The PJH Group Pension Scheme

Statement of Investment Principles (SIP)

Purpose of this Statement

This SIP has been prepared by the Trustee of the PJH Group Pension Scheme (the "Scheme"). This statement sets out the principles governing the Trustee's decisions to invest the assets of the Scheme.

The Scheme's investment strategy is derived from the Trustee's investment objectives. The objectives have been taken into account at all stages of planning, implementation and monitoring of the investment strategy.

Investment Objective

The Trustee invests the assets of the 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.

In October 2024, the Trustee purchased a buy-in insurance policy with Utmost Life and Pension Limited to insure the vast majority of the Scheme's liabilities. A small amount of residual assets is being retained in cash-like instruments alongside the buy-in policy. These assets can be used to cover any residual premium (true-up premium) that might be due after the Final Data Cleanse. The Trustees decided to retain one of their investment managers for the purpose of holding the Sterling Liquidity Fund.

Investment Strategy

The Trustee has purchased a buy-in policy with Utmost Life to insure the vast majority of the Scheme's liabilities. This has effectively removed the vast majority of the investment risk (and longevity risk) from the Scheme and has enhanced the security of members' benefits. The buy-in policy is expected to meet the vast majority of the future liability cashflows from the Scheme.

The Scheme's investment strategy was derived from consideration of 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 sponsoring company's covenant. The Trustee has considered the merits of a range of asset classes, including various "alternative assets".

The benefits of a buy in policy have been deemed appropriate, having taken the Trustee's objectives into account.

Investment Management Arrangements

The Trustee has appointed an insurer and an investment manager to manage the assets of the Scheme. The Trustees have appointed Legal & General Investment Management ("L&G") to manage the remaining assets of the Scheme not held by the insurer, which are invested in the L&G Sterling Liquidity Fund. The insurer and investment manager are regulated under the Financial Services and Markets Act 2000.

All decisions about the day-to-day management of the assets have been delegated to the investment manager via a written agreement. The delegation includes decisions about:

- Realisation of investments;
- Social, environmental, ethical and governance considerations in selection, retention and realisation of investments;
- The exercise of rights (including voting rights) attaching to the investments.

The Trustee took the insurer's policies with respect to the above into account when selecting the insurer.

The remaining assets with L&G are invested in pooled vehicles, the custody of the holdings is arranged by the investment manager.

Investment Manager Monitoring and Engagement

As the remaining assets are due to fund the ongoing costs of the Scheme and any remaining uninsured liabilities, the Trustee periodically monitors that the Scheme has sufficient assets. If this is not the case, the Trustee may need to intervene.

The Trustee acknowledges the importance of Environmental, Social and Governance factors (ESG) and climate change. As the vast majority of the assets are invested in the buy-in policy, there is limited scope for the Trustee to incorporate ESG into the Scheme's investment strategy.

Employer-related investments

The policy of the Trustee is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Plans (Investment) Regulations 2005 except where the Scheme invests in pooled vehicles that may hold employer-related investments. In this case the total exposure to employer-related investments will not exceed 5% of the Scheme's value. The Trustee will monitor this on an annual basis to ensure that any allocation(s) to an employer-related investment via any of the Scheme's pooled investment vehicles does not exceed 5% of the Scheme's value in aggregate.

Direct investments

Direct investments, as distinguished by the Pensions Act 1995, are products purchased without delegation to a fund manager through a written contract. These include the pooled vehicles available for members' Additional Voluntary Contributions (AVCs). When selecting and reviewing any direct investments, the Trustee will obtain appropriate written advice from their investment advisers.

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 Trustee 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 the investment arrangements.

Governance

The Trustee 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 Trustee takes proper written advice. The Trustee's 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 Trustee in the interests of obtaining best value for the Scheme.

Signed ……………………………………….. Date: ………………….

For and on behalf of the Trustee Directors of the PJH Group Pension Scheme

Appendix A – Risks

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below. All risks within this Appendix are considered to be relevant over the lifetime of the Scheme's existing investment strategy in the context of the current objectives of the Trustee.

The Trustee adopts 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. • The buy-in effectively removes the vast majority of investment risk.
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 Trustee 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. • The buy-in effectively removes the vast majority of funding risk.
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 Trustee takes 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 can now rely on the insurer covenant (although the sponsoring company's covenant is still relevant up until any buyout).

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.	The buy-in removes the vast majority of interest rate and inflation risk.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	The buy-in removes the vast majority of liquidity risk.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable. Given the heavily regulated nature of the bulk annuity market, market risk is effectively removed.
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. Given the heavily regulated nature of the bulk annuity market, credit risk is effectively removed.
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. Given the nature of the buy-in policy there is limited scope to monitor any ESG criteria.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	The buy-in policy effectively removes currency risk.
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 B – Investment Management Arrangements

The Trustee has 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 Trustee's policies.	• The Scheme Trustee invests in pooled funds which are aligned to the strategic objective. It is recognised that due to the nature of pooled funds, there is not scope for these funds to be specifically tailored to the policies of the Trustee. However, the purchase of the buy-in policy and any pooled fund holdings are aligned to the Scheme's strategic objective.
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 Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements. These objectives being medium-long term in nature mean that the investment managers position their portfolios accordingly. • Where applicable, the Trustee monitors the investment managers' engagement and voting activity on an annual basis as part of the implementation statement that supplements the Scheme's annual report and accounts . By doing this, the Trustee may indirectly incentivise the investment managers to make decisions based on non-financial information.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.	• The Trustee reviews 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 Trustee evaluates 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 Trustee monitors portfolio turnover costs indirectly as part of its ongoing monitoring of the Scheme's assets and investment managers.

The duration of the Scheme's arrangements with the investment managers.	• The Trustee is aware of the duration of the Scheme's arrangement with each of its investment managers (e.g. as part of ongoing monitoring). • The purchase of the buy-in policy is a permanent investment, but this was deemed to be appropriate for the Scheme given the security it provides for members' benefits.
Voting Policy - How the Trustees expect investment managers to vote on their behalf	• The Trustee has acknowledged the voting policies that are implemented by the Scheme's investment managers on their behalf.
Engagement Policy - How the Trustees will engage with investment managers, direct assets and others about 'relevant matters'	• The Trustee has acknowledged the engagement policies that are implemented by the Scheme's investment managers on their behalf. • The Trustees, via their investment advisers, will engage with managers about 'relevant matters' at least annually.