The Wiltshire (Bristol) Limited Retirement Benefits Scheme ("the Scheme") Statement of Investment Principles

This 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).

Investment Objective

The Trustee aims to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided. In setting the investment strategy, the Trustees first considered the lowest risk asset allocation that it could adopt in relation to the Scheme's liabilities. The asset allocation strategy it has selected is designed to achieve a slightly higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Scheme's liabilities.

STRATEGY

The current **asset allocation strategy** chosen to meet the objective above is set out in the table below. The Trustees will monitor the actual asset allocation versus the target weights.

Asset Class	Target Weighting %
Corporate Bonds	35.0
Government Bonds	65.0

A working balance of cash is held for imminent payment of benefits, expenses, and miscellaneous expenses. Under normal circumstances it is not the Trustees' intention to hold a significant cash balance, and this is carefully monitored by the Scheme's administrator.

The current asset allocation strategy was determined with regard to the actuarial characteristics of the Scheme, in particular the strength of the funding position, liability profile of the Scheme, its cashflow requirements and the Trustees objectives. The assets of the Scheme are invested in the best interests of the members and beneficiaries.

Assets held to cover the Scheme's technical provisions (the liabilities of the Scheme) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.

The Trustees acknowledge that they have no direct holding in derivatives; however, these instruments may be used by their investment manager in order to reduce investment risks or facilitate efficient portfolio management.

The Trustees recognise that the key source of financial risk (in relation to meeting their objectives) arises from asset allocation. They therefore retain responsibility for setting asset allocation, and take expert advice as required from their professional advisers.

The Trustees will review their investment strategy following each formal actuarial valuation of the Scheme (or more frequently should the circumstances of the Scheme change in a material way).

When choosing the Scheme’s asset allocation strategy, the Trustees considered written advice from its investment advisers and, in doing so, addressed the following:

- The need to consider a full range of asset classes.
- The risks and rewards of a range of alternative asset allocation strategies.

- The suitability of each asset class.
- The need for appropriate diversification.

In addition, the Trustees also consulted with the sponsoring employer when setting this strategy.

RISK

The Trustees recognise that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustees have identified a number of risks which have the potential to cause a deterioration in the Scheme's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustees and their advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("cash flow risk"). The Trustees and their advisers will manage the Scheme's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustees ("manager risk"). This risk is considered by the Trustees and their advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustees and their advisers considered this risk when setting the Scheme's investment strategy.
- The possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The Trustees and their advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustees have sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of an investment strategy review. Some of these risks may also be modelled explicitly during the course of such reviews.

The Trustees' policy is to monitor, where possible, these risks periodically. The Trustees review periodic reports provided by their Actuary, L&G (their investment manager), and the sponsoring employer regarding:

- Performance of individual funds versus their respective targets,
- Performance of total Scheme assets,
- Scheme funding reports,
- Credit reports of the Scheme's sponsoring employer.

IMPLEMENTATION

Aon has been selected as investment adviser to the Trustees. The Investment Consultant is paid for advice received on the basis of the time spent by the adviser. For significant areas of advice (for example special ad hoc investment exercises such as asset and liability modelling), the Trustees will endeavour to agree a project budget.

All of the Scheme's assets are invested with Legal & General Investment Management (LGIM). The following describes the mandates given to the investment manager within each asset class.

Fund	Benchmark	Target	Allocation (%)	Range (%)
AAA-AA-A Bonds-Over 15 Year Index Fund	iBoxx £ Non-Gilts ex BBB Over 15 Years Index	Track index within 0.5% two years out of three	35	+/- 10
Over 15 Year Gilts Index Fund	FTSE Actuaries UK Conventional Gilts Over 15 Years Index	Track index within 0.25% two years out of three	35	+/- 10
All Stocks Index-Linked Gilts Index Fund	FTSE Actuaries UK Index-Linked Gilts All Stocks Index	Track index within 0.25% two years out of three	30	+/- 10

The Trustees have delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to LGIM through a written contract.

When choosing investments, the Trustee and LGIM (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4).

RESPONSIBLE INVESTMENT

In setting the Scheme's investment strategy the Trustees' primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustees consider this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

Stewardship – Voting and Engagement

The Trustees recognise the importance of their role as stewards of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which the Scheme's investments reside. The Trustees recognise that ultimately this creates long-term value for the Scheme and its beneficiaries.

To this end, the Trustees expect the Scheme's investment manager to use its influence as a major institutional investor to exercise the Scheme's rights and duties as a stakeholder including voting, along with — where relevant and appropriate — engagement with underlying investee companies.

The Trustees will, on an annual basis, ask their investment manager to provide its responsible investment policies – including its policies with respect to its stewardship practices – and details of how it integrates ESG into its investment decision making process in relation to the investments held by the Scheme.

Should the Trustees look to appoint a new manager, they will request this information as part of the selection process. All responses will be reviewed and monitored with input from the Trustees' investment consultant.

The Trustees regularly review the continuing suitability of the appointed investment manager and take advice from their investment consultant with regards to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed manager where applicable.

The Trustees engage with their investment manager as necessary for more information to ensure that robust active ownership behaviours, reflective of the Trustees' active ownership policies, are being actioned.

The Trustees expect transparency from their investment manager with respect to its voting and engagement activities. This includes the investment manager's voting actions and rationale, in particular where votes were cast against management, votes against management generally were significant, votes were abstained or where voting differed from the voting policy of the investment manager.

The transparency offered for engagements should include objectives for the engagement activity, the methods of engagement and the processes for escalating unsuccessful engagements.

The Trustees expect their investment manager to recall stock lending, as necessary, in order to carry out voting actions. The Trustees have not engaged a service provider to undertake proxy voting actions on their behalf.

The Trustees have identified key areas of concern around climate change risks, corporate governance and their investments' broader social impact, particularly relating to diversity and inclusion, and will level scrutiny on their investment manager accordingly. The Trustees expect that their investment manager will, where relevant, actively monitor for these risks within its investment processes and that it will provide transparency on their activities with respect to the mitigation of these risks.

The Trustees ask the Scheme's investment manager to provide details about the ways in which it is undertaking these activities on an annual basis This is reviewed annually with input from the Trustees' investment consultant.

If an incumbent manager is found to be falling short of the standards the Trustees have set out in their policies, the Trustees will engage with the manager and seek a more sustainable position, though they may ultimately replace the manager if such a position cannot be reached.

From time to time, the Trustees will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustees may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustees do not take into account the views of Scheme 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").

COST MONITORING

The Trustees are aware of the importance of monitoring their investment manager's total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustees recognise that, in addition to annual management charges, there are a number of other costs incurred by the Scheme's investment manager that can increase the overall cost incurred by their investments.

Cost transparency

The Trustees collect annual cost transparency reports covering all of their investments and ask that the Scheme's investment manager provides this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustees to understand the level of remuneration paid to their investment manager.

The Trustees expect full transparency around investment costs from their investment manager, in line with industry standard templates. Prior to their appointment, the Trustees expect investment managers to confirm their ability and willingness to provide this information; the Trustees will only appoint investment managers who offer full cost transparency via the CTI templates to manage assets of the Scheme. This will be reviewed before the appointment of any new managers and includes the existing manager held by the Scheme.

Portfolio turnover

Targeted portfolio turnover is defined as the expected frequency with which an investment manager's fund holdings change over a year. The Trustees monitor this on an annual basis by reviewing the level of transaction costs incurred within its investments.

The Trustees accept that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends.

Where the Trustees' monitoring identifies a lack of consistency, the mandate will be reviewed.

Evaluation of performance and remuneration

The Trustees assess the performance of their investment manager on a bi-annual basis and the remuneration paid to their investment manager on at least an annual basis through the cost data that they collect (which are in line with the CTI templates).

THE ARRANGEMENTS WITH INVESTMENT MANAGERS

The Trustees regularly monitor the Scheme's investments to consider the extent to which the investment strategy and decisions of their investment manager are aligned with the Trustees' policies. This includes monitoring the extent to which:

- The investment manager makes decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- The investment manager engages with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustees are supported in this monitoring activity by their investment consultant.

The Trustees receive regular reports and verbal updates from their investment manager and investment consultant on various items, including on the investment strategy, performance, and longer-term positioning of the portfolio. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme's objectives, and assess their investment manager over 3- to 5-year periods.

The Trustees receive annual stewardship reports on the monitoring and engagement activities carried out by their investment manager, which supports the Trustees in determining the extent to which the Scheme's engagement policy, as set out in this SIP, has been followed throughout the year.

The Trustees recognise that the nature of their investments – all of which are held in pooled investment vehicles – limits the extent to which the Trustees can implement sector exclusions within the Scheme's portfolio. However, the Trustees believe that active engagement and monitoring, combined with long-term decision making, can add value to the Scheme and its beneficiaries.

Before appointing a new investment manager, the Trustees review the governing documentation associated with the investment and consider the extent to which it aligns with the Trustees' policies. Where possible, the Trustees will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, the Trustees express their expectations to the investment managers by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

Furthermore, the Trustees share their policies with the Scheme's investment manager, and request that they review and confirm whether their approach is in alignment with the Trustees' policies.

The Trustees believe that having appropriate governing documentation, setting clear expectations to their investment manager by other means (where necessary), and regular monitoring of their investment manager's performance, level of remuneration and investment strategy, is sufficient to incentivise the investment manager to make decisions that align with the Trustees' policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where an investment manager is considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically engage with the manager to understand the circumstances and materiality of the decisions made. However, should a satisfactory position not be reached, the Trustees may ultimately replace the manager in question.

There is no set duration for the arrangements with the Trustees' investment manager, although its continued appointment is reviewed periodically, and at least every three years. For certain closed ended vehicles, the duration may be defined by the nature of the underlying investments.

GOVERNANCE

The Trustees are responsible for the investment of the Scheme's assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustees have taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustees have established the following decision making structure:

Trustees • Determine investment objective, select and monitor planned asset allocation strategy, and evaluate success of the overall investment strategy. • Select / Monitor / retain / terminate investment advisors, fund managers, trustee and other service providers • Set structures and processes for carrying out its role. • Select direct investments. • Consult with the sponsoring employer.
Investment Adviser • Advise on all aspects of the investment of the Scheme's assets including implementation. • Advise on this statement. • Advise on required training
Fund Managers • Operate within the terms of this statement and their written contracts. • Buy and sell individual investments with regard to their suitability and diversification. • Advise the Trustees on the suitability of the indices in their benchmark. • Duties as outlined in the "Implementation" and "Responsible Investment" sections.

Direct Investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustees' policy is to review their direct investments and to obtain written advice about them regularly. These include vehicles available for members' Additional Voluntary Contributions (AVCs). When deciding whether or not to make any new direct investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustees (or, to the extent delegated, by the fund managers) against a set criteria which takes into account the best interests of the members and beneficiaries, the security, quality, liquidity and profitability of the investments, as well as the nature and duration of liabilities. Also of consideration is diversification, the ability to trade on regulated markets and the use of derivatives.

Other Governance Issues

The Trustees' investment adviser has the knowledge and experience required under the Pensions Act 1995 to act within an investment capacity for the Scheme.

The Trustees expect L&G to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

Document Maintenance

The Trustees will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustees will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

Signed on behalf of the Trustees of the Wiltshire (Bristol) Limited Retirement Benefits Scheme.

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Trustee	Trustee

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