

The Miller Group Limited Pension Scheme (“the Scheme”) Statement of Investment Principles: Twenty-First Edition

1. Introduction

This Twenty-first edition of the statement has been prepared by the Trustees of The Miller Group Limited Pension Scheme (“the Trustees”) in accordance with the requirements of Section 35 of the Pensions Act 1995, as amended by the Pensions Act 2004 and subsequent regulations. Before preparing it, the Trustees have obtained and considered professional advice from their investment consultant, Isio Group Limited/Isio Services Limited (“Isio”). The Trustees have also consulted the Scheme’s actuary and the sponsoring employer, although the ultimate power and responsibility for deciding investment policy lies solely with the Trustees. The Trustees will review this document, in consultation with the investment consultant, at regular intervals, and immediately after any significant change in investment policy.

The Scheme is registered with HM Revenue & Customs and provides final salary related benefits. The Scheme ceased accrual from 30 June 2010.

Before preparing this document the Trustees have had regard to the requirements of the Pensions Acts 1995 and 2004 concerning diversification of investments and suitability of investments and the Trustees will consider those requirements on any review of this document or any change in their investment policy. The Trustees will refer to this document where necessary to ensure that they exercise their powers of investment so as to give effect to the principles set out in it as far as is reasonable.

This statement supersedes the previous statement which was approved by the Trustees on 19th September 2023.

2. Investment Governance Group (formerly Myners) Principles

In 2000, the Government commissioned Paul Myners to investigate the factors which were distorting the investment decision-making of UK institutions. As a result of this review, it was recommended that UK defined benefit pension funds adopt investment principles (now called the IGG principles) as best practice. The Trustees have reviewed the arrangements for the Scheme in the light of the Principles. In particular, the Trustees (other than the Independent Trustee) do not receive any remuneration for their role as Trustees. They have formulated and will maintain an annual business plan which will form the basis for future reviews of the Trustees’ performance. Other issues covered by the Principles are considered within the rest of this document.

3. Objective

The Trustees’ objectives for setting the investment strategy of the Scheme are set out below:

- A funding objective which aims to ensure that the Scheme has sufficient assets available to pay members’ benefits as and when they arise using assumptions underlying the calculation of the Scheme’s Technical Provisions. Where an actuarial valuation reveals a funding deficit, a recovery plan will be put in place which will seek to remove the deficit over a period determined with reference to the financial covenant of the employer;
- A security objective to ensure that the solvency position of the Scheme (as assessed on a gilt basis) is expected to improve. The Trustee will take into account the strength of employer’s covenant when determining the required expected improvement in the solvency position of the Scheme; and

- A stability objective which will have due regard to the employer's ability in meeting its contribution payments given their size and incidence, and to have due regard to the volatility of measures of funding and security.

The investment strategy chosen by the Trustees aims to maximise the likelihood of achieving these objectives. The Trustees recognise that these objectives may conflict. For example, a greater allocation to more defensive assets may give greater security, but may result in a level of contributions which the employer may find too difficult to support. The Trustees also recognise that in resolving this conflict, it is necessary to accept some risk.

4. Division of Responsibilities

The Trustees are responsible for investment policy, asset allocation strategy, manager structure, mandates selection and review and for investment monitoring. The Trustees recognise that these responsibilities require a high level of skill and expertise, and they will undertake training and seek advice from their professional advisors as required. The Trustees have decided not to delegate any functions to an investment subcommittee.

The Trustees have appointed several investment managers to manage the assets of the Scheme as listed in the SIP. The investment managers 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 managers via a written agreement. The 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 into account when selecting and monitoring managers. The Trustees also take into account 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 the Scheme's assets are invested in pooled vehicles, the custody of the holdings is arranged by the investment manager.

The Investment Consultant, Isio, has a particular responsibility to assist in monitoring the Scheme's investment managers and to help review the investment strategy.

5. 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	<ul style="list-style-type: none"> • The Trustees receive a quarterly report which details information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant Trustee meeting. • The Scheme's investment managers are invited from time to time, in person, to present to the Trustees on their performance, strategy and risk exposures. 	<ul style="list-style-type: none"> • 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. • Changes to key personnel
Environmental, Social, Corporate Governance factors and the exercising of rights	<ul style="list-style-type: none"> • See Appendix 3 	<ul style="list-style-type: none"> • See Appendix 3

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 appointment.

6. Risks

The Scheme is exposed to a number of risks which pose a threat to meeting its objectives. The principal risks affecting the Scheme and the Trustees' policies for mitigating such risks are set out in Appendix 2.

7. Balance between different kinds of investments

The Scheme's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market each manager will maintain a diversified portfolio of securities through pooled vehicles. The Trustees consider this policy

to include suitable investments, to be appropriately diversified and to provide a reasonable expectation of meeting the objective. The Trustees do not directly hold any employer-related investments, as defined by section 40 of the Pensions Act 1995.

8. Rebalancing and Cashflow Policy

The Trustees will monitor the asset allocation on a regular basis with input from Isio.

Any monies to be invested or disinvested will be sourced in order to bring the asset allocation closer to the target allocation. In addition, the LDI and Physical Gilt portfolio may also be realigned if it has drifted materially from its target interest rate and inflation hedging ratios.

If the actual asset allocation has drifted materially from its target and the cashflow requirements are not expected to rectify the situation, then the Trustees may issue instructions to the managers to rebalance the assets. In doing so, consideration will be given to the costs of the rebalancing exercise.

9. Additional Voluntary Contributions (AVCs)

The Scheme has available a money purchase AVC arrangement with Norwich Union for members who wish to enhance their retirement benefits. Members are offered a range of funds in which to invest AVC payments. The Trustees believe this to be an appropriate vehicle for this purpose.

10. Money Purchase Funds

The Scheme also incorporates several money purchase policies held with Standard Life on behalf of former Miller Buckley employees. Again, the Trustees consider these policies to be appropriate vehicles for this purpose.

11. Leverage and Collateral Management

The Trustees will adhere to all relevant regulatory guidance and requirements in relation to leverage and collateral management within the Scheme's liability hedging (LDI) portfolio. Further details on this can be found in Appendix 5.

The Trustees have a stated collateral management policy / framework. The Trustees have agreed a process for meeting collateral calls should these be made by the Scheme's LDI investment manager. The Trustees will review and stress test this framework on a regular basis.

12. Stewardship

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustees' behalf. In doing so, the Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustees' detailed policy in relation to stewardship is set out in Appendix 4.

This statement has been agreed by the Trustees on

Signed on behalf of the Trustees.....

Appendix 1 – Investment arrangements

Scheme Strategic Allocation

The Trustees invest the assets of the Scheme in a mixture of assets (on a pooled basis) with four managers within the strategic allocation:

Strategic benchmark allocation

Manager	Mandate	% of Scheme assets
Partners Group	Direct Lending	5.0
LGIM*	Absolute Return Bonds	10.0
	Asset Backed Securities	10.0
	Sterling Cash, Corporate Bonds, Physical Gilts and Liability Driven Investment (LDI)	75.0
Total	-	100.0

*LGIM – Legal & General Investment Management,

Portfolio Distribution

The investment managers will maintain the asset distribution indicated below.

Legal & General Investment Management (“LGIM”) (95% of total assets)

LGIM Absolute Return Bonds: 10% of total assets

Investment Sector	Target Benchmark Allocation (%)	Benchmark/Target
Absolute Return Bonds		
Absolute Return Bond Fund	100.0	SONIA + 1.25% p.a. (net of fees over rolling 3 year period)
Total	100.0	

LGIM Asset Backed Securities: 10% of total assets

Investment Sector	Target Benchmark Allocation (%)	Benchmark/Target
Asset Backed Securities		
US Securitised Credit Fund	100.0	SONIA + 1.0% p.a. (net of fees)
Total	100.0	

LGIM Corporate Bonds and LDI: 75% of total assets

Investment Sector	Target Benchmark Allocation (%)	Benchmark/Target
Bonds/matching assets		
Over 15 Year Corporate Bonds (AAA-AA-A)	13.0	iBoxx £ Non-Gilts (ex-BBB) (Over 15 Year)
LDI portfolio/Physical Gilts	83.0	-
Sterling Liquidity Fund	4.0	SONIA
Total	100.0	

Partners Group ("Partners Group"): 5% of total assets

Investment Sector	Target Benchmark Allocation (%)	Benchmark/Target
Direct Lending		
Private Markets Credit Strategies 2018 Fund	100%	SONIA + 4.0% p.a. (net of fees)

Appendix 2 – 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 consider these factors will be financially material for the Scheme over the length of time during which the benefits provided by the Scheme for members require to be funded to a level where no additional contributions are required from the Sponsor i.e. self-sufficiency.

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	<ul style="list-style-type: none">The risk that the Scheme's position deteriorates due to the assets underperforming.	<ul style="list-style-type: none">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	<ul style="list-style-type: none">The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	<ul style="list-style-type: none">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	<ul style="list-style-type: none">The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	<ul style="list-style-type: none">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	<ul style="list-style-type: none">The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	<ul style="list-style-type: none">To hedge 95% (on a flat gilts basis) of the total liabilities movements caused by changes to interest and inflation rates.

Liquidity	<ul style="list-style-type: none"> Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Experiencing losses due to factors that affect the overall performance of the financial markets. 	<ul style="list-style-type: none"> To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
Credit	<ul style="list-style-type: none"> Default on payments due as part of a financial security contract. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> See Appendix 3 	<ul style="list-style-type: none"> See Appendix 3.
Currency	<ul style="list-style-type: none"> The potential for adverse currency movements to have an impact on the Scheme's investments. 	<ul style="list-style-type: none"> Hedge all currency risk on all assets that deliver a return through contractual income.
Non-financial	<ul style="list-style-type: none"> The views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme in the selection, retention and realisation of investments. 	<ul style="list-style-type: none"> Non-financial matters are not taken into account in the selection, retention or realisation of investments unless specifically requested as part of the evaluation criteria when selecting managers. However, the Trustees may take specific non-financial matters into consideration if they represent the view of a majority of Scheme members.

Appendix 3 – Environmental, Social and Governance Considerations

The Trustees' investment of Scheme assets through pooled funds has the practical result that the Trustees cannot themselves directly influence the ESG policies and practices of the companies in which the pooled funds invest. However, the Trustees do take into account ESG factors (including climate change risks) in relation to the selection, retention and realisation of investments.

The Trustees take those factors into account in the selection, retention and realisation of investments as follows:

- Selection of investments: assess the investment managers' ESG integration credentials and capabilities, including stewardship, as part of the fund manager selection process as well as through other regular reporting channels.
- Retention of investments: Developing a robust monitoring process in order to monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.
- Realisation of investments: The Trustees will take ESG considerations into account regarding decisions on realisation of investments.

The Trustees will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme's investments.

The Trustees will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustees will obtain regular training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees will use any ESG ratings information available within the pensions industry or provided by their investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Through their investment consultant the Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.

Appendix 4 - Policy on Investment Manager Arrangements

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.	<ul style="list-style-type: none"> 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 mandate with Partners Group is subject to a performance fee on performance above a specified hurdle rate of return.
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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> The Trustees review the performance of all the Scheme's investments on a quarterly basis and net of all costs 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. Investment manager fees are reviewed annually 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.	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The duration of the arrangements is considered in the context of the type of fund the Scheme invests in. <ul style="list-style-type: none"> 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

	<p>requirements.</p> <ul style="list-style-type: none"> ○ 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.
Voting Policy - How the Trustees expect investment managers to vote on their behalf	<ul style="list-style-type: none"> • The Trustees have acknowledged responsibility for 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'	<ul style="list-style-type: none"> • The Trustees have acknowledged responsibility for 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. • Example stewardship activities that the Trustees have considered are listed below. <ul style="list-style-type: none"> ○ Selecting and appointing asset managers – the Trustees will consider potential managers' stewardship policies and activities. ○ Asset manager engagement and monitoring – on an annual basis, the Trustees assess the voting and engagement activity of their asset managers. The results of this analysis feeds into the Trustees' investment decision making. ○ Collaborative investor initiatives – the Trustees will consider joining/ supporting collaborative investor initiatives.

Appendix 5 – Leverage and Collateral Management

Collateral management policy

At the time of writing, the Trustees are targeting a level of collateral sufficient to withstand a yield rise of:

- 350bps held with the LDI manager

The Trustees will review this no less frequently than annually, or as soon as possible in the event of significant market movements.

The Trustees also adopt a framework for maintaining sufficient collateral levels.

Trigger	Action	Responsibility
LDI fund issues capital call	Assets sold from below collateral waterfall to meet capital call	LDI manager / Trustees
When collateral falls below 300 bps	Assets sold from below collateral waterfall to restore buffer to 350 bps	LDI manager responsible for monitoring trigger, Trustees responsible for implementation (as soon as possible with timescales agreed with LDI manager)

The latest collateral waterfall is set out below. The first tier of support is the LGIM Sterling Liquidity mandate followed by the credit mandates shown in the below order of priority.

Manager	Asset Class	Dealing frequency
LDI manager	Sterling Liquidity	Weekly frequency
LDI manager	Asset Backed Securities	Weekly frequency
LDI manager	Absolute Return Bonds	Weekly frequency