Gray & Adams Pension Scheme

Statement of Investment Principles

As at November 2022



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Executive Summary

This Statement of Investment Principles ("the Statement") has been commissioned by and addressed to the Trustee of the Gray & Adams Pension Scheme ("the Scheme").

This document has been prepared by Simon Cohen, in his capacity as appointed Investment Adviser to the Scheme.

It has been prepared to comply with Section 35 of the Pensions Act 1995 as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010 and as amended by subsequent by legislation.

This Statement and its contents are confidential to the Trustee of the Scheme ("Trustee") and Spence & Partners Limited ("Spence").

For the purposes of this report, Scottish Pension Trustees Limited is referred to as the "Trustee".

For the purposes of this report Gray & Adams Limited is referred to as the "Company".



Introduction

This Statement sets out the principles governing decisions about investments for the Scheme and supersedes the previous Statement prepared by the Trustee.

In preparing this Statement, the Trustee has:

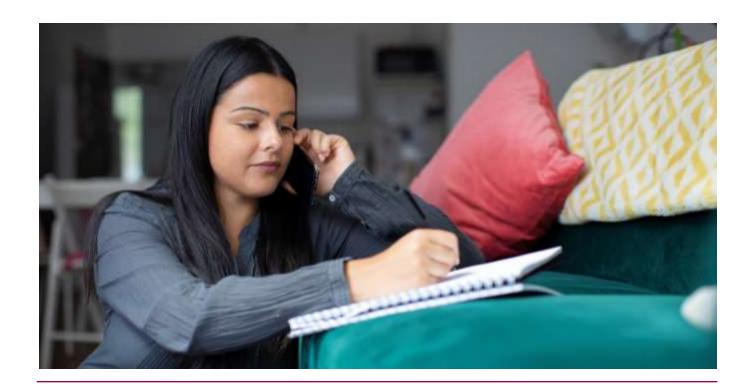
- Consulted with the Company, although responsibility for maintaining this Statement and setting investment policy rests solely with the Trustee.
- Obtained and considered written professional advice and recommendations from Spence who are the Trustee's appointed investment consultants.

 Spence is authorised and regulated by the Financial Conduct Authority ("FCA"). It has confirmed to the Trustee that it has the appropriate knowledge and experience to give the advice required by the Pensions Acts.

The Trustee will review this Statement at least once every three years to coincide with the triennial actuarial valuation or other advice relating to the statutory funding requirements. If there are any significant changes in any of the areas covered by this Statement, the Trustee will review it without further delay. Any changes made will be based on written advice from a suitably qualified individual and will follow on from consultation with the Company.

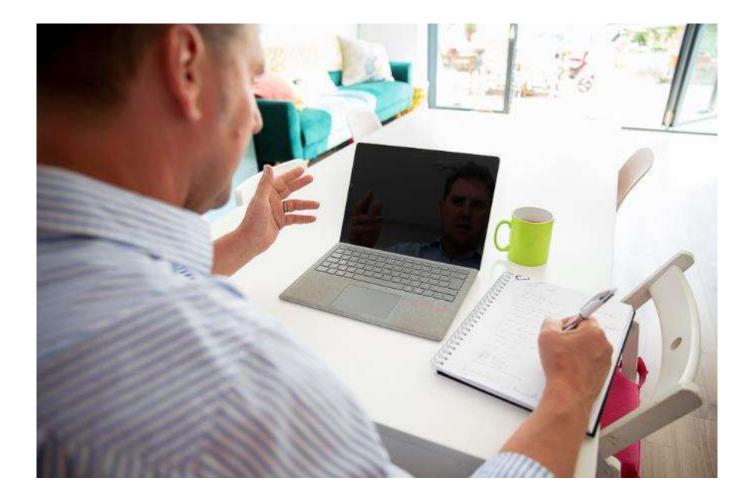
The Scheme is a defined benefits ("DB") plan. The Trustee's investment powers are set out in rule 5 of the Trust Deed and Rules dated 15 May 2006 and subsequent amending deeds. This Statement is consistent with those powers.

This Statement has been prepared with regard to the Scheme Funding legislation.



Investment Objectives

The Trustee's overall investment policy is guided by the objective of buying-out the Scheme's liabilities with an insurer.



Investment Responsibilities

The Trustee

Under the legal documentation governing the Scheme, the power of investment is vested in the Trustee. Therefore, the Trustee is responsible for the setting the investment objectives and determining the strategy to achieve those objectives. It sets the overall investment target and then monitors the performance of its investment managers against the target. In doing so the Trustee considers the advice of its professional advisers, who it considers to be suitably qualified and experienced for this role.

The Trustee's duties and responsibilities include but are not limited to:

- Regular approval of this Statement and monitoring compliance with this Statement;
- Appointment, removal (where applicable) and review of it's investment managers or investment adviser and their performance relative to relevant benchmarks;
- Assessment of the investment risks run by the Scheme; and
- Monitoring and review of the asset allocation.

Investment Adviser's Duties and Responsibilities

The Trustee has appointed Spence as its investment consultant. Spence provides advice when the Trustee requires it and/or when Spence feels it suitable to do so. Areas on which it can provide advice are as follows:

- Setting investment objectives.
- Determining strategic asset allocation.
- Determining suitable funds and investment managers.
- Managing cashflow.

It should be noted that the Trustee retains responsibility for all decisions.

Spence is remunerated on a fixed fee basis.

Any extra services provided by Spence will be remunerated on a time cost basis.

The Trustee is satisfied that this is a suitable adviser compensation structure.

Investment Managers' Duties and Responsibilities

The Trustee, after considering suitable advice, has moved the Scheme's assets into a buy-in policy with Legal & General who are managing the policy. Therefore, there are no longer any investment managers that the Scheme has appointed.

Setting the Investment Strategy

The Trustee has determined its investment strategy after considering the Scheme's liability profile, its own appetite for risk and the views, risk appetite and covenant of the Company. It has also received written advice from its investment adviser.

Types of Investment

The Scheme's assets are invested with Legal & General in a buy-in policy which matches the Scheme's liabilities.

The Trustee is permitted to invest across a wide range of asset classes, including but not limited to equities, bonds, cash, property and alternative asset classes. The use of derivatives is as permitted by the guidelines that apply to the pooled funds.

There is no employer-related investment content of its portfolio as a whole as the Trustee holds an annuity policy.

Balance Between Different Types of Investment

The Trustee holds an insurance policy which is for the benefit of all members to match all of their liabilities.

Expected Return on Investments

The expected return on investments is equal to the growth in liabilities of the Scheme.

Realisation of Investments

The Scheme's assets are invested in an annuity, which is not readily realisable.

Financially Material Considerations

The Trustee has considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. However, as the time horizon of the Scheme is very short (less than 2 years) and as the Scheme is invested in a buy-in policy, ESG considerations are not expected to have an impact on/be relevant to the Scheme's investment strategy.

Non-Financially Material Considerations

The Trustee has not considered non-financially material matters in the selection, retention and realisation of investments.

Stewardship

The Scheme is invested in a buy-in policy with Legal & General and does not have much influence over how the investments are managed. This section has outlined the Trustee policy and expectations of the insurance company, but the Trustee acknowledges that they may not be followed.

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustee's behalf, having regard to the best financial interests of the beneficiaries.

The insurer should engage with companies to take account of ESG factors in the exercise of such rights as the Trustee believes this will be beneficial to the financial interests of members over the long term.

The Trustee also expects the fund manager to engage with investee companies or other relevant persons on performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, ESG issues concerning the Trustee's investments.

Investment Manager Arrangements

As the Trustee is invested in a buy-in policy with Legal & General, it has not considered the following requirements as it has no control over the investment strategy of the insurance company:

- Incentives to align investment managers' investment strategies and decisions with the Trustee's policies.
- Incentives for the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of the investment managers' performance and the remuneration for asset management services are in line with the Trustee's policies.
- How the Trustee monitors portfolio turnover costs incurred by the investment managers, and how they define and monitor targeted portfolio turnover or turnover range.

Duration of the arrangement

The Scheme is expected to be wound up within the next twelve to twenty-four months and the policies will be assigned to the individual members and the Scheme will be wound up.

Additional Voluntary Contributions ("AVCs") Arrangements

Some members obtain further benefits by paying AVCs to the Scheme. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. From time to time the Trustee reviews the choice of investments available to members to ensure that they remain appropriate to the members' needs.

Risks

The Trustee is aware and seeks to take account of a number of risks in relation to the Scheme's investments. Under the Pensions Act 2004, the Trustee is required to state its policy regarding the ways in which risks are to be measured and managed. As the assets are now invested in a buy-in policy the Trustee has mitigated most risks which are solvency and mismatch risk, concentration risk, investment manager risk, liquidity risk, currency risk, loss of investment risk and ESG risks. The only outstanding risk is the risk of insolvency of the insurer.



Compliance

The Trustee confirms that it has received and considered written advice from Spence on the establishment and implementation of its investment strategy.

The Trustee confirms that it has consulted with the Company regarding its strategy.

Copies of this Statement and any subsequent amendments will be made available to the Company, the insurance company, the Scheme Actuary and the Scheme auditor upon request.

The Trustee will monitor compliance with this Statement annually until the Scheme is wound up. This will include a review of the suitability of the investment strategy on an ongoing basis, but as the Scheme is invested in a buy-in policy there are unlikely to be any changes.

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igned
rustee

Signed on behalf of the Trustee of the Gray & Adams Pension Scheme

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