GREENWOOD & COOPE LTD PENSION AND ASSURANCE SCHEME

STATEMENT OF INVESTMENT PRINCIPLES

MARCH 2022

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1 INTRODUCTION

This Statement of Investment Principles ("the Statement") has been prepared by the Trustees of the Greenwood & Coope Ltd Pension and Assurance Scheme ("the Scheme") in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustees to ensure the effective implementation of these principles.

In preparing the Statement, the Trustees have:

- obtained and considered written advice from a suitably qualified individual, employed by their investment consultants, Mercer Limited ("Mercer"), whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and
- consulted with the Sponsoring Employer, although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustees' investment policy for the Scheme.

The Trustees previously reviewed this Statement formally at least every three years to coincide with the triennial Actuarial Valuation or other actuarial advice relating to the statutory funding requirements. However, as the Scheme's DB assets are now engaged in a Bulk Purchase Annuity (BPA) the review may be less frequent.

Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Sponsoring Employer.

2 INVESTMENT OBJECTIVES

The Trustees' primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In order for the Trustees to ensure that they can meet their obligations to the beneficiaries both in the short and the long term without recourse to the Sponsoring Employer, the Trustees have entered into a BPA with Aviva Life & Pensions UK Limited (Aviva).

Aviva is an insurance company authorised and regulated by the Prudential Regulation Authority. The policy has not been structured with an expected return in mind, but instead aims to exactly match the Scheme's benefit obligations.

3 INVESTMENT RESPONSIBILITIES

3.1 TRUSTEES' DUTIES AND RESPONSIBILITIES

The Trustees are responsible for setting the investment objectives and determining the strategy to achieve the objectives. They carry out their duties and fulfil their responsibilities as a single body.

The duties and responsibilities of the Trustees include, but are not limited to, the following tasks and activities:

- The regular approval of the content of the Statement
- The appointment and review of the Investment Manager and investment adviser
- The assessment and review of the performance of each investment manager
- The setting and review of the investment parameters within which the investment managers can operate
- The assessment of the risks assumed by the Scheme at a total scheme level as well as on a manager by manager basis
- The approval and review of the asset allocation benchmark for the Scheme
- The compliance of the investment arrangements with the principles set out in the Statement

However, as the Scheme's DB assets are now engaged in a BPA, some of the above matters may not be relevant.

3.2 INVESTMENT ADVISER'S DUTIES AND RESPONSIBILITIES

The Trustees have appointed Mercer as the investment adviser to the Scheme. Mercer provides advice as and when the Trustees require it, as well as raising any investment-related issues, of which it believes the Trustees should be aware. Matters on which Mercer expects to provide advice to the Trustees include the following:

- Setting of investment objectives
- Determining investment strategy and asset allocation
- Determining an appropriate investment structure
- Reviewing and amending the Statement
- Setting cashflow management (investment and withdrawal) policies (see Appendix 2)

However, as the Scheme's DB assets are now engaged in a BPA, some of the above matters may not be specifically relevant or reviewed on a frequent basis.

The Trustees may seek advice from Mercer with regard to both strategic and tactical investment decisions, however, they recognise that they retain responsibility for all such decisions.

Mercer charges a fixed fee charge for the services it provides. Any additional services provided by Mercer will be remunerated primarily on a time-cost basis.

In particular, Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of their advice, and as noted below, any discounts negotiated by Mercer, the Investment Manager, with the underlying managers and these discounts are passed on in full to the Scheme.

The Trustees are satisfied that this is the most appropriate adviser remuneration structure for the Scheme.

Mercer is authorised and regulated by the Financial Conduct Authority ("FCA").

3.3 INVESTMENT MANAGERS' DUTIES AND RESPONSIBILITIES

The Trustees are long-term investors and do not look to change the investment arrangements on a frequent basis.

The Trustees, after considering appropriate investment advice, have appointed Mercer as investment manager for the Scheme's assets. Mercer was appointed in March 2013.

The Trustees paid an initial premium to Aviva in March 2021. There are no ongoing fees in respect of the policy, although there may be an additional premium to pay once the data cleanse has been completed. There is no performance related fee associated with the buy-in policy. Aviva is authorised and regulated by the PRA, and regulated by the FCA; further, the company adheres to Solvency II Capital Requirements regulation.

The primary responsibility of Aviva is to ensure that the correct amount as specified under the BPA is paid to the Scheme.

For the residual surplus, the key duty of Mercer is to select investment managers suitable to each mandate within the Trustees' agreed asset allocation.

Investment managers are appointed by Mercer based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

Furthermore, Mercer select the underlying investments managers based upon their knowledge of the Scheme (its understanding of the Scheme's objectives / goals and the preferences of the Trustees) and the investment manager research undertaken by the Mercer Manager Research Team ("MMRT").

Mercer will only invest in pooled investment vehicles. The Trustee therefore accepts that it cannot specify the risk profile and return targets of the manager, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

Mercer does not select investment manager / funds with a view to hold these for a pre-specified time period. Instead, these are selected with a view to how these fit with and assist the Trustees in meeting their long-term strategic objectives. Mercer will only replace an investment manager / fund if:

- The strategic objectives of the Scheme change such that the offering provided by the investment manager / fund is no longer appropriate in context of the Trustees achieving their long-term strategic objective; or,
- The MMRT's future expectations on the likelihood of the investment manager / fund achieving its performance objective(s) has deteriorated.

Mercer will therefore contract with and appoint underlying investment managers to manage the Scheme's assets on behalf of the Trustees.

Mercer will also manage the asset allocation to ensure it is in line with the allocation defined within the IMA, and its tolerances, which will be dependent on the required rate of return.

Mercer will monitor the underlying investment managers to ensure their continuing appropriateness to the mandates given. If a manager is significantly downgraded by the MMRT, it will be replaced with a suitable alternative.

Mercer's responsibilities also include the following:

- Appointing a suitable Platform provider, which will provide the infrastructure to support the Scheme's investments and host the underlying investment managers' funds. The current Platform provider is Mobius Life Limited, whose appointment foregoes the need for a Custodian. Mobius Life Limited is authorised by the Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA
- Informing the Trustees of any changes in the internal performance objectives and guidelines of any pooled fund used by the Scheme as and when they occur
- Giving effect to the principles contained in the Statement as far as is reasonably practicable

The details of investment managers appointed by Mercer are set out in Appendix 3, together with the details of each manager's mandate.

In particular, the underlying investment managers are responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage on behalf of the Scheme.

In the case of multi-asset mandates, the underlying investment managers are responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

All of the investment managers that will be sub-contracted by Mercer will be authorised and regulated by the Prudential Regulation Authority ("PRA"), the FCA or both.

All investment managers, whether appointed directly or by Mercer, are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme.

None of the underlying managers in which the Scheme's assets are invested have performance based fees which could encourage the investment manager to make short-term investment decisions, potentially at the expense of long-term performance, in order to obtain a performance related fee.

The Trustees believes that the method of investment manager remuneration is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustees accept that it is unlikely to be able to influence the charging structure of the pooled funds in which the Scheme is invested, but is satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund's stated characteristics. The Trustees are therefore satisfied that this the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustee's policies as set out in this SIP.

The Trustees believe that this is the most appropriate basis for remunerating managers.

3.4 SCHEME ACTUARY'S DUTIES AND RESPONSIBILITIES

The Scheme Actuary's responsibilities include the following:

- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall
- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels

3.5 ADMINISTRATOR'S DUTIES AND RESPONSIBILITIES

The Administrator's responsibilities include the following:

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

4 INVESTMENT STRATEGY

4.1 SETTING INVESTMENT STRATEGY

The Trustees have determined their investment strategy, a bulk annuity, after considering their own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustees have also received written advice from their Investment Adviser. Under the contract, Aviva will provide payments to the Scheme in line with the benefits promised under the BPA agreement.

The rationale for this approach is to secure the DB benefits of the Scheme and ensures that all benefits will be met whilst removing the risk of any shortfall in benefits, which could occur if the Sponsoring Employer ever became insolvent or was no longer able to support the Scheme. It also protects the Scheme from potential placement into the Pension Protection Fund (removing the risk of capped benefits). In doing so, it provided a more exact match for inflation and interest rate risks compared to the Scheme's previous investment strategy. Further, other material risks (e.g. longevity risk) are mitigated.

Currently the BPA is a 'Buy-In', which means that it remains a Scheme investment and Aviva have taken responsibility for paying the benefits as specified in the BPA agreement. The Trustees are undertaking a data cleansing stage, to ensure the Trustees and Aviva are confident that all liabilities have been correctly addressed. After the data cleansing process has been completed, the individual policies will be assigned to the Scheme's DB members and the responsibility for paying the DB pensions will be fully transferred to Aviva.

The BPA is non-surrenderable and is therefore a long term commitment which will not be changed in future.

4.2 TYPES OF INVESTMENTS TO BE HELD

The Trustees are permitted to invest across a wide range of asset classes, including, but not limited to, the following:

- UK and overseas equities
- UK and overseas government bonds, fixed and inflation-linked
- UK and overseas corporate bonds
- Convertible bonds
- Property
- Commodities
- Hedge Funds
- Private equity
- High yield bonds
- Emerging market debt
- Diversified growth
- Liability driven investment products
- Bulk purchase annuity policies
- Cash

All the funds in which the Scheme invests are pooled and unitised. The use of derivatives is permitted by the guidelines that apply to the pooled funds. Details relating to the pooled funds can be found in Appendix 3.

As previously mentioned, Aviva are responsible for paying the Scheme's liabilities as set out within the BPA agreement. Aviva solely determines the underlying asset allocation backing the BPA. The Trustees are not explicitly responsible for overseeing the underlying asset allocation

4.3 FINANCIALLY MATERIAL CONSIDERATIONS

The Trustees acknowledge that there are various risks that the Scheme is exposed to and recognises that these risks may be financially material to the Scheme. In particular, they recognise that these risks can influence the investment performance of the Scheme's portfolio over the appropriate timeframe and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process. The Trustees' policy on the risk management over the Scheme's lifetime is shown in section 5.

The Trustees consider Environmental, Social and Governance (ESG) factors to be financially material and recognise that these factors can influence investment performance. The Scheme's assets are invested in pooled funds and the Trustees recognise that ESG considerations are not paramount to the first level decision making process within the funds that they are invested in i.e. UK government bonds and cash funds. However, the Trustees acknowledge that ESG factors are considered, where appropriate.

4.4 NON-FINANCIAL CONSIDERATIONS

The Trustees only consider factors that are expected to be financially material. Non-financial considerations, such as member views, are not taken into account in the selection, retention and realisation of investments.

4.5 CORPORATE GOVERNANCE AND VOTING POLICY

For the assets that are invested via the Mobius platform, the Trustees do not have any exposure to asset classes that maintain voting rights.

4.6 STEWARDSHIP

The Trustees, have concluded that the decision on how to exercise voting rights should be left with Aviva, who will exercise these rights in accordance with their published corporate governance policies.

If the Trustees are specifically invited to vote on a matter relating to corporate policy, they would exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's membership.

5 RISK

The Trustees are aware, and seek to take account of a number of risks in relation to the Scheme's investments. Under the Pensions Act 2004, Trustees are required to state their policy regarding the ways in which risks are to be measured and managed. These are set out below.

Credit

- This is the risk that is associated with the inability of a borrower to repay, in full or part the monies which it owes to a creditor.
- The Trustees acknowledge that the assessment of credit risk on individual debt instruments is delegated to the investment manager. The Trustees will however ensure that they are comfortable with the amount of risk that the Scheme's investment manager takes.

Currency

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the Scheme may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- The Trustees acknowledge that currency risk related to overseas investments is delegated to, and hedged where deemed appropriate, by the underlying investment managers.

ESG

Environmental

- This is the risk that improper, or inadequate, consideration of environmental factors could lead to adverse investment performance and / or reputational damage to the Scheme.
- The day to day management of environmental risk is the responsibility of the companies in which the Scheme's underlying managers have invested. It is the responsibility of the investment manager to ensure that these companies have sufficient procedures and processes in place in order to mitigate this risk as far as is reasonably possible.

Social

- This is the risk that social factors are not properly considered within the investment decision making process. Social risks can arise both within and external to a company, e.g. internal factors could include workplace health & safety whilst external factors may include a company's impact on the area surrounding their place of business.
- The day to day management of social risk is also the responsibility of the companies in which the Scheme's underlying managers invest. It is the responsibility of the investment manager to ensure that these companies have sufficient procedures and processes in place in order to mitigate these risks as far as is reasonably possible.

Corporate Governance

- This is assessed by reviewing the Scheme's investment managers' policies regarding corporate governance.
- It is managed by delegating the exercise of voting rights to the managers, who exercise this right in accordance with their published corporate governance policies. Summaries of these policies are provided to the Trustees from time to time and take into account the financial interests of the shareholders, which should ultimately be to the Scheme's advantage.

Interest Rate

- This is the risk that an investment's value will change due to a change in the level of interest rates. This affects debt instruments more directly than growth instruments.
- The Trustees acknowledge that the interest rate risk related to individual debt instruments, and particularly liability driven instruments ("LDI"), is managed by the underlying investment managers through a combination of strategies, such as diversification, duration and yield curve management, and hedging via swaps, particularly where LDI is involved.

Legislative

- This is the risk that legislative changes will require action from the Trustees so as to comply with any such changes in legislation.
- The Trustees acknowledge that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.

Liquidity

- This is monitored according to the level of cashflows required by the Scheme over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. The Scheme's assets are invested in pooled funds which are readily realisable.

Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process, and by appointing Mercer, the Investment Manager, to monitor and replace any managers where concerns exist over their continued ability to deliver the investment mandate.

Other Price

- This is the risk that principally arises in relation to the return seeking portfolio, which invests in equities, equities in pooled funds, equity futures, hedge funds, private equity and property.
- The Trustees acknowledge that a scheme can manage its exposure to price risk by investing in a diverse portfolio across various markets.

Political

- This is measured by the level of concentration in any one market leading to the risk of adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which give a wide degree of diversification.

Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
- These are managed by setting a scheme-specific strategic asset allocation with an appropriate level of risk.

Sponsor

- This is assessed as the level of ability and degree of willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
- It is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the sponsor. Regular updates on employer covenant are provided to the Trustees by senior staff of the sponsor.

6 MONITORING OF INVESTMENT ADVISER AND MANAGERS

6.1 INVESTMENT ADVISER

The Trustees continually assess and review the performance of their adviser in a qualitative way. To do so, the Trustees will consider the objectives it set for its investment adviser in the document entitled "Strategic Objectives for Investment Consultancy Services" which was signed and formally adopted by the Trustees in December 2019.

6.2 INVESTMENT MANAGERS

As the Scheme has entered a BPA, there is no formal reporting on the performance of the underlying assets. For the residual surplus, that is invested via the Mobius platform, the Trustees can request updates on fund performance as required.

Changes to the Scheme's underlying funds are made for strategic reasons.

6.3 PORTFOLIO TURNOVER COSTS

Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

The Trustees do not currently monitor portfolio turnover costs for the funds in which the Scheme is invested.

The Trustees are also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

Given that the Scheme invests in a range of pooled government bonds and cash funds, the Trustees do not have an overall portfolio turnover target for the Scheme.

The Trustees are working with Mercer to determine the most appropriate way to obtain and monitor the information required in relation to the pooled funds in which the Scheme is invested and will include further information about this when next updating this Statement.

7 CODE OF BEST PRACTICE

The Trustees notes that in March 2017 the Pensions Regulator released 'Investment Guidance for Defined Benefit Pension Schemes'.

The Trustees have received training in relation to this guidance and is satisfied that the investment approach adopted by the Scheme is consistent with the guidance so far as it is appropriate to the Scheme's circumstances.

The Trustee meets with its investment adviser on a regular basis, monitoring developments both in relation to the Scheme's circumstances and in relation to evolving guidance, and will revise the Scheme's investment approach if considered appropriate.

8 COMPLIANCE

The Scheme's Statement of Investment Principles and annual report and accounts are available to members on request.

A copy of the Scheme's current Statement plus Appendices is also supplied to the Sponsoring Employer, the Scheme's investment managers, the Scheme's auditors and the Scheme Actuary.

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others and was approved by the Trustees on ....4 March 2022........

Signed on behalf of the Trustees by	....	....
On	3 March 2022	4 March 2022
Full Name	JONATHAN HILL	Richard Sutcliffe
Position	CHAIRMAN OF TRUSTEES	MNT.

APPENDIX 1: ASSET ALLOCATION BENCHMARK

The Scheme's strategic asset allocation benchmark is set out below.

Asset Class	Strategic Allocation	Operating Range*
Gilts	21.3%	N/A
Index-Linked Gilts	21.3%	N/A
Cash	57.4%	N/A
Total	**100.0%**	

*The strategy do not have official operating ranges as the Gilt and Index-Linked Gilt funds track the movement in the remaining GMP liabilities.

The policy for rebalancing and investment / disinvestment of cashflows is set out in Appendix 2.

Appendix 3 provides information about the funds in which the assets are invested.

APPENDIX 2: CASHFLOW AND REBALANCING POLICY

Where possible, cash outflows will be met from cash balances held by the Scheme.

Investments or disinvestments should be applied in such a way as to bring the actual asset allocation back towards the Scheme's central benchmark asset allocation, as set out in Appendix 1. The Trustees will review the cashflow policy from time to time to ensure that it remains appropriate taking into account changes in the Scheme's cashflow requirements.

For avoidance of doubt, this Statement will not be revised purely in relation to a change in cashflow policy.

APPENDIX 3: INVESTMENT MANAGER INFORMATION

The tables below show the details of the mandate(s) with each manager.

Manager / Fund	Benchmark	Objective	Dealing Frequency	SORP / IFRS Class
Gilts				
LGIM All Stocks Gilts Index	FTSE A Government All Stocks) Index	To track the performance of the FTSE A government (All Stocks) Index to within +/-0.25% p.a. for two years out of three.	Daily	(b) / 2
Index- Linked Gilts				
LGIM All Stocks Index-Linked Gilts Index Fund	FTSE Actuaries UK Index-Linked Gilts All Stocks Index	To track the performance of the FTSE Actuaries UK Index-Linked Gilts All Stocks Index to within +/-0.25% p.a. for two years out of three.	Daily	(b) / 2
Cash				
LGIM Sterling Liquidity Fund	Sterling Overnight Index Average	To provide diversified exposure and a competitive return in relation to the Sterling Overnight Index Average.	Daily	(b) / 2

Mercer, the Investment Adviser, will monitor the investment managers. If one of the managers is significantly downgraded by the MMRT, that manager will automatically be replaced with a suitable alternative manager.

For avoidance of doubt, this SIP will not be updated solely in response to a replacement of one of the underlying investment managers.