

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:

- 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
- 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:

- 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.
- 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:

1. 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:

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

2. 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:

- Selecting individual stocks;
- 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:

- 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.

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:

- The regular approval of the content of the Statement.
- The appointment and review of the investment managers and investment advisers.
- The assessment and review of the performance of each investment manager.
- The review of the investment parameters within which the investment managers can operate.
- The assessment of the risks assumed by the Plan at a total Plan level as well as on a manager by manager basis.
- 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:

- Setting of investment objectives.
- Determining investment strategy and asset allocation.
- Determining an appropriate investment structure.
- 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 is 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:

- 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
- 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:

- BlackRock Life AQC (50:50) Global Equity Fund
- BlackRock Life AQC Over 15 Years Gilt Index Fund
- BlackRock Life AQC Corporate Bond Over 15 Years Fund
- BlackRock Life AQC Over 5 Years Index-Linked Gilt Fund
- BlackRock Life AQC (40:60) Global Equity Fund
- BlackRock Life AQC UK Equity Fund
- BlackRock Life AQC World (ex-UK) Equity Fund
- 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

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

Liquidity Risk

- 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

- 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

- 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

- 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	The Trustees acknowledge that the Plan can manage its exposure to price risk by investing in a diverse portfolio across various markets.

as equities.

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 on8 SEPTEMBER 2020

Signed on behalf of the Trustees by



On

8 SEP 2020

Full Name

CHRIS MORRIS

Position

TRUSTEE CHAIR

Appendix 1: 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

Appendix 2: Responsibilities of Parties

Trustees

The Trustees' responsibilities include the following:

- 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.
- Reviewing the DB investment strategy following the results of each actuarial review, in consultation with the Investment Adviser and Plan Actuary.
- Reviewing the DC investment strategy at least every 3 years.
- Appointing the Investment Managers and custodian (if required).
- 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.
- 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:

- Participating with the Trustees in reviews of this Statement of Investment Principles.
- 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.
- 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:

- 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.
- 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.
- 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:

- Liaising with the Investment Adviser regarding the suitability of the Plan's investment strategy given the financial characteristics of the Plan.
- 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:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due.
- Paying benefits and making transfer payments.
- Investing contributions not required to meet benefit payments with the Investment Managers according to the Trustees' instructions.

