Statement of Investment Principles

Ideal Stelrad Group Pension Plan

August 2024

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 the Ideal Stelrad Group 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 the 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 Scheme (the '**Fiduciary Manager'**) as listed in Appendix B. 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 have also consulted with Ideal Boilers Limited, the Principal Employer of the Scheme, (the '**Employer**'), in preparing the SIP, and the Trustees will consult the employer before revising this document further.

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 Scheme.

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 the administration of the Plan. Where they are required to make an investment decision, the Trustees first receive and consider advice from SEI for the DB Section and Secondsight for the DC Section. The Trustees 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 Scheme's portfolio either as investment managers of pooled funds or 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 Scheme. The Fiduciary Manager and Investment Advisor are authorised and regulated by the Financial Conduct Authority (FCA) and provides the skill and expertise necessary to manage the investments of the investments of the Plan competently and in accordance with the terms of the Fiduciary Management Agreement and the principles of this SIP. The Trustees will monitor the performance of the Fiduciary Manager against the agreed performance objectives. The Trustees will regularly review the activities of the Fiduciary Manager to ensure they continue to perform in a competent manner and have the appropriate knowledge and experience to manage the assets of the Plan.

The Fiduciary Manager has been provided with a copy of this SIP and are aware that it is required to exercise its 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.

Declaration

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

Signed: **Date:**

For and on behalf of the Trustees of the Ideal Stelrad Group 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 Investment Adviser for the DC section and the Fiduciary Manager for the DB section as appropriate. The responsibilities of each of the parties involved in the Plan's governance are detailed in Appendix A.

3. DEFINED BENEFIT INVESTMENT OBJECTIVES

The overall objective of the Scheme is to meet the benefit payments promised as they fall due. The Trustees have set the following long-term objectives:

1. The acquisition of suitable assets, having due regard to the risks set out in Section 10 of this statement, which will generate income and capital growth to pay, together with deficit repayment contributions from the Principal Employer, the benefits which the Plan provides as they fall due.

2. To limit the risk of the assets being assessed as failing to meet the liabilities over the long term having regard to the Statutory Funding Objective (further details at section 11.1).

3. To achieve a return on investments which, over the long term, is expected to be consistent with meeting the Statutory Funding Objective.

The Trustees aim to meet the long term objectives via the following measures:

- Ensuring the strategic allocation for the Plan takes into account the liability profile and the Statutory Funding Objective.

- Monitoring the Investment Managers to ensure that they comply with the investment guidelines set for them and that there is a reasonable expectation that they can meet their performance objectives going forward.

4. DEFINED BENEFIT INVESTMENT STRATEGY

4.1. General Policies

The Trustees' approach to investment strategy is to allocate the assets into two broadly defined 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 – including Liability Driven Investment and Corporate Bond strategies) 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 return relative to the liabilities without a requirement to closely track liability performance. Assets in this pool may 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.

4.2. Asset Allocation

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 Fiduciary Management Agreement between SEI and the Trustees.

4.3. Return Objective

A return on investments is required which, over the long term, is expected to be consistent with the Trustees' goal of meeting the Statutory Funding Objective.

Where the Trustees have felt it appropriate, the Fiduciary Manager has been mandated to invest actively in such a way as is expected to outperform relevant benchmark indices. The return objective of the current portfolio is gilts + 1%.

5. DEFINED BENEFIT STRATEGY IMPLEMENTATION

The Trustees employ SEI to manage the assets of the Plan through:

- Selecting appropriate SEI or Third Party 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 earlier in the SIP.

5.1. Fiduciary Management Agreement

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

SEI has been provided with a copy of this SIP and is aware that it is required to exercise its 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.

5.2. Diversification

The assets will be invested in a diverse portfolio of investments in order to reduce investment risk.

The Trustees understand the importance of diversification and, as such, the Investment Adviser is required by the Trustees to ensure the assets are properly diversified. The choice of asset classes are designed to ensure that the Plan's investments are diversified by type and region.

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 will be specified in the agreements between the Fiduciary Manager and the Trustees and may be revised from time to time where considered appropriate as circumstances change. The Trustees also have regard to the investment powers of the Trustees as defined in the Trust Deed.

5.3. 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.

5.4. Asset manager arrangements

Incentivising managers to align with the Trustees' investment strategy

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

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 is responsible for fee arrangements with asset managers, the costs of which are borne by SEI out of the fee that SEI charge the Plan. 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 SEI 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.

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.

As described above, 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.

As indicated above, the fees paid to SEI and the possibility of their mandate being terminated, ensure they are aligned with the Trustees' interests in respect of medium to long term performance.

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; however it should be noted that the duration of any investment in a pooled fund will be effected by the redemption terms of that pooled fund.

6. DEFINED BENEFIT MONITORING

6.1. Monitoring manager performance and remuneration

Under the Fiduciary Management Agreement, the Trustees have appointed SEI to provide investment advice, portfolio management and other services from time to time, as specified in the Fiduciary Management Agreement.

The Trustees will monitor performance quarterly and assess performance against the Fiduciary Manager's 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 and will also include a review of actual fees paid relative to expected and contractual fee levels. In terms of third party asset managers appointed by the Fiduciary Manager SEI will monitor the managers' performance and fees on an ongoing basis against the particular investment strategy, objectives and fee arrangements agreed with that manager. As such the third party asset managers are not monitored directly against the requirements of the SIP

6.2. 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 SEI.

The Trustee recognises 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 SEI. However, SEI will incorporate portfolio turnover and resulting transaction costs in its advice on the Scheme's investment mandates. When the Trustees agrees a particular strategy and investment mandate, this will then set an expected level of turnover and transaction costs. The Trustees reviews and monitors the actual level of the costs and turnover against this expected level.

6.2. Statement of Investment Principles (SIP)

The Trustees will review this SIP on a regular basis or following any changes to the investment strategy, and modify it after consultation with the Investment Adviser and the Principal Employer. There will be no obligation to change this SIP or any adviser relationship as part of such a regular review. Following any changes to the investment strategy this SIP will require updating to reflect the revised investment strategy.

6.3. Trustees

The Trustees maintain a record of all decisions taken, together with the rationale in each case.

7. DEFINED BENEFIT RISKS

The Trustees recognise there are a number of risks involved with the investment of fund assets. The Trustees intend to adopt an investment strategy where the value of assets and liabilities are broadly aligned.

The management of investment risk is a function of the asset allocation and diversification strategies and implementation of that strategy is delegated to the Investment Adviser. The Trustees will monitor and review the Investment Managers' performance on a regular basis. The responsibilities of Trustees, Investment Adviser and Scheme Actuary are set out in Appendix A.

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.

- **Liquidity risk**
  This is the risk of exhausting liquid assets and therefore being unable to meet immediate liabilities. These liabilities include cash payments. Sufficient liquidity is maintained such that the probability of this risk occurring is very low. The Trustee and their advisers monitor the level of liquidity, and will take actions to improve liquidity if necessary.

- **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 schemes 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 choose appropriate mortality assumptions in line with Plan Funding legislation to measure liabilities after taking advice from the Plan Actuary.

- **Manager risk**
  The failure by the Investment 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 Investment 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 possibility of default of a counterparty in meeting its obligations. The Trustees have set guidelines with investment managers to limit its exposure to investments with high credit risk.

- **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. In addition, the asset allocation is set so as to ensure a low level of correlation between the Plan’s assets relative to its liabilities and that of a typical UK defined benefit pension Plan.

- **Transition risk**
  The risk of incurring inappropriate costs in relation to the transition of assets of pension Plans from one investment manager to another. The Trustees will

mitigate this risk by using one or more specialist managers to implement transitions of assets with the explicit aim of minimising costs.

- **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 assets 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. In particular, the Trustees, through the Fiduciary Manager, have a liquidity and collateral management policy in place in respect of the Liability Driven Investments within the Risk Management Pool. The Fiduciary Manager reports to the Trustee on a quarterly basis in line with this policy.

- **Currency risk**
  Addressed through the Investment Adviser'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 under regular review.

8. DEFINED BENEFIT OTHER ISSUES

8.1. Statutory Funding Objective

The Trustees will obtain and consider proper advice on the question of whether the investments and investment strategy are satisfactory having regard to both the investment objectives and the requirement to meet the Statutory Funding

Objective. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation at least every three years.

The Trustees will consider with the Investment Adviser and the Scheme Actuary whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the Statutory Funding Objective.

8.2. Corporate Governance

The Plan's investments are achieved via pooled investment funds, in which the Plan's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue these securities, whether for corporate governance purposes, social, ethical or environmental factors, is delegated to the investment manager of the pooled investment fund. As such, the Trustees do not have a formal policy. However, the extent to which these factors are taken into account in the selection, retention and realisation of investments is considered by the Investment Managers as part of the process of selecting organisations with which to invest.

8.3. Social, Environmental and Ethical Issues

The Trustees are seeking to deliver a required level of returns over the long term subject to an acceptable level of risk recognising that not all risks are rewarded. .

Consideration of financially material factors in investment arrangements

Following advice from the Fiduciary Manager, the Trustees have adopted a policy of delegating responsibility for the consideration of environmental, social and governance (ESG) issues to the Fiduciary Manager and their delegates. The Trustees are comfortable with the advice they have received and regard the advice on these areas as sufficient to support their investment policy. They expect the Fiduciary Manager to take account of all financially material factors, including ESG, in the selection, retention and realisation of investments. The Investment Manager will keep the Trustees up to date with their latest position on ESG factors.

The Trustees have not made explicit allowance for the long-term risks of climate change in their investment strategy. As noted above, the Fiduciary Manager is expected to take account of all financially material factors in the selection of investments. The Trustees, and the Fiduciary Manager, will keep this under review.

Consideration of non-financially material factors in investment arrangements

The Trustees have not imposed any restrictions relating to ESG issues on their Investment Manager and there are no exclusions applied to investment arrangements based on non-financially material factors.

8.4. Additional Voluntary Contributions (AVCs)

Some members obtain further benefits by paying AVC's into the Plan. The liabilities in respect of these AVC's 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. Members are offered the range of funds outlined in Appendix C through Standard Life in which to invest their AVC payments.

8.5. Realisation of Assets

The assets are held in pooled funds, most of which can be realised easily if the Trustees so require.

8.6. 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 Manager who provides the Defined Contribution and AVC services for the Plan are set out in the agreement between that party and the Trustees on behalf of the Plan.

8.7. Use of Derivatives

Derivatives or other financial instruments may be used to hedge the Plan's liability risks (principally interest rate, inflation and longevity risks) or other risks (e.g. equity or currency risks).

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.

8.8. Borrowing

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

9. DEFINED BENEFIT VOTING STEWARDSHIP AND ENGAGEMENT

The Scheme'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 these 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 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 Trustees have delegated the responsibility for such monitoring and engagement to SEI.

SEI will report on voting and engagement activity to the Trustees on a periodic basis together with its adherence to the UK Stewardship Code. The Trustees will consider whether the approach taken was appropriate or whether an alternative approach is necessary.

10. DEFINED CONTRIBUTION INVESTMENT OBJECTIVES

The Trustees' objectives are to:

Offer suitable funds for the members so that they have a range of options available from which they may be able to maximise, so far as is reasonable, the rate of return earned on the assets over the long term within an acceptable degree of variation in asset values in relation to the member's preferred retirement income option (annuity, cash, flexible drawdown or a combination of all three).

The member's retirement benefits depend on:

I. The level of contributions made by or in respect of the member.
II. Investment returns achieved (net of fees and any transaction charges)
III. In relation to selected benefit option:
    a) Annuity terms prevailing at retirement; or
    b) Levels of return on deposit-based funds; or
    c) Levels of return on growth asset-based funds

Review, in conjunction with the Investment Advisers by means of discussion with the Investment Manager, any fund option offered to members that either underperforms its benchmark over a significant timeframe, or carries a level of risk to the security of the investment which may be thought to be unreasonable in the context of the Plan's investment objectives. There will be no obligation to make any changes to the range of funds offered to members as part of such a review, although the Trustees recognise their responsibilities to monitor and amend the fund range offered to members as appropriate, following advice from the Investment Advisers who will monitor the investment returns in the context of actual member outcomes.

11. DEFINED CONTRIBUTION INVESTMENT STRATEGY

Having considered advice from the Investment Advisers following the cessation by Standard Life of the previous blended fund default solution, and also having due regard for the objectives and the members of the Plan, the Trustees have made available a number of pooled funds through Standard Life's Trust Based Pension (TBP) contract. Members can choose to invest their contributions in one or more of the investment options.

The Trustees will ensure that each member's investments are invested in accordance with the fund options selected by the member.

11.1. Investment Options

A range of pooled funds has been made available to provide individual members with a choice of asset classes and regions. These are detailed in Appendices C and D.

11.2. Default Fund

The Trustees have decided to utilise Standard Life’s ESG focussed Sustainable Multi Asset Universal Strategic Lifestyle Profile which uses a combination of active and passive options within the default lifestyle strategy for members who do not specify where they would like their contributions to be invested.

The component funds are constructed by Standard Life as blends on their platform and so are managed and reported on as single funds. Standard Life keep the blends under review and adjust it as required.

Please see Appendix C for a table of the funds, their charges, benchmarks and whether they are active or passive.

The Trustees believe that these funds offer appropriate diversification and an acceptable level of risk to suit most members.

11.3. Lifestyling

In recognition that some members may not wish to make their own investment decisions, the Trustees have developed Lifestyle options to ensure an adequate degree of diversification and to help ensure that the strategy is suitable for the average member over their working career.

With the arrival of pension freedoms in April 2015, the Trustees adopted a default option targeting a universal outcome at retirement which therefore enabled members to draw benefits in line with the new multi-faceted options available being a combination of cash, guaranteed income (annuity) and flexible income (drawdown).

Under the default strategy, the members' investments are automatically invested in the Sustainable Multi Asset Growth fund, and then phased over the fifteen years prior to the member’s selected retirement age into the Sustainable Multi Asset Pre Retirement and At Retirement funds. The overall strategy is referred to as the Sustainable Multi Asset Universal Strategic Lifestyle Profile and targets a universal outcome covering all of the potential benefit outcomes.

For those members wishing to make specific at retirement benefit selections as outlined above, alternative lifestyle strategies are available that phase into either:

- The Sustainable Multi Asset Annuity lifestyle profile
- The Sustainable Multi Asset Lump Sum lifestyle profile, or
- The Sustainable Multi Asset Drawdown lifestyle profile

Accordingly, there are 4 lifestyle Profiles available reflecting the 4 benefit targets available at retirement.

11.4. Diversification

The choice of investment options for members is designed to ensure that they are able to choose investments that are adequately diversified and suitable for their profile. The Trustees monitor the strategy regularly to ensure that they are comfortable with the choice of funds offered to members.

11.5. Active and Passive Management

The choice of whether to offer active and/or passive fund options is dictated by the funds offered by the Investment Manager and the Trustees have taken this into account when selecting the Investment Managers for the Plan.

11.6. Suitability

The Trustees have taken advice from the Investment Adviser that the range of investment options offered to members is suitable. Members are responsible for choosing which of the funds is most appropriate for the investment of their own and their employer's contributions, based on their own individual circumstances. The availability of a default strategy does not constitute financial advice for any individual member.

12. DEFINED CONTRIBUTION STRATEGY IMPLEMENTATION

12.1. Investment Managers

Following advice from the Advisers, the Trustees have appointed Standard Life to provide the pooled funds that make up the Plan's fund options.

12.2. Defined Contribution Fund Options

The range of funds offered to members was chosen from those offered by the Investment Manager to give members a diversified range of pooled investments from which they can select according to their individual circumstances. The funds available to members are detailed in Appendix C.

12.3. Investment of Contributions for Defined Contribution Members

Members can choose to have their contributions invested:

1. 100% in one of the four Lifestyle growth options; or
2. in any one or more of the individual fund options offered to members.

Each member's contributions will be invested in line with his or her selected choice of funds.

12.4. Performance Objectives

The funds available to members are a range of actively and passively managed funds. The passively managed funds performance is expected to be in line with the relevant index or indices, whilst for the actively managed funds the objective is to achieve returns ahead of each respective benchmark.

13. DEFINED CONTRIBUTION MONITORING

13.1. Investment Management

The Trustees will monitor the performance of the Scheme's Investment Platform provider and Investment Managers against the agreed performance of the objective for each fund. It should be noted that the default investment strategy is intended to be managed to a level of risk (volatility) rather than a performance benchmark; therefore the monitoring of the Investment Manager's performance will include volatility.

Investment Adviser

The Investment Adviser provides an annual investment performance report to the Trustees to analyse the performance of the Investment Managers. The report will include short-term performance (3 month and 1 year) but focus on and draw conclusions from the long-term time performance (3 and 5 year). The Trustees will seek to also ensure that the investment manager's remuneration via the AMC delivers value in relation to the performance delivered as outlined below.

The Trustees will undertake regular reviews (at least annually) of the Investment Platform Provider to consider whether they are continuing to carry out their work competently and continue to have the appropriate knowledge and experience to manage the assets of the Scheme.

In any event, the Trustees will formally review the progress and performance of the Investment Platform Provider and Investment Managers every three years. As part of this review, the Trustees will consider whether or not the Investment Platform Provider and Investment Managers:

- are carrying out their work competently
- have regard to the need for diversification of investments
- have regard to the suitability of each investment and each category of investment
- have been exercising its powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.

Investment Managers

In addition to the monitoring set out above, the Trustees will further monitor the underlying investment managers through the following processes:

- **Passive manager remunerations** – The majority of funds utilised by the Scheme are passively managed. Managers are remunerated through the members' Annual Management Charge(s). The Trustees ensure that remunerations remain appropriate through ensuring they align with the broader passively management market while continuing to deliver in line with the funds stated objective, with particular focus on the medium to long-term strategy of the manager. This approach ensures the managers continue to align with the policies set out in this SIP.

- **Active manager remunerations** – Where funds are actively managed, managers are also remunerated through the members' Annual Management Charge(s). Each active manager is currently remunerated though on a fixed basis (i.e. no performance related charging). The Trustees monitor the investment performance, underlying portfolio and asset allocation with a focus on medium to long-term decision making of the manager. Where the manager forms part of the default investment strategy, the Scheme's Investment Adviser engages directly with the manager to understand its future strategy and drivers of past performance. This approach ensures the managers continue to align with the policies set out in this SIP.

- **Portfolio turnover** – The Trustees delegate underlying portfolio decisions to the investment manager without restriction. However, the Trustees review turnover costs as part of its annual process to assess transaction costs over each Scheme Year. The Trustees will assess via their Value for Members analysis whether the level of turnover costs has provided value to its membership in the context of the investment manager's objective and performance. Within the review of actual portfolio turnover, the Trustees shall also have regard to the manager's targeted portfolio turnover.

- **Stewardship** – The Trustees will on an annual basis gather information on how the Investment Manager has exercised their stewardship, including how they exercise their voting rights and engagement with bond and equity issuers. The Trustees will report in their Implementation Report annually whether it believes the manager continues to act in line with the Statement of Investment Principles and the objective of the Investment Managers fund(s).

Should the Trustees, working with their adviser, have any concerns that the funds are not performing in line with the policies set out within this SIP or that the level of remunerations is inappropriate the Trustees would request their Investment Adviser to engage with the manager in the first instance. If required, the Trustees would review and replace a manager that was not meeting the policies within this SIP, with a focus on ensuring the Scheme's investment managers deliver in the medium to long-term time horizon appropriate to the Scheme membership.

13.2. Statement of Investment Principles (SIP)

The Trustees will review this SIP on a regular basis, at least triennially, or following any changes to the investment strategy, and modify it after consultation with the Investment Adviser and the Principal Employer. There will be no obligation to change this SIP or any adviser relationship as part of such a regular review. Following any changes to the investment strategy this SIP will require updating to reflect the revised investment strategy.

13.3. Trustees

The Trustees will monitor all the decisions they take and maintain a record of all decisions taken, together with the rationale in each case.

13.4. Advisers

The Trustees will monitor the advice given by an Investment Adviser on a regular basis.

14. DEFINED CONTRIBUTION RISKS

The Trustees recognise there are a number of risks involved with the investment of DC section fund assets.

The management of investment risk is a function of the asset allocation and diversification strategies and implementation of that strategy is delegated to the Investment Managers. The Trustees will monitor and review the Investment Managers' performance on a regular basis. The responsibilities of the Trustees and Investment Adviser are set out in Appendix A.

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

14.1. Manager risk

The failure by the Investment 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 Investment Manager and thereafter will be considered as part of the investment review procedures the Trustees have put in place.

14.2. 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 in conjunction with the Investment Adviser have established diversified blends via the investment managers to mitigate this risk.

14.3. Custody risk

The Trustees will assess and consider the actions of the custodian of the Plan's assets 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 Trustees will keep these risks under regular review.

15. DEFINED CONTRIBUTION RESPONSIBLE INVESTMENT, STEWARDSHIP AND CORPORATE GOVERNANCE

The Trustees believe that good stewardship can enhance investment performance, and is therefore in the best interests of the Scheme beneficiaries and aligned with fiduciary duty.

The Trustees believe that environmental, social and corporate governance ("ESG") issues can affect the performance as part of investment portfolios and should therefore be considered during the Scheme's DC Section investment selection and monitoring process.

When reviewing or selecting investment funds, strategies and managers, the Trustees have considered a range of relevant material matters including financially material considerations and the impact they may have over the time horizon of the Scheme. It is the Trustees' view that an appropriate time horizon would be the period of time until a member draws their benefits. For those members further from retirement this time horizon could be 40 years or more. Over this period, the Trustees acknowledge that environmental issues including climate change may have an impact on investment performance of the selected funds.

At present, the policy is to delegate the considerations of the long-term financial impact of these considerations to the Investment Manager of the selected fund(s). The Trustees have reviewed the managers' engagement processes to ensure these include engagement with relevant persons including companies invested in, other holders of those investments including equity and debt, and other key stakeholders.

When reviewing, selecting and monitoring funds and managers, the Trustees have also considered the means by which the manager takes into account the capital structure of an issuer of debt or equity and how any conflicts, real or potential, are managed. This is to ensure members' needs and the security of assets underpinning members' investments is robust.

The Trustees acknowledges that, from time to time, a conflict of interest may arise between key stakeholders regarding Scheme's underlying investments. An example may be that the investment manager may take a position in the market that is at odds with the sponsoring employer. The Trustees will manage these conflicts through ensuring they continue to act in the best interest of its membership by engaging with the investment manager. The Trustees delegate the day to day performance of the fund to the fund manager and will continue to do so for as long as this aligns to the policies set out in the SIP.

The Trustees are also aware that some members will have further views on investment matters including investing in line with an ethical or religious mandate. The Trustees do not believe that the current membership desires a specific fund to meet ethical or religious needs but will continue to review this position as part of its investment fund review process.

The Trustees have given each respective fund manager full discretion when evaluating ESG issues and in exercising rights and stewardship obligations relating to the Fund's investments.

Importantly for the Plan, it is accepted that collective or pooled investments will be governed by the individual policies of the Investment Managers. The Scheme's Investment Managers or the selected fund managers exercise voting rights and undertake engagement in accordance with their own policies. The Trustees request information from Investment Managers and individual fund managers on how they exercise their voting rights and whether these are used to positively influence businesses invested in through the pooled investment vehicle. The Trustees review this on an annual basis to reaffirm that the Investment Managers or individual fund manager views continue to align with the Trustees.

Where the DC Section utilises a fund or an Investment Manager trading in UK equities, the authorised managers in the UK are expected to report on their compliance with the UK Stewardship Code on an annual basis.

16. DEFINED CONTRIBUTION OTHER ISSUES

16.1. Financially Material Investment Considerations

Considerations which include the “Risks”, as set out in section 5, can affect the long-term financial performance of investments and can (but do not have to) include Environmental Social and Governance (ESG) responsibilities where relevant. The Trustees delegate consideration of financially material factors to the investment platform provider Aberdeen Standard Investments, who considers these factors for funds that are available through the default arrangement and as self-select funds, when making funds available on its investment platform. All references to ESG relate to financial factors only, and include climate change.

ESG factors and stewardship are considered in the context of long-term performance by the Trustees (in conjunction with their advisors) as part of the manager selection criteria. For invested funds, the Trustees request the investment platform provider monitors ongoing compliance with ESG and other factors, like stewardship, as part of overall engagement with companies in which they invest.

16.2. Non-Financially Material Investment Considerations

The Trustees do not at present take into account non-financially material factors (such as members’ ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as part of the default arrangement, as there is no likely common view on any ethical matters which members are likely to hold. At this time the Trustees have no plans to seek the views of the membership on ethical considerations. This policy will be reviewed periodically.

There is an optional Standard Life Ethical Pension Fund and a Shariah compliant SL HSBC Islamic Global Equity Index Fund available to members within the core funds available.

16.3. Additional Voluntary Contributions (AVCs)

Some members obtain further benefits by paying AVC’s into the Plan. 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. Members are offered the range of funds outlined in Appendix C through Standard Life in which to invest their AVC payments.

16.4. Realisation of Assets

The assets are held in pooled funds, most of which can be realised easily if the Trustees so require.

16.5. Custody

Details of the custodians used by the Investment Manager who provides the Defined Contribution and AVC services for the Plan are set out in the agreement between that party and the Trustees on behalf of the Plan.

16.6. Borrowing

The Trustees do not intend to borrow or allow borrowing on behalf of the Plan. In addition, Standard Life's TBP contract does not facilitate or permit pension borrowing.

16.7. Conflicts of Interest

The Trustees will ensure that any conflicts of interest are managed at all times in the best interests of the Plan.

17. DEFINED CONTRIBUTION VOTING

The Trustees have delegated responsibility for voting in a pragmatic and consistent manner to the Investment Managers.

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 and prevailing legislation.

iii. Reviewing regularly the content of this SIP and modifying it if deemed appropriate, in consultation with the Investment Advisers.

iv. Reviewing the suitability of the investment policy following the results of each investment review, in consultation with the Investment Advisers.

v. Assessing the quality of the performance and process of the Investment Managers 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 Investment Advisers.

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 Investment Advisers of any changes to Plan benefits and significant changes in membership.

Fiduciary Manager (DB Section) and Investment Adviser (DC Section)

The Fiduciary Manager and Investment Adviser 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, funding position and legislation may affect the manner in which the assets should be invested.

iii. Advising the Trustees of any changes relating to the administrator or Investment Platform provider and other investment providers that could affect the interests of the DC Section of the Plan.

iv. Assisting the Trustees with monitoring the administrator and Investment Platform provider for the DC Section.

v. Discussing with and advising the Trustees of any changes in the investment environment that could either present opportunities or problems for the Plan.

vi. Undertaking reviews of the Plan's DB Section investment arrangements including reviews of the asset allocation policy and current funds the Plan is invested in, as appropriate.

vii. Undertaking reviews of the DC Section investment arrangements when requested by the Trustees including reviews of the investment options, administrator, Investment Platform provider, and selection of new provider(s) as appropriate.

viii. 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.

ix. Providing the Trustees with sufficient information each quarter to facilitate the review of its activities for the DB Section, 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.

x. 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 Investment Managers from time to time.

Scheme Actuary

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

i. Liaising with the Investment Managers on the suitability of the Plan's investment strategy.

ii. Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels. In intervening years providing actuarial reports.

iii. Commenting on the appropriateness of the investment strategy relative to the liabilities of the Plan at the triennial valuations.

iv. Advising the Trustees of any material changes that may impact on the funding level.

Investment Platform Provider

The Investment Platform provider – Abrdn - will be responsible for, amongst other things:

i. At its discretion, but within the guidelines agreed with the Trustees, selecting and undertaking transactions in specific investments at a fund level

ii. Acting in accordance with the principles set out in the SIP

iii. Providing administration for the DC Section on behalf of the Trustees, including investment of members' contributions in the default fund or the members selected fund(s) and providing information to the Trustees in an agreed format and timescale

iv. Providing the Trustees with sufficient information to facilitate the review of its activities, including:

   a. Performance and rationale behind past and future strategy for each fund

   b. A full valuation of the assets

   c. A transaction report which includes details of any transaction costs in an acceptable format as prescribed in any guidance from the Financial Conduct Authority or other regulatory body.

v. Informing the Trustees immediately of:

   a. Any breach of this SIP

   b. Any serious breach of internal operating procedures

   c. Any material changes in the knowledge and experience of those involved in the Scheme's investment options.

Investment Manager

Each fund made available will be overseen by an Investment Manager, the manager will be responsible for, amongst other things:

i. At its discretion, but within the guidelines agreed with the Trustees, selecting and undertaking transactions in specific investments within each fund

ii. Acting in accordance with the defined objective and mandate of the fund

iii. Providing the Trustees, through the Investment Platform provider, with sufficient information to facilitate the review of their activities, including:

   a. Performance and rationale behind past and future strategy for each fund

b. A full valuation of the assets

c. A transaction report which includes details of any transaction costs

iv. Informing the Trustees, through the Investment Platform provider or Investment Adviser, immediately of:

a. Any change of fund objective

b. Any serious breach of internal operating procedures

c. Any material changes in the knowledge and experience of those involved in the Scheme's investment options.

The investment manager is remunerated implicitly through the annual management charge met by the members of the Scheme. The Trustee ensures that the managers continue to deliver in line with the policies established in this Statement of Investment Principles, including ensuring decisions are made over an appropriate time horizon and with appropriate consideration of non-financial matters through its monitoring of the investment manager.

The current investent managers are:

- Abrdn

These arrangements are ongoing and are anticipated to remain in place for the duration of the Scheme but subject to ongoing monitoring and reviews by the Trustee.

Scheme Administrator

i. Proper accounting, support in preparation of the annual report, administration of the annual audit and other financial reporting as required

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

Scheme Actuary:

Kevin Burgess, XPS

Fiduciary Manager:

SEI Investments (Europe) Limited

Investment Adviser:

(DC) Secondsight

Investment Managers:

(DC) Abrdn

Scheme Administrator

(DB) Capita

(DC) Standard Life Assurance Limited

Appendix C - Defined Contribution Fund Options

The specific investment funds available to members who wish to construct their own portfolio of funds are set out in the table below.

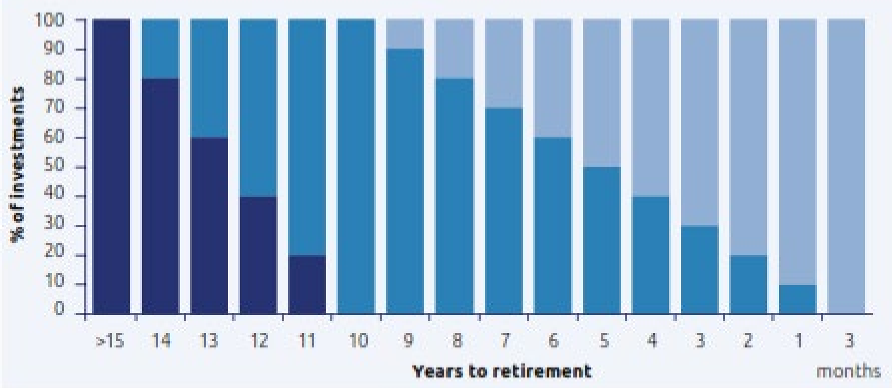
Manager	Fund Name	Benchmark	Total Expense Ratio (TER) (%pa)	Active/ Passive	Default
Standard Life	SL Sustainable Multi Asset Growth	-	0.24%	Active	Yes
Standard Life	SL Sustainable Multi Asset Pre Retirement	-	0.24%	Active	Yes
Standard Life	SL Sustainable Multi Asset At Retirement	-	0.25%	Active	Yes
Standard Life	SL Sustainable Multi Asset Pre Retirement (Annuity)	-	0.24%	Active	Yes
Standard Life	SL Sustainable Multi Asset At Retirement (Annuity)	-	0.24%	Active	Yes
Standard Life	SL Sustainable Multi Asset Pre Retirement (Lump Sum)	-	0.24%	Active	Yes
Standard Life	SL Sustainable Multi Asset Pre Retirement (Lump Sum)	-	0.24%	Active	Yes
Standard Life	SL Sustainable Multi Asset Pre Retirement (Drawdown)	-	0.24%	Active	Yes
Standard Life	SL Sustainable Multi Asset Pre Retirement (Drawdown)	-	0.25%	Active	Yes
BlackRock	SL BlackRock World ex UK Equity Tracker	FTSE All World Developed ex-UK Index	0.29%	Passive	No

BlackRock	SL BlackRock Aquila Over 15 Year Corporate Bond	iBoxx Over 15 years £ non-gilts Index	0.27%	Passive	No
BlackRock	SL BlackRock Managed (50:50) Global Equity	50% FTSE All-share Index, 50% overseas equities index	0.27%	Passive	No
HSBC	SL HSBC Islamic Global Equity Index	ABI Global Equities Index	0.57%	Active	No
BlackRock	SL iShares Index Linked Gilt Index	FTSE UK Gilts Index-Linked Index	0.26%	Passive	No
BlackRock	SL iShares > 15 Year Gilt Index	FTSE UK Gilts over 15 years Index	0.26%	Passive	No
BlackRock	SL iShares UK Equity Index	FTSE All-Share Index	0.26%	Passive	No
Standard Life	Standard Life Deposit and Treasury	ABI Deposit and Treasury Index	0.26%	Active	No
Standard Life	Standard Life Ethical Fund	ABI Balanced (up to 85% equity) Managed Index	0.26%	Active	No
Standard Life	Standard Life Property Fund	ABI UK Property Direct Index	0.28%	Active	No

Appendix D - The Lifestyle Strategy Options

Sustainable Multi Asset Universal Strategic Lifestyle Profile

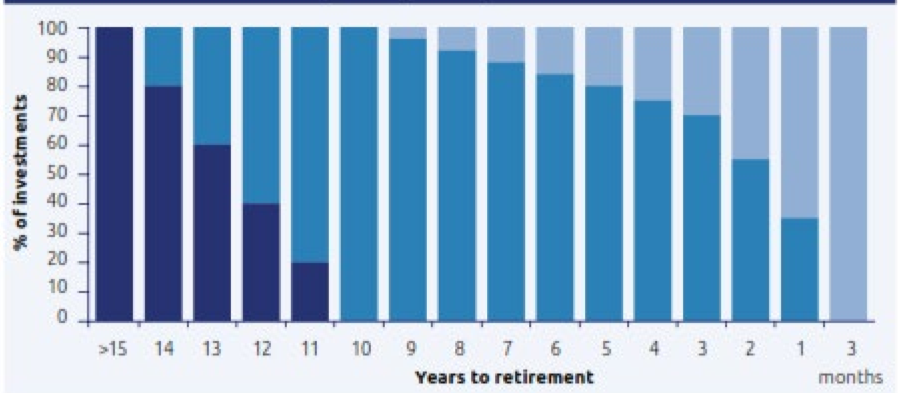
The Sustainable Multi Asset Universal Strategic Lifestyle Profile



	Fund name	Fund code	Volatility rating	FMC	Additional expenses	Plan rebate	Effective total annual fund charge	Active/ Passive investment[1]
■	Standard Life Sustainable Multi Asset Growth Pension Fund	LPNL	5	0.98%	0.01%	0.75%	0.24%	Active
■	Standard Life Sustainable Multi Asset Pre Retirement Pension Fund	CEMH	5	0.98%	0.01%	0.75%	0.24%	Active
■	Standard Life Sustainable Multi Asset At Retirement Pension Fund	PLND	4	0.98%	0.02%	0.75%	0.25%	Active

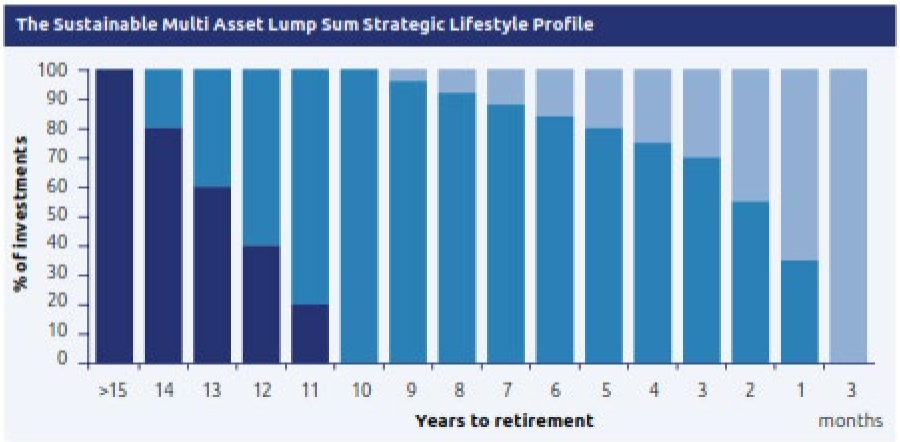
Sustainable Multi Asset Annuity Strategic Lifestyle Profile

The Sustainable Multi Asset Annuity Strategic Lifestyle Profile



	Fund name	Fund code	Volatility rating	FMC	Additional expenses	Plan rebate	Effective total annual fund charge	Active/ Passive investment[1]
■	Standard Life Sustainable Multi Asset Growth Pension Fund	LPNL	5	0.98%	0.01%	0.75%	0.24%	Active
■	Standard Life Sustainable Multi Asset Pre Retirement (Annuity) Pension Fund	MFNJ	5	0.98%	0.01%	0.75%	0.24%	Active
■	Standard Life Sustainable Multi Asset At Retirement (Annuity) Pension Fund	LNHA	4	0.98%	0.01%	0.75%	0.24%	Active

Sustainable Multi Asset Lump Sum Strategic Lifestyle Profile



Fund name	Fund code	Volatility rating	FMC	Additional expenses	Plan rebate	Effective total annual fund charge	Active/ Passive investment[1]
Standard Life Sustainable Multi Asset Growth Pension Fund	LPNL	5	0.98%	0.01%	0.75%	0.24%	Active
Standard Life Sustainable Multi Asset Pre Retirement (Lump Sum) Pension Fund	JMHG	5	0.98%	0.01%	0.75%	0.24%	Active
Standard Life Sustainable Multi Asset At Retirement (Lump Sum) Pension Fund	GFFA	2	0.98%	0.01%	0.75%	0.24%	Active

Sustainable Multi Asset Drawdown Strategic Lifestyle Profile

Fund name	Fund code	Volatility rating	FMC	Additional expenses	Plan rebate	Effective total annual fund charge	Active/ Passive investment[1]
Standard Life Sustainable Multi Asset Growth Pension Fund	LPNL	5	0.98%	0.01%	0.75%	0.24%	Active
Standard Life Sustainable Multi Asset Pre Retirement (Drawdown) Pension Fund	MFED	5	0.98%	0.01%	0.75%	0.24%	Active
Standard Life Sustainable Multi Asset At Retirement (Drawdown) Pension Fund	KBNI	4	0.98%	0.02%	0.75%	0.25%	Active