

WARWICK INTERNATIONAL GROUP PENSION SCHEME

Statement of Investment Principles

January 2023

CONTENTS

Section		Page
1	Introduction	1
2	Division of Responsibilities	2
3	Long-Term Policy	4
4	Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities	8
5	Policy on arrangements with asset managers	11
6	Investment Consultant's fee structure	16
7	Risk and Diversification	17
8	Additional Voluntary Contributions Arrangements	19
9	Compliance Statement	20

1. INTRODUCTION

Purpose Of The Statement	This document describes the investment policy of the Trustee of the Warwick International Group Pension Scheme (“the Scheme”) and is issued by the Trustee to comply with Section 35 of the Pensions Act 1995 as amended by Pensions Act 2004 (“the Act”), and the Occupational Pension Schemes (Investment) Regulations 2005 SI 2005/3378 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010, the Occupational Pension Schemes (Charges and Governance) Regulations 2015, and the Occupational Pension Schemes (Investment) (Amendment) Regulations 2018 (the Regulations), and the Occupational Pension Schemes (Investment) (Amendment) Regulations 2019. It supersedes the previous Statement of Investment Principles (SIP) and is itself effective as of the date the Compliance Statement was signed off.	35(1)
Scheme Details	<p>The Scheme operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries.</p> <p>The Scheme is a registered scheme for the purposes of the Finance Act 2004.</p> <p>The Trustee, who is responsible for the investment of the Scheme’s assets, manages the administration of the Scheme.</p>	
Advice	Before preparing this document, the Trustee has sought advice from the Scheme’s Investment Consultants, and has consulted the Actuary.	35(5) 2(2)(a)
Consultation	Before finalising this document the Trustee has consulted Warwick International Group Limited (the Principal Employer). The Trustee will consult the Principal Employer on changes in investment policy as set out in this document, and on the appointment or removal of Investment Managers.	35(5) 2(2)(b)
Investment Powers	<p>The investment powers of the Trustee are set out in the Trust Deed and Rules. This statement is consistent with those powers.</p> <p>Neither this statement nor the Trust Deed and Rules restrict the Trustee’s investment powers by requiring the consent of the Principal Employer.</p> <p>In accordance with the Financial Services & Markets Act 2000, the Trustee sets the general investment policy but delegates the responsibility for selection of specific investments to appointed Investment Managers. The Investment Managers shall provide the skill and expertise necessary to competently manage the investments of the Scheme.</p>	34(1) 35(4)
Review of the Statement	The Trustee will review this Statement at least every three years after each triennial valuation or immediately following any significant changes in investment policy.	2(1)

(Note - Within this document all References in blue relate to the Act and all References in red relate to the Regulations.)

2. DIVISION OF RESPONSIBILITIES

Reference

Trustee	<p>The Trustee's responsibilities include:</p> <ul style="list-style-type: none">• Reviewing the content of this SIP annually, or more frequently if appropriate. 35(1)• Reviewing the investment policy following the results of each formal actuarial valuation, or more frequently if appropriate.• Assessing the performance and investment process of the Investment Managers by means of reviews of the investment results and other information. 34(4)• Consulting with the Principal Employer when reviewing investment policy issues. 35(5)• Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.• Appointing the Investment Manager(s)
Process For Making Decisions	<p>The Trustee of the Scheme will jointly make all decisions relating to investments, including issues such as: 32(1)</p> <ul style="list-style-type: none">• The kinds of investments to be held.• The balance between different kinds of investments.• The level of risk to which the Scheme is exposed.• The Investment Manager arrangements.• The performance target of the Investment Managers.• The content of the Statement of Investment Principles.
Investment Managers	<p>The Investment Managers' responsibilities include: 34(4)</p> <ul style="list-style-type: none">• Investing in diversified portfolios of assets suitable for pension schemes within guidelines given by the Trustee.• At their discretion, but within any guidelines given by the Trustee, implementing changes in the asset mix and selecting individual securities within each asset class.• Maintaining appropriate capital levels where leverage is used.• Providing the Trustee with regular portfolio valuations along with a report, at least annually, on actions and future intentions, and any changes to the processes, objectives and guidelines applied to their management of the Scheme's assets to enable the Trustee to review their Investment Managers' activities.• Exercising the rights attached to the shareholdings of the Scheme so as to protect and enhance the long-term value of the stock holding for the Scheme.• Reporting to a meeting of the Trustee at least annually, either in person or through documentation in a format agreed by both parties.

2. DIVISION OF RESPONSIBILITIES

Reference

Investment Consultant

The Investment Consultant's responsibilities include:

35(5)

- Performing in line with its objectives which have been agreed with the Trustee and documented separately
 - Participating with the Trustee in regular reviews of this SIP, and in the review process as described in this Statement.
 - Undertaking project work as required, including reviews of asset allocation policy and reviews or selection of Investment Managers.
 - In consultation with the Actuary, advising the Trustee how any changes in the Scheme's benefits, membership and funding position may affect the way in which the Scheme's assets should be invested.
-

3. LONG-TERM POLICY

Reference

Process For Choosing Investments	The Trustee relies on professional fund managers for the day-to-day management of the majority of the Scheme's assets.	34 4(1)
---	--	------------

Investments Controlled By The Trustee	<p>The Trustee's policy is to regularly review the investments over which it retains control and to obtain written advice about them when appropriate. When deciding whether or not to make any new investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the Investment Managers. The written advice will consider suitability of the investments, the need for diversification and the principles within this Statement. The advisor will have the knowledge and experience required under Section 36 of the Act.</p> <p>In making these decisions the Trustee will act in the best interests of members and beneficiaries.</p> <p>The Trustee will use its powers of investment in a manner that will ensure the security, quality, liquidity and profitability of the assets under its stewardship.</p>	36 2(3)(a)
--	---	---------------

Long-Term Objectives	<p>The long-term objectives of the Scheme are:</p> <ul style="list-style-type: none">• The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from the Principal Employer and the provisions in relation to the Funding Deed, the cost of current benefits which the Scheme provides, as set out in the Trust Deed and Rules.• To limit the risk of the assets failing to meet the liabilities over the long term, by considering the liability profile of the Scheme when setting the asset allocation policy.• To minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the changing nature in the strength of the Principal Employer's covenant.	
-----------------------------	---	--

3. LONG-TERM POLICY (Cont)

Reference

Journey Plan

Following an earlier bulk annuity purchase, the Trustee completed a bulk annuity insurance transaction with the Pension Insurance Corporation ("PIC") ("the insurer") for the remaining uninsured liabilities of the Scheme in the contract dated 22 November 2022, to secure benefits under the Scheme. The insurer makes payments in line with Scheme benefits to the Scheme bank account which is then paid to annuitants, and provides the additional administration required to administer the benefits under the policy. The previous policy purchased with PIC prior to November 2022 pays directly to members.

The asset switch to the insurer was completed on the dealing date 22 November 2022 following a full disinvestment of all holdings held with the Scheme's previous investment managers. This is in addition to the previous bulk annuity policy held with PIC.

3. LONG-TERM POLICY (Cont)

Reference

Investment Restrictions	There are no specific restrictions on the type and range of assets held. The Investment Manager imposes internal restrictions that are consistent with their house style. However, the Trustee has established the following investment instructions:	35(3)
	<ul style="list-style-type: none">Neither the Trustee nor the Investment Managers may hold in excess of 5% of the Scheme's assets in employer-related investments.	40 12
	<ul style="list-style-type: none">Whilst the Trustee recognises that borrowing on a temporary basis is permitted, this option will only be utilised where it is deemed absolutely necessary for the purpose of providing liquidity for the Scheme or where the Trustee has received advice from their Investment Consultant that the Scheme's overall exposure to risk can be reduced through temporary borrowing, e.g. during an asset transfer.	36(A) 5
	<ul style="list-style-type: none">For the avoidance of doubt, the above point does not prohibit borrowing where derivatives are used (for example, government bond repurchase agreements).	
	<ul style="list-style-type: none">The Trustee will ensure that the Scheme's assets are predominantly invested in regulated markets or in other markets if at a prudent level.	4(5) 4(6)
	<ul style="list-style-type: none">Investment in derivative instruments may be made provided they contribute to a reduction in risk or facilitate efficient portfolio management.	4(8)

4.	Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities	<i>Reference</i>
Financially Material Considerations:	<p>The Trustee has elected to invest the Scheme's assets through two bulk annuity policies.</p> <p>The Trustee believes that environmental, social and governance factors (including climate change) have the potential to be financially material over the long-term. However, as the Trustee has completed purchases of bulk annuity policies for the Scheme's known liabilities, the Trustee is largely reliant on the insurer to manage these risks. The remaining assets are held in the Trustee bank account bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme which are not covered by the insurance policies.</p>	<i>2(3)(b)(vi)</i>
Policy for monitoring ESG policy	<p>The Scheme's assets are held as bulk annuity policies and cash. Given the nature of the current holdings in the Scheme, the Trustee will review and monitor the ESG policy as they deem appropriate, considering the risks that present themselves.</p>	<i>2(3)(b)(vi)</i> <i>2(3)(c)(ii)</i>
Non-financially material considerations	<p>The Trustee does not take into account individual members' and beneficiaries' views, including in relation to ethical matters, social and environmental impact and present and future quality of life (referred to in the Regulations as "non-financial factors"), in the selection, retention and realisation of investments.</p> <p>The Trustee will review its policy on whether or not to take account of non-financial matters on an annual basis.</p>	<i>2(3)(b)(vii)</i>
The exercise of voting rights	<p>The Trustee notes that by securing the Scheme's benefits with an insurer they have limited ability to influence the voting and engagement activities undertaken on behalf of the insurer in relation to the annuity policies. The Scheme retains cash holdings but the Trustee notes that this is held within a bank account and the ability to engage is limited.</p>	<i>2(3)(c)(i)</i> <i>2(3)(c)(ii)</i>
Conflicts of interest	<p>The Scheme's investment consultants, Barnett Waddingham, are independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest.</p> <p>The Trustee expects all investment managers and insurers to have a conflict of interest policy in relation to their engagement and ongoing operations. The Trustee's investment consultants monitor the Scheme's assets as appropriate.</p>	<i>2(3)(c)(ii)</i>

Delegation To Investment Managers	The Scheme no longer has investments with any Investment Managers following the completion of the bulk annuity transaction in 2022. PIC are now fully responsible for the Scheme's assets across two bulk annuity policies, but there remains residual cash holdings in the Scheme bank account.	34(2)(a)
Manager Controls	In exercising the responsibilities delegated to them and meeting their performance objectives, any appointed Investment Managers must exercise their powers of investment with a view to giving effect to the principles contained in this Statement, so far as is reasonably practical. In particular, the Investment Manager must have regard to the suitability and diversification of the investments made on behalf of the Scheme. The Investment Manager will also ensure that suitable internal operating procedures are in place to control individuals making investments for the Scheme.	34(4)(a) 34(4)(b) 36 36(5)
Incentivising alignment with the Trustee's investment policies	<p>Prior to appointing an investment manager, the Trustee discusses the investment manager's benchmark and approach to the management of ESG and climate-related risks with the Scheme's investment consultant, and how their policies are aligned with the Trustee's own investment aims, beliefs and constraints, taking into account the nature of the investment manager's mandate.</p> <p>When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustee also considers how ESG and climate risk are integrated into these. The Trustee's full range of selection criteria is set out in the "Selection Criteria" section below. If the Trustee deems any aspect of these policies to be out of line with its own investment objectives for the part of the portfolio being considered, the Trustee may consider whether it would be more appropriate to use another manager for the mandate.</p> <p>The Trustee's approach is therefore to determine its investment policies, which are set out in this document, and to appoint investment managers that it believes fits with these policies. The Trustee does not provide any direct incentives for the investment managers to align their practices with these policies; instead the managers have been selected on the basis that their approaches are aligned with the policies. The Trustee considers this to be a suitable approach in practice given it typically invests in pooled funds with other investors. The "Method and time horizon for assessing performance" section of this document explain how the fee arrangements in place act as an indirect incentive for the investment managers to continue to perform in line with the criteria against which they were assessed at selection over the medium to long term.</p> <p>The Trustee carries out an investment strategy review at least every 3 years where they assess the continuing relevance of the investment strategy in the context of the Scheme and the Trustee's aims, beliefs and constraints. The Trustee monitors the investment managers' approach to ESG and climate related risks on an annual basis.</p> <p>In the event that an appointed investment manager ceases to meet the Trustee's desired aims, including the management of ESG and climate related risks, using the approach expected of them, the Trustee will consider whether it would be more appropriate to use another manager for the mandate. The investment managers have been informed of this by the</p>	2(3)(d)(i)

	<p>Trustee. Examples of criteria by which the Trustee may de-select an investment manager are set out in the “De-selection criteria” section below.</p> <p>Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.</p>	
Incentivising assessments based on medium to long term, financial and non-financial considerations	<p>The Trustee is mindful that the impact of ESG and climate change may have a long-term nature. However, the Trustee recognises that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself.</p> <p>When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustee will assess these over an agreed predetermined rolling timeframe. The Trustee believes the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund has a shorter-term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustee expects this to be sufficient to ensure an appropriate alignment of interests. The Trustee does not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short-term targets.</p> <p>From 1 October 2020, the Trustee monitors voting and engagement activity within the Implementation Statement in the Scheme’s Annual Report and Accounts.</p>	2(3)(d)(ii)
Method and time horizon for assessing performance	<p>The Trustee does not undertake any formal monitoring of the investment managers due to the limited benefit of this activity given the bulk annuity policies held with the insurer for the known liabilities of the Scheme.</p> <p>The Scheme invests exclusively in annuity policies.</p> <p>The Trustee asks the Scheme’s Investment Consultant to assess if any asset management fees are in line with the market when a manager is selected, and the appropriateness of the annual management charges may be considered every three years as part of the review of the Statement of Investment Principles.</p>	2(3)(d)(iii)
Selection criteria	<p>The Trustee has identified the criteria by which any Investment Managers should be selected (or deselected). These include:</p> <ul style="list-style-type: none"> • Past Performance • Quality of the Investment Process • Role Suitability <ul style="list-style-type: none"> ○ level of fees ○ reputation of the Investment Manager ○ familiarity with the mandate ○ internal objectives and restrictions of any pooled funds • Service <ul style="list-style-type: none"> • reporting • administration • Team Proposed <ul style="list-style-type: none"> ○ the individual fund managers working for the Scheme • ESG and Stewardship policy <p>As the Scheme’s assets are held as two bulk annuity policies and cash, selection of Investment Managers is not expected to be applicable at the current time.</p>	

**De-selection
Criteria**

Investment Managers may be replaced, for example (but not exclusively), if:

- They fail to meet the performance objectives set out in the following Section; and/or
- The Trustee believes that the Investment Manager is not capable of achieving the performance objectives in the future; and/or
- The Investment Manager fails to comply with this Statement.

As the Scheme's assets are held as two bulk annuity policies and cash, de-selection of Investment Managers is not expected to be applicable at the current time.

**Performance
objectives**

The Trustee will assess performance and review Investment Managers' appointments regularly against their own stated objectives as appropriate.

**Risk
Measurement**

The Trustee will monitor risk on a periodic basis although they recognise that, given all the Scheme's assets are invested through bulk annuity policies, these risks are out of the direct control of the Trustee.

2(3)(b)(iii)

**Portfolio
turnover costs**

The Trustee acknowledges that portfolio turnover costs can impact on the performance of the Scheme's investments. However, given the annuity policies and cash holdings of the Scheme, the Trustee notes that the impact of portfolio turnover costs and the duration of the policies with the Insurer have limited impact.

2(3)(d)(iv)

6. INVESTMENT CONSULTANT'S FEE STRUCTURE

Reference

Investment Consultant's fee structure

Barnett Waddingham LLP, the Scheme's Investment Consultants, are remunerated by a combination of fixed fees and work completed on a time-cost basis.

It is felt that this method of remuneration is appropriate because it enables them to provide the necessary advice and information to facilitate the Trustee undertaking its responsibilities as described in Section 2.

7. RISK AND DIVERSIFICATION

Reference

Risk and the Liabilities	Having considered advice from the Scheme's current and previous Investment Consultants, the Trustee has set the investment policy with regard to the Scheme's liabilities and funding level.	35(3)
	In setting out the mandate for an Investment Manager, the Trustee will ensure that they hold a suitably diversified range of securities in each category, avoiding an undue concentration of assets.	4(7)
	The Trustee's policy is expected to meet its liabilities at an acceptable level of risk for the Trustee, and an acceptable level of cost to the Principal Employer.	2(3)(b)(i)
Realisation of Investments	In order to retain a high a degree of flexibility to cater for unexpected changes in circumstances, the Trustee holds cash within the Scheme bank account.	35(3) 2(3)(b)(v)
	The Trustee will also take into account how easily investments can be realised for any new investment classes they consider investing in, to ensure that the assets can be easily realised in the future if needed.	
Risk Management	The Trustee recognises a number of risks involved in the investment of the Scheme.	2(3)(b)(iii)
	<ul style="list-style-type: none">• <i>Solvency risk and mismatching risk</i> – addressed through the asset allocation strategy and through ongoing triennial actuarial valuations.• <i>Strategy risk</i> – the risk that an Investment Manager's asset allocation deviates from the Trustee's investment policy addressed through periodic review of the investment policy as described in Section 3.• <i>Manager risk</i> – addressed through the Performance Objectives set out in Section 3 and through the ongoing monitoring of the Investment Manager as set out in Section 5.• <i>ESG/Climate risk</i> - The Trustee has considered long-term financial risks to the Scheme and ESG factors as well as climate risk. Whilst the Trustee considers these factors to be potentially financially material, it is noted that the impact of these risks on the Scheme's ability to pay members' benefits is limited given the security of the bulk annuity policies and residual assets being held in cash. The Trustee's full policy on these factors is set out in Section 4.	

Risk Management (cont)

- *Liquidity risk* – The Fund invests in assets, including cash, such that there is a sufficient allocation to liquid investments to meet the Fund's cashflow requirements. The Scheme Administrator ensures that the Trustee is aware of the necessary cash balances that need to be available.
- *Inappropriate investments* – addressed through investment restrictions (see Section 3).
- *Counterparty risk* – addressed through the Insurer's guidelines with respect to cash management and capital reserves.
- *Fraud/Dishonesty* - addressed through restrictions applied to who can authorise transfer of cash and the account to which transfers can be made.

The Trustee manages these risks by periodically monitoring them and ensuring that all investment decisions taken consider all the risks associated with the options available.

8. ADDITIONAL VOLUNTARY CONTRIBUTIONS ARRANGEMENTS

Reference

AVCs

The Scheme invests members' additional voluntary contributions (AVCs) to enhance their benefits at retirement. There are a small number of members remaining who have AVC benefits, and the size of these AVC benefits is small. None of these members are still contributing AVCs.

The investment funds are managed by the Clerical Medical Investment Group.

Review process

The Trustee reviews the appointment of the AVC arrangement as and when it considers appropriate.

9. COMPLIANCE STATEMENT

The Trustee confirms that the investment policy and the associated arrangements set out in this Statement of Investment principles reflects its current approach to the management of the Scheme's assets.

The Trustee also confirms that it will review this Statement in response to any material changes to any aspect of the Scheme and its liabilities; any material changes to the attitude of either the Trustee or Principal Employer to a risk which they judge to have a bearing on the stated investment policy; and, in any event, after three years following each actuarial valuation.

Adopted by the Trustee 30 January 2023