<u>James Fisher & Sons Public Limited Company Pension Fund</u>
<u>Statement of Investment Principles</u>

Investment Objective

The Trustees invest the assets of the James Fisher & Sons Public Limited Company Pension Fund ("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 is to achieve a return in excess of the unwinding of liabilities on a technical provisions basis and in excess of the return required within the recovery plan.

The Trustee has also taken the Myners Principles into consideration when making decisions about the Scheme's investment arrangements.

Investment Strategy

The Trustees invest the assets of the Scheme with the aim of ensuring that all members' accrued benefits can be paid. The Scheme's funding position will be reviewed on an ongoing basis to assess the position relative to the funding target and whether the investment arrangements remain appropriate to the Scheme's circumstances. The Scheme's funding target is specified in the Statement of Funding Principles and is also stated below.

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' primary objective
Target	■ 100% funded on a technical provisions basis
Timescale	■ The timescale to achieve the above target is by 30 September 2023.
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 Value at Risk ("VaR") and Isio asset liability modelling to assess this measure, the Trustees aim to retain the investment strategy VaR at no more than c.£18m.

*VaR is defined as the expected minimum increase in the deficit relative to the assumed development of the funding plan with a 5% probability over a 3 year period.

The Trustees' secondary objective is to achieve funding sufficient to insure all of the liabilities (i.e. Buy Out) by 2035.

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 and the recovery plan.

The investment strategy gives 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 have considered 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 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 assets of the Scheme consist predominantly of investments admitted to trading on regulated markets.

Environmental, Social and Governance ("ESG") Considerations

The Trustees recognise that positive ESG factors can have a positive influence on the long term stability and returns of investments. However, mandates are selected with the purpose of maximising the chance of achieving the return objectives as set out in their mandates, which in combination aim to optimise the chance of achieving the Scheme's overall strategic objective.

The extent to which ESG and ethical considerations are taken into account in these decisions is delegated to the investment managers, acting within the guidelines and objectives set by the Trustees.

Investment Management Arrangements

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 (the Appendix to this document). The investment 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 investment manager via a written agreement. This delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- 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 investment managers' policies in the above respects into account when selecting and monitoring managers. The investment 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 investment managers' compliance with the code.

The investment managers' remuneration arrangements are outlined in the appendix. These fees have been reviewed to ensure they are competitive.

As the Scheme's assets are invested in pooled vehicles, the custody of the holdings is arranged by the investment manager.

Please see a summary of the investment managers and rebalancing procedures in the Statement of Investment Practice in the appendix.

Employer-related Investments

The Trustees recognise that indirect investment in James Fisher and Sons Public Limited Company, the employer's parent company, is possible through holdings in pooled investment vehicles as the company is listed on the London Stock Exchange. The Trustees believe that any indirect exposure to shares in James Fisher and Sons Public Limited Company will be negligible due to the global diversification in the portfolio, however they will monitor this position over time and take action if they believe the exposure becomes inappropriate.

Direct Investments

Direct investments, as distinguished by the Pensions Act 1995, are products purchased without delegation to an investment 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 investment managers.

When making such decisions, and when appropriate, the Trustees take proper written advice. The Trustees' investment advisers, Isio, 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 the Scheme's investment arrangements.

As agreed by the Trustees of the James Fisher & Sons Public Limited Company Pension Fund

Signature: ....

Date: ....

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	Fee (% p.a.)
Insight Investments	Global Asset-Backed Securities	Asset-Backed Securities	1 Month SONIA	+ 1.75% p.a.	0.35
Insight Investments	LDI Solutions Plus Enhanced Selection	LDI	Gilts and swaps comparators	Track the comparators	0.42 (1)
M&G Investments	Alpha Opportunities Fund	Absolute Return Bonds	1 Month LIBOR	+ 2.5 to 4.5% net p.a. over a rolling three-year period	0.50
Partners Group	Multi Asset Credit VI	Private Credit	3 Month LIBOR	+ 4-6% p.a. net of fees	0.90 p.a. (2)
Partners Group	The Partners Fund	Private Markets	3 Month LIBOR	+ 5% p.a. over a full market cycle	c.1.50 (3)

Note: *Outperformance targets are approximate. Outperformance figures presented are net of fees unless otherwise stated.*
(1) Fee is charged in relation to the liabilities hedged. This figure is estimated based on an assumed target leverage of 3x at a 0.12% Annual Management Charge on liabilities covered with an additional 0.06% fixed operating fee. This figure has been estimated to convert this to a percentage of assets.
(2) Fee quoted represents the Annual Management Charge, the fee charged is based on invested assets, not on committed capital. This mandate is also subject to a performance fee of 10% above a hurdle rate of 4% p.a., subject to a 100% catch up provision.
(3) Fee quoted represents the Annual Management Charge. The Fund is also subject to a performance fee of 12.5% p.a. subject to a high watermark.

Strategic Benchmark and Rebalancing

Due to the Scheme holding both leveraged Liability Driven Investment ("LDI") assets (with variable capital backing a fixed proportion of the liabilities) and growth assets (which are exposed to cyclical market movements), the Trustees have agreed to take a pragmatic approach around adhering to a strategic benchmark. The Trustees have reference to the overall asset allocation via a broad strategic benchmark. This broad strategic benchmark can be found in the quarterly investment performance reports which the Trustees will update from time to time.

The Trustees can assess the Scheme's asset allocation against the target allocation quarterly, at which point corrective actions can be discussed should any sufficiently large deviations occur.

The Trustees believe that holding the above funds will meet the long-term objectives (both primary and secondary objectives) of the Scheme and maintain sufficient diversification of the investment portfolio.

The Trustees may also hold cash in the Trustee Bank Account and pooled cash funds as required to meet the future payments that are expected to be made to Scheme members. Cash may also be held temporarily pending investment in other asset classes.

The Trustees accept that the investment strategy will not provide a perfect hedge against the Scheme's expected liabilities. Furthermore, as there are many factors such as life expectancy that cannot be controlled by investment strategy, the Trustees accept that there is expected to be volatility of the Technical Provisions funding level.

The Insight LDI mandate uses leverage to obtain greater exposure to gilt and swap markets than the Scheme's monetary allocation. Each underlying LDI fund has a target leverage level, however, the actual leverage levels fluctuate in response to market movements. If any underlying fund breaches its lower or upper leverage level, a rebalancing event will occur. In the case of a lower leverage breach, Insight will distribute cash to the Insight Sterling Liquidity Fund to re-lever. For an upper leverage breach, Insight will automatically source the required funds from the Insight Global Asset-Backed Securities mandate to de-lever.

The Scheme has committed £5.0m to the Partners Group Multi Asset Credit VI Fund. This will be funded via a drawdown structure, with cash being sourced from the Insight Global Asset-Backed Securities Fund as required to meet these drawdowns (unless a sufficient cash balance has been built up in the Trustee Bank Account or Insight Sterling Liquidity Fund).

Appendix B – Investment Beliefs

1. Investment strategy is the most important decision and should be based on clear objectives

Our long term goal is to generate returns required to fund our members' current and future pensions.

Clear objectives are at the heart of our investment strategy. Risk tolerance, return requirement and timeframe are our central considerations.

Our strategy should aim to achieve the objectives with a high degree of confidence across a range of possible economic scenarios.

2. There is more to robust portfolio construction than diversification alone

Excessive diversification can introduce inefficiency, costs and fail to protect the Scheme's portfolio in a market downturn.

Pay-off profile of assets: We tailor the expected pay-off profile of the Scheme's investments around our required objectives.

Excess liquidity of our Scheme: We utilise excess liquidity in order to access any illiquidity premium (where illiquidity is rewarded), taking into consideration known cashflow requirements and the need for flexibility.

***True diversification*:** We aim to optimise true diversification of underlying risk drivers.

3. We aim to select the most appropriate opportunities in the market

A strategy that buys the right asset, at a fair price, will serve us better than buying the wrong asset at a cheap price.

We consider the most appropriate potential market opportunities in order to help us achieve our long term objective.

4. A long term mindset can be used to enhance returns

As a long term investor, we pursue incremental growth that rewards adherence to our strategic plan, rather pursuing short term opportunities rewarding speculation.

We will mitigate or manage risks that we are not rewarded for.

Returns are more predictable over a longer time period, as risk is diversified across different economic cycles.

5. Excessive costs will erode performance

An appealing investment opportunity can be wholly undermined by too high a cost base.

Passive management, where viable, is considered the default approach.

Active management is employed where value-add can be expected with confidence.

6. Good governance improves our decision making

We continuously strive to enhance our knowledge of the investment opportunities and risks facing the Plan.

We monitor the performance of our strategy and investment managers to improve our decision making.

7. **Our investment process reflects our beliefs on responsible investing.**

We consider environmental, social and corporate governance factors when selecting, monitoring and engaging in the investments we make.

Appendix C – Risks

A non-exhaustive list of risks that the Trustees have taken into consideration and sought to manage, where appropriate, is shown below;

Interest rate risk

- The risk of mismatch between the value of the Scheme's assets and present value of its liabilities from changes in interest rates.

Inflation risk

- The risk of mismatch between the value of the Scheme's assets and present value of its liabilities from changes in inflation.

Liquidity risk

- Difficulties in raising sufficient cash when needed without adversely impacting fair market value of the investment.

Currency risk

- Adverse currency movements impacting the value of the Scheme's investments.

Longevity risk

- Members of the Scheme living longer than expected, leading to a larger than expected liability.

Credit risk

- Default on payments due as part of a financial security contract.

Counterparty risk

- A counterparty failing to meet its financial transaction obligations.

Concentration risk

- Excessive exposure to a single issue/stock/sector which has a potentially disproportionate impact on the Scheme's investments.

Reinvestment risk

- Proceeds from the payment of principal and interest which may be reinvested at a lower rate than the original investment.

ESG risk

- Is difficult to measure, however, the Trustees recognise that exposure to Environmental, Social and Governance factors, including climate change, can impact the performance of the Scheme's investments.

Appendix D – Incentivisation

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 holdings with Partners Group are also subject to a performance related fee element.
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 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 the Scheme's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. • Where applicable, the Trustees evaluate performance over a sufficiently long time period to represent the medium-to-long term, such as that stated in the investment managers' performance objective, which is typically 3 to 5 years. • Investment manager fees are reviewed periodically to make sure the correct amounts have been charged and that they remain competitive.
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 holding period of the Scheme's arrangements with the investment managers	• The holding period of each arrangement is considered in the context of the type of fund the Scheme invests in. o 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. o For open-ended funds the holding period is flexible, and the Trustees will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.