

1 Background

Purpose of Statement	This Statement sets out the principles governing decisions relating to the investment of the assets of the PGI Group Pension Plan (the Plan).
Nature of Plan	The Plan is a defined benefit arrangement set up under trust and registered with HM Revenue and Customs (HMRC).
Compliance with Legislation	The Statement has been prepared to comply with Section 35 of the Pensions Act 1995, Section 244 of the Pensions Act 2004, the Occupational Pension Plan (Investment) Regulations 2005, the Pension Protection Fund (Pensionable Service) and Occupational Pension Plan (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and the Occupational Pension Plans (Investment and Disclosure) (Amendment) Regulations 2019.
Availability to Members	<p>A copy of this Statement will be made available to Plan members on request to the Trustees of the Plan. The statement is also available online at the following web address:</p> <p>www.pgi-uk.com/pgi-group-pension-plan/</p>
Investment Advice	<p>The Trustees have obtained and considered professional advice on the content of this Statement from Broadstone Corporate Benefits Limited (Broadstone), their appointed investment adviser. Broadstone has confirmed to the Trustees that it has the appropriate knowledge and experience to give the advice required under legislation.</p> <p>The Trustees will obtain such advice as they consider appropriate and necessary whenever they intend to review or revise this Statement.</p>
Consultation with the Sponsoring Employer	<p>The Trustees have consulted the Sponsoring Employer, PGI Group Limited, when setting their investment objectives and strategy, and in the preparation of this Statement.</p> <p>Responsibility for maintaining the Statement and determining the Plan's investment strategy rests solely with the Trustees.</p>

2 Investment Objectives

Strength of Employer Covenant	The Trustees consider the strength of the Sponsoring Employer's willingness and ability to support the Plan when setting the investment objectives and strategy.
Key Funding Measure	<p>The Plan is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e. that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustees' Statement of Funding Principles.</p> <p>The funding basis under the SFO is consistent with a longer-term objective to be fully funded on a basis using a gilt yield only discount rate.</p>
Investment Objectives	<p>The Trustees' investment objectives are as follows:</p> <ul style="list-style-type: none">• To ensure that the assets are of a nature to enable the Trustees to meet the Plan's benefits as they fall due.• To aim to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Plan.• To invest the Plan's assets in an appropriately diverse and liquid range of investments.• To invest in a way that is consistent with the Plan's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustees' funding plan have a reasonable chance of being achieved in practice.• Where future opportunities arise to increase protection against liability-related risks in such a way that it does not invalidate the Trustees' funding plan, the Trustees will consider steps to further reduce the volatility of the Plan's funding position relative to its funding objective.
Paying Regard to the Sponsoring Employer's Views	The Trustees will have regard to the Sponsoring Employer's views on the potential costs and risks associated with the investment objectives set and their implementation through the investment strategy.

3 Principles for Setting the Investment Strategy

Selection of Investments

The Trustees may select investments from a wide range of asset classes from time to time, including, but not restricted to UK equities, overseas equities, government bonds, corporate bonds, commercial property, and alternative asset classes, such as hedge funds, private equity, and infrastructure.

The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level.

The Trustees may invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Plan's investments.

The Trustees may hold insurance policies such as deferred or immediate annuities which provide income to the Plan, matching part or all of the future liabilities due from it.

The Trustees may hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Plan.

Balance of Investments

The Trustees will set a Target Asset Allocation from time to time, determined with the intention of meeting their investment objectives.

The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustees' view of the Sponsoring Employer's covenant, the nature of the Plan's liabilities or relevant regulations governing pension Plan investment.

Delegation to Investment Managers

The Trustees will delegate the day-to-day management of the Plan's assets to professional investment managers and will not be involved in the buying or selling of investments.

Realising Investments

The Trustees make disinvestments from the Investment Manager taking advice from Broadstone, where appropriate, to meet the Plan's cashflow requirements.

4 Setting the Strategy

Target Asset Allocation

The Target Asset Allocation is as follows:

Asset Class	Target Asset Allocation
Equities	15%
Bonds, including gilts and corporate bonds, and cash	85%
Total	100%

The actual allocation will be monitored periodically, and the Trustees will determine if any rebalancing is required.

Investment Manager

The Trustees entered into contract with BlackRock in July 2009 as their Investment Manager. BlackRock undertakes day-to-day investment management of the Plan's assets.

The Investment Manager is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000.

Strategies Used

The Trustees use a range of passively managed equity index funds, gilt index funds, including both nominal and index-linked gilts, together with high quality corporate bonds that are managed on a 'buy and maintain' basis, and an active cash fund. The structure and combination of the bonds funds is determined with the aim of providing a broad match to the characteristics and interest rate and inflation sensitivities of the liabilities. In addition, the buy and maintain corporate bonds have been structured to provide expected income which is broadly sufficient to meet the Plan's liability cashflows over the next several years.

Maintaining the Target Asset Allocation

The Trustees have responsibility for maintaining the overall balance of the asset allocation. The Trustees monitor the asset allocation on a regular basis with the assistance of their adviser, Broadstone, and will consider switching assets between funds should the allocation move significantly away from the aim described above.

Performance Benchmarks and Objectives

All equity and gilt funds used are index-tracking funds, meaning that their objective is to track the total return on a specified market index.

The buy and maintain corporate bond funds aim to deliver the credit risk premium (additional return) over and above comparable gilts, whilst minimising the risk of default losses. The buy and maintain funds do not have specific performance benchmarks.

The cash fund aims to deliver a stable rate of return consistent with short-term high quality money market instruments and is benchmarked against the Sterling Overnight Index Average Rate (SONIA).

Investment Management Charges

The annual management charge for the equity and cash funds used is 0.13% p.a., each of the corporate bond funds used is 0.09% p.a., and each of the gilt funds used is 0.08% p.a., based on the assets under management at the date of this Statement.

These charges are subject to a minimum fee across all investments with BlackRock of £15,000 per annum.

**Employer Related
Investment**

The Plan does not directly hold any employer-related investments.

**Additional
Voluntary
Contributions
(AVCs)**

The Plan holds AVCs separately from the assets backing defined benefits via investments held with Utmost Life and Pensions and Santander.

5 Expected Return and Risks

Overall Return Target	The Trustees' overall return target is to at least match the return associated with the change in value of the liabilities measured using appropriate gilt yields.
Expected Returns	The Trustees expect the current investment strategy to deliver a return at least in line with appropriate gilt yields that reflect the nature and profile of the Plan's liabilities.
Consideration of Risks	The Trustees have considered various risks the Plan faces, including market risk, interest rate risk, inflation risk, default risk, liquidity risk, concentration risk, manager risk and currency risk, and consider that the Target Asset Allocation strikes a reasonable balance between risk mitigation and seeking an appropriate level of return, taking account of the strength of the Sponsoring Employer's covenant and the funding objectives of the Plan.
Risk Relative to the Value of the Plan's Key Funding Measure	<p>The Target Asset Allocation has been determined with due regard to the characteristics of the Plan's gilt-based funding objective.</p> <p>The calculation of the Plan's funding target uses assumptions for future investment returns and price inflation expectations that are based upon market values of fixed interest and index-linked government bonds. This means that the liabilities are sensitive to changes in the price of these assets as market conditions vary and can have a volatile value.</p> <p>The Trustees accept that their investment strategy may result in volatility in the Plan's funding position. Furthermore, the Trustees also accept that there is a risk that the assets will not achieve the rates of investment return assumed in the calculation of the Plan's Technical Provisions and longer-term funding target.</p>
Concentration of Risk and Diversification	<p>To reduce the risk of concentration within the portfolio, the Trustees will monitor the overall mix of asset classes and stocks in the investment strategy with their investment adviser, Broadstone.</p> <p>The Trustees invest in a range of equities and bonds through the funds and strategies they use and consider the Plan's strategy to be well diversified.</p>
Manager Controls and Custodianship	<p>The day-to-day activities that the Investment Manager carries out for the Trustees are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate.</p> <p>Safe-keeping of the Plan's assets held with the Investment Manager is performed by custodians appointed by the Investment Manager.</p>
Manager Security	The Trustees have considered the security of the Plan's holdings with the Investment Manager, allowing for its status as a reputable regulated firm, and consider the associated protection offered to be reasonable and appropriate.

Monitoring and Management of Risks

The Trustees will monitor the investment and funding risks faced by the Plan with the assistance of their investment advisers and the Plan Actuary at least every three years. The Trustees will consider the appropriateness of implementing additional risk mitigation strategies as part of such reviews.

In addition, the Trustees will review wider operational risks as part of maintaining their risk register.

6 Responsible Investing, Governance and Engagement

Financially Material Considerations Related to Environmental, Social and Governance Considerations

The Trustees recognise that Environmental, Social and Governance (ESG) issues, including climate risk, can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Plan invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustees delegate responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustees have an expectation that the Investment Manager will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Plan's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustees receive information from the Investment Manager on their approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Plan's investments associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The Trustees regard the potential impact of climate change on the Plan's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Plan's funding position than other risks. The Trustees will continue to monitor market developments in this area with its investment adviser.

Non-Financial Matters

The Trustees have determined that the financial interests of the Plan members are their priority when choosing investments. The Trustees have decided not to consider non-financial considerations, such as ethical views, when setting the investment strategy for the Plan.

Views of Members and Beneficiaries

The Plan is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy.

Engagement and Voting Rights

Responsibility for engagement with the issuers of the Plan's underlying investment holdings and the use of any voting rights, where applicable, is delegated to the Investment Manager. The Trustees can therefore only influence engagement and voting policy indirectly.

The Trustees' voting and engagement policy is to use their investments to improve the ESG behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their investments and is in the members' best interests. The Trustees will aim to monitor the actions taken by the investment manager on their behalf and if there are significant differences from the policy detailed above, the Trustees will escalate their concerns which could ultimately lead to disinvesting their assets from the manager.

The Investment Manager provides, on request, information to the Trustees on their actions in relation to engagement and use of any voting rights. The Trustees are therefore aware of the policies adopted by the Investment Manager.

**Capital
Structure of
Investee
Companies**

Responsibility for monitoring the make up and development of the capital structure of investee companies is delegated to the Investment Manager. The Trustees expect the extent to which the Investment Manager monitors capital structure to be appropriate to the nature of the mandate.

**Conflicts of
Interest**

The Trustees maintain a separate conflicts of interest policy and register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Manager, while also setting out a process for their management.

**Incentivisation
of Investment
Managers**

The Investment Manager is remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund, subject to an overall minimum fixed fee.

The Trustees do not directly incentivise the Investment Manager to align the approach they adopt for a particular fund with the Trustees' policies and objectives. Instead, the Investment Manager and the funds are selected so that, in aggregate, the returns produced are expected to meet the Trustees' objectives.

Neither do the Trustees directly incentivise the Investment Manager to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustees expect such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Plan.

7 Review and Monitoring

Frequency of Review The Trustees will review this Statement at least every three years or if there is a significant change in the Plan's circumstances or the regulations that govern the Plan's investments.

Monitoring the Investment Strategy and Managers The Trustees employ Broadstone to assist them in monitoring the performance of the Plan's investment strategy and Investment Manager.

The Trustees receive quarterly reports from the Investment Manager and meet with their representatives periodically to review their investment performance and processes.

The Trustees and Broadstone will monitor the Investment Manager's performance against their performance objectives.

The appropriateness of the Investment Manager's remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.

Monitoring the Duration of Investment Arrangements The Trustees are long-term investors and have not set an explicit target to review the duration of its arrangements with the investment manager. However, the arrangements will be reviewed in conjunction with any review of investment strategy.

Portfolio Turnover Costs The Trustees expect the Investment Manager to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustees therefore do not set a specific portfolio turnover target for their strategy or the underlying funds.

The Investment Manager can provide information on portfolio turnover and associated costs to the Trustees so that this can be monitored, as appropriate.

Review of Investment Managers and AVC provider The Trustees will consider on a regular basis whether or not the Investment Manager and AVC providers remain appropriate to continue to manage the Plan's investments and AVCs.

Information from Investment Managers The Investment Manager will supply the Trustees with sufficient information each quarter to enable them to monitor financial and non-financial performance.

Signed Original signed by Chairman of the Trustees

Name _____

Date 8 February 2024

On behalf of the Trustees of the PGI Group Pension Plan