

Statement of Investment Principles

1. Introduction

This revised edition of the Statement has been prepared by the Trustees of the Perivale Guetermann Ltd Staff Pension & Life Assurance Scheme in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended), and Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005, and any subsequent additional regulations.

In preparing this edition the Trustees have taken appropriate written advice from a suitably qualified individual, Simon Jagger FIA, Director of Jagger & Associates Limited. The Trustees have also consulted with the sponsoring employer. This Statement is consistent with the Scheme's governing documents.

The Scheme is registered with HM Revenue and Customs. The Scheme provides final-salary related benefits. No employer-related investment is intended by the Trustees. The sponsoring employer intends to remit all relevant contributions to the Trustees within the relevant timescales.

2. Delegation of Investment Management

The Trustees use pooled funds provided by Newton (as part of BNY Mellon) and Legal & General Investment Management (L&G). A cash account is also maintained for short-term cash flow.

The details of the appointments, covering the roles of the organisations, and their various subsidiaries and associated companies, are covered in the installation forms and proposals for each of the managers, and in any legally valid subsequent amendments thereof. In addition to these agreements, the full details of the restrictions placed on the managers (including restrictions in relation to the allocation of assets, credit limits, and the use of asset classes such as derivatives and foreign currency) are contained within the documentation produced by the investment managers for the individual products used. The Trustees have placed no additional constraints on the investment managers.

The providers, where relevant, are suitably authorised under the Financial Services and Markets Act 2000.

3. Investment Strategy

The aim of the broad split of the assets is 1/3 BNY Mellon Real Return Fund, 2/3 L&G Corporate Bonds. Net cash flows in excess of income will be taken from either investment vehicle to fund the payment of pensions, and one-off rebalancing may be employed where necessary. The Trustees will keep the allocation of the Scheme's assets between the funds under review. However, this Statement will not be revised for changes to this benchmark of less than 10%. Details of each fund are provided below.

The BNY Mellon Real Return Fund is an actively managed product that does not have a fixed market-based benchmark. Instead, it targets LIBOR + 4% p.a., with volatility expected to be in the range of 10%-12% over the long-term.

For the corporate bond holding, the Trustees currently use an index-tracking corporate bond fund with Legal & General. The L&G Corporate Bond product invests primarily in sterling denominated corporate bonds across a range of AAA, AA, A and BBB rated issuers. The fund may hold gilts to provide short-term liquidity when needed, but they only amount to a small proportion of the fund. The

Statement of Investment Principles

fund aims to replicate the relevant iBoxx Sterling Non-Gilts Index. The corporate bond holding may hold a mix of, or change between, Long-Dated and All-Dated without triggering a revision of this Statement.

The Trustees consider the investments used to be appropriate for the Scheme. In deciding to invest in the funds, the Trustees sought advice from their professional advisers as to the products' suitability. The Trustees will review their decision from time to time with their advisers.

4. Expected Return on Investments

The Trustees expect that the BNY Mellon Real Return Fund will outperform the 1-month LIBOR by 4% p.a. (gross of fees) over rolling 3-5 year periods.

The L&G Corporate Bond product may produce more volatile absolute returns over short-term periods than an equivalent Gilt product would. However, in the longer term, it is the Trustees' expectation that the Corporates fund will produce a return in line with the relevant iBoxx Sterling Non-Gilt Index to within +/- 0.5% p.a. for two years in three.

The investment performance of the Scheme's assets is reported on a quarterly basis by the investment managers, and will be independently monitored on a periodic basis by the Trustees or their advisors.

5. Risk

The Trustees are satisfied that their investment managers are prudent and professional in their approach to investment. The investment products used involve holding units in pooled funds that maintain diversified portfolios of underlying assets (e.g. shares, bonds, and other financial instruments). This reduces the risk to the Scheme and members of investing in any specific individual asset.

Newton invest in units of funds that hold diversified portfolios of shares and securities to reduce the stock- and security-specific risk to the Scheme of investing in a range of asset classes. Similarly, the bond products involve diversified portfolios of corporate securities to reduce the security-specific risk faced by the Scheme of investing in fixed and variable rate securities.

The funds are viewed as appropriate investment vehicles for the investment strategy of a mature pension scheme. The Trustees will keep the asset allocation under review, and risk measurement forms part of the performance monitoring process.

6. Realisation of Investments

The Trustees' policy is to ensure that the assets invested are sufficiently realisable to enable the Trustees to meet their obligations to provide benefits as they fall due. The Trustees are satisfied that the arrangements in place conform to this policy. The Trustees monitor their net cashflow position, the likely need to realise capital, and hence any effect on asset allocation and the choice of investment funds.

Statement of Investment Principles

7. Additional Voluntary Contributions

The Scheme has available facilities with Phoenix Life and Prudential for members who wish to contribute to enhance their retirement benefits. The Trustees believe these to be appropriate facilities for this purpose, but note that the choice of funds used rest entirely with the members.

8. Environmental, Social and Governance (ESG) Considerations including Voting and Engagement

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest in pooled funds and cannot therefore directly influence the environmental, social, and governance policies and practices of the companies in which the pooled funds invest. The Trustees exclude non-financial matters in the selection, retention and realisation of investments.

The Trustees have no formal policy on either ESG or delegation of voting rights. Instead, they have delegated the responsibility for these matters to their investment managers, who will from time to time report on their current and future actions in these areas.

The Trustees will consider a manager's ESG credentials during their appointment process, and will ask for at least an annual written update on each manager's activity for the products used by the Trustees. The Trustees will include a statement in the annual report to advise members that this has been done.

As the Trustees use pooled funds, their asset managers are not incentivised to align their investment strategy and decisions with the Trustees' policies, nor are they incentivised to make decisions based on assessments about medium to long-term performance of an issuer of debt or equity, nor to engage with those issuers in order to improve their performance. However, the managers may make such decisions and/or engage of their own accord.

Performance monitoring, manager remuneration and duration of manager appointments are covered elsewhere in this Statement, or in the Trustees' Annual Report. As the Trustees use pooled funds, there is no targeted portfolio turnover or turnover range.

As the Trustees use pooled funds, they do not need to have an engagement policy in relation to monitoring the capital structure of companies they invest in, or any associated potential conflicts of interest.

From no later than 31 December 2021 the Trustees will publish their SIP online for general public access.

In addition, from 31 December 2022, the Trustees will 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 asset managers on their behalf.

9. Compliance

The Trustees will formally review this statement as and when required, and at least every three years, with the assistance of their advisers. A copy of this statement is available for inspection by Scheme members.

Statement of Investment Principles

This statement has been agreed by the Trustees on this 6th day of December, 2021

Signed on behalf of the Trustees by

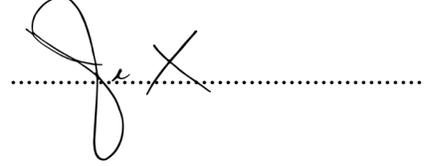
Name Julie Bennett.....

Signature

Julie A. Bennett

Name Paxon Sinsangkeo.....

Signature

A handwritten signature in black ink, appearing to be 'Paxon Sinsangkeo', written over a dotted line.