Ogilvie Group 2004 Pension Fund

Statement of Investment Principles

1. Introduction

The Trustees of the Ogilvie Group 2004 Pension Fund ("the Trustees" and "the Scheme") have drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of Section 35 of the Pensions Act 1995 ("the Act") and subsequent legislation.

The Statement is intended to affirm the investment principles that govern decisions about the Scheme's investments.

The Trustees will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believe to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

In preparing this Statement the Trustees have consulted Ogilvie Group Ltd (the Sponsor) to ascertain whether there are any material issues of which the Trustees should be aware of in agreeing the Scheme's investment arrangements.

2. Scheme Governance

The investment powers of the Trustees are set out in the Scheme Rules. This Statement is consistent with those powers.

The Trustees have appointed a firm of professional investment advisors to provide relevant advice to the Trustees.

In accordance with the Financial Services & Markets Act 2000, the Trustees have set a general investment policy, but have delegated the day-to-day investment of the Scheme's assets to the Investment Managers ("the managers"). The managers are responsible for day-to-day management of the Scheme's assets in accordance with guidelines agreed with the Trustees. The managers have discretion to buy, sell or retain individual securities in accordance with these guidelines.

The Scheme Actuary performs a valuation of the Scheme at least every three years, in accordance with regulatory requirements. The main purpose of the actuarial valuation is to assess the extent to which the assets cover the accrued liabilities and agree an appropriate funding strategy for the Scheme.

The Trustees consider that the governance structure that they employ is appropriate for the Scheme, as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the managers or other advisers as considered appropriate.

3. Investment Objectives

The Trustees' overriding objective is to invest the Scheme's assets in the best interest of the members and other stakeholders and, in the case of a potential conflict of interest, in the sole interest of the members. Within this framework, the Trustees' primary aim is to ensure all benefits, as defined in the Scheme Rules, in respect of Scheme members and their beneficiaries, are paid when they fall due.

The Trustees aim to maximise the return achieved on the Scheme's assets through maintaining a balanced and prudent investment exposure, subject to an acceptable level of risk with reference to the liabilities held. The Trustees are aware that by focussing on long-term expected returns, the assets of the Scheme will be subject to short-term fluctuations, which may affect the funding position of the Scheme from time to time. The Trustees are comfortable that the strength of the covenant offered by the Company means that they can take a degree of risk in the portfolio over the longer term.

Over the longer term, the Trustees would like to adopt a 'self-sufficiency' approach, where affordable, whereby the Scheme's assets are less risky and there is a reduced probability of a funding deficit opening up in the future.

4. Risk Measurement and Management

The Trustees recognise that it is necessary to take some degree of investment risk to meet the objectives outlined in Section 3.

In formulating the investment objective the Trustees believe the following risks to be financially material over the lifetime of the Scheme:

- The risk that the Scheme's assets cannot be realised at short notice in line with member demand;
- The risk of a deterioration in the Scheme's ongoing funding level;
- The risk of a shortfall of assets relative to the liabilities as determined if the Scheme were to wind up;
- The risk of the appointed managers underperforming their objectives, fail to carry out operational tasks, do not ensure safe-keeping of assets or breach agreed guidelines;
- The risk of an adverse influence on investment values from the poor performance of underlying investments and/or lack of diversification;
- The risk that the day-to-day management of the assets will not achieve the rate of investment return within each asset class expected by the Trustees;
- The risk that the Sponsor is no longer able and/or willing to support the Scheme;
- The risk that climate change may impact the value of investments, due to its effect on natural and human systems, across geographical regions. However, due to the inherent uncertainty, the Trustees have not made explicit allowance for it when determining the investment strategy.

The Trustees believe that the arrangements adopted represent a satisfactory trade-off between target return (net of all costs) and investment risk after taking into account the resources available to implement and monitor the arrangements.

In addition to targeting an appropriate overall level of investment risk, the Trustees seek to spread risks across a range of different sources. The Trustees aim to take on those risks for which the Trustees expect to be rewarded over time, in the form of excess returns. The Trustees believe that diversification limits the impact of any single risk.

5. Investment Strategy

In order to set the Scheme's investment strategy in line with the investment objectives, the Trustees have considered the long-term expected performance of a range of asset classes to determine an appropriate investment strategy.

The Trustees believe the current investment strategy takes sufficient and suitable level of investment risk to generate an expected outperformance over gilts (in line with the Scheme Actuary's assumption used for setting the Scheme's future contribution rates) over the long term. The Trustees' long term investment strategy is to invest the majority of the assets in bonds of an appropriate duration, whereby the Scheme's assets are less risky and there is a reduced probability of a funding deficit opening up in the future.

The Scheme's investments are currently split as follows:

Asset Class	**%**
Equities	60.0
Fixed Interest and Cash	40.0
TOTAL	**100.0**

Whilst the Trustees do not have strict control ranges, the Scheme's asset allocation is monitored regularly.

The expected return on investments will be in line with the target investment strategy which is set to support the technical provisions discount rate and is aligned with the Trustees' long term funding target.

6. Management of assets

6.1 Day to day management of the assets

The Trustees delegate the day-to-day management of the assets to the managers. The Trustees have taken steps to satisfy themselves that the managers have the appropriate knowledge and experience for managing the Scheme's investments and that they are carrying out their work competently.

The Trustees review the continuing suitability of the Scheme's investments as well as the appointed managers. Any adjustments will be done with the aim of ensuring the overall level of risk and return is consistent with that being targeted.

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

As the Trustees invest in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

6.2 Investment Restrictions

The manager may not invest in any securities issued by the Sponsor, property leased to the sponsor or any securities issued by the investment manager.

The Trustees have agreed that no more than 25% of the portfolio may be invested in assets which are not readily realisable for cash.

6.3 Realisation of Investments

The Trustee regularly assesses the liquidity profile of the assets to ensure that the overall position is appropriate for the Scheme's needs.

6.4 Rebalancing

The Trustees monitor the allocation between the appointed managers and between asset classes and will rebalance the portfolio as and when necessary.

6.5 Monitoring the Investment Managers

Performance is measured by the investment adviser sourced from the underlying managers and monthly valuations reports and quarterly performance reports are provided to the Trustees. As required, the Trustees will liaise with the investment adviser to discuss the underlying investment manager performance, activity and strategy.

6.6 Additional Assets

The Trustees give members the opportunity at their own discretion to invest Additional Voluntary Contributions (AVCs) in a range of funds with Standard Life Assurance. Members participating in this arrangement receive an annual statement to 31 December each year, confirming the amounts held to their account and movements during the year.

7. Responsible Investment and Corporate Governance

7.1 Financially material considerations and Stewardship

The Trustees believe that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment risk and returns. The Trustees also recognise that long-term sustainability issues, particularly, but not limited to, climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustees have given the managers full discretion when evaluating ESG issues and in exercising voting rights and stewardship obligations attached to the

Scheme's investments. This includes engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest and risks, in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

The Trustees do not monitor or engage directly with issuers or other holders of debt or equity. It expects the managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustees from time to time, considering the long-term financial interests of the beneficiaries.

Managers will be expected to report on their own ESG policies and voting activity (as relevant) as and when requested by the Trustee.

7.2 The Trustees have not set any investment restrictions on the managers in relation to particular products or activities, with the exception of those in Section 6.2, but may consider doing so in future.

8. Non-Financial Matters

The Trustees do not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

9. Investment Manager Appointment, Engagement and Monitoring

9.1 <u>Aligning Manager Appointments with Investment Strategy</u>

The managers are appointed by the Trustees based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and desired risk characteristics.

If the investment objective for a particular manager's fund changes, the Trustees will review the fund appointment to ensure that it remains appropriate and consistent with the wider Trustee's investment objectives.

The Scheme's investments are all made through pooled investment vehicles. The Trustees accept that it has no ability to specify the risk profile and return targets of the manager. Such issues are taken into consideration when selecting and monitoring the managers to align with the overall investment strategy requirements.

9.2 <u>Incentivising Managers to Consider Long-Term Financial and Non-financial Performance</u>

The Trustees meet with the investment advisor periodically who can challenge decisions made from the underlying managers on the Trustees behalf including voting history and engagement activity to ensure the best performance over the medium to long term.

The managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed. If the Trustees are dissatisfied, then they will consider replacing the managers.

9.3 Evaluating Investment Manager Performance and Remuneration

The Trustees receive monthly valuation statements and quarterly investment performance reports. The Trustees review absolute performance and in many cases relative performance, either against a suitable index used as a benchmark (where relevant) and/or against the manager's stated performance target (over the relevant time period).

The Trustees' focus is primarily on long-term performance but, as noted above, may review a manager's appointment if:

- There are sustained periods of underperformance;
- There is a change in the portfolio manager or portfolio management team;
- There is a change in the underlying objectives of the investment manager.

The managers are remunerated by way of a fee calculated as a percentage of assets under management.

If managers are not meeting performance objectives, or investment objectives for mandates have changed, the Trustees may ask the investment advisor or investment managers to review the Annual Management Charge or decide to switch managers.

9.4 Portfolio Turnover Costs

The Trustees do not currently monitor portfolio turnover costs.

The Trustees will continue to monitor industry improvements concerning the reporting of portfolio turnover costs. In future, the Trustees may ask managers to report on portfolio turnover cost. They may assess this by comparing portfolio turnover across the same asset class, on a year-on-year basis for the same manager fund, or relative to the manager's specific portfolio turnover range in the investment guidelines or prospectus.

9.5 Manager Turnover

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

For open-ended funds (which all of the Scheme's assets are invested in), there is no set duration for the manager appointments. The Trustees will therefore retain a manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointed has been reviewed and the Trustees have decided to terminate the mandate.

10. Compliance with and Review of this Statement

The Trustees will monitor compliance with this Statement.

On a regular basis, the Trustees will review this Statement in response to any material changes to any aspects of the Scheme, its liabilities, finances and the attitude to risk of the Trustees and the Sponsor, which it judges to have a bearing on the stated Investment Policy.

Signed for and on behalf of the Ogilvie Group 2004 Pension Fund

J Watson

Trustee

27th March 2023

Date