Schneider Pension Plan (the "Plan")

Statement of Investment Principles
November 2024

Scope of Statement

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005).

The effective date of this Statement is 25 November 2024. The Trustee will review this Statement and the Plan's investment strategy no later than three years after the effective date of this Statement and without delay after any significant change in investment policy.

Consultations Made

The Trustee has consulted with the sponsoring employer(s) prior to writing this Statement and will take the sponsoring employer's comments into account when they believe it is appropriate to do so.

The Trustee is responsible for the investment strategy of the Plan. They have obtained written advice on the investment strategy appropriate for the Plan and on the preparation of this Statement. This advice was provided by Aon Investments Limited ('AIL') who are authorised and regulated by the Financial Conduct Authority.

The day to day management of the Plan's assets has been delegated to investment managers who are authorised and regulated by the Financial Conduct Authority. A copy of this Statement is available to the members of the Plan.

Objectives

The Trustees' objectives for setting the investment strategy of the Plan have been set with regard to the Plan's Statutory Funding Objectives as set out in the Statement of Funding Principles.

The Trustee's primary objectives are:

- "funding objective" – to ensure that sufficient assets are available to pay members' benefits as and when they arise;
- "stability objective" – to have due regard to the likely level and volatility of required contributions when setting the Plan's investment strategy; and,
- "security objective" – to ensure that the solvency position of the Plan (as assessed on a low risk basis) is expected to improve. The Trustee will take into account the strength of the employer's covenant when determining the investment strategy.

Choosing Investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Plan, its cashflow requirements, the funding level of the Plan and the Trustee's objectives.

The assets of the Plan are invested in the best interests of the members and beneficiaries.

The Trustee exercises its powers of investment in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid undue concentration of risk, a spread of assets is held. The diversification is both within and across the major asset classes.

Assets held to cover the Plan’s liabilities are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan.

The assets of the Plan are invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Investment in derivatives is only made by the managers in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

Investment Strategy

In setting the Plan's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

The Trustee's investment objective is to outperform a gilts based measure of the Plan's liabilities by 0.75% per annum (measured over rolling three year periods). The Trustee's investment simultaneously seeks to mitigate against funding level movements caused by interest rate and inflation risk arising from the Plan's liability – this is measured against an appropriate Liability Proxy Benchmark scaled to the market value of the Plan's assets.

In broad terms, the strategy aims to deliver asset growth in excess of the growth of the Plan's liabilities over the long term. This is achieved by holding a risk-reducing Matching portfolio which is designed specifically to mitigate against funding level movements caused by interest rate and inflation risk arising from the Plan's liabilities - this is measured against an appropriate Liability Proxy Benchmark scaled to the market value of the Plan's assets. The remaining assets are invested in a diversified portfolio of Growth investments designed to deliver sufficient investment return to improve the funding position over time.

The Trustee has delegated responsibility for achieving this objective in an appropriate, low risk manner, to its fiduciary investment manager – AIL.

Implementation

While the Trustee retains overall responsibility for setting investment strategy and its objectives, it does so having taken appropriate expert advice from its professional advisers and with regard to the actuarial characteristics of the Plan, in particular the strength of the funding position and the liability profile.

The Trustee has appointed AIL as its fiduciary manager, who they consider to be its asset manager. References in this policy to ‘underlying asset managers’ refers to those asset managers which AIL in turn appoints to manage investment on behalf of the Trustee.

The Trustee recognises that the arrangements with its **fiduciary manager**, and correspondingly the **underlying asset managers**, are important to ensure that interests are aligned. In particular, the Trustee seeks to ensure that the **fiduciary manager** is incentivised to operate in a manner that generates the best long-term results for the Plan and its beneficiaries.

The Trustee receives reports at least quarterly and verbal updates from the **fiduciary manager** on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan objectives, and assess the **fiduciary manager** over 3-year periods.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by its **fiduciary manager**, which supports the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year.

The Trustee share the policies, as set out in this SIP, with the Plan's **fiduciary manager** and request that they review and confirm whether its approach is in alignment with the Trustee's policies.

The Trustee delegates the ongoing monitoring of **underlying asset managers** to the **fiduciary manager**. The **fiduciary manager** monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the **underlying asset managers** are aligned with the investment objectives of the Plan.

This includes monitoring the extent to which the **underlying asset managers:**

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

Before appointment of a new **fiduciary manager**, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation or express its expectations (such as through side letters, in writing, or verbally at Trustee meetings) so that there is more alignment.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the **fiduciary manager**, and regular monitoring of the **fiduciary manager's** performance and investment strategy, is sufficient to incentivise the **fiduciary manager** to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where the **fiduciary manager** is considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically engage with the fiduciary manager to understand the circumstances and materiality of the decisions made.

There is typically no set duration for arrangements with the **fiduciary manager**, although the continued appointment will be reviewed periodically. Similarly, there are no set durations for arrangements with the **underlying asset managers** that the **fiduciary manager** invests in, although this is regularly reviewed as part of the manager research and portfolio management processes in place.

The balance between Growth and Matching assets will be managed by AIL, the restrictions outlined below have been agreed between the Trustee and AIL. Within these restrictions, the Trustee has delegated to AIL the responsibility of managing the Plan's assets, including the Growth/Matching split, to meet its objectives in an appropriate low risk manner.

	Initial Allocation	**Tolerance Range**
Growth Component	40%	+/- 10%
Hedging Component	60%	+/- 10%

Some restrictions have been placed on the maximum allocations which AIL can make to certain asset classes – these have been summarised below:

Asset category / strategy	**Maximum Growth Component allocation**
Equity Strategies	90%
Active Credit	100%
Diversified Alternatives	60%
Property	0%
Illiquid Alternatives	0%
Medium Term Asset Allocation Opportunities	15%
Asset categories excluding those above	10%

Matching Component – Asset categories	**Maximum Matching Component allocation**
Liability matching portfolio	100%

The Trustee, in consultation with its investment advisers, review their investment strategy following each formal actuarial valuation of the Plan (or more frequently should the circumstances of the Plan change in a material way).

Expected Returns on Assets

Over the long-term the Trustee's expectations are:

- for the "Growth" assets (Growth Component), to achieve asset growth in excess of the Growth Component benchmark. The Trustee is willing to incur short-term volatility in asset price behaviour with the expectation that over the long term these assets will contribute towards an improvement in the Plan's funding level.

- for the "Matching" assets (Liability Hedging Component and cash), to match a percentage of the Plan's fixed and interest and inflation linked liabilities through the use of assets such as bonds, interest rate swaps, and / or inflation swaps.

The Trustee reviews investment performance of the Plan's assets on a quarterly basis, and consider professional advice relating to the long term strategy.

Investment Risk Monitoring and Management

In setting the Plan's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Plan's asset allocation, when selecting managers and when monitoring their performance.

The Trustees recognise that the key source of financial risk (in relation to meeting their objectives) arises from the investment strategy. They therefore retain overall responsibility for setting investment strategy, and take expert advice as required from their professional advisers.

The Trustee's appointment of AIL has been done to further aid the diversification of the Plan's assets and to reduce the investment risk relative to the Plan's liabilities. Further, AIL have been instructed to monitor and manage the Plan's investment risks.

The investment objective set by the Trustee, is assessed triennially in conjunction with the actuarial valuation of the Plan, following which the Trustee takes advice on the continued appropriateness of the existing investment strategy. A check is made as to whether the funding and investment strategy remains on target to achieve the original objectives, and within acceptable parameters. If not, then corrective action is considered by adjusting investment policy or through amendments to the contribution plan.

The Trustee and its advisers considered the risk of failure of the Plan's sponsoring employer when undertaking the most recent actuarial valuation and have consulted with the sponsoring employer as to the suitability of the subsequently developed investment strategy. The Trustee receives regular updates from the employer to monitor the covenant on an ongoing basis and assess the impact on the Plan.

The Trustee aims to reduce the risks arising through the selection or appointment of fund managers by delegating this responsibility to AIL. AIL monitor the underlying fund managers and will make changes to the asset portfolio if there are matters of material significance that might affect the ability of each fund manager to achieve its objectives.

The Trustee acknowledges that investment returns achieved outside the expected deviation (positive or negative) may be an indication that the investment manager is taking a higher level of risk than indicated.

The Trustee monitors key performance and risk metrics on a quarterly basis via monitoring reports provided by AIL and through discussion with their investment advisers at regular meetings. Further, the Trustee monitors the performance of AIL on an annual basis and have appointed a third party evaluator to provide independent oversight.

Governance

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

The Trustee of the Plan is responsible for the investment of the Plan assets. The Trustee takes some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustee has taken into account whether they have the appropriate training and expert advice in order to take an informed decision.

The Trustee has established the following decision making structure:

Trustee Board • Set structures and processes for carrying out their role • Select and monitor investment strategy objectives and the planned asset allocation strategy (delegated to Investment committee) • Select investment advisers, fiduciary managers and retain overall responsibility for selection of fund managers (currently delegated to the fiduciary manager) • Select structure for implementing investment strategy (delegated to Investment committee) • Select and monitor direct investments (see below) (delegated to Investment committee) • Make ongoing decisions relevant to the operational principles of the Plan's investment strategy (delegated to Investment committee)
Investment Committee • Make recommendations to the Board on long term investment strategy and levels of risk. • Select and monitor investment strategy objectives and the planned asset allocation strategy • Select structure for implementing investment strategy • Select and monitor direct investments • Make ongoing decisions relevant to the operational principles of the Plan's investment strategy • Monitor investment advisers and fiduciary managers • Oversee and take advice on implementation of any changes to the investment strategy • Day to day correspondence with the Plan's fiduciary managers and investment advisers
Investment Adviser • Advise on all aspects of the investment of the Plan assets, including implementation • Advise on this Statement • Provide required training

Fiduciary Manager • Operate within the terms of this Statement and the written contracts • Select individual asset classes and best in class fund managers with regard to their suitability and diversification • Manage the Plan's investments with regard to the liabilities
Fund Managers • Operate within the terms of this statement and their written contracts • Select individual investments with regard to their suitability and diversification

Direct Investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments.**

The Trustee's policy is to review their direct investments and to obtain written advice about them at regular intervals and ensure that they are compliant with the principles outlined within this SIP. These may include vehicles available for members' AVCs. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager(s).

The written advice will consider the suitability of the investments, the need for diversification and the principles contained in this statement. The Trustee's investment adviser, AIL, has the knowledge and experience required under the Pensions Act 1995.

Custody

Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The Trustee invests into sub-fund 12 of Aon Hewitt Bespoke Client Funds. This is a pooled fund managed by AIL in which the Trustee is the sole investor.

Investment Management Fees

The AIL fiduciary management fees are charged as a fixed fee in addition to a percentage of assets under management. This fee covers the cost of any underlying managers and the majority of regular investment advisory services provided by AIL.-

For significant areas of advice, which the Trustee would like AIL to provide, which are agreed to be outside of the scope, the Trustee will endeavour to agree a project budget.

The Trustee considers this structure and fee to be appropriate given the services rendered.

Cost Monitoring:

The Trustee is aware of the importance of monitoring its asset managers' total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustee recognises that in addition to annual management charges, there are other costs incurred by asset managers that can increase the overall cost incurred by its investments.

The Trustee receives annual cost transparency reports from its fiduciary manager. These reports present information in line with prevailing regulatory requirements for fiduciary managers. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Plan;
- The fees paid to the fiduciary manager;
- The fees paid to the investment managers appointed by the fiduciary manager;
- The amount of portfolio turnover costs (transaction costs) incurred by the investment managers appointed by the fiduciary manager;
    - The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the investment managers appointed by the fiduciary manager;
- Any charges incurred through the use of pooled funds (custody, administration, and audit fees)
- The impact of costs on the investment return achieved by the Plan.

The Trustees acknowledge that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and manager. The fiduciary manager monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the investment managers appointed on behalf of the Trustees.

The Trustees benefit from the economies of scale provided by the fiduciary manager in two key cost areas:

- The ability of the fiduciary manager to negotiate reduced annual management charges with the appointed investment managers;
- The ability of the fiduciary manager to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the investment managers and achieve efficiencies where possible;

Evaluation of performance and remuneration:

The Trustees assess the (net of all costs) performance of its fiduciary manager on a rolling three-year basis against the Plan's specific liability benchmark and investment objective. The remuneration paid to the fiduciary manager and fees incurred by third parties appointed by the fiduciary manager are provided annually by the fiduciary manager to the Trustees. This cost information is set out alongside the performance of the fiduciary manager to provide context. The Trustees monitor these costs and performance trends over time.

Realisation of Investments/Liquidity

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are realisable at short notice and as a result the Trustee does not believe this risk to be material given the long term nature of the Plan. The Growth Component currently offers (approximately) weekly liquidity (subject to any force majeure provisions), and the Matching Component is held in liquid assets requiring a lead time of approximately two weeks for significant disinvestments. The Trustee has undertaken significant work to ensure that the Plan's regular cashflow requirements can be met readily from other sources of income (e.g. deficit repair contributions).

Environmental, Social, and Governance (“ESG”) considerations

The Trustee considers investment risk to include ESG factors and climate change. These risks could negatively impact the Scheme’s investments. The Trustee considers these risks by taking advice from its investment adviser.

The Trustee has appointed AIL to manage the Scheme's assets. AIL invests in a range of underlying investment vehicles.

As part of AIL’s management of the Scheme's assets, the Trustee expects AIL to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying managers;
- Use its influence to engage with underlying managers to ensure the Scheme's assets are not exposed to undue risk; and
- Report to the Trustee on its ESG activities as required.

Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as ultimately this creates long-term financial value for the Plan and its beneficiaries.

The Trustee has delegated all voting and engagement activities to the Scheme’s Underlying Managers, via its investment manager AIL. The Trustee accepts responsibility for how the Underlying Managers steward assets on its behalf, including the casting of votes in line with each Underlying Manager’s individual voting policies. The Trustee relies on AIL to review manager voting and engagement policies and activities on an annual basis. AIL review these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustee’s, and therefore the members’, best interests.

As part of AIL's management of the Scheme’s assets, the Trustee expects AIL to:

- monitor and engage with Underlying Managers, including prospective Underlying Managers, on the extent to which they exercise voting rights (where appropriate) in relation to the Scheme’s assets; and
- report to the Trustee on stewardship activity by Underlying Managers as required.

Underlying Managers are expected to vote at company meetings and engage with companies on the Trustee’s behalf in relation to ESG considerations and other relevant matters (such as the companies’ performance, strategy, risks, capital structure, and management of conflicts of interest).

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Scheme’s assets, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of the Trustee.

Where voting is concerned, the Trustee expects the Underlying Managers to recall stock lending, as necessary, in order to carry out voting actions.

The Trustee will engage with AIL, which in turn is able to engage with Underlying Managers or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made.

This engagement aims to ensure that robust active ownership behaviours, reflective of the Trustee’s active ownership policies, are being actioned. This will take the form of annual reporting and follow up meetings, where necessary, from AIL. Such reporting will be made available to Scheme members on request.

Should the Trustee's monitoring process reveal that an Underlying Manager's voting and engagement policies and actions are not aligned with the Trustee's expectations, the Trustee will engage with AIL, via different medium such as emails and meetings, to discuss how alignment may be improved to bring about the best long-term outcomes for the Scheme.

Members' Views and Non-Financial Factors

In setting and implementing the Plan's investment strategy the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

Additional Voluntary Contributions ("AVCs")

The Trustee has made the following AVC investment options available to members of the Plan:

- Utmost Life and Pensions Limited
- Scottish Equitable
- Prudential Assurance

Dated

Signed for and on behalf of Schneider Trustees Limited acting as Trustee of the Schneider Pension Plan

Rodney Turtle	Signed by: B1F0185E920B4AD...	23-May-2025
Name (Print)	Signature	Date
Trevor Lambeth	Signed by: Trevor Lambeth 4C65100477BC4B5...	23-May-2025
Name (Print)	Signature	Date

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018