Statement of Investment Principles

This is the Statement of Investment Principles made by Molins UK Pension Fund Trustee Limited, as Trustee of the Molins UK Pension Fund (the "Fund") in accordance with the Pensions Act 1995 (as amended). It is subject to periodic review by the Trustee at least every three years and more frequently as appropriate.

In preparing this Statement, the Trustee has consulted with the principal employer to the Fund (Mpac Group plc) and has taken and considered written advice from the Investment Practice of Hymans Robertson LLP.

Fund Objectives

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, on a defined benefits basis. As required by the Pensions Act 2004, full details of the funding objectives are set out in the Statement of Funding Principles dated 5 June 2019.

To ensure the sufficiency of the Fund's assets, the Trustee will seek contributions from the employer at such rates as they determine, on the advice of the Fund Actuary (the "Actuary"), to be sufficient to meet the expected cost of prospective benefits arising from service completed before the date of the actuarial investigation.

To assess the expected cost of the benefits payable from the Fund, the Trustee will obtain regular actuarial valuations of the Fund from the Actuary. The Trustee will choose an appropriate funding method for the actuarial valuation, together with a prudent set of actuarial assumptions. The Trustee will seek the advice of the Actuary before determining the method and assumptions.

The Trustee will seek the agreement of the employer before deciding on the method and assumptions to be used in the actuarial valuation and before determining the level of employer contributions payable to the Fund.

Investment Strategy

The Trustee has translated the Fund objectives referred to above into a suitable strategic asset allocation benchmark. The benchmark is expressed in terms of an allocation to a range of different asset classes that when combined together are expected to deliver appropriate returns at an acceptable level of risk. All day to day investment decisions have been delegated to a number of authorised investment managers.

The strategic benchmark is reflected in the investment mandates awarded to the investment managers by the Trustee. The Fund benchmark is consistent with the Trustee's view on the appropriate balance between seeking an enhanced long-term return on investments and accepting greater short-term volatility and risk.

The investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners and non-pensioners), together with the level of disclosed surplus or deficit (on an ongoing basis). The Trustee monitors fund performance relative to the agreed asset allocation benchmark. It is intended that investment strategy will be reviewed at least every three years following actuarial valuations of the Fund. In reviewing performance and strategy, the Trustee will seek and consider written advice as required.

To achieve its objectives the Trustee has agreed the following:-

Choosing Investments

The Trustee will appoint one or more investment managers who are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The Trustee invests the majority of its assets on a pooled fund basis, that is, in investment funds in which a large number of investors hold units. Any such investment is effected through a direct agreement with an investment manager and/or through an insurance contract. The assets that are held directly are subject to separate investment agreements and include some direct property and preference shares.

The Trustee has appointed each of its investment managers to deliver a specific benchmark or performance target, which overall will align to deliver the broader Fund investment strategy. Some of the pooled funds in which the Fund invests are managed actively, that is, the investment manager seeks to outperform a benchmark index. Other pooled funds are managed on a passive basis, where the investment manager seeks to match, rather than exceed the performance of the benchmark index. The investment manager of a passive pooled fund invests in individual stocks in such a way as to replicate, as closely as possible, the composition and return of the benchmark index. The Trustee ensures that all manager engagements have clearly defined benchmarks, objectives and management parameters.

The Trustee will evaluate the objectives and policies of any pooled funds in which they invest to ensure that they are appropriate for the needs of the Fund. The Trustee reviews the nature of Fund investments on a regular basis and is satisfied that the pooled funds selected, in conjunction with the manager appointments, are consistent with the objectives of the Fund, particularly in relation to diversification, risk, expected return and liquidity.

The Trustee seeks and considers written advice from an independent, suitably qualified person when determining the appropriateness of each manager and mandate for the Fund, particularly in relation to diversification, risk, expected return and liquidity. The Trustee recognises the long term nature of its liability profile and appoints its managers to invest in such a way that generates long term sustainable returns. The Trustee will carry out necessary due diligence on the underlying investment decision making process to ensure the manager makes investment decisions over an appropriate time horizon aligned with the Fund objective.

Remuneration for each mandate is determined at the inception of each mandate based on commercial considerations and typically set on an ad valorem basis. Where appropriate to the nature of the mandate, the term of the mandate and the role the mandate plays within the investment strategy, the Trustee may agree to a fee structure where the manager is incentivised to deliver outperformance relative to an agreed benchmark, typically in conjunction with a lower ad valorem fee. The Trustee periodically reviews the fees paid to all of its managers against industry standards.

The duration of each mandate is determined by the Trustee at the inception of each mandate. For open-ended investments, the Trustee generally engages managers on an ongoing basis with no pre-determined term of appointment. For such mandates, the Trustee expects the minimum duration of the appointment will be three years, this being the period over which performance of the mandate can be appropriately evaluated although all mandates are subject to ongoing review against various financial and non-financial metrics in addition to their continued appropriateness within the investment strategy. For close-ended investments, the Trustee expects the term of the appointment to be the lifetime of the investment.

The Trustee undertakes a periodic service provider review in which the ongoing appropriateness of the Fund's manager arrangements are periodically reviewed. The performance of each of its managers and mandates are reviewed on a regular basis against a series of metrics, including financial performance against the benchmark and objectives of the mandate, the exercise of stewardship responsibilities (including engagement with issuers) as set out in greater detail below, and the management of risks. Material deviation from performance or risk targets is likely to result in the mandate being formally reviewed.

Kinds of investments to be held

The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and commodities, either directly or through pooled funds. The Fund may also make use of derivatives and contracts for difference (either directly or in pooled funds investing in these products) for the purpose of efficient portfolio management or to hedge specific risks. The Trustee considers all of these classes of investment to be suitable in the circumstances of the Fund.

Balance between different kind of investments

The Fund's investment managers will hold a mix of investments which reflect their views relative to their respective benchmarks. Passive managers have little discretion as they seek to match the composition of the benchmark index. Within each major market each manager will maintain a diversified portfolio of stocks through direct investment or pooled vehicles.

Risk

The Trustee monitors risk in two ways. As indicated above, a strategic asset allocation benchmark has been set for the Fund. The Trustee assesses risk relative to that benchmark by monitoring the Fund's asset allocation and investment returns relative to that benchmark. The Trustee also assesses risk relative to liabilities by monitoring the value of assets relative to liabilities. The frequency of this assessment will be conducted (at the very least) on an annual basis. However, the Trustee can conduct these assessments more regularly using Willis Towers Watson's Asset Liability Suite ("ALS"). This will facilitate the Trustee in making decisions concerning the Fund's asset liability risk more promptly.

The Trustee provides a practical constraint on Fund investments deviating greatly from the intended approach by investing in a range of pooled funds each of which has a defined objective, performance benchmark and manager process. These funds, taken in aggregate, constrain risk within the Trustee's expected parameters.

In appointing several investment managers, the Trustee has considered the risk of underperformance of any single investment manager. The Trustee does not expect managers to take excessive short term risk and regularly monitors the managers' performance to ensure that this does not occur.

The Trustee monitors changes in the funding position on a regular basis. If the funding position improves the Trustee will consider how best to capture that improvement by amending its investment strategy accordingly.

The Trustee aims to be limited, where possible, as to the future impact of changes in interest rates and inflation on the funding position of the Fund. Accordingly, the Trustee has implemented a liability-driven investment strategy, which aims to mitigate 70% of interest rate risk and 100% of inflation risk inherent in the Fund's liabilities. This position is reviewed regularly.

Expected return on investments

Over the long term, the overall level of investment return is expected to exceed the rate of return assumed by the Actuary in the agreed funding strategy.

Realisation of investments

The majority of the Fund's investments may be realised quickly if required. Property and infrastructure funds may be difficult to realise quickly in certain circumstances.

Portfolio turnover

Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee expects managers to report on at least an annual basis on the underlying assets held within the portfolio and details of any transactions over the period. The Trustee will challenge its managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive.

The Trustee will request turnover costs incurred by the asset manager over the Fund reporting year.

Consideration of financially material factors in investment arrangements

The Trustee recognises that the consideration of financially material factors, including environmental, social and governance ("ESG") factors, is relevant at different stages of the investment process.

Strategic considerations

The strategic benchmark has been determined using appropriate long-term economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors.

Given the inherent uncertainty, the Trustee has not made explicit allowance for the risks of climate change in setting their strategic benchmark.

Structural considerations

Given the discretion afforded to the active investment managers, the Trustee expects that their investment managers will take account of all financially material factors including the potential impact of ESG factors in the implementation of their mandates.

Within active mandates, the Trustee has delegated responsibility for the consideration of stock specific issues to their individual investment managers. The Trustee is satisfied that the investment managers are following an approach which takes account of all financially material factors.

In passive mandates, the Trustee recognises that the choice of benchmark dictates the assets held by the investment manager and that the manager has minimal freedom to take account of factors that may be deemed to be financially material. The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark and believes this approach is in line with the basis on which their current strategy has been set.

Consideration of non-financially material factors in investment arrangements

Given the objectives of the Fund, the Trustee has not considered any non-financially material factors in the development and implementation of their investment strategy.

The Trustee has not imposed any restrictions or exclusions to the investment arrangements based on non-financially material factors.

Stewardship

The Trustee recognises that stewardship encompasses the exercise of voting rights, engagement by and with investment managers and the monitoring of compliance with agreed policies.

The Trustee has adopted a policy of delegating voting decisions on stocks to their investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Where relevant, the Trustee has reviewed the voting policies of their investment managers and determined that these policies are appropriate.

Responsibility for investment decisions has been delegated to the investment managers, which includes consideration of the capital structure of investments and the appropriateness of any investment made. Where managers are responsible for investing in new issuance, the Trustee expects the manager to engage with the issuer about the terms on which capital is issued and the potential impact on the rights of new and existing investors.

The Trustee separately considers any conflicts of interest arising in the management of the Fund and its investments and has ensured that each manager has an appropriate conflicts of interest policy in place.

Additional Voluntary Contributions (AVCs)

The Trustee gives members the opportunity to invest in a range of vehicles at the members' discretion. The Trustee will monitor from time to time the AVC arrangements to make sure these remain suitable for members.

Signed for and on behalf of the Trustee of the Molins UK Pension Fund

Trustee	Trustee
NIGEL COBBY	STEPHEN ANTHONY WICKHAM
Date 15-10-2021	Date 18-10-2021

APPENDIX

Strategic Asset Allocation

In setting the strategic asset allocation, the objectives for the Trustee have been (a) to mitigate interest rate and inflation risk, (b) to target exposure to higher income generating assets in order to help meet the short term cashflow requirements of the liabilities, and (c) achieve diversification through investment in a wide range of asset classes including high yield debt, inflation-linked securities and absolute return vehicles. This has been implemented via holdings in liability driven investments, global equity funds that target higher dividend stocks, higher yielding bond funds and an allocation to higher yielding property assets.

The Fund is targeting the following asset allocation, reflecting asset liability modelling carried out when the strategy was set.

Asset Class	Target Allocation %	Ranges %
Global Equity	11.0	7 – 15
Multi-Asset Income	11.0	9 – 13
Multi-Asset Credit	10.0	8 – 12
Property	10.0	8 – 12
Liability Driven Investment	40.0	34 – 48
Infrastructure	11.0	9 – 13
Inflation Opportunities	7.0	5 – 9
Total	**100**	

If allocations fall outside the ranges the Trustee will consider what action it wishes to take in light of prevailing circumstances, if any, and may agree to continue with the allocation outside the range for a period of time.

De-risking Process

The Trustee has implemented a regular process of monitoring changes in the funding level of the Fund, using Willis Towers Watson's ALS. Alongside this the Trustee has agreed to consider regular de-risking steps as the funding level improves over time.

Re-risking Process

Whilst the Trustee has a long term objective to reduce overall risk in the Fund, they also recognise that market conditions may evolve in such a way that from time to time the increased exposure to matching assets results in a significantly reduced potential to achieve further increases in the funding level. In considering a range of risk factors at that point (including the Company covenant), the Trustee may consider it appropriate to re-invest a higher proportion of the Fund assets in growth assets. It is expected that based on the ongoing monitoring of the funding level any such move will be within the asset allocation ranges set out above but further change would not be excluded if investment conditions so justified.

Version Control

The Trustee reviews this document at least every three years and more frequently as appropriate to ensure it is reflective of the strategy and regulation in place. The following table records the changes made by the Trustee to this document.

Version	Primary nature of change	Date implemented
1	Initial version	1997
2	Update to reflect changes to manager structure	1998
3	Update to reflect changes to manager structure	1999
4	Update to reflect approach to Responsible Investment	2000
5	Update to reflect changes to manager structure	2001
6	Update to reflect strategy changes	2002
7	Update to reflect changes to manager and asset allocation structures	2004
8	Update to reflect changes to manager structure	2006
9	Update to reflect numerous wording changes	July 2009
10	Update to reflect change to investment approach	July 2010
11	Update to reflect de-risking framework	January 2012
12	Update to reflect strategy changes	March 2014
13	Update to reflect strategy changes	January 2018
14	Update to reflect strategy changes	June 2019
15	Update to reflect strategy changes	June 2020
16	Update to reflect regulatory changes	September 2020
17	Update to reflect sale of index-linked corporate bonds (latest version)	September 2021