Laystall Pension and Life Assurance Scheme
Statement of Investment Principles

September 2024

1. INTRODUCTION

This is the Statement of Investment Principles ("SIP") adopted by the Trustee of the Laystall Pension and Life Assurance Scheme (the "Trustee" and the "Scheme", respectively). The SIP sets out the basis of the investment strategy and objectives for the Scheme.

The Trustee is required under Section 35 and Section 36 of the Pensions Act 1995 (the Act), as amended by Section 244 of the Pensions Act 2004, to formulate and disclose a (SIP). The Act requires the Trustee to prepare, maintain and from time to time revise a written Statement of Investment Principles governing decisions about the Scheme's investments. This edition of the SIP has been prepared in accordance with Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005 and any subsequent additional regulations. It is the Trustee's intention to review this statement on a regular basis.

The Trustee is aware of the need to comply with Sections 35 and 36 of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005. In particular:-

- they have obtained investment advice
- they have considered at what intervals the circumstances, and the nature of investments, would make it desirable to obtain further investment advice.
- they are aware of the penalties for failing to comply with the Pensions Act 1995 or Pensions Act 2004

Before preparing this (SIP), the Trustee has consulted with the sponsoring employer. However, the ultimate power and responsibility for deciding investment policy lies with the Trustee.

The Statement of Investment Principles must be made available to members. The Trustee's annual report will explain how members may obtain a copy of the latest Statement of Investment Principles.

The Trustee has agreed a detailed long-term investment plan, known as a Flight-Plan, with its Fiduciary Manager. The full details of this plan are documented in the Scheme's Flight-Plan Outline.

The Trustee reviews the overall investment strategy on a regular basis, taking into account the liabilities of the Scheme, the asset allocation, the suitability of investments and the need for diversification.

The Trustee is responsible for:

- Appointing (and, when necessary, dismissing) Fund Managers / Fiduciary Managers.
- Appointing (and, when necessary, dismissing) Independent Investment Advisers / Consultants.
- Assessing the quality of the performance and processes of the Fund Managers by reviewing the performance statistics against agreed benchmarks.

The Trustee has appointed a Fiduciary Manager and has delegated to them responsibility for selecting and overseeing the Scheme's Fund Managers.

The Trustee relies on these professional Fund Managers for the day-to-day management of the Scheme's assets.

The Trustee is aware of the need to comply with the Regulations. In particular, the Trustee believes that the Scheme's assets:-

- are invested in the best interest of members and beneficiaries. The Trustee is not aware of any conflict of interest that they have in investing the Scheme's assets and therefore believe the assets are invested solely in the best interests of members.

- are suitable to ensure security, quality, liquidity and profitability as a whole are reasonable.

- consist wholly of investments admitted to trading on regulated markets and are suitably diversified, as defined in the Regulations.

2. THE PRINCIPAL EMPLOYER

Before determining the Scheme's investment strategy, the Trustee has consulted the Principal Employer. The Principal Employer will be consulted before the SIP is adopted or revised.

3. INVESTMENT OBJECTIVES

External fund managers are employed to administer the Scheme's assets. The appointed manager(s) may vary from time to time depending upon various underlying factors.

3.1 The investment objective for the Scheme is:

To ensure that sufficient assets are available to meet liabilities of the pension Scheme as they fall due.

To minimise periods when the Scheme is in deficit and to achieve and maintain a position of being at least 100% funded on a scheme specific funding objective (Technical Provisions) basis.

To aim for self-sufficiency on an ongoing basis.

It is accepted that at different times within the economic cycle, acceptable levels of risk may change according to market conditions. However the Trustee would like to adopt a reasonably balanced attitude to investment risk on both a short and long run basis.

A related objective is to minimise the volatility of employer contribution rates as investment returns vary from year to year.

3.2 Investment ranges

The Trustee has adopted a long-term Flight-Plan designed to move the Scheme towards its objective of being 100% funded on a self-sufficiency basis.

The Trustee has given the Fiduciary Manager discretion to manage the Scheme's growth assets, liability-matching assets, and the overall balance between growth and matching assets according to the Flight-Plan.
The anticipated exposure to Growth and Matching assets at different Stages of the Flight-Plan is documented and subject to ongoing review by the Trustee and the Fiduciary Manager.

3.3 Risk Management

The Trustee is aware that there are various risks relating to the Scheme. These include:

- The risk that the investment fund manager(s) will not achieve the expected rate of investment return. The Scheme is exposed to market fluctuation and the value of its assets may rise or fall depending upon various economic conditions.

  The Trustee is prepared to accept a certain level of investment risk with the pension Scheme funds in order to reach their investment objective. The Trustee will monitor the performance of its Fiduciary Manager regularly to help ensure that this risk is minimised relative to the agreed benchmark(s) set.

- The risk of deterioration in the funding level of the Scheme.

- The risks posed by a lack of diversification of asset class and holding of assets that are closely correlated in terms of performance influences.

- The risks deriving from holding assets that perform differently to the liabilities for which they are held.

- The currency risks deriving from exposure to overseas assets.

- Risk definitions:

    - Risk is relative to the liabilities of the Scheme at any point in time.
    - Liquidity risk – the need to have sufficient cash to meet immediate liabilities.
    - Mortality risk – that future improvements in mortality will continue and hence increase the liabilities of the Scheme.
    - Inflation risk – the risk that inflation will increase the value of the liabilities by more than any increase in the value of the Scheme’s assets.

The investment objective of the Scheme is to achieve agreed returns within a risk-managed framework, achieved by asset allocation and security selection by the Fiduciary Manager.

4. TYPES OF INVESTMENT TO BE HELD

The types of investment that the Fiduciary Manager may hold from time to time include:

- UK Equities
- Overseas Equities
- UK Fixed Interest Bonds
- Overseas Fixed Interest Bonds
- UK Index-Linked Investments
- Overseas Index-Linked Investments
- Property Funds
- Investment Trusts
- Cash Instruments

- Exchange Traded Funds
- Index Tracking Funds
- Liability-Driven Investment Funds
- Infrastructure Funds
- Other Alternative Investment Funds

5. APPROACH TO MANAGING THE PORTFOLIO

The overall investment strategy will be set by the Trustee, having obtained advice from the Fiduciary Manager. The underlying assets will be managed on a discretionary basis by the Fiduciary Manager. The Fiduciary Manager will report at least on a quarterly basis. They will review and report the current asset allocation position against the Trustee's investment strategy.

The Trustee has given consideration to the investment management of the Scheme and whether it should be managed on a passive or an active basis.

Passive management aims to create a portfolio of funds / assets, which mirror a market index.

Active management uses analytical research, forecasts, experience and manager judgement when deciding which investments to hold in a portfolio.

The Trustee has opted for management which combines active asset allocation implemented using passive and active funds for the Scheme's investments.

Selection of funds and due diligence is delegated to the Fiduciary Manager.

Criteria for Dismissal

The Fiduciary Manager may be replaced if, for example:

- They fail to meet the agreed performance targets;
- The Trustee believes that the manager is not capable of achieving these performance objectives in the future;
- They materially breach any of the agreed investment or other portfolio guidelines;
- They fail to maintain satisfactory standards in respect of the overall service.

6. DIVERSIFICATION OF ASSET CLASSES

The investments are spread across a number of asset classes whose movements are not fully correlated. The Fiduciary Manager is responsible for maintaining an appropriate level of diversification.

7. EXPECTED RETURN ON INVESTMENTS

The portfolio is expected to produce a return over the medium term, at least equal to the investment return assumed in the valuation of liabilities in the actuarial valuation. Full details of 'best estimate' expected returns are contained in the Flight-Plan Outline document.

8. THE REALISATION OF INVESTMENTS

The Fiduciary Manager is required to maintain portfolios that consists of assets that are suitably liquid to ensure assets are available to settle members' benefits as they fall due.

9. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY – INCLUDING CLIMATE CHANGE

The Trustee believes that environmental, social and governance (ESG) factors (including climate change) can have a financially material impact on the Scheme's investments and, as such, must be considered by the Scheme's investment manager(s).

Specific decisions regarding the financial materiality of ESG and climate change factors are delegated to the Fiduciary Manager. The Fiduciary Manager is expected to consider the impact of ESG factors including climate change on the potential performance of the Scheme's investments, particularly over the medium and long term, also taking into account the long-term nature of the Scheme's liabilities.

The Fiduciary Manager is a signatory of the United Nation's Principles for Responsible Investment (PRI). The Fiduciary Manager has a duty to act in the best long-term interests of beneficiaries, and the Fiduciary Manager believes that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions and asset classes over a period of time).

The Fiduciary Manager's asset allocation analysis takes account of material ESG issues as they affect the broad market or sectors that the Scheme is exposed to. Stock specific ESG factors are assessed where they are material to a market/index. Any funds or investments selected by The Fiduciary Manager investment team have been assessed for their approach to ESG factors as appropriate for the asset class and style.

The Trustee requires that the Fiduciary Manager should provide a report at least annually outlining the extent to which the Scheme's investments are exposed to significant ESG factors, including climate change.

10. STEWARDSHIP POLICY – INCLUDING ENGAGEMENT, VOTING AND EXERCISE OF RIGHTS

The Trustee believes that, where appropriate, the voting rights pertaining to the Scheme's investments should be deployed in order to seek to improve the medium and long-term performance of companies.

The Trustee acknowledges that stewardship can also include direct engagement with an investee or debtor company, indirect engagement via an investment manager, 'peer-to-peer' engagement with fellow shareholders of an investee company, and any engagement with other stakeholders, on any relevant matters such as matters concerning the investee or debtor entity, including performance, strategy, risks, social and environmental impact, corporate governance, capital structure and management of actual or potential conflicts of interest.

The Trustee believes that, where appropriate, such engagement activity has the potential to improve the medium and long-term performance of underlying investments.

Decisions regarding the specific exercise of rights (including voting rights) are delegated to the Fiduciary Manager. The Fiduciary Manager's policy states that "We believe voting is an effective method of engagement. We use the services of proxy voting service provider Institutional Shareholder Services (ISS) to advise us on corporate governance issues and provide voting recommendations on our top 100 holdings of equity and fund securities."

The Trustee expects that some of the investments will be deployed via pooled funds. As a result, the Trustee expects the Fiduciary Manager to be mindful of the engagement and voting policy of underlying pooled fund managers when selecting them and to report these policies to the Trustee upon request.

Where voting rights are held directly, the Trustee delegates the exercise of voting right to the Fiduciary Manager and expect a report on any voting or engagement activity to be provided at least annually.

11. POLICIES IN RELATION TO THE TRUSTEE'S ARRANGEMENT WITH THE FIDUCIARY MANAGER

The Fiduciary Manager is expected to ensure the investment strategy is in line with the Trustee's policies, including assessing the potential medium and long-term financial and non-financial factors impacting performance of investments. No explicit financial incentives are in place, however performance against a wide range of agreed objectives is monitored with the ability of the Trustee to replace the Fiduciary Manager at any time should the Trustee become unsatisfied with the fiduciary service received.

The Trustee's investment objectives for the Scheme are documented separately and reviewed on at least an annual basis.

Underlying portfolio costs are monitored at least annually and the Fiduciary Manager can report on portfolio turnover levels and costs ('implicit costs') at any time. No ranges are provided to the Fiduciary Manager for these implicit costs. Explicit fees and costs are expected to be detailed by the Fiduciary Manager in regular statements.

The appointment of the Fiduciary Manager is on an ongoing basis and is expected to be reviewed at least every three years.

12. COMPLIANCE WITH AND REVIEW OF THIS STATEMENT

The Trustee will:

- Review this Statement in response to any material change to any aspect of the investment arrangements detailed above. This review will occur no less frequently than every three years to coincide with the Actuarial Valuation. Any such review will take account of investment advice and the Principal Sponsor will be consulted.
- Review the investment performance of the portfolio on a regular basis.
- Keep under review the suitability of the Fiduciary Manager.
- Keep under review and monitor the fees levied by the Advisors and Fiduciary Manager.

- Note compliance with this Statement, no less frequently than annually.
- Publish the SIP online for general public access.
- Publish annually online an engagement policy implementation statement that outlines how the various requirements (set out above) have been followed during the year, and describes the voting behaviours of the Fund Managers on their behalf.

Signed on behalf of the Trustee of the Laystall Pension and Life Assurance Scheme

Curtis Mitchell

09/09/2024

Signed:.. Date:...................................