Kurt Salmon Associates Limited Retirement Benefits Scheme

Statement of Investment Principles

December 2022

1. Introduction

The Trustee of The Kurt Salmon Associates Limited Retirement Benefits Scheme Scheme ("the Scheme") has drawn up this revised Statement of lnvestment Principles ("the Statement") to comply with the requirements of the Pensions Act 1995 ("the Act"), amended by Section 244 of the Pensions Act 2004 and the Occupational Pension Schemes (lnvestment) Regulations 2005. The Statement is intended to reaffirm the investment principles that govern decisions about the Scheme's investments.

The Trustee continues to seek to maintain a good working relationship with the Sponsoring Company and will discuss any proposed changes to the Statement with the Sponsoring Company. However the Trustee's fiduciary obligation is to the Scheme's members and this takes precedence over the Sponsoring Company's wishes.

The Trustees will review this Statement on a regular basis, and will also do so in response to any material changes to the investment arrangements of the Scheme. Formal reviews will be undertaken no less frequently than every 3 years to coincide with the Actuarial Valuations.

The Trustees confirm that this SIP reflects the investment strategy they have implemented for the Scheme and acknowledge that it is their responsibility, with guidance from their Advisers, to ensure that the assets of the Scheme are invested in accordance with these principles.

2.1 Funding Objective

The primary purpose of the Scheme is to provide benefits to Members on their retirement or death on a defined contribution basis, as set out in the Trust Deed and Rules.

Members are entitled to individual defined benefit promises and underpins designed to satisfy the contracting out legislation.

2.2 Investment objectives

The Trustee’s objectives with regard to investing Scheme assets are to adopt a relatively risk-averse approach but recognise the need to balance aversion to risk with the achievement of a satisfactory investment return.

The Trustee has taken into consideration that:

- Members' benefits are maximised by achieving maximum investment returns.
- Individual Member's financial profiles and attitudes to risk may vary.
- The benefits include a defined benefit underpin.

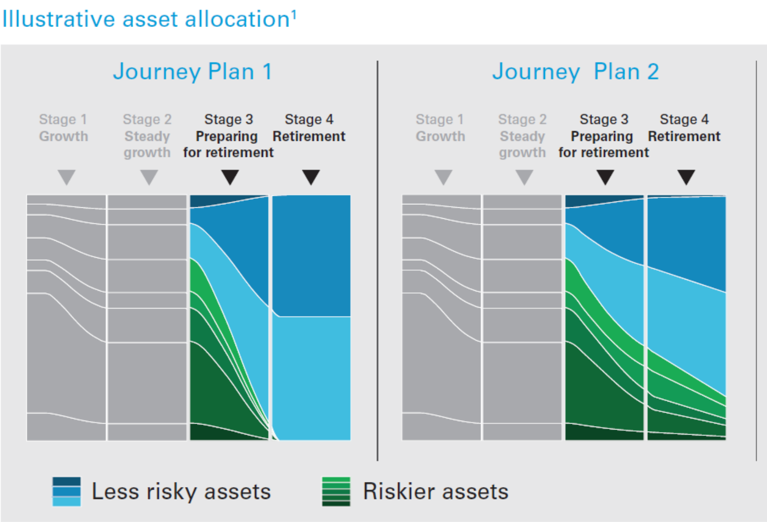
The Trustee will set general investment policy, but will delegate the selection of specific investments to appointed investment managers. The investment managers will provide the skill and expertise necessary to manage the investment of the Scheme competently.

The Trustee, with advice from the Investment Consultant, selected Legal & General Investment Management as Investment Manager.

2.3 Investment strategy

The Trustee has made available two Journey Plan options for members to select. Each Journey Plan invests in a range of assets. As each Member moves towards their selected retirement date, the proportion of riskier investments, such as equities, decreases, and the proportion of less risky investments, such as government and corporate bonds increases. This, along with the differences between the two Journey Plans is illustrated below.

Journey Plans 1 and 2 have the same asset allocation as each other during the 'growth' and 'steady growth' phases. However, the asset allocations diverge during the 'preparing for retirement' phase, around 10 years before your estimated retirement date.



Allocation shown for a member retiring in 2057. This allocation is illustrative and will evolve over time.

Journey Plan 1: Aimed at members who are willing to sacrifice some potential for investment growth in retirement, in order to seek greater stability in their retirement income. To achieve this greater stability, an individual choosing this Fund is likely to purchase an annuity when they retire, which gives a guaranteed lifetime income, or invest primarily in cash and bond investments.

Journey Plan 2: Journey Plan 2 is the 'default' fund, designed for those who do not specifically choose Journey Plan 1. Individuals in this bracket are likely to hold some lower-risk investments in retirement such as cash, bonds or an annuity, while also allocating some money to higher-risk assets such as equities, property and alternative investments.

The Trustee's objectives with regard to investing Scheme assets are to provide the members with access to a diverse range of investment types to allow the members to select an investment strategy that suits their financial profile and attitudes to risk.

Within each Journey Plan, Members can select one of Legal & General's Pathway Funds depending on their target retirement date.

2.4 Default option

The default option is Journey Plan 2 with a target retirement age of 65. The applicable Pathway Fund would therefore be determined based on each Member's date of birth.

Further information about the defined contribution section funds, and the Trustee's approach to managing these funds, can be found in the Trustee's governance statement, included in the Scheme's annual report and accounts

2.5 Fees

The annual management charge for each fund is 0.3% per annum.

The appropriateness of the Investment Managers' remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives both financial and non-financial.

The member will also meet any transaction costs which are built into the pricing of each fund.

The Scheme meets all other expenses.

2.6 Compliance with this statement

The Trustee monitors compliance with this Statement annually and obtains written confirmation from the investment mangers that they have given effect to the investment principles in this Statement so far as reasonably practicable and that in exercising any discretion the investment managers have done so in accordance with Section 4 of The Occupational Pension Schemes (Investment) Regulations 2005.

2.7 Review of this statement

The Trustee 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 Trustee reasonably believes 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.

2.8 Corporate Governance

The Trustee accepts that by using pooled investment vehicles for its investments, the day-today selection of stocks within the funds chosen will be undertaken by the fund managers.

The Trustee expects appropriate due diligence to be exercised in the context of this function

2.9 Environmental, Social and Governance Issues

The Trustees believe that good stewardship and environmental, social and governance ("ESG") issues may have a financially material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognises that long-term sustainability issues, particularly climate change, present risks and potential opportunities that increasingly may require explicit consideration.

The Trustees have given the pooled fund managers full discretion when evaluating ESG issues, including climate change considerations, exercising voting rights and stewardship obligations attached to the Scheme's investments. The Trustees expect managers to have integrated ESG into their risk analysis and investment process. Similarly, the Scheme's voting rights are exercised by its investment managers 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 Scheme's investment advisors will keep the Trustees informed on ESG issues. The Trustees consider how ESG, climate change and stewardship is integrated within investment processes when appointing new managers and the Trustees monitor their existing managers' ESG approach on a periodic basis, and discuss ESG considerations as part of ongoing reviews.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. They acknowledge that they cannot directly influence the social, environmental and ethical policies and practices of the companies in which the pooled funds invest.

In principle, the Trustees support the stated policies of their investment managers, which are:

- not to constrain their investment capabilities unless they are satisfied that the potential returns outweigh any additional risk; and
- to encourage the companies in which they invest to adopt and pursue socially responsible business practices that conform with industry best practice.

The Trustee has delegated their voting rights and other such powers to the investment managers, the sole purpose of whose corporate governance policies are to protect and enhance the economic interests of clients.

2.10 Non-Financial Matters

Non-financial matters are not taken into account when determining the Scheme's investment policy. Member views are not actively sought but the Trustees make a copy of the Statement of Investment Principles available to members on request and publish a copy of the Statement on a publicly accessible website.

2.11 Conflicts of Interest

The Trustee maintains a separate conflicts of interest policy and register. Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Managers, while also setting out a process for their management.

2.11 Day-to-Day Management of the Assets

The Trustee has a policy of delegating all day-to-day powers of investment to the investment managers who are authorised and regulated under the Financial Services and Markets Act 2000.

The safe custody of the Scheme's assets is delegated to professional custodians via the use of pooled vehicles. The assets are fully and readily realisable. The investment in any particular pooled fund managers does not have a fixed term but can be terminated in the event of consistent underperformance or misalignment with the Trustees' objectives.

The Trustee in conjunction with their advisors will review the funds periodically and make changes as considered appropriate.

2.12 Incentivising Investment Managers

The Investment Managers are primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

The Trustee does not directly incentivise the Investment Managers to align the approach they adopt for a particular fund with the Trustee's policies and objectives. Instead, the Investment Managers and the funds are selected so that, in aggregate, the returns produced are expected to meet the Trustee's objectives.

Neither does the Trustee directly incentivise the Investment Managers to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustee expects such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme.

2.13 Portfolio Turnover Costs

The Trustee expects the Investment Managers to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustee therefore does not set a specific portfolio turnover target for their strategy or the underlying funds.

The Investment Managers when requested by the Investment Consultant shall provide information on portfolio turnover and associated costs so that this can be monitored, as appropriate.

2.14 Risks

The Trustees appreciate that the most important aspect of the security of the members' benefits is the continued support of the scheme sponsor. Events that reduce the sponsor's willingness or ability to support the Scheme are the biggest potential threats from the members' perspective. The Trustees will discuss developments in the sponsor's business with the sponsor at least annually and update their assessment of the strength of the employer covenant if necessary.

The Trustees have identified the following further risks and set out below how they will manage them:

- **Underperformance risk** – the risk of underperforming the benchmarks and objectives set by the Trustees. This risk is minimised by regular monitoring of investment managers' performance against appropriate benchmarks and investing, where possible, in index trackers

- **Other Investment Manager risks** – these risks include the risk of unsuitable investment activity, the risk of income from assets not being paid when promised, counterparty risks (for example to the extent that managers have hedged out foreign exchange risks in their portfolios) and the risk of inadequate internal processes at managers, including ensuring secure custody arrangements.

  The Trustees have reviewed the internal control procedures of the investment managers who are both large insurance companies with proven governance.

- **Country risk** – the risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.

- **Concentration risk** – the risk of an adverse influence on investment values from the concentration of holdings is reduced by the diversification of the assets.

- **Cash flow risk** – addressed by the Trustees regularly monitoring the cash flow requirements of the Scheme to control the timing of any disinvestment of assets.

2.15 Disclosure

Members are provided with information on their investments as part of their annual benefit statement.

A copy of this Statement of Investment Principles and other documents such as actuarial valuation reports, the schedule of contributions and the annual report and accounts are available to members on request.