Pioneer GB Limited Pension and Life Assurance Scheme

Statement of Investment Principles

Barnett Waddingham LLP

September 2020

Version 1

Contents

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustee of the Pioneer GB Limited Pension and Life Assurance Scheme (the "Scheme"). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004;
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
- the Occupational Pension Schemes (Investment and Disclosure) Regulations 2018.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

1.2. In preparing this statement the Trustee has consulted Pioneer GB Limited ("the Employer") and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.

1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.

1.4. The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.

1.5. The investment powers of the Trustee are set out in Clause 5 (c) of the Definitive Trust Deed & Rules, dated 11 July 1995. This statement is consistent with those powers.

1.6. Some members of the Scheme have paid additional voluntary contributions (AVCs) to provide additional benefits on a defined contribution basis. This statement does not relate to the investment of these AVCs, except as noted in Appendix 1.

2. Choosing investments

2.1. The Trustee's policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustee considers the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

2.2. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in Appendix 1 to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.

2.3. The Trustee reviews the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustee will also consult the Employer before amending the investment strategy.

3. Investment objectives

3.1. The Trustee has discussed key investment objectives in light of an analysis of the Scheme's liability profile as well as the constraints the Trustee faces in achieving these objectives. As a result, the Trustee's main investment objectives are:

- to ensure that they can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to have regard to the interests of the Employer in connection with the size and incidence of contribution payments;
- to reduce the risk of the assets failing to meet the liabilities over the long-term;
- to minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives.

3.2. The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities. The Trustee has obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

4. Kinds of investments to be held

4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives (including private equity, commodities, hedge funds, infrastructure, currency, high yield debt and derivatives) and annuity policies.

4.2. No investment in Employer-related investments is permitted, except to the extent permitted by the Pensions Act 1995.

5. The balance between different kinds of investments

5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within Appendix 1 to this Statement.

5.2. The Trustee considers the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1 to this Statement.

5.3. From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected items.

5.4. The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and therefore the Scheme's asset allocation will be expected to change as the Scheme's liability profile matures.

6. Risks

6.1. The Trustee has considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities, and have considered ways of managing/monitoring these risks:

Risk versus the liabilities	The Trustee will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. Liability driven investment is employed to manage the impact of fluctuations in interest rates and inflation on the Scheme's funding level. The investment strategy is set with consideration to the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles. The Trustee also receives regular funding updates such that they can review the development of the assets compared to the liabilities.
Covenant risk	The creditworthiness of the Employer and the size of the pension liability relative to the Employer's earnings are monitored periodically. The appropriate level of investment risk is considered with reference to the strength of the Employer covenant.
Solvency and mismatching	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustee is aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
Asset allocation risk	The asset allocation is detailed in Appendix 1 to this Statement and is monitored on a regular basis by the Trustee.
Investment manager risk	The Trustee monitors the performance of each of the Scheme's investment managers on a regular basis via quarterly reporting from the investment consultant in addition to having meetings with each manager from time to time as necessary. The Trustee has a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustee has considered long-term financial risks to the Scheme and believe that ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.

Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. Currency hedging is employed to manage the impact of exchange rate fluctuations and around 75% of the current (non-emerging market) overseas equity allocation is hedged back to sterling.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). The Trustee undertakes regular reviews of the internal controls and processes of each of the investment managers.

7. Expected return on investments

7.1. The Trustee has regard to the relative investment return and risk that each asset class is expected to provide. The Trustee is advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

7.2. The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

7.3. In considering the expected return from investments, the Trustee recognises that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.

7.4. Having established the investment strategy, the Trustee monitors the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Scheme's funding position. The Trustee meets the Scheme's investment managers as frequently as is appropriate in order to review performance.

8. Realisation of investments

8.1. The Trustee has delegated the responsibility for buying and selling investments to the investment managers. The Trustee has considered the risk of liquidity as referred to above.

8.2. Ultimately, the investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustee is aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

9. Financially material considerations, the exercise of rights and engagement activities, and non-financial matters

9.1. The Trustee has set policies in relation to these matters. These policies are set out in Appendix 2.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustee's investment polices

10.1. Prior to appointing an investment manager, the Trustee discusses the investment manager's 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 beliefs.

10.2. 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. If the Trustee deems any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

10.3. The Trustee will regularly monitor the relevance of the strategy in the context of the Scheme and their aims, beliefs and constraints and aim to carry out a strategy review at least every three years.

10.4. In the event that an 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, their appointment may be terminated. The investment managers have been informed of this by the Trustee.

10.5. Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments based on medium to long-term, financial and non-financial considerations

10.6. The Trustee is mindful that the impact of ESG and climate change has 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. The Trustee acknowledges this in their investment management arrangements.

10.7. 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 assesses these over a 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 may have an absolute return or 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 longer term performance target to be sufficient to ensure an appropriate alignment of interests.

10.8. The Trustee expects investment managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

10.9. The Trustee monitors the performance of their investment managers over medium to long-term periods that are consistent with the Trustee's investment aims, beliefs and constraints.

10.10. The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less. In some instances, a performance fee may also be applied.

10.11. The Trustee believes that this fee structure, including the balance between any fixed and performance related element, enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

10.12. The Trustee asks the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered a least every three years as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

10.13. The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.

10.14. During the investment manager appointment process, the Trustee may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices. The Trustee acknowledges that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

Duration of arrangement with asset manager

10.15. For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.

10.16. The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustee's investment aims, beliefs and constraints is monitored on a regular basis, and assessed at least every three years. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

10.17. For closed ended funds, the Scheme reviews the appointment with the investment manager as the manager releases new iterations of the funds (which the Trustee may consider further investment into) and at, or just prior to, maturity of the closed-ended fund.

11. Agreement

11.1. This statement was agreed by the Trustee, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the Employer, the investment managers, the Scheme actuary and the Scheme auditor upon request.

Hetal Kotecha

Mark Evans 29 September 2020

Signed:... **Date:**................................

On behalf of Independent Trustee Services Limited as the Trustee of the Pioneer GB Limited Pension and Life Assurance Scheme

Appendix 1: Investment policy of the Scheme as at September 2020

1. Choosing investments

The Trustee has appointed the following investment managers to carry out the day-to-day investment of the Scheme:

- Legal & General Assurance (Pensions Management) Limited (“L&G”);
- Invesco;
- CBRE;
- Columbia Threadneedle (“Threadneedle”), and;
- Alcentra Limited (“Alcentra”).

The investment managers are authorised and regulated by the Financial Conduct Authority.

The Trustee has an investment policy with AEGON in respect of members’ Additional Voluntary Contributions (“AVCs”). No new AVCs are being accepted as the Scheme is closed to accrual.

The AVC provider is regulated by the Financial Conduct Authority.

2. The balance between different kinds of investment

The Scheme has a strategic asset allocation as set out in the table below, which has been agreed after considering the Scheme’s liability profile, funding position, expected return of the various asset classes and the need for diversification.

	Target allocation (%)
Growth assets	**67.5**
Synthetic Equity (75% Hedged)	5.0
Global Property*	10.6
Diversified Growth Funds	39.8
Alcentra Direct Lending Fund	12.1
Protection assets	**32.5**
LDI/Cash (L&G)	32.5
Total	**100.0**

*The amount to be invested in Global Property with CBRE is temporarily being held in the LGIM US Dollar Liquidity Fund until capital is drawn-down to CBRE.

Liability Driven Investment ("LDI")

The principal aim of the LDI portfolio is to reduce the Scheme's exposure to both interest rate and inflation risk. The Trustee have instructed L&G to manage a Leveraged LDI Solution for the Scheme designed to target interest rate and inflation hedge ratios of around 53% and 59% of liabilities respectively (on the Technical Provisions basis). The Trustee monitors the target hedge ratios regularly.

The Leveraged LDI Solution comprises L&G's Matching Core Funds, which themselves consist of corporate bonds, fixed interest gilts, index-linked gilts, leveraged fixed interest gilts, leveraged index-linked gilts and fixed and real swap funds.

Rebalancing

The Trustee recognises that the asset allocation of investments in different asset classes will vary over time as a result of market movements.

The Trustee seeks to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalances.

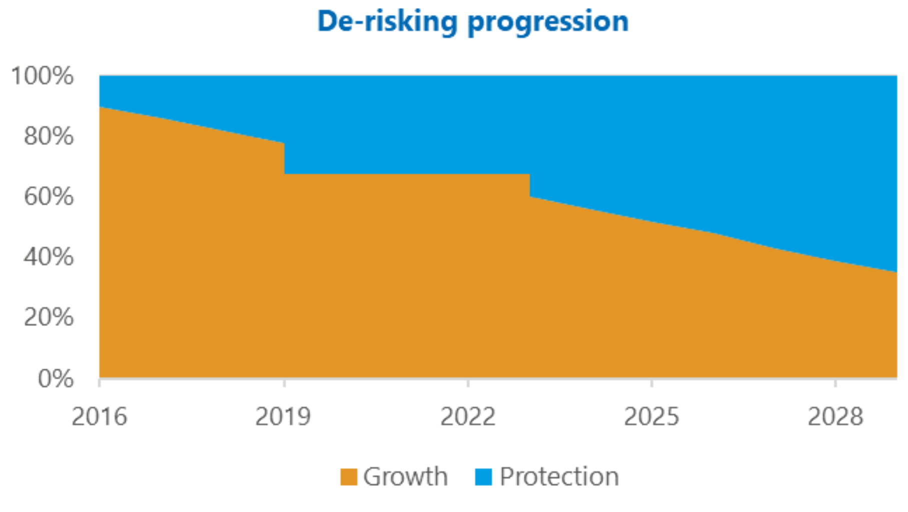
The direct lending mandate with Alcentra is also excluded from any regular rebalancing, due to the illiquid nature of this investment.

The Trustee allocates cashflows into and out of the Scheme in order to move the asset allocation towards the Benchmark Allocation. The asset allocation of the Scheme is reviewed on a quarterly basis and additional rebalancing (beyond that achieved from use of cashflows) may implemented from time to time, where deemed appropriate by the Trustee, acting with advice from Barnett Waddingham.

De-risking policy

The Scheme has a target buyout date of 2029 and has therefore implemented a de-risking program to achieve this, shown in the table and chart below:

Date	Growth Allocation	Protection Allocation
31/03/2016	90%	10%
31/03/2017	86%	14%
31/03/2018	82%	18%
31/03/2019	67.5%	32.5%
31/03/2020	67.5%	32.5%
31/03/2021	67.5%	32.5%
31/03/2022	67.5%	32.5%
31/03/2023	60%	40%
31/03/2024	56%	44%
31/03/2025	52%	48%
31/03/2026	48%	52%
31/03/2027	43%	57%
31/03/2028	39%	61%
31/03/2029	35%	65%



Investment Benchmarks and objectives

The investment benchmarks and objectives for each investment manager are given below.

Fund	Benchmark	Objective
L&G Synthetic Leveraged Equity Fund	Markit World Equity Unhedged Leveraged	Track the benchmark
L&G Synthetic Leveraged Equity Hedged Fund	Markit World Equity Hedged Leveraged	Track the benchmark
L&G LDI (Matching Core Funds)	Gilt and swaps composite index	Track the benchmark
L&G Sterling Liquidity Fund	7 Day LIBID	Track the benchmark
L&G USD Liquidity Fund	Secured Overnight Financing Rate	To provide capital stability and a return in line with the money market
Invesco Global Targeted Returns Pension Fund	3 month LIBOR	Outperform the benchmark by 5% p.a. gross of fees
Threadneedle Dynamic Real Return Fund	CPI Inflation	Outperform the benchmark by 4% p.a. before fees over three to five years
Alcentra Clareant European Direct Lending Fund II (GBP) SCSP	N/A	To return 8%-10% per annum (net of all fees and carry). It should be noted that this fund has a maximum term of six years with two possible one year extensions.
CBRE Global Alpha Property Fund	N/A	To generate a total return of 9-11% per annum net of fees over rolling three years in local currency

The AEGON policy offers a wide range of investment funds from which members may select for the investment of their AVCs. There is no default fund and so members are required to make active choices for their investments.

The table below shows the AVC funds (with their respective benchmarks and objectives) that have been selected by members:

AVC Fund (AEGON)	Benchmark	Objective
High Equity With Profits Fund (WP2)	N/A	N/A
WP Endowment (WPE)	N/A	N/A
Mixed Fund	ABI mixed investment 40-85% shares	Outperform the benchmark
Overseas Tactical Fund	CAPS overseas equity sector median	Outperform the benchmark

The performance of the investment managers will be monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

The Trustee reviews the arrangements for the investment of AVCs on a regular basis.

3. Investments and disinvestments

Investments and disinvestments are usually made so as to move the actual asset allocation more in line with the target asset allocation.

In the event that the LDI funds distribute excess collateral as a result of a Matching Core Fund re-leveraging, the proceeds will be invested in the Sterling Liquidity Fund. In the event that a Matching Core Fund requires additional collateral (de-leveraging), any cash previously invested in the Sterling Liquidity Fund would be used first and any additional cash would be taken from the Diversified Growth Funds.

The balance of surplus cash held in the Scheme's bank account and the Sterling Liquidity Fund will be monitored by Barnett Waddingham, who will provide advice on when and where to invest it if required.

Appendix 2: Note on financially material considerations, the exercise of rights and engagement activities, and non-financial matters

1. Financially material considerations

The Trustee believes that Environmental, Social and Governance ("ESG") factors are financially material – that is, they have the potential to impact the value of the Scheme's investments from time-to-time. The Trustee appreciates that the method of incorporating ESG in the investment strategy and process will differ between asset classes.

The Trustee has reviewed the approach to ESG of all of the managers taking into account UN Principles for Responsible Investment scores where appropriate. The Trustee is comfortable that the funds currently invested in by the Scheme are managed in accordance with their views on financially material factors, as set out in this policy. This position is monitored periodically, at least annually. As part of the monitoring process the Trustee is provided with quarterly updates on governance and engagement activities of the managers and input from the investment advisors on ESG matters. The Trustee has the opportunity to meet the managers and question them on policies. The views set out below will be taken into account when appointing and reviewing managers.

A summary of the Trustee's views for each asset class in which the Scheme invests is outlined below.

Passive Synthetic Equities

The Trustee accepts that investment managers must invest in line with the specified index and, therefore, may not be able to disinvest if they have concerns relating to ESG. However, the Trustee believes that positive engagement on ESG issues can lead to improved risk-adjusted returns over the Trustee's intended time horizon for the investment in question. Therefore, the Trustee looks to the passive equity manager to positively engage with companies where there is scope to improve the way ESG issues are taken into account when running the company. However, engagement activities (including the exercise of rights) should be consistent with, and proportionate to, the rest of the investment process.

Direct Lending

The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's direct lending holdings. The Trustee therefore requires the fund manager to consider ESG issues when selecting investments. The Trustee recognises that direct lending assets do not typically provide voting rights; they support engagement with companies by the fund manager. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Diversified Growth Funds

The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's diversified growth fund managers over the Trustee's intended time horizon for the investment in question. The investment process for any diversified growth fund manager should take ESG into account when selecting holdings. The Trustee also supports engagement activities and, where relevant, the exercise of rights attaching to the investments by the Scheme's diversified growth fund manager. However, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Property

The Trustee believes that ESG issues can be financially material to the risk-adjusted returns achieved by the Scheme's property manager over the Trustee's intended time horizon for the investment in question. Environmental issues are particularly important when selecting appropriate properties for the property portfolio, and so the Trustee looks to the manager to incorporate environmental issues into their investment process.

Liability Driven Investment

The Trustee believes that ESG issues are not financially material to the risk-adjusted returns achieved by the Scheme's Liability Driven Investment strategy, given its sole purpose is to provide a hedge against the Scheme's exposure to movements in nominal interest rates and inflation.

The Trustee takes ESG factors into account in the selection, retention and realisation of investments as follows:

Selection of investments: assess the investment managers' ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels.

Retention of investments: Developing a robust monitoring process in order to monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.

Realisation of investments: The Trustee will request information from investment managers about how ESG considerations are taken into account in decisions to realise investments.

The Trustee will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme's investments.

The Trustee will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustee will obtain regular training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- As part of ongoing monitoring of the Scheme's investment managers, the Trustee will use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Through their investment consultant the Trustee will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.

2. The exercise of voting rights

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustee's behalf. In doing so, the Trustee expects that the investment managers will use their influence as major institutional investors to exercise the Trustee's rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustee will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustee will, with input from their investment consultant, monitor and review the information provided by the investment managers. Where possible and appropriate, the Trustee will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

3. Engagement activities

The Trustee acknowledges the importance of ESG and climate risk within their investment framework. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustee is of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustee also recognises that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustee considers it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units. The Trustee also considers it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustee has made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Scheme's investment consultant is 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.

The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee/investment manager and the investee companies.

In selecting and reviewing their investment managers, where appropriate, the Trustee will consider investment managers' policies on engagement and how these policies have been implemented.

4. Non-financially material considerations

The Trustee does not consider any non-financial matters, such as members' ethical views, when constructing the investment strategy and/or when selecting or reviewing fund managers.

The Trustee will review their policy on whether or not to take account of non-financial matters on an annual basis.

The Pioneer Technology United Kingdom Limited Pension Plan

Statement of Investment Principles – September 2020

Introduction

The Trustee of The Pioneer Technology United Kingdom Limited Pension Plan ("the Plan") has drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005, and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2018 and 2019. The Statement is intended to affirm the investment principles that govern decisions about the Plan's investments. In preparing this Statement the Trustee has consulted Pioneer Technology (UK) Limited ("the Employer") on the Trustee's investment principles.

Governance

The Trustee makes all major strategic decisions including, but not limited to, the Plan's asset allocation and the appointment and termination of investment managers. The process for making investment decisions is as follows:

- Identify appropriate investment objectives
- Agree the level of risk consistent with meeting the objectives
- Implement an investment strategy and investment manager structure in line with the level of risk and objectives agreed

When making such decisions, and when appropriate, the Trustee takes proper advice. The Trustee's investment consultants, Capita Employee Solutions ("Capita"), are qualified by their ability in and practical experience of financial matters, and have the appropriate knowledge and experience to provide such advice.

Investment Objectives

The Trustee is required to invest the Plan's assets in the best interest of members, and its main objectives with regard to investment policy are:

- To achieve, over the long term, a return on the Plan's assets which is consistent with the assumptions made by the Scheme Actuary in determining the funding of the Plan;
- To ensure that sufficiently liquid assets are available to meet benefit payments as they fall due; and
- To consider the interests of the Employer in relation to the size and volatility of the Employer's contribution requirements.

The Trustee understands, following discussions with the Employer, that it is willing to accept a degree of volatility in the company's contribution requirements in order to reduce the long-term cost of the Plan's benefits.

Risk Management and Measurement

The Trustee is aware of and pays close attention to a range of risks inherent in investing the assets of the Plan. The Trustee believes that the investment strategy provides for adequate diversification both within and across different asset classes. The Trustee further believes that the current investment strategy is appropriate given the Plan's liability profile. The Trustee's policy on risk management is as follows:

- The primary investment risk faced by the Plan arises as a result of a mismatch between the Plan's assets and its liabilities. This is therefore the Trustee's principal focus in setting investment strategy, taking into account the nature and duration of the Plan's liabilities.

- The Trustee recognises that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Plan's liabilities as well as producing more short-term volatility in the Plan's funding position. The Trustee has taken advice on the matter and (in light of the objectives noted previously) considered the implications of adopting different levels of risk.

- The Trustee recognises the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustee aims to ensure the asset allocation strategy in place results in an adequately diversified portfolio. Due to the size of the Plan's assets and recognising the need to diversify, investment exposure is obtained via pooled vehicles.

- The documents governing the managers' appointment include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan.

- The Trustee recognises that, where appropriate, the use of active management involves a risk that the assets do not achieve the expected return. However, it believes this risk is outweighed by the potential gains from successful active management, in particular in regions or asset classes where this potential is greater than others. Therefore, the Plan's assets are managed through a mixture of active and passive management which may be adjusted from time to time.

- The safe custody of the Plan's assets is delegated to professional custodians via the use of pooled vehicles.

Should there be a material change in the Plan's circumstances, the Trustee will review whether the current risk profile remains appropriate.

Investment Strategy

Given their investment objectives the Trustee has agreed to the asset allocation detailed in the table below. The Trustee believes that the investment risk arising from the investment strategy is consistent with the overall level of risk being targeted.

Asset Class	Strategic Asset Allocation (%)	Control Limits % +/-
UK Equities	12.5	Control limits at fund level: funds maintain 50:50 split
Overseas Equities	12.5	
Emerging Market Equities	5.0	2.5 – 7.5
Absolute Return Bonds	15.0	12.5 – 17.5
Diversified Growth Funds	15.0	12.5 – 17.5
Return-seeking Assets:	**60.0**	
Real LDI	27.5	Not subject to rebalancing
Nominal LDI	7.5	
UK Index-Linked Gilts	5.0	2.5 – 7.5
Matching Assets:	**40.0**	
Total:	**100.0**	

The Trustee will monitor the Plan's actual asset allocation at least quarterly and will decide on a course of action, using the control limits indicated in the table as a guide. The amounts invested in the LDI funds hedge a fixed amount of the Plan's liabilities, and therefore they are not subject to rebalancing. The Trustee will take account of this in any rebalancing decision, which may involve redirecting cash flows, a switch of assets, or taking no action. The Trustee will take into account advice from the investment consultant prior to making any decision. Further details on investment funds can be found in the Appendix.

Expected Return

The Trustee expects the return on assets to be consistent with the investment objectives and investment strategy outlined above.

The Trustee expects to generate a return, over the long term, of circa 1.7% per annum, net of expenses, above a portfolio of long-dated UK Government bonds – which are considered to change in value in a similar way to the Plan's liability value. This return is a "best estimate" of future returns that has been arrived at given the Plan's longer term asset allocation and in the light of advice from the investment consultant.

The Trustee recognises that over the short term performance may deviate significantly from this long term expectation. This "best estimate" will also generally be higher than the estimate used for the actuarial valuation of the Plan's liabilities. For this purpose a more prudent estimate of returns will generally be used, as agreed by the Trustee on the basis of advice from the Scheme Actuary.

Investment Mandates

The Trustee has selected BMO Global Asset Management ("BMO"), Legal & General Investment Management Ltd ("LGIM"), Payden & Rygel Investment Management ('Payden"), Pyrford International Limited ('Pyrford') and Aberdeen Standard Investments ("Aberdeen) as the appointed Investment Managers ("the Investment Managers") to manage the assets of the Plan. The Investment Managers are themselves regulated under the Financial Services and Markets Act 2000.

The Trustee has rolling contracts with its Investment Managers.

The Trustee monitors the performance of its Investment Managers on a quarterly basis. This monitoring is contained in a report provided by its investment consultants.

The Trustee has set performance objectives, including time periods, consistent with the investment strategy set out in this statement.

Investment Manager Remuneration

The Trustee monitors the remuneration and incentives, that are paid to its Investment Managers and how it rewards its key staff who manage client funds, along with how remuneration and incentives motivate employees who manage client funds.

As part of the monitoring that the Trustee carries out on a regular basis, they ensure that this policy is in line with its investment strategy.

Investment Manager Philosophy and Engagement

The Trustee monitors the Investment Managers' process for assessing the businesses they invest in, and whether business performance over the medium to long-term involves a holistic look beyond mainly accountancy measures. The Trustee considers if the Investment Managers are incentivised to make decisions on a short-term basis or on a medium to long-term basis and whether this coincides with the business assessments being made. The Trustee is conscious of whether the Investment Managers are incentivised by the agreement with the Trustee to engage with the investee business and to what extent any engagement focuses on improving medium to long-term performance.

Investment Manager Portfolio Costs

The Trustee will monitor costs of buying, selling, lending and borrowing investments and it will look to monitor the costs breakdown annually, as long as the Investment Managers provide these costs using the Cost Transparency Initiative template. They will also ensure that, where appropriate, its Investment Managers monitor the frequency of transactions and portfolio turnover. If there are any targets then they will monitor compliance with these targets.

Financially material considerations over the Plan's time horizon

The Trustee believes that its main duty, reflected in its investment objectives, is to protect the financial interests of the Plan's members. The Trustee believes that environmental, social and governance ("ESG") considerations (including but not limited to climate change) and stewardship in the selection, retention and realisation of its investments is an integral part of this duty and can contribute to the generation of good investment returns. Legislation requires that the Trustee forms a view of the length of time that it considers is needed for the funding of future benefits by the investments of the Plan. The Trustee understands that this is a defined benefit plan that is closed to new members. Nevertheless, the Trustee believes that an appropriate investment time horizon for the Plan could still be over 10 years, which gives plenty of scope for ESG considerations to be financially material.

The Trustee has elected to invest in pooled funds and cannot, therefore, directly influence the ESG policies, including the day-to-day application of voting rights, of the funds in which they invest. However, the Trustee will consider these policies in all future selections and will seek to deepen its understanding of its existing managers' policies by reviewing these at least annually. In cases where it is dissatisfied with a manager's approach it will take this into account when reviewing them. It requires that its Investment Managers are signatories of the UN Principles of Responsible Investment, which is currently the case.

The Trustee believes that stewardship is important, through the exercising of rights (including voting rights) attaching to investments. The Trustee is requires that its Investment Managers can explain when, and by what practical methods, the managers monitor and engage with relevant persons about relevant matters in this area. The Trustee will be liaising with its Investment Managers to obtain details of its voting behaviour (including the most significant votes cast on the Trustee's behalf and what proxy voting services have been used) and will then be reporting annually on this. They will do this by receiving reports from its Investment Managers. The Trustee requires that the managers are signatories to the UK Stewardship Code. This is currently the case.

The Trustee is aware that ESG and stewardship considerations involve an ongoing process of education for itself and engagement with its Investment Managers. To that end it dedicates time regularly to the discussion of this topic and intends to review and renew its approach periodically with the help of its investment consultants, where required.

Non-financial matters, including members' views are currently not taken into account.

The Trustee will monitor the voting being carried out by Investment Managers and custodians on their behalf. They will do this by receiving reports from its Investment Managers which should include details of any significant votes cast and proxy services that have been used.

Corporate Governance

The Trustee wishes to encourage best practice in terms of activism. The Trustee accepts that by using pooled investment vehicles the day-to-day application of voting rights will be carried out by the investment managers. Consequently, the Trustee expects the Plan's investment managers to adopt a voting policy that is in accordance with best industry practice.

Socially Responsible Investment ("SRI")

The Trustee believes their main duty, reflected in their investment objectives, is to protect the financial interests of the Plan's members. The Trustee believes that SRI issues are secondary to this.

The Trustee has elected to invest in pooled funds and cannot, therefore, directly influence the social, environmental and ethical policies in which such pooled funds invest.

Where the pooled funds are managed on a passive basis, decisions regarding the selection, retention and realisation of investments are only made in order to ensure efficient tracking of indices, and social, environmental and ethical considerations are not taken into account.

The Trustee has noted the extent to which social, environmental and ethical issues are taken into account by their appointed investment managers in exercising their corporate governance policy.

Compliance with Myners' Principles

In October 2008 the Government published the results of its consultation on revisions to the Myners' principles in response to recommendations made by the National Association of Pension Funds (NAPF) in 2007. This takes the form of six higher-level principles, supported by best practice guidance and trustee tools that can be used to assess compliance:

- Principle 1: Effective decision making
- Principle 2: Clear objectives
- Principle 3: Risk and liabilities
- Principle 4: Performance measurement
- Principle 5: Responsible ownership
- Principle 6: Transparency and Reporting

The Trustee believes that it complies with the spirit of the Myners' Principles. There may be some instances of deviation from the published 'Best Practice Guidance' on the Principles where the Trustee believes this to be justified.

Employer-Related Investments

The Trustee's policy is not to hold any direct employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005.

Fee Structures

The Investment Managers are paid a management fee on the basis of assets under management. The investment consultant is paid on a fixed fee basis for providing 'core services'. The Trustee can also request that Capita undertake 'out-of-scope' projects, which may be undertake on a fixed fee or time-cost basis - as negotiated between the Trustee and Capita.

Review of this Statement

The Trustee will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

Hetal Kotecha

Mark Evans

Trustee

25 September 2020

Date

For and behalf of Independent Trustee Services Limited as the Trustee to The Pioneer Technology United Kingdom Limited Pension Plan

Appendix – Investment Mandates

The Trustee has appointed the Investment Managers to manage the assets of the Plan. The Investment Managers are regulated under the Financial Services and Markets Act 2000. Their mandates are set out below.

Asset Class	Investment Manager	Fund Name	Active / Passive Management	Strategic Allocation %	Control Limits % + / -
Return-seeking Assets				**60.0**	
Emerging-Markets Equities	LGIM	World Emerging Markets Equity Index Fund	Passive	5.0	2.5 – 7.5
Global Equity	LGIM	Global Equity 50:50 Fixed Weights	Passive	12.5	10.0 – 15.0
Global Equity	LGIM	Global Equity 50:50 Fixed Weights GBP Hedged	Passive	12.5	10.0 – 15.0
Diversified Growth Fund	Aberdeen	Diversified Growth Fund	Active	7.5	5.0 – 10.0
Diversified Growth Fund	Pyrford	Global Absolute Return Strategy Fund	Active	7.5	5.0 – 10.0
Absolute Return Bonds	Payden	Absolute Return Bond Fund	Active	15.0	12.5 – 17.5
Matching Assets				**40.0**	
UK Index-Linked Gilts	LGIM	Over 15 Year Index – Linked Gilt Index Fund	Passive	5.0	2.5 – 7.5
LDI	BMO	Nominal Dynamic LDI Fund	Passive	7.5	Not subject to rebalancing
LDI	BMO	Real Dynamic LDI Fund	Passive	27.5	