

Statement of Investment Principles

Albion Pension Plan

June 2023

1. INTRODUCTION

Under Section 35 of the Pensions Act 1995 as subsequently amended by the Pensions Act 2004 (the 'Act'), the Occupational Pension Schemes (Investment) Regulations 2005 (the '**Investment Regulations**'), the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, trustees are required to prepare a statement of principles governing decisions about investments for their pension funds. This Statement of Investment Principles (the '**SIP**') describes the investment policy, guidelines and procedures being pursued by the trustees (the 'Trustees') of Albion Pension Plan (the '**Plan**'). The Trustees believe this is in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK (the 'Myners Principles'). This SIP has also been drafted in a manner to reflect the requirements of Investment Regulations.

In accordance with the Act, the Trustees confirm that, before preparing the SIP, they have obtained and considered written advice from SEI Investments (Europe) Ltd in their role as fiduciary manager of the Plan ('**Fiduciary Manager**') and have consulted with Albion Automotive Limited (the '**Principal Employer**' of the Plan). The Trustees will consult with the Principal Employer before revising this document further.

The Plan Actuary has also been consulted to ensure that the potential returns available from the investment strategy remain consistent with the assumptions the Trustees have adopted for determination of the Plan's Statutory Funding Objective and any potential associated Recovery Plan to repair the funding shortfall where relevant.

The Trustees will review the SIP, in consultation with the Fiduciary Manager, at least every three years; and without delay after any significant change in investment policy or the circumstances of the Plan.

The Trustees believe SEI to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge and experience of the management of the investments of schemes such as the Plan.

The Trustees are responsible for the investment of the Plan's assets in the best interests of members and beneficiaries and it exercises its powers of investment in accordance with the trust deed and rules of the Plan and applicable law. The Trustees also arrange administration of the Plan. Where they are required to make an investment decision, the Trustees first receive and consider advice from SEI; they believe that this ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services and Markets Act 2000 ('**FSMA**'), the Trustees are responsible for setting a general investment policy, but have delegated the day-to-day investment decisions and investment management of the Plan's assets to the Fiduciary Manager, who has been appointed under section 36 of the Act. In turn, the Fiduciary Manager has delegated certain investment roles to companies within the wider SEI group ('**SEI**'). SEI and other third party asset managers are, where appropriate, used within the Plan's portfolio either as investment managers of pooled funds, as asset managers within multi-manager pooled funds.

The Fiduciary Management and Custody Agreement (the "Agreement") sets out the scope of the Fiduciary Manager's duties together with fees, investment restrictions and any other relevant matters in relation to the Plan. The Fiduciary Manager is authorised and

regulated by the Financial Conduct Authority ('FCA') and provides the expertise necessary to manage the investments of the Plan competently and in accordance with the terms of the Agreement and the principles of this SIP.

Declaration

The Trustees confirm that this Statement of Investment Principles reflects the investment strategy it has implemented for the Plan. The Trustees acknowledge that it is their responsibility, with guidance from their Fiduciary Manager, to ensure the assets of the Plan are invested in accordance with these principles.

Signed Garry McFarlane

Date 30 June 2023

For and on behalf of the Trustees of the Albion Pension Plan.

2. PLAN GOVERNANCE

The Trustees are responsible for the governance and investment of the Plan's assets. The Trustees consider the governance structure set out in this SIP to be appropriate for the Plan as it allows the Trustees to make the important decisions on investment policy, whilst delegating the day-to-day aspects of investment management to the Fiduciary Manager as appropriate. The responsibilities of each of the parties involved in the Plan's governance are detailed in Appendix A.

3. INVESTMENT OBJECTIVES

The Trustees' primary objectives in respect of the defined benefit ('DB') assets are:

- To make sure that, together with contributions from the Principal Employer the assets can meet the Plan's obligations to the beneficiaries of the Plan;
- To strike an acceptable balance between the stability of funding and the long-term cost of benefit provision; and
- To achieve, over the long term, a rate of investment return sufficient to outperform the growth of the Plan's liabilities and reach full funding on an appropriate basis while only taking the level of risk required to achieve this objective with a reasonable degree of certainty.

The Trustees have engaged with its advisers to ensure that excessive risk will not be taken in achieving this level of investment return. The Trustees have taken account of the financial strength of the Employer.

The Trustees will monitor the performance of the Fiduciary Manager against the agreed performance objectives to ensure that compliance with the investment parameters set and to assess that there continues to be a reasonable expectation that performance objectives will be met.

4. INVESTMENT STRATEGY

4.1 Choosing investments

The Trustees have delegated the management of the investment portfolio to the Fiduciary Manager. When choosing investments, the Fiduciary Manager is required to have regard to the criteria for investment set out in the Investment Regulations, the Occupational Pension Plan (Charges and Governance) Regulations 2015 and the principles contained in this statement. Consideration will be given to the Trustees' policy to ensure there is an appropriate balance between the different kinds of investments. The assets chosen will be invested in a diverse portfolio of investments in order to reduce investment risk.

The allocation of investments is likely to change as a result of a range of factors, such as changes in market conditions and the expected returns and risks. In recognition of the risks

that asset allocation can imply, there are asset allocation controls in place. These are detailed in the Agreement.

4.2 Kinds of investments

The Fiduciary Manager may invest in a wide range of investment instruments including equities, bonds and alternative investments using pooled funds. The investments in each fund will depend on the nature of the fund, its objective and benchmark (where applicable) and the risk controls which operate. If the Trustees were to impose any restrictions on types of investments, this would be reflected within the Agreement.

The Trustees have determined that derivatives or other financial instruments may be used to hedge the Plan's liability risks (principally interest rate and inflation risks) or other risks (e.g. equity or currency risks). In addition derivatives may be used within the pooled funds for the purpose of efficient portfolio management. At any given time a minimum level of assets of sufficient liquidity and quality will be held to ensure the Plan is able to satisfy collateral or margin calls which may arise as a result of the derivatives positions it holds.

4.3 Balance between different kinds of investments (diversification)

The Trustees understand the importance of diversification and, as such, the Fiduciary Manager is required by the Trustees to ensure the assets are properly diversified. The Fiduciary Manager will keep this consideration in mind when choosing investments.

The range of, and any limitation to the proportion of, the Plan's assets held in any asset class will be agreed between the Fiduciary Manager and the Trustees. These ranges and sets of limitations are specified in the Agreement and may be revised from time to time where considered appropriate.

4.4 Realisation of Assets

The Trustees are aware of the importance of fund liquidity and the risk that core financial transactions are not processed promptly due to lack of liquidity in the investments. The assets are held in pooled funds, most of which can be realised easily if the Trustees so require.

The Trustees will ensure that the Fiduciary Manager is made aware of the cashflow requirements of the Plan. The Fiduciary Manager will be responsible for ensuring that, in normal market conditions, sufficient assets are readily realisable to meet any disinvestments required by the Trustees to meet these cashflows.

4.5 Expected Return on Investments

The assets are invested over the long term, to generate expected returns sufficient to be consistent with the Trustees' long-term funding objective.

The Trustees' approach to investment strategy is to allocate the assets into two pools – the Risk Management Pool and the Return Enhancement Pool. The investment objective is then translated into the strategy and assets are allocated to these two components:

- Risk Management Pool - these investments exist in the portfolio to manage risk relative to the liabilities. Assets in this pool are those which tend to mirror the liabilities by nature and/or term such as fixed interest gilts, index-linked gilts, corporate bonds and liability driven derivative overlays such as interest rate swaps.
- Return Enhancement Pool - these investments exist in the portfolio to generate excess return relative to the liabilities without a requirement to closely track liability performance. Assets in this pool include, but are not limited to, equities, property, emerging market debt, high yield bonds, commodities, hedge funds, and other similar alternative investments.

The Trustees' investment objective determines the split of assets between these two components and within each component.

The Trustees recognise the importance of asset allocation to the overall investment returns achieved. However, given the approach to managing the investments set out in the previous section, the Trustees also recognise that the asset allocation will change as a result of a range of factors, which include changes in market conditions changing the allocation to different asset types.

However, in recognition of the risks that asset allocation can imply, there are asset allocation controls in place. These are detailed in the agreements between the Fiduciary Manager and the Trustees (current objectives, guidelines and restrictions as of the date of this SIP are set out in Appendix B).

5. STRATEGY IMPLEMENTATION

The Trustees employ the Fiduciary Manager to manage the assets of the Plan.

SEI are appointed to invest the Plan's assets through:

- Selecting appropriate funds suitable for the Plan
- Defining the allocations to each fund
- Making changes and adjustments where appropriate.

The performance expectation of this process is delivery of the investment objectives set for each fund, as this is consistent with the overall investment objectives set out in this SIP.

5.1 Suitability

The Trustees have established a mandate with the specific aim of defining the asset management objective to be directly consistent with the liability driven objectives. As such, they consider the mandate to be suitable.

The Trustees have taken advice from the Plan's Fiduciary Manager to ensure that the assets held by the Plan and the proposed strategy is suitable given its liability profile, the Trustees' objectives, regulatory guidance and specifications in the Trust Deed.

SEI has been mandated by the Trustees to manage the investments under its control, in a particular way, and details of these mandates are given in the Agreement.

5.2 Fiduciary Management Agreement

The Agreement sets out the scope of SEI's duties, fees, and investment restrictions together with any other relevant matter in relation to the Plan.

The Fiduciary Manager has been provided with a copy of this SIP and are aware that they are required to exercise their powers with a view to giving effect to the principles contained herein and in accordance with subsection (2) of Section 36 of the Pensions Act 1995.

5.3 Journey Plan

The Trustees have agreed a Journey Plan for the purpose of de-risking and re-risking the investment strategy as the Plan's funding level changes. SEI will estimate and monitor the funding level and have been given discretionary authority to implement strategy changes as certain funding trigger points are reached. These are outlined in Appendix B.

5.4 Borrowing

The Trustees do not intend to borrow or allow borrowing on behalf of the Plan except in exceptional circumstances.

5.5 Custody

The Trustees have appointed SEI as the custodian of the assets managed by SEI. SEI uses the back-office services of its associate, SEI Private Trust Company ('**SPTC**'). SPTC acts as agent for SEI's associate, SEI Global Nominee Limited who holds the client assets of SEI.

Details of other custodians used by the Investment Managers who provide the AVC services for the Plan are set out in the agreement between those parties and the Trustees on behalf of the Plan.

6. RISKS

The Trustees recognise there are a number of risks involved in the investment of the assets of the Plan. To assist the Trustees in understanding the potential for deficits to emerge as the result of investment risk, the Fiduciary Manager provides the Trustee with analysis quantifying the Value-at-Risk on a forward-looking basis.

The Trustees monitor and review the Fiduciary Manager's performance on a regular basis.

The Trustees recognise that the following are some of the risks involved in the investment of assets of the Plan.

- **Cashflow risk**

The risk of a shortfall of liquid assets relative to the immediate liabilities. The Trustees and their advisers will manage the Plan's cash flows taking into account the timing of future payments, and may borrow over the short-term in order to minimise the probability that this occurs.

- **Financial mismatching risk**

The risk of a significant difference in the sensitivity of asset and liability values to changes in financial factors, in particular inflation and interest rates. The Trustees will control these risks by monitoring their key characteristics and setting appropriate tolerances. The Trustees will also review how these risks might change should pension Plans in assessment transfer into the Plan.

- **Demographic risk**

Demographic factors include the uncertainty surrounding mortality projections such as future improvements in mortality experience. The Trustees recognise that there is currently no readily-tradable instrument to hedge this type of risk and that this risk may not be fully mitigated. The Trustees will measure liabilities using mortality assumptions recommended by the Plan Actuary.

- **Manager risk**

The failure by the Fiduciary Manager to achieve the rate of investment return assumed by the Trustees. This issue has been considered by the Trustees on the initial appointment of the Fiduciary Manager and thereafter will be considered as part of the investment review procedures the Trustees have put in place.

- **Concentration risk**

The risk that the performance of any single asset class or single investment that constituted a significant proportion of the assets would disproportionately influence the Trustee's ability to meet the objectives. The Trustees have set diversification guidelines for the investment managers to mitigate this risk.

- **Credit risk**

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 limit the risk by restricting the Plan's exposure to investments with a high credit risk and by ensuring that credit risk is well diversified across a number of counterparties.

- **Systemic risk**

The possibility of an interlinked failure by a number of companies or organisations that sponsor pension plans in particular sectors or industries. This also includes consideration of the overlap of risk between the investment held and the exposure to Plan deficits, as the failure of investments may also coincide with increasing Plan liabilities to the Plan. The Trustees will seek to mitigate this risk by limiting its exposure to investments with high credit risk.

- **Custody risk**

The Trustees will assess and consider the actions of the custodian of the plan's assets, SEI Global Nominees Limited, at the outset and on an ongoing basis to mitigate the risk

of misappropriation of assets, delivery that is not in accordance with the instructions, unauthorised use of assets for the benefits of other customers of the custodian, inadequate segregation of customer assets, failure to collect income, recover tax or respond to corporate events and custodian default.

The Custodian ring fences the Plan assets from its own and those of its other clients.

- **Derivative risk**

Where derivatives are used by the Plan, the Plan will have additional risk with the counterparty to that derivative. These risks are managed through the use of collateral arrangements

- **Currency risk**

Addressed through the Fiduciary Manager's guidelines and its currency hedging strategy.

- **Covenant risk**

The Trustees also have an agreement with the Employer to receive notification of any events which have the potential to alter the creditworthiness of the sponsoring employers. In particular, the Trustees will be informed of Type A events, as defined in appropriate guidance issued by the Pensions Regulator, and employer-related Notifiable Events. On receipt of such notification, the Trustees will re-consider the continued appropriateness of the Plan's existing investment strategy.

The Trustees will keep these risks, and how they are measured and managed, under regular review. The management of investment risk is a function of the asset allocation and diversification strategies and implementation of that strategy is delegated to the Fiduciary Manager.

7. FINANCIALLY MATERIAL CONSIDERATIONS

The Trustees have considered how financially material considerations (including environmental, social and governance ('ESG') factors such as climate change) should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Plan and its members. The Trustees consider that the appropriate time horizon to be more than 5 years.

The Trustees have delegated asset manager selection to the Fiduciary Manager. The Fiduciary Manager will seek to appoint asset managers that have appropriate skills and processes to take account of financially material considerations in the selection, retention and realisation of investments, and regularly reviews how its asset managers are doing so in practice. The Trustees expect the Fiduciary Manager to provide updates on the latest position on ESG factors and any material decisions that have been taken by SEI or third party asset managers as a result of considering such issues.

8. NON-FINANCIALLY MATERIAL CONSIDERATIONS

The Trustees have decided not to take non-financial considerations into account in the selection, retention and realisation of investments. For this purpose, non-financial matters

means the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Plan. In reaching this decision, the Trustees have considered both the challenges of engaging a properly representative sample of members and the strong likelihood of a lack of consensus among those most likely to respond to such a consultation.

9. STEWARDSHIP AND VOTING RIGHTS

The Plan's investments are achieved via pooled investment funds, in which the Plan's investments are pooled with those of other investors. The direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes, social, ethical or environmental factors, is delegated to SEI, or in the case of a third party pooled fund, its investment manager.

The management of the Trustees' policy in relation to the exercise of rights (including voting rights) and other engagement activities in respect of an investment is as follows:

- Voting decisions on stocks are delegated to the investment manager of the pooled fund. Where this is SEI, SEI has pooled the holdings in their funds with other investors and employed a specialist ESG provider for voting and engagement services. The Fiduciary Manager is a signatory to the 2020 Stewardship Code. The Fiduciary Manager will report on voting and engagement activity to the Trustees on a periodic basis together with its adherence to the UK Stewardship Code.
- SEI, or the investment manager of a third party pooled fund, has full discretion for undertaking engagement activities in respect of the investments:
 - (a) with relevant persons (which term includes (but is not limited to) an issuer of debt or equity, an investment manager, another stakeholder or another holder of debt or equity);
 - (b) about relevant matters including (but not limited to) matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance. Under the Investment Regulations the Trustees must document the methods by which and the circumstances under which the Trustees monitor and engage with the relevant persons about relevant matters.

The Trustee will consider whether the approach taken was appropriate or whether an alternative approach is necessary.

10. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

Some members obtain further benefits by paying AVCs into the Plan. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. The Trustees' objective is to provide a range of funds, which will provide a suitable long

term return for members, consistent with members' reasonable expectations. The Trustees have appointed the following investment managers as providers of AVCs:

Clerical Medical Investment Group

Utmost Life

11. MONITORING

Incentivising and monitoring managers to align with Trustee's' investment strategy

The Fiduciary Manager is incentivised to align its investment strategies with the Trustees' policies mentioned in this SIP through the terms set out in the Agreement and through the Trustees setting investment objectives which are reviewed annually. The Trustees will monitor performance quarterly and assess performance against these investment objectives annually. Such review will also include how well the Fiduciary Manager is aligned with the SIP, including in terms of ESG factors and the quality of service provided.

If the Fiduciary Manager does not meet its objectives it may ultimately result in the termination of its mandate. The agreement with SEI allows the Trustees to terminate with one month's notice.

SEI engages third party asset managers either through the use of third party pooled funds or through the appointment of asset managers within multi-manager pooled funds.

SEI will monitor the asset managers' performance on an ongoing basis against the particular investment strategy and objectives agreed with that manager. Where an asset manager is not performing or acting in a manner SEI feels is appropriate it may ultimately result in the termination of their mandate.

The fees paid to the Fiduciary Manager, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the Plan. The Fiduciary Manager is responsible for fee arrangements with asset managers, the costs of which are borne directly by the Plan.

Medium to long term and non-financial performance

Performance in the medium to long term can be improved where asset managers (i) make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity; and (ii) engage with issuers of debt or equity. The Trustees have delegated this to SEI and will monitor performance against this.

Monitoring portfolio turnover and costs

The Trustees have delegated the monitoring of the costs incurred by asset managers in the buying, selling, lending or borrowing of investments to the Fiduciary Manager.

The Trustees recognise that portfolio turnover (being the frequency with which the assets are expected to be bought/sold) and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the Fiduciary Manager. However, the Fiduciary Manager will incorporate portfolio turnover and resulting transaction costs in its advice on the Plan's investment mandates. When the Trustees agree a particular strategy and investment mandate, this will then set an expected level of turnover and transaction costs. The Trustees review and monitors the actual level of the costs and turnover against this expected level.

Duration of asset manager agreements

The agreement with the Fiduciary Manager has an indefinite term but can be terminated by the Trustees giving one month's notice. The Plan does not have any direct agreements with third party managers used by the Plan that are used within SEI's fiduciary management mandate.

12. CONFLICTS OF INTEREST

The Trustees will ensure that any conflicts of interest are managed at all times in the best interests of the Plan. Furthermore, in its oversight of the Fiduciary Manager, the Trustees will ensure that there are no conflicts of interests between SEI's role as Fiduciary Manager (detailed in Appendix A) and SEI's investment management business.

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Appendix A- Responsibilities

Trustees

The Trustees of the Plan are responsible for, amongst other things:

- i. Determining the investment objectives of the Plan and reviewing these from time to time.
- ii. Agreeing an investment strategy designed to meet the investment objectives of the Plan.
- iii. Reviewing regularly the content of this SIP and modifying it if deemed appropriate, in consultation with the Fiduciary Manager.
- iv. Reviewing the suitability of the investment policy following the results of each actuarial or investment review, in consultation with the Fiduciary Manager.
- v. Assessing the quality of the performance and process of the Fiduciary Manager by means of regular reviews of the investment results and other information, by way of meetings and written reports.
- vi. Assessing the ongoing effectiveness of the Fiduciary Manager.
- vii. Consulting with the Principal Employer when reviewing investment policy issues.
- viii. Monitoring compliance of the investment arrangements with this SIP on an ongoing basis.
- ix. Advising the Fiduciary Manager of any changes to Plan benefits and significant changes in membership.

Fiduciary Manager

The Fiduciary Manager will be responsible for, amongst other things:

- i. Participating with the Trustees in reviews of this SIP.
- ii. Advising the Trustees how any changes within the Plan's benefits, membership and funding position may affect the manner in which the assets should be invested.
- iii. Advising the Trustees of any changes in the Plan's investment managers that could affect the interests of the Plan.
- iv. Advising the Trustees of any changes in the investment environment that could either present opportunities or problems for the Plan.
- v. Undertaking reviews of the Plan's investment arrangements including reviews of the asset allocation policy and current funds the Plan is invested in, as appropriate.
- vi. At their discretion, but within any guidelines given by the Trustees, implementing changes in the asset mix and selecting and undertaking transactions in specific investments within each asset class to achieve the stated objective.
- vii. Providing the Trustees with sufficient information each quarter to facilitate the review of its activities, including:
 - A report of the strategy followed during the quarter.

- The rationale behind past and future strategy.
 - A full valuation of the assets and a performance summary.
- viii. Informing the Trustees immediately of:
- Any breach of this SIP that has come to their attention.
 - Any serious breach of internal operating procedures.
 - Any material change in the knowledge and experience of those involved in managing the Plan's investments.
 - Any breach of investment restrictions agreed between the Trustees and the Fiduciary Manager from time to time.

Plan Actuary

The Plan Actuary will be responsible for, amongst other things:

- i. Liaising with the Trustees and Fiduciary Manager on the investment returns required from the investment strategy to meet the Plan's statutory funding objective and the associated recovery plan to repair the funding shortfall.
- ii. Performing the triennial actuarial valuation, annual actuarial report and more frequent valuations as requested by the Trustees and advising on appropriate Company contribution levels at each triennial actuarial valuation.
- iii. Recommend any changes to Company contribution levels to the Trustees at each triennial actuarial valuation and advise the Fiduciary Manager of any agreed changes.
- iv. Provide the Fiduciary Manager with cash flow and liability data on request (usually following or as part of each triennial actuarial valuation).

Custodian

The Custodian will be responsible for, amongst other things:

- i. Safe-keeping and administration of all the directly held assets.
- ii. Collecting income from assets and transferring it to the Trustees.
- iii. Processing all tax reclaims in a timely manner.
- iv. Reconciling records of assets.

Appendix B - Investment Objectives, Guidelines & Restrictions

The objective of the Plan is to achieve fully funded status on buy-out basis.

The portfolio of the current strategy will be invested in the manner set out below. The portfolio and parameters outlined below are set out as at the date of the Amendment Letter, and may be subject to change.

The table below sets out the high level asset allocation of the portfolio which includes the current target allocation, and the allowable ranges pertaining to such allocation. The target return of the initial target allocation is Gilts + 1.9% p.a..

Category	Target Allocation	Allowable Range
Return Enhancing Pool	38%	33-43%
Risk Matching Pool	62%	57-67%

Appendix C –Journey Plan

The objective of the Plan is to achieve buy-out. The Journey Plan outlines how SEI aims to assist the Plan in achieving its objectives, and has been prepared in consultation with the Trustees.

Using data provided by the Plan's actuary, SEI will calculate an estimate of future Plan liabilities (the "SEI Liabilities") and assess the Portfolio's asset/liability balance (the "SEI Funding Level").

For the avoidance of doubt, the SEI Liabilities are an estimate of the future liabilities and may not replicate precisely those calculated by the Plan actuary. The SEI Liabilities are therefore only to be used for the purpose highlighted here and to supply the Trustees with summary information. The SEI Liabilities will allow for the progression of time, expected cash flows, an estimate of the effect of future accruals and an estimate of the effect of changes in market conditions pertaining to the valuation of the liabilities (particularly, changes in interest rates and expected market breakeven inflation).

For the avoidance of doubt, the SEI Funding Level is an estimate and excludes:

1. Longevity changes.
2. Discrepancies between actual benefits paid versus expected.
3. Discrepancies between actual demographic progression versus expected (e.g. more early retirements than expected).

Once the Plan has met Fully Funded Status, SEI shall consult with the Trustees and agree the appropriate course of action.

The duties of SEI in this regard are set out in the FMA.

The Journey Plan contains a suggested asset allocation (each a “Strategy” and collectively the “Strategies”) developed by SEI in consultation with the Trustees which is dependent on the current funding level at a given period in time.

SEI will ensure that such Strategies have been developed having taken into account the Trustee’s investment goals and risk tolerance in accordance with the FMA. The Strategy implementation for the Portfolio may change if a certain SEI Funding Level has been reached (a “Funding Level Trigger”). The current Funding Level Triggers are set out below. The Portfolio, and any additional assets deposited in the Portfolio, will be invested in the SEI Funds in accordance with the then current Strategy relevant to the Funding Level Trigger at that time, or in such other manner as the Trustees may direct.

The asset allocation of the portfolio and prevailing Strategy is monitored by SEI on an ongoing basis and rebalanced when necessary. Cash flows will be used as far as possible to re-balance the portfolio.

The SEI Funding Level will be monitored on a regular basis by SEI and the following shall apply:

a) Increase in SEI Funding Level

If a Funding Level Trigger has been reached, upon review, SEI may reallocate the portfolio to the appropriate Strategy in accordance with the table below.

b) Decrease in SEI Funding Level

Should the SEI Funding Level at any time fall below a Funding Level Trigger previously attained SEI shall take the appropriate course of action in consultation with the Trustees.

The table below includes the Funding Level Triggers at 24th October 2022 which, for the avoidance of doubt, are subject to change. SEI shall provide a quarterly update of the Funding Level Triggers unless otherwise agreed by the parties:

Strategy	Funding Level Trigger (Starting Level)
Current	87.7%
1	91.1%
2	94.6%

The table below includes the intended asset allocation for each Strategy.

	Strategy		
Asset Allocation Target	Current	1	2
Return Enhancement	38%	28%	18%
Risk Management	62%	72%	82%

Appendix D – Hedge Ratios

Having taken investment advice from SEI, the Trustees have also determined that they wish to reduce the interest rate and inflation risk exposure of the Plan by engaging in a Liability Driven Investment (LDI) Strategy to target the hedge ratios shown in the table below.

Risk	Hedge Ratio
Interest rate risk (effective % of interest rate sensitivity in the Gilts flat Liability basis that the Portfolio should match)	90-95%
Inflation Rate Risk (effective % of inflation rate sensitivity in the Gilts flat liability basis that the Portfolio should match)	90-95%

The Hedge Ratios will be rebalanced within +/-5% quarterly should any ratio vary from its target level by more than 5%.

Appendix E

Plan Actuary:

Mercer

Fiduciary Manager:

SEI Investments (Europe) Ltd

Custodian:

SEI Global Nominees Limited