details on whether BlackRock informed management ahead of voting against them, so that this is provided in the future.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

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ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

Examples of Engagement Activity by the Plan's Equity Investment Managers

The following are examples of engagement activity undertaken by the Plan's Equity investment manager.

Fund	Number of engagements undertaken at a firm level in the year	Split between E, S and G of engagements	% of engagements pertaining to climate issues	% of engagements pertaining to Board Diversity	Key Themes for Engagement, as applicable
BlackRock (50:50) Global Equity	8,035	E - 1,533 (19%) S - 1,642 (20%) G - 4,860 (60%)	15	14	<ul style="list-style-type: none"> • Biodiversity • Climate Risk • Board Diversity and Composition • Remuneration • Diversity and Inclusion • Corporate Strategy
BlackRock (40:60) Global Equity	11,661	E - 2,338 (20%) S - 2,247 (19%) G - 7,076 (61%)	16	14	<ul style="list-style-type: none"> • Biodiversity • Climate Risk • Board Diversity and Composition • Remuneration • Diversity and Inclusion • Corporate Strategy
BlackRock UK Equity	11,910	E - 2,369 (20%) S - 2,287 (19%) G - 7,254 (61%)	16	14	<ul style="list-style-type: none"> • Biodiversity • Climate Risk • Board Diversity and Composition • Remuneration • Diversity and Inclusion • Corporate Strategy

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ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

BlackRock World (Ex-UK) Equity	6,370	E – 1,213 (19%) S – 1,358 (21%) G – 3,799 (60%)	15	14	<ul style="list-style-type: none"> • Biodiversity • Climate Risk • Board Diversity and Composition • Remuneration • Diversity and Inclusion • Corporate Strategy
BlackRock Over 15 Years Corporate Bond Fund	230	E – 52 (23%) S – 54 (23%) G -124 (54%)	18	12	<ul style="list-style-type: none"> • Biodiversity • Climate Risk • Board Diversity and Composition • Remuneration • Diversity and Inclusion • Corporate Strategy

Source: BlackRock as at 31 March 2023.

Note: Totals may not sum due to rounding.

Overview of BlackRock's approach to voting and engagement (provided by the manager)

BlackRock's policy on consulting with clients before voting

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. BlackRock believe that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

Consistent with these shareholder rights, BlackRock believes it has a responsibility to monitor and provide feedback to companies, in its role as stewards of its clients' investments. BlackRock Investment Stewardship ("BIS") does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance ("ESG") matters and, for those clients who have given it authority, through voting proxies in the best long-term economic interests of its clients. BlackRock also participate in the public debate to shape global norms and industry standards with the goal of a policy framework consistent with its clients' interests as long-term shareholders.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

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ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

BlackRock looks to companies to provide timely, accurate, and comprehensive reporting on all material governance and business matters, including ESG issues. This allows shareholders to appropriately understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or the approach taken is inconsistent with its view of what supports sustainable long-term value creation, BlackRock will engage with a company and/or use its vote to encourage a change in practice.

BlackRock views engagement as an important activity; engagement provides an opportunity to improve its understanding of the business and ESG risks and opportunities that are material to the companies in which its clients invest. As long-term investors on behalf of clients, BlackRock seeks to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business practices, as well as to understand the effectiveness of the company's management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where BlackRock believes they could be enhanced. BlackRock primarily engages through direct dialogue but may use other tools such as written correspondence to share its perspectives. Engagement also informs its voting decisions.

BlackRock's process for deciding how to vote

The team and its voting and engagement work continuously evolves in response to changing governance-related developments and expectations. BlackRock's voting guidelines are market-specific to ensure it takes into account a company's unique circumstances by market, where relevant. BlackRock informs its voting decisions through research and engages as necessary. BlackRock's engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets. BlackRock welcomes discussions with its clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in its Global Principles, BlackRock determines which companies to engage directly based on its assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of its engagement being productive. BlackRock's voting guidelines are intended to help clients and companies understand their thinking on key governance matters. The guidelines are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy themselves, but the client would engage a third-party voting execution platform to cast the votes.

Proxy voting services

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

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ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

While BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is one among many inputs into its vote analysis process, and it does not simply follow the advisory firms' recommendations on how to vote. BlackRock primarily uses proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that BlackRock's investment stewardship analysts can readily identify and prioritise those companies where its own additional research and engagement would be beneficial. Other sources of information BlackRock uses include the company's own reporting (such as the proxy statement and the website), its engagement and voting history with the company, and the views of its active investors, public information and ESG research.

BlackRock aim to vote at all shareholder meetings of companies in which their clients are invested. In cases where there are significant obstacles to voting, such as share blocking or requirements for a power of attorney, they will review the resolutions to assess the extent of the restrictions on voting against the potential benefits. BlackRock generally prefer to engage with the company in the first instance where they have concerns and give management time to address the issue.

Processes for determining the most significant votes

BlackRock Investment Stewardship prioritises its work around themes that it believes will encourage sound governance practices and deliver sustainable long-term financial performance. BlackRock's year-round engagement with clients to understand their priorities and expectations, as well as its active participation in market-wide policy debates, help inform these themes. The themes BlackRock has identified in turn shape its Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which it looks at the sustainable long-term financial performance of investee companies.

BlackRock periodically publishes "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that it considers, based on its Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain the voting decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to its clients and other stakeholders, and potentially represent a material risk to the investment it undertakes on behalf of clients. BlackRock makes this information public shortly after the shareholder meeting, so clients and others can be aware of its vote determination when it is most relevant to them. BlackRock considers these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

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THE CHAIR'S STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2022 - 31 MARCH 2023

The Trustees of the Kelly Services (UK) Limited Benefits Plan ("the Plan") present the annual Chair's Statement on governance ("the Statement") as required under legislation set out in regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the 'Administration Regulations'), as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015. The Statement covers the Plan year ended 31 March 2023 and demonstrates how the Trustees have met certain minimum governance standards in relation to defined contribution ("DC") benefits. The named Trustees for the Scheme changed after the year end, with one removal and two new appointments taking place in May 2023. The handover process for these changes began during the Plan year to 31 March 2023.

These governance standards cover five principal areas:

1. The investment strategy relating to the Plan's default arrangement;
2. The processing of core financial transactions;
3. Value from member borne costs within the Scheme, including the additional requirements in relation to the disclosures of costs and charges;
4. The Trustees' compliance with the statutory knowledge and understanding requirements and
5. Net Returns on investments

The Trustee will publish the Statement on the Kelly Services website, in a domain that can be accessed publicly via the use of a search engine. The latest version can be accessed at:

<https://irp.cdn-website.com/18d06461/files/uploaded/Kelly%20Services%20-%20Chair%27s%20Statement%202022.pdf>

Note this statement applies to both the Plan's 'pure DC' and the 'DC with underpin' sections.

1. Investment strategy (the default investment arrangement)

The current default Lifestyle strategy is described in further detail in the Plan's updated Statement of Investment Principles (SIP) signed on 8 September 2020, a copy of which is appended to this Statement.

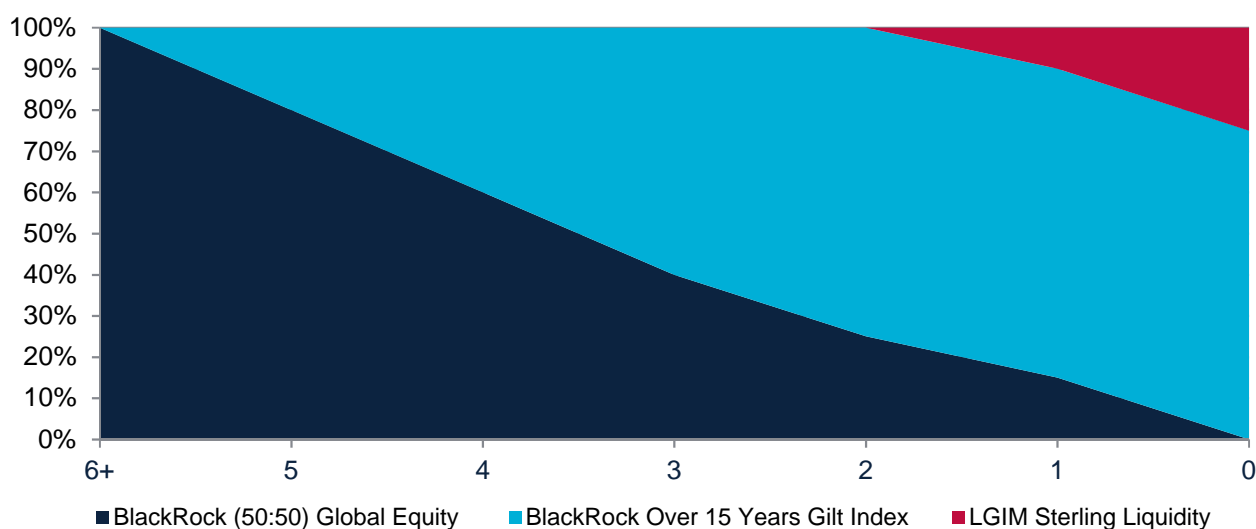
Members of the Plan who do not make an explicit choice regarding the investment of their funds are invested in the default strategy arrangement chosen by the Trustees with the advice of their Investment Consultant. The Plan's assets are held on an investment platform provided by Mobius Life Limited.

Members' accounts in respect of DC benefits are invested in the 'Lifestyle' investment strategy. Up to 6 years from a member's retirement date, savings will be invested in the BlackRock (50:50) Global Equity Fund, which broadly maintains an equity split of 50% UK equities and 50% overseas equities. The Lifestyle strategy automatically switches assets from the BlackRock (50:50) Global Equity Index Fund to the BlackRock Over 15 Years Gilt Index Fund and the LGIM Sterling Liquidity Fund as retirement date approaches. This leaves members with 75% of their assets invested in gilts and 25% in cash upon reaching retirement, as shown in the chart below:

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CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)



The default Lifestyle strategy aims to provide members with appropriate growth opportunities when they are far from retirement and protection against volatility in asset values as they near retirement. This transition between asset types is designed to strike an appropriate balance between risk and return.

The Trustees are required to formally review the default investment strategy at least every 3 years. On 27 September 2018, the Trustees received formal investment strategy advice from their advisor, which recommended that changes be made to the growth phase of the default investment strategy. The proposal investment strategy was not implemented. The Trustees have notified the Regulator about the previous investment strategy not being implemented and the three years deadline for the next triennial review not being completed. An investment Strategy review was also not undertaken during the Plan Year to 31 March 2023, this was completed in August 2023.

In addition, the Trustees are required to regularly review the performance of all funds available to members (including the default investment option) via regular performance reports. During the Plan year, Trustees received an overview of investment markets during the 22 February 2023 meeting. A performance report for Q3 2022 was included and presented during this meeting. The Trustees have accessed the extent to which performance is still consistent with the aims and objectives of the default arrangement SIP. This exercise was for the 31 March 2023 year-end was undertaken in September 2023.

On 1 November 2022, the Trustees agreed to review the investment strategy and undertook Trustee Training in preparation for the formal investment strategy review that was conducted in August 2023. The Trustees will take steps to ensure regular (at least quarterly) performance reviews are undertaken going forward and that the investment strategy of the Plan (including the default investment strategy and range of self-select options provided to members) is reviewed at least every 3 years (or more frequently if there are significant changes to the Plan membership or any significant change in investment policy).

2. The processing of core financial transactions

The Trustees have a specific duty to ensure that core financial transactions relating to the DC section are processed promptly and accurately. These include the transfer of member assets into and out of the Plan, switches between different investments within the Plan and payments to and in respect of members.

These transactions are undertaken on the Trustees' behalf by the Plan administrator, Mercer Limited, and its investment platform provider Mobius Life.

The Trustees have a service level agreement (SLA) in place with the Plan administrator which covers the accuracy and timeliness of all core transactions, and receive regular reports to monitor the performance against those service levels. Those

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CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

reports are discussed during Trustees' meetings. The processes adopted by the Plan administrator to help meet the SLA include dynamic checklists, a central financial control team separate to the admin team and 'four eyes' checking of investment and banking transactions, in addition to daily account monitoring. The overall SLA from 1 January 2022 to 31 March 2023 was 91% of completion within Service Standard. The Trustees renewed focus to receive and review administration reports going forward which, from Q4 2022 was provided on a quarterly basis and will be going forward.

The table below include the service standards for the common tasks completed on behalf of the Trustees:

Work Type	Service Standard
Benefit Quotation	10 Working Days
Benefit Payments	5 Working Days
Death Benefit Quotation	1 Working Day
General Member Correspondence	10 Working Days
Invoice Payment	20 Working Days
Investment / Disinvestment Request	5 Working Days
Member Updates	5 Working Days
NICO Enquires	20 Working Days
Plan Event Work	As agreed with the Trustees

The Trustees are required to review the processes and controls implemented by the administrator and consider them to be suitably designed to achieve these objectives. During the period covered by this statement, the Trustees have received administration reports and reviewed the performance of the administrator.

On 1 November 2022, the Trustees undertook Trustee Training on administration processes and controls. The Trustees agreed to review administration reports at each future trustee meeting. The Trustees will monitor performance against the SLA on a regular basis and receive an annual Assurance Report on Internal Controls (AAF 01/06) from Mercer. They will also perform periodic assessments of the Plan's administrator's methods and challenge them in terms of their efficiency when required.

The Trustees are not aware of any issues relating to the processing of core financial transactions. There had however been complaints received from members across both periods, the majority of which were regarding delays. During the 22 February 2023 meeting it was confirmed that the complaints had been resolved.

The Trustees are satisfied that core financial transactions were processed promptly and accurately during the period analysed.

3. Value from member borne costs within the Plan

The Trustees are required to report costs borne by members in respect of the Plan investments and assess the extent that these represent good value for members. When preparing this statement, the Trustees have taken account of statutory guidance.

There are two main types of costs and charges borne by members - the Total Expense Ratio (TER) and transaction costs.

TERs are explicit charges, which consist principally of the manager's annual charge for managing and operating a fund, but also includes the costs for other services paid for by the fund, such as the legal costs, registration fees and custodian fees.

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CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

However, they exclude other costs that are also member borne and can therefore have a negative effect on investment performance such as transaction costs and interest on borrowings.

Transaction costs are the expenses associated with a member trading in and out of a fund as well as the investment manager trading a fund's underlying securities, including commissions and stamp duty. The Trustees are required to report on the charges and transaction costs for the investments used in the main default arrangement as well as the wider fund choice available and assess the extent to which the charges and costs represent good value for members. When preparing this section of the Statement, the Trustees have taken account of statutory guidance.

Transaction costs have been provided by the Plan's investment managers and they are calculated using slippage methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed at (as typically a trade is executed a few working days after an order is placed). Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

Details of the Total Expense Ratios (TERs) as at 31 March 2023 payable for each fund as well as the transaction costs within the default arrangement are as follows:

Fund	TER (%)	Transaction Cost (%)
BlackRock Life (50:50) Global Equity Fund	0.57	-0.07
BlackRock Life Over 15 Years Gilt Index Fund	0.55	-0.04
L&G Life Sterling Liquidity Fund	0.59	-0.04

Source: Mobius. For period 1 April 2022 – 31 March 2023.

This is lower than the maximum TER allowed of 0.75% for default arrangements.

The Trustees also make available a range of funds, which may be chosen by members as an alternative to the default Lifestyle strategy. These funds allow members to take a more tailored approach to managing their own pension investments and attract annual charges and transaction costs as follows. The requirements are to only show charges for the funds which members are invested in.

Details of the Total Expense Ratios (TERs) as at 31 March 2023 payable for each self-select fund used as well as the transaction costs is as follows:

Fund	TER (%)	Transaction Cost (%)
BlackRock Life (50:50) Global Equity Fund	0.57	-0.07
BlackRock Life Over 15 Years Gilt Index Fund	0.55	-0.04
BlackRock Life (40:60) Global Equity Fund	0.58	-0.06
BlackRock Life Corporate Bond Over 15 Years Fund	0.58	-0.08
BlackRock Life Over 5 Years Index-Linked Gilt Fund	0.55	0.04
BlackRock Life UK Equity Fund	0.57	0.07
BlackRock Life World (ex-UK) Equity Fund	0.57	0.02
L&G Life Sterling Liquidity Fund	0.59	-0.04

Source: Mobius. For period 1 April 2022 – 31 March 2023.

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CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

It should be noted that DC Members who have a GMP Underpin are not able to self-select their own investments and must invest in the Plan's default (lifestyle) strategy.

The Trustees view the Scheme's cost and charges as being expensive, albeit over the Plan year the higher risk default phase investment strategy had produced commensurately higher returns. The Trustees' formal value for members' assessment is discussed later on in this statement.

Cumulative effect of charges

Using the charges and transaction cost data provided by Mobius Life and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustees have prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members we are required to show the effect on a member's savings of investment in the following (with the Plan's relevant funds/strategies listed in brackets):

- The fund or strategy with the most members invested (The default strategy)
- The most expensive fund (LGIM Sterling Liquidity)
- The least expensive fund (BlackRock Over 15 Years Gilt Index)

The illustrations that follow take into account the following elements:

- Initial savings pot size;
- Contributions, where applicable;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

To illustrate the impact of charges on a typical active member's pension pot, we have provided the below illustrations, which account for all estimated member costs, including the TER, transaction costs and inflation.

Illustration 1: A typical member invested in the DC fund range

Age	Most popular fund: Default Strategy		Highest cost fund: LGIM Sterling Liquidity		Lowest cost fund: BlackRock Over 15 Years Gilt Index	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
60	£5,200	£5,200	£5,200	£5,200	£5,200	£5,200
61	£5,272	£5,242	£5,226	£5,196	£5,226	£5,197
62	£5,326	£5,266	£5,252	£5,192	£5,252	£5,195

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustees have based this assumed member on data sourced from the administrator for the prior year and rolled it forward by 12 months. The assumed member is age 62, with a normal retirement age of 62 using a starting pot size of £5,200.
4. Inflation is assumed to be 2.5% per annum.
5. The Regulations require that, where possible, the transaction costs used in these illustrations are based on an average of those for the five years to Scheme Year End. Mobius Life have provided historic transaction costs for these funds for the five years to 31 March 2023; consequently our assumptions are based on averages of the transaction costs for these five years.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Illustration 2: A typical underpin member

Age	Most popular fund: Default Strategy		Highest cost fund: LGIM Sterling Liquidity		Lowest cost fund: BlackRock Over 15 Years Gilt Index	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
57	£5,280	£5,280	£5,280	£5,280	£5,280	£5,280
58	£5,488	£5,460	£5,304	£5,276	£5,304	£5,277
59	£5,703	£5,646	£5,329	£5,272	£5,329	£5,274
60	£5,927	£5,838	£5,353	£5,268	£5,353	£5,272
61	£6,119	£5,997	£5,378	£5,265	£5,378	£5,269
62	£6,275	£6,118	£5,403	£5,261	£5,403	£5,266

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustees have based this assumed member on data sourced from the administrator for the prior year and rolled it forward by 12 months. The assumed member is age 57, with a normal retirement age of 62, using a starting pot size of £5,280.
4. Inflation is assumed to be 2.5% per annum.
5. The Regulations require that, where possible, the transaction costs used in these illustrations are based on an average of those for the five years to Scheme Year End. Mobius Life have provided historic transaction costs for these funds for the five years to 31 March 2023; consequently our assumptions are based on averages of the transaction costs for these five years.

Illustration 3: A young underpin member

Age	Most popular fund: Default Strategy		Highest cost fund: BlackRock (50:50) Global Equity		Lowest cost fund: BlackRock Over 15 Years Gilt Index	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
48	£2,490	£2,490	£2,490	£2,490	£2,490	£2,490
55	£3,019	£2,944	£2,548	£2,481	£2,548	£2,483
58	£3,637	£3,458	£2,607	£2,472	£2,607	£2,477
59	£3,729	£3,528	£2,619	£2,470	£2,619	£2,476
60	£3,798	£3,575	£2,631	£2,468	£2,631	£2,474
61	£3,849	£3,604	£2,643	£2,467	£2,643	£2,473
62	£3,886	£3,620	£2,655	£2,465	£2,655	£2,472

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustees have based this assumed member on data sourced from the administrator for the prior year and rolled it forward 12 months. The assumed member is age 48, with a normal retirement age of 52, using a starting pot size of £2,490.
4. Inflation is assumed to be 2.5% per annum.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Assumptions <p>The above illustrations have been produced for an “average DC” member, an “average DC with Underpin” member and a “Young DC with Underpin” member based on the Plan’s membership data. The “Default Lifestyle Strategy” illustration assumes the member’s asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member’s assets are invested in that fund up to the Plan retirement age. The results are presented in real terms, i.e. in today’s money, to help members have a better understanding of what their pension pot could buy in today’s terms, should they invest in the funds above as shown.</p> <p>The Plan is closed to new members and future contributions.</p>	
Age	
<ul style="list-style-type: none"> • “Average DC” member • “Average DC with Underpin” member • “Young DC with Underpin” member 	60 57 48
Plan Retirement Age	62
Starting Pot Size	
<ul style="list-style-type: none"> • “Average DC” member • “Average” DC with Underpin” member • “Young DC with Underpin” member 	£5,200 (<i>the median pot size of the Plan’s DC only members</i>) £5,280 (<i>median pot size of the Plan’s DC with Underpin members</i>) £2,490 (<i>median pot size of the youngest 10% of the Plan’s DC with Underpin members</i>)
Inflation	2.5% p.a.
Expected future nominal returns on investment:	
<ul style="list-style-type: none"> • Default Strategy <ul style="list-style-type: none"> ○ BlackRock (50:50) Global Equity Fund ○ BlackRock Over 15 year Gilt Index ○ LGIM Sterling Liquidity • BlackRock Over 15 year Gilt Index • LGIM Sterling Liquidity 	4.00% above inflation 0.50% above inflation 0.50% above inflation 0.50% above inflation 0.50% above inflation

Net investment returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 (‘the 2021 Regulations’) introduced new requirements for Trustees of ‘relevant’ occupational pension schemes. The statutory guidance was followed for completing this section.

From 1 October 2021 Trustees of all relevant pension schemes are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. This information must be recorded in the annual Chair’s Statement and published on a publicly available website.

The tables below show performance, net of all charges and transaction costs, of all funds available to members during the Plan year.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Default Strategy:

Age of Member	Annualised Returns to 31 March 2023 (% p.a.)	
	1 Year	5 Year
25	1.3	6.9
45	1.3	6.9
55	1.3	6.5

Source: Mobius Life.

Performance shown net of all charges and transaction costs. Performance has been calculated based on a fixed weighted average of underlying fund performance in the lifestyle, with the weightings as at the ages shown.

Self-Select Fund used by members:

Self-select Funds	Annualised returns to 31 March 2023 (% p.a.)	
	1 year	5 years
BlackRock Life (50:50) Global Equity Fund	1.3	6.9
BlackRock Over 15 Years Gilt Index	-30.5	-6.8
BlackRock Life (40:60) Global Equity Fund	-0.6	8.9
BlackRock Life Corporate Bond Over 15 Years Fund	-22.3	-3.7
BlackRock Life Over 5 Years Index-Linked Gilt Fund	-29.3	-4.3
BlackRock Life UK Equity Fund	1.9	4.7
BlackRock Life World (ex-UK) Equity Fund	-3.5	11.0
L&G Life Sterling Liquidity Fund	1.7	0.5

Source: Mobius Life

Notes:

- Returns are shown net of charges, based on Mobius Life unit prices

4. Value for members

Under new legislation applying to all DC schemes with less than £100m in assets, the Trustees are required to assess the extent to which the Plan delivers value for members across three key areas:

Assessment area	Type of assessment
Costs and charges	Comparative assessment against three larger DC arrangements, considering the level of ongoing member-borne charges and transaction costs.
Net investment performance	Comparative assessment against three larger DC arrangements, considering investment performance net of all member-borne costs and charges.
Governance and administration	Standalone assessment of the Plan's governance and administration arrangements, covering: core financial transactions; record keeping; default investment strategy; investment governance; Trustee knowledge and understanding; member communications; and management of conflicts of interest.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

The Trustees have carried out a value for members' assessment as at 31 March 2023. The conclusions of this assessment are set out in the table below.

Assessment area	Conclusion
Costs and charges	The Trustee has assessed the Plan as offering poor value from a costs and charges perspective on the basis that its on-going investment charges are significantly higher than those that would be applicable through a larger, multi-employer DC arrangement.
Net investment performance	The Trustee has assessed the Plan as offering good value from a net investment performance perspective, based on returns achieved over periods to 31 March 2023.
Governance and administration	<p>The Trustee has assessed the Plan as offering poor value from a governance and administration perspective.</p> <p>Promptness and accuracy of core financial transactions</p> <p>The Trustees appointed a specialist third party administrator to undertake administration. Mercer are able to provide an AAF report. Administration records are audited annually. The overall SLA from 1 January 2022 to 31 March 2023 was 91% of completion within Service Standard.</p> <p>Administration reports will be tabled and reviewed at future Trustee Meetings.</p> <p>Quality of record keeping</p> <p>Common and Scheme Specific data were last reviewed in March 2018. The Trustees will undertake a review of this data and take actions deemed necessary to improve the data quality.</p> <p>Appropriateness of the default strategy</p> <p>The Trustees reviewed the Plan's default investment option in August 2023 and, at the time of publication, are considering proposals to implement changes to improve its design.</p> <p>Quality of investment governance</p> <p>The Trustees will continue to regularly review investment performance at each future Trustee Meeting.</p> <p>Level of trustee knowledge, understanding and skills to operate the pension scheme effectively</p> <p>Trustee Board comprises three Company nominated trustees with pensions experience. The Trustees have sought to appoint member nominated Trustees, but none have been forthcoming. The February 2023 Trustee meeting focused on administrative, governance and investment matters.</p> <p>The Trustees will ensure sufficient time and focus is given to DC benefits. Specialist DC training will be undertaken.</p>

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Assessment area	Conclusion
	<p><i>Quality of communication with scheme members</i></p> <p>Benefit statements have been delayed for the Plan years to 31 March 2020 and 31 March 2021 and were delayed beyond 12 months from the Plan year ends. The Trustees will work with the Plan administrator to ensure Benefit Statements are issued in accordance with prescribed timescales going forwards. During the 22 February 2023 meeting, Mercer confirmed that both SMPI Statements were required to be sent.</p> <p><i>Effectiveness of management of conflicts of interest</i></p> <p>The Trustees have a conflicts of interest policy and register in place, and any new conflicts are declared and considered at each Trustee Meeting, and subsequently recorded.</p>
Overall	<p>Based on our assessment, the Plan offers reasonable value for members, with the strong relative investment returns being the main positive finding.</p> <p>The Trustees have agreed appropriate action to improve the value for members offered by the Plan, including updating the investment strategy to make the expected risk/return profile more suitable for the Plan's members, and to bring down the costs and charges applied through the investment funds.</p> <p>The Trustees have also considered the value of the DB underpin applicable to Plan's DC members; this valuable benefit would be lost upon transfer to an alternative DC arrangement.</p> <p>The Trustees have identified and agreed the following areas for improvement:</p> <ul style="list-style-type: none"> • Review the investment strategy for the default investment option and self-select fund range. This review took place in August 2023. • Review the fee arrangements currently in place and look to negotiate with the provider, where possible. • Review member communications to support members in their retirement planning. • Providing more focus on defined contribution pension aspects. <p>The Trustees believe making these improvements will result in better value for members being offered than winding up the Plan and transferring members' assets to a larger occupational scheme, particularly given the challenges of the DB underpin.</p> <p>Taking all of the above into consideration, the Trustees believe the Plan offers better value for members than would be available through an alternative DC arrangement.</p>

The Trustees will formally assess value for members again during the next Plan year.

The Trustees have set up processes to publish relevant information on the costs and charges of the default investment option and self-select funds online during the Plan Year but they have not notified members about this in member communications. The Trustees will notify members about this in future communications.

KELLY SERVICES (UK) LIMITED BENEFITS PLAN

YEAR ENDED 31 MARCH 2023

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Trustees' knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as Trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Codes of Practice 07 and 13.

New Trustees were formally appointed in May 2023 but were introduced to the board ahead of the execution of the deed during the Plan Year. During a meeting on 1 November 2022, it was confirmed that new Trustees would be given scheme-specific trustee on-boarding training (as set out below). Moving forward from that point, it was agreed that trustee training would be incorporated into each trustee meeting, ensuring DC matters were covered. A Trustee training log will be maintained going forward.

All the Trustees are required to familiarise themselves with the Plan's Trust Deed & Rules, the Statement of Investment Principles, all documents setting out the Trustee's current policies, the law relating to pensions and trusts, the principles relating to the funding and investment of occupational pension schemes.

Ongoing Training

Over the course of the Plan year, the Trustees demonstrated their continuous commitment to learning by undertaking training at investment committee or Trustee meetings.

During the 1 November 2022 meeting, the Trustees undertook DC Trustee Training on:


- DC Governance and Compliance (Responsibilities of being a DC Trustee)
- DC Administration (Core Financial Transactions, cyber security and data quality)
- Investments (Default strategy, fund range, statutory review, SIP, ESG, Monitoring)
- DC Communications (Disclosure requirements, effective member engagement)
- Small Schemes Value for Members Assessment

During the 22 February 2023 meeting, the Trustees undertook DC Trustee Training on:

- DC investment Strategy Review
- Effective System of Governance
- Current Issues in Pensions

The Trustees have agreed that all Trustees are expected to complete the Pension Regulator's Trustee Toolkit within six months of appointment. Training will be undertaken at all future Trustee meetings.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together 'the Regulations') and I confirm that the above statement has been produced by the Trustees to the best of my knowledge.

Chair of the Trustees Carl Saunders 

Date: 27 October 2023

APPENDIX 1

STATEMENT OF INVESTMENT PRINCIPLES

Kelly Services (UK) Limited Benefits Plan

Statement of Investment Principles

August 2020

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1 Introduction

Under the Pensions Act 1995, trustees are required to prepare and review regularly a Statement of Investment Principles, dealing with certain specific matters.

This statement sets out the principles governing decisions about the investment of the assets of the Kelly Services (UK) Limited Benefits Plan (the Plan).

In preparing the Statement, the Trustees have:

1. obtained and considered written advice from a suitably qualified individual, employed by their investment consultants, Mercer, whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and
2. consulted with the Sponsoring Employer, although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The Plan's assets are held in trust for the Plan by the Trustees, whose powers of investment are set out in the Trust Deed and Rules.

The Trustees will review the Statement formally at least every three years. Furthermore, the Trustees will review the Statement without delay after any significant change in investment policy or member demographics. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Sponsoring Employer.

Plan details

The Plan is a money purchase (Defined Contribution) arrangement and operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries. The Plan was established as a Defined Benefit (DB) plan and subsequently changed to a Defined Contribution (DC) plan with effect from 1 April 1993. Members of the Plan were contracted out of the State Earnings Related Pension Scheme (later known as the State Second Pension) on a Guaranteed Minimum Pension (GMP) for the period ending 5 April 1997 and on a money purchase protected rights basis for the period 6 April 1997 to 31 March 2004. The Plan was closed to new members and future contributions from 31 March 2004.

The benefits provided by the Plan are categorised as follows:

3. Defined Benefits (final salary benefits) in respect of service prior to 1 April 1993. For the purpose of this Statement these benefits have been defined as DB Benefits.
4. Defined Contribution Benefits (money purchase benefits) subject to a GMP underpin in respect of service between 1 April 1993 and 5 April 1997. For the purpose of this Statement these benefits have been defined as DC GMP Underpin Benefits.

Defined Contribution Benefits (money purchase benefits) in respect of service accrued after 6 April 1997. For the purpose of the Statement, these benefits have been defined as DC Benefits.

Exempt approval has been granted by HM Revenue & Customs (HMRC) under Chapter 1 of part XIV of the Income and Corporation Taxes Act 1988 and from 6 April 2006 the Plan has acquired registered scheme status. Administration of the Plan is managed by the Trustees, who are responsible for the investment of the Plan's assets.

2 Decision Making

The Trustees distinguish between two types of investment decision:

Strategic investment decisions

These decisions are long-term in nature and are driven by an understanding of the objectives, needs and liabilities of the Plan.

The Trustees takes all such decisions themselves. Where appropriate, this is after receiving written advice from its investment consultant and consulting with the employer. Examples of such decisions include:

5. Setting investment objectives;
 6. Setting the strategic asset allocation;
 7. Setting benchmarks;
 8. Drafting the Statement of Investment Principles; and
- Appointing and removing investment managers.

Tactical investment decisions

These decisions are short-term and based on views of future market movements.

The Trustees delegate such decisions to appropriate investment managers and do not interfere with their decisions. Examples of such decisions include:

9. Selecting individual stocks;
 10. Temporarily deviating from the strategic asset allocation to take advantage of better market opportunities; and
- Timing of entry or exit from a market.

3 Investment Objectives

Defined Benefit Section

The Trustees' overall investment policy is guided by the following objectives:

11. To ensure that the Plan's assets and future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Plan as they arise.
12. To pay due regard to the interests of the employer in relation to the funding level of the Plan.
13. To achieve and maintain a funding level of 100% on an on-going basis without taking unacceptable risk.

To set and monitor appropriate benchmarks and performance targets for the investment managers.

Defined Contribution Section

The Trustees are mindful of its responsibility to provide members with an appropriate range of investment funds and a suitable default strategy. The long term objective of the Trustees is to enable members to provide adequately for themselves in retirement.

Details of the approach the Trustees have taken to meet these investment objectives are set out in Section 5.

The Trustees have determined their investment policy in such a way as to address the risks set out in Section 6 of this Statement

The items set out in Section 2, 3, 5, 6 and 7 of this Statement are in relation to what the Trustees deem as 'financially material considerations' both for the DC Section of the Plan and the default lifestyle strategy. The Trustees believe the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the members' age and when they expect to retire. It is for this reason that the default is a lifestyle strategy.

4 Investment Responsibilities

Trustees' Duties and Responsibilities

The Trustees are responsible for setting the investment objectives and determining the strategy to achieve the objectives.

The Trustees carry out their duties and fulfil their responsibilities as a single body. Each of the Trustees wish to contribute directly to the formulation of the Plan's investment policy and to the monitoring of the Plan's investment managers. Moreover, the trustee body is not so large as to be unwieldy in its operations. Sub-committees may be formed from time to time to examine specific issues.

The duties and responsibilities of the Trustees include, but are not limited to, the following tasks and activities:

14. The regular approval of the content of the Statement.
15. The appointment and review of the investment managers and investment advisers.
16. The assessment and review of the performance of each investment manager.
17. The review of the investment parameters within which the investment managers can operate.
18. The assessment of the risks assumed by the Plan at a total Plan level as well as on a manager by manager basis.
19. The approval and review of the asset allocation benchmark for the Plan.

The compliance of the investment arrangements with the principles set out in the Statement.

Investment Adviser's Duties and Responsibilities

The Trustees have appointed Mercer as the investment adviser to the Plan. Mercer provide advice as and when the Trustees requires it, as well as raising any investment-related issues, of which they believe the Trustee should be aware. Matters on which Mercer expects to provide advice to the Trustees include the following:

20. Setting of investment objectives.
21. Determining investment strategy and asset allocation.
22. Determining an appropriate investment structure.
23. Framing manager mandates.

Liasing with JLT Investment Management (JLT IM) to select and replace investment managers.

The Trustees may seek advice from Mercer with regard to both strategic and tactical investment decisions; however, it recognises that it retains responsibility for all such decisions, including those that concern investments and disinvestments relating to cash flows. Mercer may be proactive in advising the Trustees regarding tactical investment decisions; however, there is no responsibility placed on Mercer to be proactive in all circumstances.

Work is charged for either by an agreed fee or on a time cost basis. In particular, the investment consultant does not receive commission or any other payments in respect of the Plan that might affect the impartiality of their advice. The Trustees believe that this is the most appropriate fee structure for the Plan.

Mercer are authorised and regulated by the Financial Conduct Authority (FCA).

Investment Manager Arrangements and Responsibilities

The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The fund range and default investment strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment strategy or general fund range.

After considering appropriate investment advice, the Trustees appointed JLT IM as Investment Manager to the Plan. JLT IM was first appointed on 05 February 2014.

The key duty of JLT IM is to select investment managers suitable to each mandate within the Trustees' agreed asset allocation. The investment guidelines as to how JLT IM will manage the funds are set out within the Investment Management Agreement.

Investment managers are appointed by JLT IM based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

JLT IM will only invest in pooled investment vehicles. The Trustees therefore accept that they cannot specify the risk profile and return targets of the manager, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

If a manager is significantly downgraded by Mercer's Manager Research Team, JLT IM will replace that manager with a suitable alternative.

JLT IM is also responsible for appointing a suitable Platform provider, which will provide the infrastructure to support the Plan's investments and host the underlying investment managers' funds. The current Platform provider is Mobius Life Limited, whose appointment foregoes the need for a Custodian. Mobius Life Limited is authorised by the Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA.

The underlying investment managers are responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage.

In the case of multi-asset mandates, the underlying investment managers are responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

All of the investment managers that will be selected by JLT IM will be authorised and regulated by the PRA, the FCA or both.

The underlying investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Plan. Where possible, discounts have been negotiated by JLT IM with the underlying managers on their standard charges and the Plan benefits directly from these discounts.

None of the underlying managers in which the Plan's assets are invested have performance based fees which could encourage the manager to make short term investment decisions to hit their profit targets.

The Trustees therefore consider that the method of remunerating fund managers is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn

encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustees accept that they cannot influence the charging structure of the pooled funds in which the Plan is invested, but is satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund's stated characteristics. The Trustee is therefore satisfied that this the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustees' policies as set out in this SIP.

JLT IM makes a fund based charge for the services it provides. This charge is specified in the contractual agreement between the Trustee and JLT IM.

JLT IM does not receive commission or any other payments in respect of the Plan that might affect the impartiality of its actions and any discounts negotiated by JLT IM with the underlying managers are passed on in full to the Plan.

JLT IM is authorised and regulated by the FCA.

The Trustees believe that this is the most appropriate basis for remunerating managers.

Summary of Responsibilities

A summary of the responsibilities of all relevant parties, including the Plan Actuary and administrators, in so far as they relate to the Plan's investments, is set out at Appendix 2.

5 Implementation

The Trustees, after considering appropriate investment advice, have selected professional, authorised investment managers to manage the assets of the Plan through the JLT Platform. The Trustees believe this advice to be in line with the requirements set out in Section 36 of the Pensions Act 1995.

Investment Strategy of the Defined Benefit Section

Types of Investments to be Held

The Plan's assets are invested wholly via pooled vehicles.

The Trustees are permitted to invest across a wide range of asset classes, including the following:

24. UK and overseas equities
25. UK and overseas government bonds, fixed and inflation-linked
26. UK and overseas corporate bonds
27. Convertible bonds
28. Property
29. Commodities
30. Hedge funds
31. Private equity
32. High yield bonds
33. Emerging market debt
34. Diversified growth
35. Liability driven investment products

Cash

The use of derivatives is as permitted by the guidelines that apply to the pooled funds.

Investment Structure of the Defined Contribution Section

The Trustees' strategy is to provide members with sufficient investment options to allow the acquisition of secure assets of appropriate liquidity, which will generate income and capital growth, which, will provide a fund at retirement with which members can purchase a pension annuity.

The Trustees wish to give members a reasonable degree of freedom over the investment policy of their accounts. DC Members who have a GMP Underpin are not able to self-select, they are invested in the default strategy, as described in this section. Asset classes include equities, bonds and money market instruments. All of the funds which the Plan invests are pooled and unitised; the use of derivatives is permitted by the guidelines that apply to the pooled funds. The following funds have been made available for members to choose their own customised asset mix:

36. BlackRock Life AQC (50:50) Global Equity Fund
37. BlackRock Life AQC Over 15 Years Gilt Index Fund
38. BlackRock Life AQC Corporate Bond Over 15 Years Fund
39. BlackRock Life AQC Over 5 Years Index-Linked Gilt Fund
40. BlackRock Life AQC (40:60) Global Equity Fund
41. BlackRock Life AQC UK Equity Fund
42. BlackRock Life AQC World (ex-UK) Equity Fund
43. L&G Life TA Sterling Liquidity Fund

After assessing the potentially enhanced return from active management in relation to the additional risks assumed; the costs involved in employing an active investment manager; the Trustees decided to utilise passively managed funds.

When self-selecting, the balance between funds and asset classes is the member's decision. This balance will determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerance. Members can switch between funds by changing their investment instructions.

Default Investment Strategy

The default strategy operates as a default if a member does not wish to make their own investment selection. The default is designed to be appropriate for a typical member of the Plan. This is the only investment made available to those members with a DC GMP Underpin Benefit.

In determining the investment strategy for the default, the Trustees have received formal written investment advice from their investment managers. The Trustees have explicitly considered the trade-off between risk and expected returns when establishing the balance between different kinds of investments. The expected amount of risk is considered appropriate for the typical member and will differ by member depending on their age and their expected retirement age. Further information is set out below.

The default option follows a "lifestyle" strategy that automatically varies the mix of assets a member is invested in over their working life and is designed to be appropriate for a member to take their benefits by purchasing an annuity at retirement. This aims to provide growth in excess of inflation during the growth phase of the lifestyle and to provide a strategy to reduce investment risk as members approach retirement age.

In the lifestyle strategy (the default strategy for both DC only members as well as DC members with GMP Underpin Benefits) assets are invested in the BlackRock (50:50) Global Equity Index Fund and are subject to a 'Lifestyle' investment strategy. The BlackRock (50:50) Global Equity Fund broadly maintains an equity split of 50% UK equities and 50% overseas equities. The Lifestyle strategy mechanistically moves assets from the (50:50) Global Equity Index Fund to the BlackRock Over 15-year Gilt Index Fund and L&G Sterling Liquidity Fund as retirement approaches. The table overleaf illustrates the Lifestyle strategy that has been put in place by the Trustees.

From six years to retirement, assets invested in the Global Equity Fund move to Gilts on a quarterly basis. Two years from retirement, some assets are moved to cash. This is illustrated on the following page.

Years from retirement	BlackRock (50:50) Global Equity Index Fund %	BlackRock Over 15-year Gilt Index Fund %	L&G Sterling Liquidity Fund %
End of Year 6	100	0	0
End of Year 5	80	20	0
End of Year 4	60	40	0
End of Year 3	40	60	0
End of Year 2	25	75	0
End of Year 1	15	75	10
End of Year 0	0	75	25

The default retirement age for the lifestyle strategy is age 62. However, members can choose a target retirement age (between age 55 and age 75) which will dictate the beginning of the Lifestyle phasing. Retirement before age 62, however, requires Company and Trustees' consent.

Taking into account the Trustees' views of how the membership will behave at retirement, the Trustees no longer believe that the current default is appropriate and are in the process of changing the default investment strategy. The Trustees will continue to review this over time, at least triennially, or after any significant changes to the Plan's demographic, if sooner.

Details of the funds used in the default and self-select range are set out in Appendix 1.

6 Risk

Risks of the Defined Benefit Section

The Trustees pay close regard to the risks that may arise through a mismatch between the Plan's assets and its liabilities, and to the risks that may arise from the lack of diversification of investments. They believe that the investment policies to be followed by their investment managers do have adequate regard to the need to diversify within each asset class as well as in terms of stock selection.

Under the Pensions Act 2004 the Trustees must now state its policy on the ways in which risks are to be measured and managed. These are set out below.

Solvency Risk and Mismatching Risk

Are measured and managed through an assessment of the expected development of the value of the liabilities relative to the assets held.

Manager Risk

- 44. Is measured by the expected deviation of the fund performance relative to the investment objective.
- 45. Is managed by monitoring the actual deviation of returns relative to the objective.

Liquidity Risk

- 46. Is measured by the projected level of future cash flows

Is managed by the Plan's administrators assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.

Political Risk

- 47. Is measured by the level of concentration in any one market leading to the risk of an adverse influence on investment values arising from political intervention.

Is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.

Corporate governance risk

- 48. Is measured by the level of concentration in individual stocks leading to the risk of an adverse impact of investment values arising from corporate failure.

Is managed by regular reviews of stock concentration and regular discussions with the investment managers about diversification.

Sponsor risk

49. Is measured by the level of ability and willingness of the sponsor to support the continuation of the Plan and to make good any current or future deficit.

Is managed by assessing the interaction between the Plan and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to a number of metrics reflecting the financial strength of the sponsor.

Risks of the Defined Contribution Section

The Trustees recognise that in a defined contribution arrangement, members assume the investment risks themselves. The Trustees further recognise that members are exposed to different types of risk at different stages of their working lifetimes. The main types of investment risk are and how they are monitored and managed are noted below:

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market Risk	Inflation Risk	The risk that a member's investments will not grow quickly enough to sufficiently outpace inflation (the cost of living).	The Trustees make available a range of funds across various asset classes, with the majority expected to keep pace with inflation.
	Currency Risk	This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the scheme may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.	Members are able to set their own investment allocations, in line with their risk tolerances. The default strategy is designed with the intention of diversifying these risks to reach a level of risk deemed appropriate given the objectives. This is set with the advice from the investment adviser.
	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.	The Trustees acknowledge that the assessment of credit risk on individual debt instruments is the responsibility of the investment manager. The Trustees will however ensure that they are comfortable with the amount of risk that the Plan's investment managers take.
	Other Price Risk	This is the risk that principally arises in relation to the return seeking assets such as equities.	The Trustees acknowledge that the Plan can manage its exposure to price risk by investing in a diverse portfolio across various markets.

Environmental and social and governance (“ESG”) risks	<p>This is the risk that ESG factors, including climate change, have a financially material impact on the return of the Plan’s assets.</p> <p>These risk factors can have a significant effect on the long-term performance of the assets the Plan holds.</p>	<p>Where applicable these factors will be considered in the investment process but is considered the responsibility of the investment manager.</p> <p>Please see Section 7 for the Trustees’ responsible investment statement.</p>
Pension Conversion Risk	<p>This is the risk that member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.</p>	<p>The Trustees make available a wide range of funds which enable members to manage this risk.</p> <p>The default is a lifestyle strategy which automatically and gradually switches member assets into investments whose value is expected to be less volatile relative to annuity prices. The allocation at retirement is considered suitable for members purchasing an annuity and taking a 25% tax free cash lump sum.</p> <p>The Trustees will review the default strategy at least triennially to assess whether the targeted destination remains appropriate.</p>
Manager risk	<p>This is assessed as the expected deviation of the prospective risk and return, as set out in the managers’ objectives, relative to the investment policy.</p>	<p>It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers’ investment process, and by appointing JLT IM to monitor and replace (following Trustee consent) any managers where concerns exist over their continued ability to deliver the investment mandate.</p>
Liquidity risk	<p>The risk that the Plan’s assets cannot be realised at short notice in line with member or Trustees’ demand.</p>	<p>As far as is practicable and necessary, the Trustees invest in liquid assets that can be quickly realised as required.</p> <p>It is managed by investing only in readily realisable pooled funds that can be bought and sold on a daily basis.</p>

Realisation of Investments

The funds are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore should be realisable at short notice, based on either Trustees' or member demand. The selection, retention and realisation of investments within the pooled arrangements are the responsibility of the relevant investment manager.

7 Responsible Investing

The Trustees believe that Environmental, Social and Corporate Governance (“ESG”) issues may have a material impact on investment risk and return outcomes, thereby affecting the performance of investment portfolios and should therefore be considered as part of the Plan’s investment process.

The Trustees have delegated responsibility for the selection, retention and realisation of investments to the investment managers. The Trustees’ policy is that the extent to which ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, are taken into account in these decisions is left to the discretion of the investment managers. However, the investment managers who are registered with the FCA are expected to act in accordance with their own corporate governance policies and current best practice, as well as comply with the UK Corporate Governance Code and UK Stewardship Code, including public disclosure of compliance via an external website.

The Trustees will continue to review the available products and approaches in this space and strive for the Plan to continue to deliver strong risk-adjusted returns, incorporating responsible investments principles into the process, where possible.

Member views on non-financial matters are not taken into account in the selection, retention and realisation of investments. Nevertheless the Trustees believe that they have a good understanding of membership demographics, behaviours and preferences and strive to provide a fund range that meets both financial and non-financially relevant member needs.

Stewardship Policy

The Trustees believe that good stewardship can create and preserve value for companies and markets as a whole and can therefore enhance long-term portfolio performance, and is therefore in the best interests of the Plan’s beneficiaries and aligned with fiduciary duty.

The Trustees are supportive of the UK Stewardship Code published by the Financial Reporting Council and encourage the Plan’s underlying managers who are regulated by the Financial Conduct Authority to comply with the UK Stewardship Code. Such managers are expected to report on their adherence to the Code on an annual basis. For managers that choose not to comply with any of the principles in the UK Stewardship Code, or not to follow the guidance at all, the Trustees will request a clear rationale from the managers on their alternative approach to stewardship.

As the Plan invests in pooled funds via an investment platform, the Trustees’ scope to vote on the Plan’s shares directly is currently limited. The Trustees have therefore concluded that the decision on how to exercise voting rights should be left with the underlying investment managers who will exercise these rights in accordance with their respective published corporate governance policies. These policies take into account the financial interests of shareholders, and should be for the members’ benefit.

The Trustees request annual reports on the voting undertaken by the Plan’s underlying investment managers during the period and review the voting to ensure it remains broadly consistent with the Trustees’ view of good stewardship standards.

8 Monitoring of Investment Advisor and Manager

Investment Adviser

The Trustees continually assesses and reviews the performance of its adviser in a qualitative way.

Investment Managers

JLT IM, as Investment Manager has the role of replacing the underlying investment managers where appropriate. It takes a long-term view when assessing whether to replace the underlying investment managers, and such decisions would not be made based solely on short-term performance concerns. Instead, changes would be driven by a significant downgrade of the investment manager by Mercer's Manager Research Team. This in turn would be due to a significant reduction in Mercer's confidence that the investment manager will be able to perform in line with their fund's mandate over the long term.

In addition, as part of the annual value for members assessment, the trustees review the investment manager fees and performance over 1 and 3 year periods. The assessment shows the absolute performance as well as the performance against the managers' stated target (over the relevant time period) on a net of fees basis.

Portfolio Turnover Costs

The Trustees consider portfolio turnover costs as part of the annual value for members assessment. The Trustees are also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Plan.

The Trustees are working with Mercer to determine the most appropriate way to obtain and monitor the information required in relation to the pooled funds in which the Plan is invested and will include further information about this when next updating the SIP.

9 Code of Best Practice

Defined Benefit Section

The Trustees note that in March 2017, the Pensions Regulator released 'Investment Guidance for Defined Benefit Pension Schemes'.

The Trustees have received training in relation to this guidance and are satisfied that the investment approach adopted by the Plan is consistent with the guidance so far as it is appropriate to the Plan's circumstances.

The Trustees meet with their investment adviser annually, monitoring developments both in relation to the Plan's circumstances and in relation to evolving guidance, and will revise the Plan's investment approach if considered appropriate.

Defined Contribution Section

The Pensions Regulator has published a new code on standards for DC schemes and this came into effect in November 2013 as part of a wider initiative to get DC right. This was updated further on 28 July 2016 and this revised version is shorter and simpler than its predecessor and has been updated to include the DC flexibilities and governance legislation introduced from April 2015.

The Code of Practice 13 on the governance and administration of occupational DC trust based schemes places bigger than ever emphasis on good quality investment arrangements and stricter requirements for reviewing these on the Trustees. Particular attention has to be paid to the design of default strategies and on-going monitoring of their continuing suitability for scheme membership. The Code can be found here:

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-13-governance-and-administration-of-occupational-trust-based-schemes-providing-money-purchase>

When formulating their investment policy, the Trustees have acted in line with the Code of Practice 13.

10 Compliance

The Plan’s Statement of Investment Principles and annual report and accounts are available to members.

A copy of the Plan’s current Statement plus Appendices is also supplied to the Sponsoring Employer, the Plan’s investment managers, auditors and Actuary.

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others and was approved by the Trustees on

Signed on behalf of the Trustees by

On

Full Name

Position

Investment Manager

The Plan invests with JLT IM, whose key responsibility is to monitor the suitability of the funds used on an ongoing basis and make changes as they consider appropriate, subject to the Trustees' approval.

The assets for the underlying managers are hosted on an investment platform provided by Mobius Life Limited.

JLT IM will monitor the investment managers. If one of the managers is downgraded by Mercer's Manager Research Team, the Trustees will be informed and alternative managers will then be considered as a replacement.

Defined Benefit Section

Investment manager/ fund	Fund benchmark	Objective	Dealing frequency
BlackRock Life AQC (50:50) Global Equity Fund	Aquila Life (50:50) Global Equity Benchmark	To provide returns consistent with the markets in which it invests and provides broad exposure to countries around the world.	Daily
BlackRock Life AQC Over 15 Years Gilt Index Fund	FTSE Actuaries UK Conventional Gilts over 15 Years Index	To achieve a return consistent with the FTSE Actuaries UK Conventional Gilts over 15 Years Index.	Daily
BlackRock Life AQC Corporate Bond Over 15 Years Fund	iBoxx Sterling Non-Gilts 15+ Years Index	To achieve a return consistent with the iBoxx £ Non-Gilts Over 15 Years Index.	Daily
BlackRock Life AQC Over 5 Years Index-Linked Gilt Fund	FTSE Actuaries UK Index-Linked Gilts over 5 Years Index	To achieve a return consistent with the FTSE Actuaries UK Index-Linked Gilts over 5 Years Index.	Daily
L&G Life TA Sterling Liquidity Fund	7 Day LIBID	To provide capital stability, liquidity and diversification while providing a competitive level of return in relation to 7 day LIBID.	Daily

Defined Contribution Section

Default Funds

Investment manager/ fund	Fund benchmark	Objective	Dealing frequency
BlackRock Life AQC (50:50) Global Equity Fund	Aquila Life (50:50) Global Equity Benchmark	To provide returns consistent with the markets in which it invests and provides broad exposure to countries around the world.	Daily

BlackRock Life AQC Over 15 Years Gilt Index Fund	FTSE Actuaries UK Conventional Gilts over 15 Years Index	To achieve a return consistent with the FTSE Actuaries UK Conventional Gilts over 15 Years Index.	Daily
L&G Life TA Sterling Liquidity Fund	7 Day LIBID	To provide capital stability, liquidity and diversification while providing a competitive level of return in relation to 7 day LIBID.	Daily

Self-Select Funds

Investment manager/ fund	Fund benchmark	Objective	Dealing frequency
BlackRock Life AQC (50:50) Global Equity Fund	Aquila Life (50:50) Global Equity Benchmark	To provide returns consistent with the markets in which it invests and provides broad exposure to countries around the world.	Daily
BlackRock Life AQC Over 15 Years Gilt Index Fund	FTSE Actuaries UK Conventional Gilts over 15 Years Index	To achieve a return consistent with the FTSE Actuaries UK Conventional Gilts over 15 Years Index.	Daily
BlackRock Life AQC Corporate Bond Over 15 Years Fund	iBoxx Sterling Non-Gilts 15+ Years Index	To achieve a return consistent with the iBoxx £ Non-Gilts Over 15 Years Index.	Daily
BlackRock Life AQC Over 5 Years Index-Linked Gilt Fund	FTSE Actuaries UK Index-Linked Gilts over 5 Years Index	To achieve a return consistent with the FTSE Actuaries UK Index-Linked Gilts over 5 Years Index.	Daily
BlackRock Life AQC (40:60) Global Equity Fund	Aquila Life (40:60) Global Equity Benchmark	To provide returns consistent with the markets in which it invests	Daily
BlackRock Life AQC UK Equity Fund	FTSE All-Share TR Index	To achieve a return that is consistent with the return of the FTSE All-Share Index.	Daily
BlackRock Life AQC World (ex-UK) Equity Fund	FTSE All World Developed ex UK Net of Tax GBP	To achieve a return in line with the FTSE All-World Developed ex-UK Index.	Daily
L&G Life TA Sterling Liquidity Fund	7 Day LIBID	To provide capital stability, liquidity and diversification while providing a competitive level of return in relation to 7 day LIBID.	Daily

Responsibilities of Parties

Trustees

The Trustees' responsibilities include the following:

50. Reviewing at least triennially, and more frequently if necessary, the content of this Statement in consultation with the Investment Adviser and modifying it if deemed appropriate.
51. Reviewing the DB investment strategy following the results of each actuarial review, in consultation with the Investment Adviser and Plan Actuary.
52. Reviewing the DC investment strategy at least every 3 years.
53. Appointing the Investment Managers and custodian (if required).
54. Assessing the quality of the performance and processes of the Investment Managers by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser.
55. Consulting with the sponsoring employer regarding any proposed amendments to this Statement.

Monitoring compliance of the investment arrangements with this Statement on a continuing basis.

Investment Adviser

The Investment Adviser's responsibilities include the following:

56. Participating with the Trustees in reviews of this Statement of Investment Principles.
57. Advising the Trustees, at their request, on the following matters:
 - » Through consultation with the Plan Actuary, how any changes within the Plan's benefits, membership and funding position may affect the manner in which the assets should be invested;
 - » How any changes in the Investment Managers organisation could affect the interests of the Plan; and
 - » Whether any of the existing funds will not be able to meet their long term objectives
 - » How any changes in the investment environment could present either opportunities or problems for the Plan.
58. Undertaking project work, as requested, including:
 - » Reviews of the default strategy and asset allocation policy; and
 - » Research into and reviews of Investment Managers.

Advising on the selection of new managers and/or custodians.

Investment Managers

The Investment Managers' responsibilities include the following:

59. Providing the Trustees on a quarterly basis (or as frequently as required) with a statement and valuation of the assets and a report on their actions and future intentions, and any changes to the processes applied to their portfolios.
60. Informing the Trustees of any changes in the internal performance objectives and guidelines of any pooled fund used by the Plan as and when they occur.
61. Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments.

Giving effect to the principles contained in the Statement as far as is reasonably practicable.

Plan Actuary

The Plan Actuary's responsibilities include the following:

62. Liaising with the Investment Adviser regarding the suitability of the Plan's investment strategy given the financial characteristics of the Plan.
63. Assessing the funding position of the Plan and advising on the appropriate response to any shortfall.

Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels.

Administrator

The Administrator's responsibilities include the following:

64. Ensuring there is sufficient cash available to meet benefit payments as and when they fall due.
65. Paying benefits and making transfer payments.

Investing contributions not required to meet benefit payments with the Investment Managers according to the Trustees' instructions.