

THE DUNI LIMITED PENSION SCHEME

TRUSTEES' STATEMENT OF INVESTMENT PRINCIPLES

This is the **Statement of Investment Principles** required under section 35 of the 1995 Pensions Act and as amended by section 244-246 of the Pensions Act 2004 and the Occupational Pension Plan (Investment) Regulations 2005 S1 2005/3378 (the Regulations).

It was agreed by the Trustees of the Duni Limited Pension Scheme (the "Trustees") at a meeting on 12th December 2022, after having taken advice from a suitably qualified investment expert, Peter Murray AIA, of Multiplex Financial Trustees Limited, and after due consultation with the Principal Employer.

1. Long Term Position of the Scheme

The Duni Limited Pension Scheme is open to new entrants, and benefits continue to accrue. The long-term aim is to secure all benefits in full.

2. The Law

The 1995 Pensions Act (sections 35 and 36) requires that the Statement of Investment Principles covers the Trustees' policies:

- for ensuring that investments:
 - are appropriately diversified;
 - are suitable, both as a kind and specifically;

- about:
 - the kinds of investments to be held;
 - the balance between different kinds of investments;
 - risk;
 - the expected return on investments;
 - the realisation of investments.

The Trustees are given extremely wide powers to invest the Scheme's assets under the Definitive Trust Deed dated 30th September 1998.

The Trustees have agreed that all decisions on investments will be taken by the trustee body as a whole, subject to the necessary quorum, and shall not be delegated to any individuals or sub-group.

3. The Scheme's characteristics

The Scheme is a final salary arrangement providing pensions and lump sums on retirement or earlier on death. Pension benefits are increased before and after retirement in line with the Rules of the Scheme.

The main characteristics of the Scheme that, in the opinion of the Trustees, are relevant to the development of an appropriate investment strategy are:

- That at the Actuarial Valuation as at 5th April 2022 the funding level of the Scheme was at 96%.
A significant increase in the yield on Government securities since the valuation date has reduced the actuarial value of the liabilities resulting in a further improvement in the funding level to 137%.
- The liability profile of the Scheme is summarised as follows:

	By liability %
Active members	31.1%
Deferred members	39.8%
Retired members	29.1%
Total	100.0%

- Contributions are insufficient to meet benefits payments so there is a requirement for regular monthly disinvestments.
- The main actuarial assumptions at the Actuarial Valuation as at 5th April 2022 were:

Discount rate pre-retirement:	2.20% pa
Discount rate post-retirement:	2.20% pa
Price Inflation - CPI	2.80% pa
- RPI	3.50% pa

4. Scheme Objectives

The Trustees' primary objectives are:

- To ensure that sufficient assets are available to meet members' benefits as and when they fall due;
- To aim for a position whereby, should the Scheme be discontinued, there would be sufficient assets to meet the discontinuance liabilities. In this context, discontinuance liabilities refers to liabilities on a full Buy Out basis;
- To invest the Scheme assets so as to obtain the best rate of return compatible with the above two aims.

Accordingly, the Trustees' overall objective is to maximise the return on the Scheme assets within these constraints while governing exposure to risk (see 5 below).

5. Risk

The Trustees view risk as the likelihood that the chosen investment strategy will not meet the objectives set.

In arriving at their investment strategy, the Trustees have considered the following risks:

- Actions by the investment managers: The risk of the investment manager underperforming the set objectives is considered on the initial appointment and monitored by reviewing comparative performance on a regular basis;
- The risk that the Employer will fail to make adequate contributions to the Scheme: The Trustees will consult regularly with the Employer to determine the Employer's financial position and attitude to pension scheme funding i.e. the strength of the Employer's Covenant;
- The risk of the asset distribution becoming unsuitable: The asset and liability profiles will be reviewed regularly to minimise the possibility of the asset distribution becoming inappropriate;
- The need to pay benefits in the short-term: The Trustees and their advisers manage the Scheme's cash flow requirements over the short-term in order to minimise the need to realise assets at short notice;
- The failure of some of the investments: This risk is minimised by investment in pooled funds, which hold a broad range of different securities;
- The risk of negligence, poor advice or fraud: The Trustees have sought to minimise such risks by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are in place;
- Actions by custodians: The realisation of investments must take place in accordance with Scheme procedures, which requires the signatures from all the Trustees for disinvestments.

6. Consultation with the employer

Section 35 of the 1995 Pensions Act requires the Trustees to consult with the Employer before preparing or revising the Statement of Investment Principles. Whilst being responsible for the investment decisions, the Trustees obtained written advice on the long-term investment strategy appropriate for the Scheme.

The Employer, Duni Limited, has seen a draft of this statement and will be provided with a copy of the signed statement. The Employer expressed only a wish to see the return on investments maximised subject to an acceptable degree of risk and in drawing up this Statement the Trustees have taken this wish into consideration.

7. Investment Strategy

The Trustees have chosen to invest the Scheme assets in a range of asset classes which may include UK and overseas equities, property, index-linked bonds, fixed interest bonds and cash.

The main factors the Trustees have considered in setting the asset allocation are as follows:

- The full range of asset classes and their suitability;
- The expected return and expected risk of individual asset classes;
- The average expected return and risk associated with various asset combinations;
- The need for diversification;
- The liability profile of the Scheme;
- The funding level of the Scheme;
- The views of the Employer;
- Their assessment of the strength of the Employer's Covenant;
- Written advice from their investment advisers.

8. Social, environmental and ethical considerations and the exercise of voting rights

The Trustees have appointed managers to invest the funds in a manner consistent with the long-term financial interests of the Scheme's members. The Trustees have decided not to give any social, environmental and ethical guidelines to the managers.

The Trustees have decided that the exercise of voting rights should be left with the investment managers, who will exercise this right in accordance with their policy on corporate governance. This policy takes into account the financial interest of shareholders, which, ultimately, should be to the Scheme's advantage.

9. Performance Measurement

The advisers to the Scheme, Multiplex Financial Trustees Limited, will provide:

- regular reviews of investment performance against the set objectives;
- statements of current holdings;
- written confirmation that the investments have been made, and continue to be made, in accordance with this Statement.

10. Governance

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

Any written advice will consider the issues set out in the Occupational Pension Plans (Investment) Regulations 2005 and the principles contained in this Statement. The regulations require all the investments to be considered against the following criteria:

- In the best interest of the members and beneficiaries;
- Security, quality, liquidity and profitability;
- Nature and duration of the expected benefit payments;
- Investments not admitted on regulated markets must be kept to a prudent level;
- Ensure appropriate diversification;
- Use of derivatives only for risk reduction or greater portfolio efficiency.

The Trustees' investment advisers have the knowledge and experience required under the 1995 Act.

The Trustees expect the investment managers to manage the assets delegated to them under the terms of their contract and to give effect to the principles in this Statement so far as is reasonably practical.

11. Custodianship

The appointed managers provide the custody and safekeeping of the Scheme's assets.

12. Compliance with the Statutory Funding Objective

The Scheme Actuary is required to calculate the funding level for the Statutory Funding Objective (SFO), in the manner prescribed by the Pensions Act 2004, and the relevant regulations. As at 5th April 2022 the Scheme was 96% funded on the SFO basis.

If the SFO funding level disclosed at the next valuation of the Scheme is below 100%, it is the Trustees' policy to ensure that contributions are agreed with the Employer and the Scheme Actuary so that the Scheme is expected, in the normal course of events, to attain 100% funding level within the recovery period as specified in the latest Recovery Plan.

In setting the investment strategy, the Trustees will have regard to the influence that this will have on future SFO funding levels and the possibility of this measure falling below 100%.

13. Timing of Periodic Reviews of the Statement

The Statement will be reviewed regularly as part of the actuarial valuation process and at other times if there is a significant change in the Scheme circumstances. A complete review of the Scheme's investment strategy will be conducted within three years.

Signed on behalf of the Trustees of Duni Limited Pension Scheme :

J Beardmore Trustee

D Fabian Trustee

C Barton Trustee

Fund Adviser

We undertake to abide by this statement

Peter Murray AIA
For and on behalf of Multiplex Financial Trustees Limited