

The Getronics UK Pension Plan (the “Plan”) – Money Purchase Section Statement of Investment Principles (the “Statement”)

1. Scope of Statement

This Statement of Investment Principles (“the 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) and the Occupational Pension Schemes (Charges and Governance) Regulations 2015. The Statement is intended to affirm the investment principles that govern decisions about the Scheme's investments. A separate document, the Investment Policy Implementation Document (“IPID”), detailing the specifics of the Scheme's investment arrangements is available to members upon request.

The effective date of this Statement is 17 September 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.

The Plan comprises two sections: one providing Final Salary benefits and the other providing Money Purchase benefits. There is no cross-subsidy between the different sections although in some circumstances where a member's Money Purchase pension fund is inadequate to cover their Guaranteed Minimum Pension (GMP) at retirement, the pension fund and funding liability will move to the Final Salary Section.

This statement is for the Money Purchase Section of the Plan only. The Trustee maintains a separate SIP detailing the Trustee's investment policy for the Final Salary Section of the Plan.

2. Consultations Made

The Trustee has consulted with the employer, Getronics Pensions UK Limited, prior to writing this Statement and will take the 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. It has obtained written advice on the investment strategy appropriate for the Plan and on the preparation of this Statement. This advice was provided by Aon UK Limited who are authorised and regulated by the Financial Conduct Authority.

A copy of this Statement is available to members upon request along with being published on a publicly accessible website.

The Trustee has decided to implement the Money Purchase Section's investment strategy through Aon's Delegated DC Services. Under this approach, the Trustee delegates the selection of the platform provider and the day-to-day management of the Default Option to Aon, through Aon Investments Limited. The choice of underlying managers and structure of the Default Option is also delegated to the fiduciary manager, namely Aon Investments Limited (also referred to as ‘the Manager’). Aon Investments Limited is the fiduciary manager solely for the assets held in the Money Purchase Section of the Plan.

3. Objectives

The Money Purchase Section of the Plan is closed to future contributions.

The Trustee's primary objectives for the investment strategy are as follows:

- To maximise the value of members' assets at retirement
- To maintain the purchasing power of members' savings in real (i.e. post-inflation) terms; and
- To provide protection for accumulated assets in the years approaching retirement against:
 - Volatility in the capital value
 - Fluctuations in the cost of securing an income and / or cash in retirement

4. Investment Policy

The investment policy falls into two parts:

- The strategic management, the setting of which is one of the fundamental responsibilities of Trustee; and
- The day-to-day management of the assets, which has been delegated to the Manager.

4.1. Strategic management

A single Default Option is offered to members through a target date fund structure, namely the Aon Managed Retirement Pathway Fund series managed by Aon Investments Limited. This Default Option has been put in place following consideration of the Plan membership, the fact that these members all have a Guaranteed Minimum Pension that has to be funded for and secured at retirement, the risks associated with investment and after taking advice from Aon UK Limited. Each member is allocated to the relevant Retirement Pathway Fund with a target date that most closely matches their selected retirement date. The switching of assets between the different underlying funds used within each asset allocation strategy is carried out within each target date fund. Details of the Default Option is provided in the IPID.

The Default Option aims to provide members with the potential for higher levels of growth during the accumulation of their retirement savings through exposure to growth assets including equities. Following the accumulation phase, the Default Option gradually diversifies its investments in the years approaching retirement to reduce volatility and to provide a broad base of assets from which members will take their benefits from. This includes an exposure to growth targeting assets during the decumulation phase to help maximise the value of the members' assets at retirement.

In setting the Default Option, the Trustee has reviewed the extent to which the return on investments (after deduction of any charges relation to those investments) is consistent with the objectives of the strategy, which is broadly to provide an appropriate risk/return profile throughout the members' membership. The Trustee has also considered analysis of the existing membership of the DC Section, including considerations of factors such as age, accumulated fund values and term to retirement.

The Trustee will regularly review the appropriateness of the Default Option, taking into account any significant changes in the demographic profile of the relevant members, and may make changes to it from time to time. Members will be advised accordingly of any changes.

4.2. Day-to-day management

The Trustee invests the assets of the Defined Contribution section of the Plan in funds managed by Aon Investments Limited. The Trustee is satisfied that the spread of underlying investment managers and asset classes provides adequate diversification of investments. The Trustee has regard to the suitability of the investment fund described above through periodic strategy and performance review. The Trustee expects the Manager to have regard to the suitability of the investment contained within each fund in accordance with each fund's investment aims.

5. Choosing Investments

The Trustee selects the investments for the Plan. The Trustee has decided to only offer a single Default Option with no other fund options to help manage the costs of securing GMPs at retirement. The investment options offered to members are deemed appropriate, given the nature of the membership.

Day to day selection of underlying funds and stocks is delegated to Aon Investments Limited who is appointed by the Trustee. The Trustee takes professional advice when formally reviewing the Manager and the Default Option. The Default Option is reviewed at least every three years. The Trustee last reviewed the Default Option in September 2022.

6. Investment Risk Measurement and Management

The Trustee has considered risk from a number of perspectives. These are:

- The risk that the investment return achieved on the members' fund does not provide a fund sufficient to secure the Guaranteed Minimum Pension. To mitigate this risk the underlying investment strategy aims to give a greater potential for growth over the longer term when members are still a number of years from retirement.
- Where the Guaranteed Minimum Pension is exceeded, the risk that relative market movements in the years just prior to retirement lead to a substantial reduction in the retirement outcomes compared with the members' expectations. Under the Default Option, members' funds will automatically be switched into lower risk funds, as described in the IPID, as they approach retirement, with the aim of reducing volatility.
- The risk that the chosen investment manager underperforms the benchmark against which the manager is assessed. The risk of manager underperformance is mitigated by the delegated nature of fund manager selection.
- The risk that the absolute return on investments, and hence the value of the retirement income, may be diminished by inflation. To help mitigate this risk, the Default Fund includes growth assets which aim to provide real growth (in excess of inflation) over the long term.
- The risk of fraud, poor advice or acts of negligence. The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced.

The Trustee recognises that members take the investment risk (in terms of accruing funds in excess of that needed to fund the Guaranteed Minimum Pension) and the Trustee manages this risk through the selection and monitoring of the continued appropriateness of the Default Option for the membership.

7. Illiquid Investment Policy

The Trustee holds illiquid investments on behalf of the Plan's DC members who are invested in the Default Option. The illiquid investments are underlying holdings within wider pooled funds. Specifically, there is a small allocation to UK commercial property via the Aon Managed Retirement Pathway Fund. The allocation is included to increase the diversification of return drivers for members. The fund holds underlying physical properties which are classed as illiquid investments. The allocation to illiquid holdings is at the Manager's discretion and the allocations may increase or decrease over time.

The allocation to UK commercial property is held within the growth phase of the Default Option via the Aon Managed Retirement Pathway Fund. The allocation gradually reduces starting from when a member is 15 years away from their selected retirement age (or age 65 if no age is chosen). This means that the allocation to UK commercial property also gradually reduces upon a member reaching their selected retirement age. All members invested in the Default Option hold an allocation to UK commercial property, albeit with a lower allocation for members closer to retirement.

Whilst the Trustee recognises that illiquid investments may be associated with higher costs and liquidity risks, it nevertheless believes that access to an illiquidity premium should benefit members long-term. The Trustee also believes that the blended fund structure within which the UK commercial property fund is held should ensure sufficient member liquidity, even in the event that the UK commercial property fund needs to suspend trading.

8. The Balance Between Different Kinds of Investments

The Trustee recognises that the key source of financial risk (in relation to meeting its objectives) normally arises from the choice of assets that members' funds are invested in. The Default Option has been designed with a focus on diversification throughout the various stages of investment to manage this financial risk.

The Trustee retains responsibility for choosing the funds available and takes advice as required from its adviser.

9. Custody

Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The Manager of the pooled funds are responsible for the appointment and monitoring of the custodian of the assets held in the pooled funds.

The custodians are independent of the sponsoring employer.

10.Expected Returns on Assets

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

- For units representing “growth” assets (UK and overseas equities and diversified growth funds) to achieve a return in excess of inflation over the same period. The Trustee considers that short-term volatility in price behaviour is acceptable, given the general expectation that over the long-term these assets will outperform the other asset classes.
- For the “monetary and index-linked” assets;
 - for units representing index-linked assets, to achieve a rate of return in excess of price inflation, and short-term price behaviour in line with the cost of providing index-linked annuities.
 - for units representing monetary assets (corporate bonds, gilts, cash etc), to achieve a rate of return, which is, expected to be approximately in line with changes in the cost of providing fixed income annuities or cash sum at retirement.

Returns achieved by the Manager are assessed against performance benchmarks set by the Trustee in consultation with their investment advisers and Aon Investments Limited.

11.Realisation of Investments/Liquidity

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

Units in the funds in which the Plan's Money Purchase section invests may normally be bought and sold on a daily basis and hence the Trustee is satisfied with the liquidity of the Plan's Money Purchase investments.

12. Environmental, Social, and Governance (ESG) considerations

In setting the Plan's investment strategy, for the Money Purchase Section, the primary concern of the Trustee is to act in the best financial interests of the Plan's beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that ESG factors including climate change impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser. The Trustee has appointed Aon Investments Limited to manage the Plan's Money Purchase Section assets and Aon Investments Limited invests in a range of underlying investment vehicles. References in this policy to ‘underlying investment managers’ refers to those investment managers which Aon Investments Limited in turn appoints to manage investments on behalf of the Trustee. ”

As part of its delegated responsibilities, the Trustee expects the Manager 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 Money Purchase Section's assets are not exposed to undue risk; and
- Report to the Trustee on its ESG activities as required.

The Trustee is taking the following steps to monitor and assess ESG related risks and opportunities:

- The Trustee will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Plan's assets and liabilities.
- As part of the ongoing monitoring of the Plan's investments, the Trustee will use ESG ratings information on the underlying investment managers provided by the Manager, where relevant and available, to monitor the level of integration of ESG on a regular basis.
- The Trustee will include ESG-related risks, including climate change, on the Plan's risk register as part of ongoing risk assessment and monitoring.

In recognition of the commitment of the Manager to environmental, social and corporate governance issues, the Manager is a signatory of the UN Principles for Responsible Investment ("UN PRI" or the "Principles"). The Principles are a voluntary set of global best practices that aim to provide a framework for integrating environmental, social and corporate governance issues into financial analysis, investment decision-making and ownership practices. The UN PRI are voluntary and aspirational. Where consistent with their fiduciary responsibilities, the Manager will aim to pursue each of the six Principles, these being:

- Incorporating environmental, social and corporate governance issues into investment analysis and decision-making processes.
- Being active owners and incorporating environmental, social and corporate governance issues into their ownership policies and practices.
- Seeking appropriate disclosure on environmental, social and corporate governance issues by the entities in which they invest.
- Promoting acceptance and implementation of the Principles within the investment industry.
- Working together to enhance their effectiveness in implementing the Principles.
- Reporting on their activities and progress toward implementing the Principles.

13. Arrangements with investment managers

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

The Trustee receives regular reports from the 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's objectives and assesses the fiduciary manager over rolling 3-year periods.

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

The Trustee shares the policies, as set out in this Statement, with the Plan's fiduciary manager and requests that they review and confirm whether their approach is in alignment with the Trustee's policies.

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

This includes monitoring the extent to which the underlying investment 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 will review 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's meetings) so that there is more alignment.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the Manager, and regular monitoring of the Manager's performance and investment strategy, is sufficient to incentivise the 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 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 Manager to understand the circumstances and materiality of the decisions made.

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

14. Costs and Performance

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

The Trustee receives annual cost transparency reports from the 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 Manager;
- The fees paid to the investment managers appointed by the Manager;
- The amount of portfolio turnover costs¹ (transaction costs) incurred by the investment managers appointed by the Manager;
- Any charges incurred through the use of pooled funds (custody, admin, audit fees etc.);
- The impact of costs on the investment return achieved by the Plan.

¹ 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 Manager;

The Trustee sets out these costs and charges in the Plan's annual Chair's Statement which is made available to members in a publicly accessible location.

The Trustee acknowledges 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 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 Trustee.

The Trustee delegates the management of the underlying manager cost transparency relationships to the Manager, however the Trustee expects full compliance with the provision of the cost transparency disclosure templates and that the Manager reports back any non-compliance immediately.

The Trustee benefits from the economies of scale provided by the 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 Trustee assesses the (net of all costs) performance of the Manager over rolling three and five-year periods by comparing performance against benchmark and the stated investment objective. The remuneration paid to the Manager and the fees incurred by third parties appointed by the Manager are provided annually by the Manager to the Trustee. This cost information is set out alongside the performance of the Manager to provide context. The Trustee monitors these costs and performance trends over time.

15. Stewardship – Engagement and the Exercise of the Rights Attaching to Investments

The Trustee recognises the importance of its role as a steward of capital and the need to assess all financially material risks in its investment decision making process. This includes risks associated with climate change, as well as other Environmental, Social and Governance-related factors. To this end, the Trustee strives to maintain a high standard of governance, promotion of corporate responsibility and respect of environmental factors throughout the Plan's investments. The Trustee believes that doing so ultimately creates long-term financial value and reduces risk for the Money Purchase Section of the Plan and its beneficiaries.

The Trustee annually reviews the Manager's stewardship activity to ensure that the Plan's , stewardship policy is being appropriately implemented in practice. The Trustee receives annual reports on stewardship activity carried out by the Manager, these reports include detailed voting and engagement information from underlying asset managers. The Trustee will produce annual reporting which is published online.

The Trustee communicates its expectations and standards to the Manager. These standards include:

- The Trustee expects the Manager to be a signatory to the PRI.
- The Trustee expects the Manager to ensure that, where appropriate, underlying asset managers use their influence as major institutional investors to exercise the Trustee's voting rights in relation to the Plan's Money Purchase Section assets.

- The Trustee expects the Manager to provide adequate transparency around stewardship activities, including an annual report on the stewardship activities of the underlying managers. Where possible, the transparency for voting should include voting actions and rationale with relevance to the Plan, in particular, where: votes were cast against management; votes against management generally were significant, or if votes were abstained;. Where voting is concerned, the Trustee expects the underlying asset managers, to recall stock lending, as necessary, in order to carry out voting actions.

If the Manager is found to fall short of the standards set by the Trustee, it is expected to provide satisfactory explanations as to why it is not. While the Trustee may seek to engage with the Manager if it is deemed to be falling short of its standards to reach a more sustainable position, failure to comply may result in a decision to replace it.

The Trustee may engage with the Manager, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including their 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. Where a significant concern is identified, the Trustees will consider, on a case by case basis, a range of methods by which they would monitor and engage so as to bring about the best long-term outcomes for the Fund.

16.Members’ Views and Non-Financial Factors

In setting and implementing the Plan's DC 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").

The underlying funds that make up the default fund should not apply personal ethical or moral judgements as the sole basis for an investment decision.

17.Effective Decision Making

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

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