Fuller, Smith & Turner Pension Plan

Statement of Investment Principles (“SIP”)

Purpose of this Statement

This SIP has been prepared by the Trustees of the Fuller, Smith & Turner Pension Plan (the “Plan”). This statement sets out the principles governing the Trustees’ decisions to invest the assets of the Plan.

The Plan’s investment strategy is derived from the Trustees’ investment objectives. The objectives have been considered at all stages of planning, implementation and monitoring of the investment strategy.

Governance

The Trustees of the Plan make all major strategic decisions including, but not limited to, the Plan’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 Group Limited (“Isio”), are qualified by their ability in, and practical experience, of financial matters, and have the appropriate knowledge and experience. The investment advisers’ 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 Plan.

Investment objectives

The Trustees invest the assets of the Plan with the aim of ensuring that all members’ current and future benefits can be paid. The Plan’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 Plan’s circumstances. The Plan’s funding target is specified in the Statement of Funding Principles.

The Plan’s present investment objective is to meet at least the rate of return underlying the Recovery Plan.

Investment strategy

The majority of the Scheme’s assets are held in a buy-in policy with Legal and General Assurance Society (‘LGAS’), with the remaining c.2.5% held in pooled cash and unleveraged gilt funds. The expected return is therefore in line with the liabilities and there is no leverage or collateral management policy required.

The majority of the assets are in a buy-in policy which is expected to match the liabilities. The remainder of the assets are held in low-risk assets. The non-buy-in assets of the Plan consist of investments which are traded on regulated markets. A significant amount of the risk is therefore transferred to the insurer.

Investment Management Arrangements

In December 2024, the Trustees purchased a buy-in policy with LGAS to insure all of the DB Section’s liabilities. A small amount of residual DB assets is being retained in cash-like instruments alongside the buy-in policy.

The Trustees have appointed an investment manager and an insurer to manage the assets of the Plan. The investment manager is 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 Trustees take investment managers’ policies into account when selecting and monitoring managers. The Trustees also consider the performance targets the investment managers are evaluated on. The investment managers are expected to exercise powers of investment delegated to them, with a view to following the principles contained within this statement, so far as is reasonably practicable.

As all the Plan's non-buy-in assets are invested in pooled vehicles, the custody of the holdings is arranged by the investment manager.

Investment Manager Monitoring and Engagement

The Trustees monitor and engage with the Plan's investment manager 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 the investment manager.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	• The Trustees receive a quarterly performance report which details information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant Trustee meeting. • If there are concerns with any of the Plan's investments, the investment manager is invited, in person, to present to the Trustees on their performance, strategy and risk exposures.	• There are significant changes made to the investment strategy. • 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 manager provides annual 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' approach to engagement. The Trustees will engage, via their investment adviser, with the investment manager and/or other relevant persons about relevant matters at least annually.	• 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 manager to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustees may review the relevant investment manager's appointment and will consider terminating the arrangement.

Employer-related investments

The policy of the Trustees is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 except where the Plan invests in collective investment schemes that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Plan’s total asset value. The Trustees will monitor this on an ongoing basis to ensure compliance.

Direct investments

Direct investments, as defined 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.

Compliance

This Statement has been prepared in compliance with all relevant legislation at the time of writing. Before preparing or subsequently revising this Statement, the Trustees consulted the sponsoring company 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.

Date:…………………………………….

Appendix A – Risks, Financially Material Considerations and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustees have considered and sought to manage is shown below.

The Trustees adopt an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below. Whilst the buy-in effectively removes all risks from the DB Section, it is important to note that it is not a totally risk-free asset and that small residual risks do remain. These were discussed as part of the buy-in selection exercise:

Risks	**Definition**	**Policy**
Investment	The risk that the Plan's position deteriorates due to the assets underperforming.	• In December 2024, the Trustees purchased a buy-in policy with LGAS to insure all of the DB Section's liabilities. This has effectively removed all the investment risk (and longevity risk) from the Plan and has enhanced the security of members' benefits.
Funding	The extent to which there are insufficient Plan 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. • The buy-in effectively removes all funding risk from the DB Section
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Plan.	• When developing the Plan's investment and funding objectives, the Trustees take account of the strength of the covenant ensuring the level of risk the Plan is exposed to is at an appropriate level for the covenant to support. • The Plan can now rely on the insurer covenant (although the sponsoring company's covenant is still relevant up until any buyout)

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

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Plan assets and present value of liabilities from changes in interest rates and inflation expectations.	• The buy-in removes interest rate and inflation risk from the DB Section by matching the pension payments due to members.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	• The buy-in removes liquidity risk from the DB Section.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	• Given the heavily regulated nature of the bulk annuity market, market risk is effectively removed from the DB Section.
Credit	Default on payments due as part of a financial security contract.	• Given the heavily regulated nature of the bulk annuity market, credit risk is effectively removed from the DB Section.
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 Plan'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 The Trustees monitor the mangers on an ongoing basis, however given the nature of the buy-in policy it becomes more challenging to actively monitor any ESG criteria in the DB Section.
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	• The buy-in policy effectively removes currency risk from the DB Section.
Non-financial	Any factor that is not expected to have a financial impact on the Plan's investments.	• Non-financial matters are not considered in the selection, retention or realisation of investments.

Appendix B

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

How the investment managers are incentivised to align their investment strategy and decisions with the Trustees policies.	As the Plan is predominantly 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.
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 the information which needs to be included in the Implementation Statement for the Trustee Report and Accounts. This information was first included in the July 2020 accounts. • The Trustees do not directly incentivise the investment managers to make decisions based on non-financial performance. However, the monitoring and reporting of these may indirectly incentivise the investment managers.
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 Plan's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. • The Trustees evaluate performance over the period stated in the investment managers' performance objective, which is typically 3 to 5 years. • Investment manager fees are reviewed regularly 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 duration of the Plan's arrangements with the investment managers	• The duration of the arrangements is considered in the context of the type of fund the Plan 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 Plan's liquidity requirements.
	    o 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.
	• The purchase of the buy-in policy is a permanent investment, but this was deemed to be appropriate for the Plan given the security it provides for members' benefits.