E.H. Booth & Co. Limited Pension & Assurance Scheme
Statement of Investment Principles

Investment Objective

The Trustees invest the assets of the E.H. Booth & Co. Limited Pension & Assurance Scheme ("Scheme") with the aim of ensuring that all members' accrued benefits can be paid.

The Scheme's funding target is specified in the Statement of Funding Principles, and the Scheme's funding position will be reviewed annually to assess the position relative to the funding target and whether the investment policy remains appropriate to the Scheme's circumstances.

The Scheme's present investment return objective to achieve a return sufficient to be 100% funded on a Self-Sufficiency basis by 2023-2028 (Self-Sufficiency is defined as the value of the liabilities discounted using a yield of gilts + 0.3% p.a.).

Investment Strategy

The Scheme's investment strategy is to invest across a suitable range of asset classes which provide the highest likelihood of meeting the stated objective.

The Trustees' objective is agreed as the following:

Variable	Trustees' objective
Target	■ 100% funded on a self-sufficiency basis
Timescale	■ By 2023-2028
Risk level	■ The investment risk taken within the asset portfolio will be set with reference to the expected funding level volatility. Using the risk measure Deficit Value at Risk ("DVaR") (as defined as the expected minimum increase in the value of the deficit (including the value of the Central Asset Reserve) with a 5% probability over a 3 year period) and Isio asset liability modelling to assess this measure, the Trustees aim to retain the investment strategy DVaR at no more than £3.5m.

To ensure consistency with the funding plan, the expected return of the investment strategy will be in excess of the return assumed within the calculation of the technical provisions.

The investment strategy should give careful consideration to the nature and duration of the Scheme's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of contributions required to fund the Scheme, and also the strength of the sponsor's covenant. The Trustees should consider the merits of a range of asset classes, including various "alternative assets".

The Trustees recognise that the investment strategy is subject to risk, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities. The risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term, and also by investing in a suitably diversified portfolio of assets with the aim of minimising (as far as practical and appropriate) volatility relative to the liabilities.

The Trustees accept that the investment strategy will not provide a perfect hedge against the Scheme's liabilities as there are many factors such as life expectancy that cannot be controlled by investment strategy.

Investments may be made in securities that are not traded on regulated markets. Recognising the risk (in particular liquidity and counterparty exposure) the Trustees will ensure that the assets of the Scheme are predominantly invested on regulated markets.

Investment Mandates

The Trustees will give careful consideration to appoint the most appropriate managers to manage the assets of the Scheme. The current investment strategy and investment mandates are presented in the Statement of Investment Practice (Appendix A to this document). The fund managers are regulated under the Financial Services and Markets Act 2000.

All decisions about the day-to-day management of the assets are delegated to the fund manager via a written agreement. This delegation includes decisions about:

- Realisation of investments;
- Social, environmental and ethical considerations in the selection, retention and realisation of investments;
- The exercise of rights (including voting rights) attaching to the investments;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustees take fund managers' policies in the above respects into account when selecting and monitoring managers. The fund manager is expected to exercise their powers of investment with a view to giving effect to the principles contained within this statement, so far as reasonably practicable.

In 2010, the Financial Reporting Council set out a series of seven principles known as the Stewardship Code to provide a framework for good practice for institutional investors who directly manage assets. The Trustees are supportive of the Stewardship Code and will monitor their fund managers' compliance with the code.

The fund managers' remuneration is based upon a percentage value of the assets under management. These fees are negotiated to be competitive.

As the Scheme's assets are invested in pooled vehicles, the custody of the holdings is arranged by the fund manager. The custodian provides safekeeping for the assets and performs all associated administrative duties such as the collection of dividends.

Investment Manager Monitoring and Engagement

The Trustees monitor and engage with the Scheme's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustees seek to engage on these matters with investment managers.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	• The Trustees receive bi-annual performance reports which detail information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant Trustee meeting. • The Scheme's investment managers are occasionally invited, in person, to present to the Trustees on their performance, strategy and risk exposures.	• There are significant changes made to the investment strategy. • The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustees' expectations. • Underperformance vs the performance objective over the period that this objective applies.
Environmental, Social, Corporate Governance factors and the exercising of rights	• The Trustees' investment managers provide reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. • The Trustees receive information from their investment advisers on the investment managers' approaches to engagement.	• The manager has not acted in accordance with their policies and frameworks. • The manager's policies are not in line with the Trustees' policies in this area.

Through the engagement described above, the Trustees will work with the investment managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustees will review the relevant investment manager's appointment and will consider terminating the arrangement.

Employer-Related Investments

The Trustees' policy is to monitor the Scheme's exposure to employer-related investments in accordance with the restrictions outlined in the Pensions Act 1995, the Occupational Pension Schemes (Investment) Regulations 2005 and any subsequent legislative amendments. If the level of employer related investment exceeds 5% of the Scheme's asset value then the Trustees will actively look to address the exposure.

Direct Investments

Direct investments, as distinguished by the Pensions Act 1995, are products purchased without delegation to a fund manager through a written contract. When selecting and reviewing any direct investments, the Trustees will obtain appropriate written advice from their investment advisers.

Governance

The Trustees of the Scheme make all major strategic decisions including, but not limited to, the Scheme's asset allocation and the appointment and termination of fund managers.

When making such decisions, and when appropriate, the Trustees take proper written advice. The Trustees' investment advisers, Isio Group Limited, are qualified by their ability in and practical experience of financial matters and have the appropriate knowledge and experience. The investment adviser's remuneration may be a fixed fee or based on time worked, as negotiated by the Trustees in the interests of obtaining best value for the Scheme.

Compliance

This Statement has been prepared in compliance with the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005. Before preparing or subsequently revising this Statement, the Trustees consulted the sponsoring employer and took appropriate written advice. The Statement is reviewed at least every three years, and without delay after any significant change in investment policy.

Adopted by the Trustees in September 2020.

Appendix A: Statement of Investment Practice

The Trustees have appointed investment managers that are regulated by the Financial Conduct Authority, with whom day-to-day responsibility for the investment of the Scheme's assets rests.

Details of each fund held, including benchmarks and performance targets are detailed in the table below:

Manager	Fund Name	Mandate	Benchmark	Target Outperformance (p.a.)	Fee (p.a.)
Insight Investments	Insight LDI Solutions Plus Enhanced Selection	Liability Driven Investment	Gilts Comparator	Track the comparator	0.12% of liabilities covered
	Insight Global ABS Fund	Asset Backed Securities	3 Month LIBOR	+ 1.5%	0.45%
Apollo Global Management	Apollo Accord Fund	Contingent Capital	3 Month LIBOR	+ 4%	0.75% management fee. Performance fee of 15.0% over a 5.0% hurdle.
Schroder	Schroder Life Diversified Growth Fund	Diversified Growth Funds	RPI	+ 5%	0.75%
M&G Investments	Alpha Opportunities Fund	Absolute Return Bonds	1 Month LIBOR	+ 3%	0.51%
	M&G European Loans Fund	Loans	3 Month LIBOR	+ 3%	0.66%
Partners Group	Partners Fund (GBP)	Private Markets	3 Month LIBOR	+ 3%	1.5% management fee. Performance fee of 12.5% over a high water mark.
	Partners Group Multi Asset Credit Fund (GBP)	Multi Asset Credit	3 Month LIBOR	+ 3%	0.9%

Note: Outperformance target is approximate. Outperformance figures presented may be either gross or net of fees.

There is no formal rebalancing procedure in place. Future contributions and disinvestments will be used to maintain an asset allocation that the Trustees feel is appropriate.

The Trustees believe that holding the above funds will meet the long term objectives of the Scheme and maintain sufficient diversification of the investment portfolio.

The Trustees will also hold cash from time to time to meet the future payments that are expected to be made to Scheme members. Cash may also be held pending investment in other asset classes.

Appendix B: Risks, Financially Material Considerations and Non-Financial matters

The Trustees adopt an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	• Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. • Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	• Funding risk is considered as part of the investment strategy review and the actuarial valuation. • The Trustees will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	• When developing the Scheme's investment and funding objectives, the Trustees take account of the strength of the covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support.

The Scheme is exposed to a number of underlying risks relating to the Scheme's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	• To hedge above 90% of these risks on a Self-Sufficiency basis.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	• To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values) and to provide collateral to the LDI manager.
Market	Experiencing losses due to factors that affect the overall	• To remain appropriately diversified and hedge away any

	performance of the financial markets.	unrewarded risks, where practicable.
Credit	Default on payments due as part of a financial security contract.	• To diversify this risk by investing in a range of credit markets across different geographies and sectors. • To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	• To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory • The Trustees monitor the mangers on an ongoing basis.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	• Hedge all currency risk on all assets that deliver a return through contractual income.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	• Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Appendix C: Investment Management Policies

The Trustees have the following policies in relation to the investment management arrangements for the Scheme:

How the investment managers are incentivised to align their investment strategy and decisions with the Trustees' policies.	As the Scheme is invested in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustees' policies. However, the Trustees invest in a portfolio of pooled funds that are aligned to the strategic objective. The Scheme's mandates with Apollo and Partners Group (Private Markets) are subject to a performance related fee.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	The Trustees review the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements. The Trustees monitor the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process. The Trustees do not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustees' policies.	The Trustees review the performance of all of the Scheme's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. The Trustees evaluate performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	The Trustees do not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
The duration of the Scheme's arrangements with the investment managers	The duration of the arrangements is considered in the context of the type of fund the Scheme invests in: • For closed ended funds or funds with a lock-in period the Trustees ensure the timeframe of the investment or lock-in is in line with the Trustees objectives and Scheme's liquidity requirements. • For open ended funds, the duration is flexible and the Trustees will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.