

Hellmann International Forwarders Pension Scheme (“the Scheme”)

Statement of Investment Principles

as required by section 35 of the Pensions Act 1995, as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005

September 2021

The Trustee confirms that the following matters have been taken into account when preparing this Statement of Investment Principles (the “Statement”):

The Trustee has considered written advice from the Investment Advisor prior to the preparation of this Statement and has consulted Hellmann Worldwide Logistics Limited, the Sponsoring Employer, before agreeing this Statement and the investment strategy outlined in this document.

This Statement is effective from September 2021 and replaces the Statement previously approved by the Trustee.

The Trustee will review this Statement at least every three years to ensure it remains accurate. The Statement will be amended more frequently and as soon as possible should any changes be made to the Scheme’s investment strategy. The Trustee is committed to maintaining the accuracy of the Statement on an ongoing basis.

1. General

This is the Statement of Investment Principles (the “Statement”). This Statement sets out the principles governing decisions relating to the investment of the assets of the Hellmann International Forwarders Pension Scheme (the “Scheme”). It has been prepared on behalf of the Trustee to comply with section 35 of the Pensions Act 1995 (the “Act”) as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005 (the “Investment Regulations”).

The Trustee will review the Scheme’s investment strategy at least every three years, following each formal actuarial valuation of the Scheme (or more frequently should the circumstances of the Scheme change in a material way).

2. Consulted Parties

As required under the Act, the Trustee has consulted a suitably qualified person having obtained written advice from Deloitte Total Reward and Benefits Limited (“DTRB” or the “Investment Advisor”) on the suitability of the investments, the need for diversification and the principles contained in this Statement. DTRB is authorised and regulated by the Financial Conduct Authority (“FCA”).

The Trustee, as required under the Act, in preparing this Statement, has also consulted Hellmann Worldwide Logistics Limited, the Sponsoring Employer (the “Company”), in particular on the Trustee’s objectives and investment strategy. The Company has been consulted on the contents of this Statement and will be consulted should the Trustee wish to make any amendments to this Statement.

3. Investment Powers

The Trustee recognises that the assets must be invested in the best interests of members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of members and beneficiaries. The Trustee has overall responsibility for the prudent management of the Scheme’s assets. The strategic management of the Scheme’s assets is fundamentally the responsibility of the Trustee, acting on advice from DTRB, and is driven by its investment objectives as set out in Section 4 below.

4. Investment Objectives

The Trustee’s primary objectives for setting the investment strategy of the Scheme are set out below:

- To ensure that the assets are sufficient and available to pay members’ benefits as and when they fall due;
- To generate an appropriate level of investment returns to improve the funding position and thereby improve security for members; and
- To protect the funding position, limiting the scope for adverse investment experience reducing security for members.

The Trustee's investment approach is designed to strike a balance between the above primary objectives but also considers:

- The nature and timing of benefit payments;
- Expected levels of investment return on different asset classes;
- Expected levels of investment return variability and, specifically, the expected level of short-term volatility of the funding position;
- The sponsoring employer's ability to withstand additional contribution requirements that may arise from volatility in the funding position; and
- The full range of available investments (within the bounds of practicality).

The investment arrangements outlined in Sections 6 & 7 have been designed with these considerations in mind.

5. Investment Manager

The Trustee, with guidance from the Investment Advisor, has delegated the day-to-day management of the assets to a professional investment manager, Legal & General Assurance (Pensions Management) Limited where the management of the assets is undertaken by Legal & General Investment Management ("LGIM" or the "Investment Manager"), who is authorised and regulated by the FCA.

The Trustee invests the Scheme's assets in pooled funds with the Investment Manager through an investment platform operated by Mobius Life Limited ("Mobius Life"), a UK Life Insurance Company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Scheme is a policyholder of a unit-linked life insurance policy with Mobius Life, whereby Mobius Life has set up a reinsurance agreement on behalf of the Scheme with Legal & General Assurance (Pensions Management) Limited. The underlying pooled funds are managed by the Investment Manager, and the Investment Manager has full discretion to make investment decisions on behalf of the Scheme.

When considering the suitability of an investment manager, the Trustee, in conjunction with the Investment Advisor, will take account of all matters which are deemed to be financially material. In particular, the Trustee will:

- Ensure that the investment manager has the appropriate knowledge and experience;
- Ensure that the investment manager's mandate is appropriate; and
- Consider the investment manager's approach to ESG matters.

Where pooled investment vehicles are used, it is recognised that the mandate cannot be tailored to the Trustee's particular requirements. However, the Trustee ensures that any pooled investment vehicles used are appropriate to the circumstances of the Scheme.

The Trustee will typically select investment managers who are signatories to the UNPRI and who publish the results of their annual UNPRI assessment. This principle may be waived if a fund offered by a non-signatory manager is deemed to have investment characteristics which are particularly important for meeting the Trustee's investment objectives.

Additional Voluntary Contributions (“AVCs”) are held separately from the main assets and the Trustee aims to make a variety of funds available with the member choosing which funds to use. From time to time, the Trustee reviews the range of available funds to ensure the choice remains appropriate for members’ needs.

Fees and costs

The fee arrangement agreed with Mobius Life is summarised in section 13 of this document. These fees are based on assets under management and are not subject to any performance conditions. The Trustee reviews the investment fees charged on a regular basis as part of its monitoring framework to ensure fees remain reasonable in the context of the Scheme’s size and complexity.

The Trustee also reviews additional investment manager costs and charges (including portfolio turnover costs) on a regular basis, and on the selection of any mandate, to ensure that they are appropriate and competitive for the service being provided. The Trustee monitors the portfolio turnover in the context of what the Trustee believes to be reasonable given the nature of each mandate. By also monitoring performance net of costs, the Investment Manager is incentivised to consider the impact of portfolio turnover on investment performance.

When selecting an investment manager, where appropriate, the Trustee will consider how the investment manager defines and measures:

- The targeted portfolio turnover (the frequency within which the assets are expected to be bought and sold); and
- Turnover range (the minimum and maximum frequency within which the assets are expected to be bought or sold).

Alignment of interests

The Trustee believes that along with LGIM’s stewardship policies, which are detailed in Section 11 of this document, the objectives of the funds are aligned with the medium and long term views of the Trustee.

If the Trustee believes that the Scheme’s Investment Manager is no longer acting in accordance with the Trustee’s policies, including those regarding ESG and engagement with investee organisations to assess and improve their medium to long-term financial and non-financial performance, the Trustee will take the following steps:

- engage with the Investment Manager in the first instance, in an attempt to influence its policies on ESG and stewardship; and
- if necessary, look to appoint a replacement investment manager or managers which are more closely aligned with the Trustee’s policies and views.

The remuneration of the Investment Manager is not directly linked to performance, given the absence of performance related fees, or to ESG practices. However, the Trustee will review and replace the Investment Manager if net of fees investment performance and ESG practices are not in line with the Trustee’s expectations and views.

The Trustee believes that these steps will incentivise the Investment Manager to align its actions with the Trustee’s policies and also for it to act responsibly.

The Trustee, with guidance from the Investment Advisor, has chosen to invest in open-ended pooled funds. For these funds, the Trustee’s policy is to enter arrangements with no fixed end date. However, the Trustee will seek to enter arrangements where it has the power to terminate these in line with the liquidity of the underlying assets and as agreed in the mandate. The Scheme’s open-ended investments are daily or weekly dealt. The Trustee will determine whether to terminate such arrangements on an ongoing basis through its regular monitoring of the Investment Manager’s performance against objectives. The Trustee may also elect to terminate the arrangement with the Investment Manager when performing ongoing reviews of the suitability of the Scheme’s asset allocation over time.

6. Strategic Investment Benchmark

The Trustee has put in place the following strategic investment strategy for the Scheme. All of the Scheme’s assets are invested with LGIM and held on the Mobius Life investment platform.

Asset Class	Fund	%
Global Equities	All World Equity Index Fund – GBP Hedged	60.0
Corporate Bonds	Investment Grade Corporate Bond All Stocks Index Fund	10.0
Liability Driven Investments (LDI)	Matching Core Fund Range	30.0
Total		100.0

The objective of the LDI allocation is to hedge approximately 80-85% of the interest rate risk and inflation risk associated with the Scheme’s liabilities, as measured on a Technical Provisions basis. To achieve this, the proportion of assets invested in these LDI funds may vary from the benchmark allocation from time to time as underlying nominal and real interest rates change.

The allocation to investment grade corporate bonds is designed to provide some interest rate hedging of the Scheme’s liabilities whilst delivering a yield in excess of gilts. Global equities represent the Scheme’s main “Growth” asset and are included in the strategic asset allocation to provide expected returns above that of gilts.

With the exception of the LDI allocation, the Trustee invests in passively-managed funds which replicate benchmark indices and therefore require assets to be bought and sold when the constituents of the underlying index change. To avoid being a forced buyer/seller of stocks and to reduce transaction costs when the index changes, the Investment Manager gives themselves some flexibility on exactly when to buy and sell adopting an approach of “pragmatic replication”.

The Trustee is satisfied that the spread of assets by type as detailed above provides adequate diversification to the portfolio.

The Trustee will review the strategic asset allocation periodically, and at least every three years, to ensure that the investment strategy remains consistent with the Trustee’s funding objectives. As part of such a review, the Trustee will consider the risks associated with the investment strategy.

7. Performance Benchmarks

The Trustee expects the performance of the Funds to match the benchmarks as detailed below:

Fund	Benchmark Index
All World Equity Index Fund – GBP Hedged	FTSE All-World Index (less withholding tax where applicable) – GBP hedged
Investment Grade Corporate Bond All Stocks Index Fund	Markit iBoxx £ Non-Gilts Index
Matching Core LDI Fund Range	Custom Benchmark

The Fixed and Real LDI Fund range, in combination with the Investment Grade Corporate Bond All Stocks Index Fund, aim to hedge 80-85% of the Scheme’s interest rate and inflation liabilities as measured on a Technical Provisions basis.

LGIM’s objective for the passive All-World Equity Index Fund and the Investment Grade Corporate Bond All Stocks Index Fund is to achieve the performance of the relevant benchmark within an appropriate tolerance range

8. Realising investments and rebalancing

In general, the Investment Manager has discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments.

As the Scheme is currently cashflow negative, there is generally a need to realise investments for cashflow purposes. The Trustee will disinvest (or invest) assets in order to hold an appropriate short-term cash reserve to fulfil its liquidity objective.

The Trustee will consider requesting specific advice from its Investment Advisor before undertaking any rebalancing.

9. Risks

In determining its investment policy, the Trustee has considered the following risks:

- *funding and asset and liability mismatch risk* – the Trustee addresses this through the asset allocation strategy, including the fact that the matching assets are spread across different maturities, and through regular actuarial and investment reviews;
- *underperformance risk* – this is addressed through investment in passive funds where possible, monitoring the performance of the Investment Manager and taking necessary action when this is not satisfactory;

- *risk of inadequate diversification or inappropriate investment* – the Trustee addresses this by investing in a diversified portfolio of assets thereby avoiding concentration of assets in one particular stock or sector;
- *sponsor risk* – the Trustee seeks to maximise overall investment returns subject to an acceptable level of risk and, as far as possible, are mindful of the impact of any volatility on the rate of contributions;
- *liquidity risk* – the Trustee may need to pay pension and lump sum benefits in the short-term and, therefore, address this risk by investing an appropriate amount in assets that are realisable at relatively short notice. In practice, all of the funds invested in by the Scheme provide at least weekly liquidity;
- *credit and market risks* – the Trustee accepts a degree of each of these risks in the expectation of being rewarded by excess returns. The value of securities, including equities and interest-bearing assets, can go down as well as up. The Scheme may not get back the amount invested. However, the Trustee realises that this risk is implicit in trying to generate returns above that earned by cash and accepts this, by investing in assets other than cash;
- *counterparty risk* – within the Scheme’s pooled fund investments, derivatives may also be used for efficient portfolio management and to hedge overseas exposure. The resulting credit risk is managed by the Investment Manager through the use of a range of counterparties and the collateralisation of the derivatives within the pooled funds;
- *mismatching risk* – the risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors. The Trustee and its advisors considered this risk when setting the investment strategy and have implemented a strategy which targets a hedge of approximately 80-85% of the interest rate risk and inflation risk associated with the Scheme’s liabilities;
- *currency risk* – the risk of adverse influence on investment values arising from unfavourable currency movements. The Scheme is exposed to changes in currency movements in the Scheme’s global equity investment, however, the overseas currency exposure associated with any developed equity market exposure is hedged back to sterling where possible. The emerging market currency exposure is not hedged;
- *leverage and collateral adequacy risk* – the Scheme’s liability driven investments are leveraged, which will multiply the exposure of these funds to certain assets. These funds may incur transaction costs associated with re-balancing the level of collateral held within the funds. There is a risk that the Scheme will be required to pay additional collateral into these funds in order to maintain the level of interest rate and inflation hedging. Should such an event arise then the Trustee has instructed LGIM to take these additional assets from the Scheme's global equity holding in the LGIM All World Equity Index Fund – GBP Hedged. Should this still be insufficient to meet the required top up amount, the Section's level of hedging will be reduced;

- *environmental, social and governance (ESG) factors* – the Trustee acknowledges that ESG factors, including climate change, can have a financially material impact on the future returns on its investments and the Trustee’s actions to mitigate these is detailed in the following section; and
- *non-financial risks* – the Trustee has not taken these into account when deciding the choice of the Scheme’s investments.

The Trustee will monitor these risks from time to time, particularly those deemed to have high likelihood or significant adverse impact and will look to introduce further control measures as appropriate to contain the overall level and distribution of risks to within acceptable limits.

10. Environmental, social and governance (ESG) policies and stewardship

The Investment Manager is responsible for managing the Scheme’s investments in accordance with the management agreements in place with the Trustee. The Trustee has delegated the responsibility for the exercise of all rights (including voting rights) attaching to the investments to the Investment Manager.

The Trustee is responsible for setting the Scheme’s investment strategy and implementing that strategy by appointing investment managers and selecting investment funds. When setting investment strategy and selecting investments, the Trustee’s first priority is the members’ financial interests. The Trustee regularly reviews the return objectives, risk characteristics, investment approach and investment guidelines of each of the Scheme’s current investment mandates. The Trustee is satisfied that all existing mandates fulfil the needs of their target investment strategy and by extension, that the Scheme’s Investment Manager is managing the Scheme’s assets in a manner which is consistent with members’ financial interests.

The Trustee acknowledges that certain ESG factors, including climate change, are financially material and may therefore influence the risk and return characteristics of the Scheme’s investments and the likelihood that the Scheme’s objectives will be achieved.

The Trustee recognises the importance of ESG factors on long term investment performance and both immediate and future downside risks. The Trustee has set an appropriate monitoring framework to ensure the Scheme’s investment manager is regularly reviewed. Regular monitoring, with specific reference to ESG factors should incentivise the Scheme’s Investment Manager to assess and improve the medium to long-term performance of investee companies, both financial and non-financial. To confirm, no consideration has been given to non-financial considerations, nor has the Scheme’s membership been consulted on such issues.

The Trustee also recognises the importance of regular monitoring of the Investment Manager’s performance, remuneration and compliance against its ESG policy to ensure that the Scheme’s assets are being managed appropriately. The Trustee believes that regular monitoring ensures that key risks to longer term performance, including those relating to ESG factors, are quickly identified and concerns communicated with the Investment Manager.

In addition to performance measures, the Trustee will review the engagement activity of the Investment Manager to ensure that active engagement is taking place where possible to influence positive change in relation to ESG factors within investee companies. The Trustee also monitors the voting activity of the investment manager to ensure votes are being used and are aligned to its views on ESG.

The Trustee's policy is to invest in pooled investment vehicles. It is the Investment Manager that is responsible for the exercise of rights (including voting rights) attaching to these investments.

As part of the selection, retention and realisation of the Scheme's investments, the Trustee, in consultation with its Investment Advisor, has reviewed the ESG and stewardship policies of the Investment Manager and is comfortable that these policies are consistent with its views. In particular, the Trustee notes the following:

- The Investment Manager has clear views on ESG factors and stewardship which are clearly articulated in formal policies on these issues.
- The Scheme's investments include those which are passively managed, where the Investment Manager is restricted in the choice of underlying assets to invest in. As such, stewardship is of primary importance in ensuring that financially material ESG factors are given appropriate consideration.
- The Trustee's policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Scheme's interests in the investments, having regard to appropriate advice. The Trustee expects the Investment Manager to engage with investee companies (and other relevant persons including, but not limited to, investment managers, issuers/other holders of debt and equity and other stakeholders) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustee's investments. The Trustee believes that such engagement will protect and enhance the long-term value of its investments.
- The Investment Manager regularly publishes detailed results of how its stewardship policies are enacted in practice and the Trustee expects the Investment Manager to provide regular updates on how it exercises voting rights and actively engages with the companies in which it invests, including how often it votes against company proposals. The Trustee will review this on a regular basis in line with its monitoring policy mentioned above.
- Regarding the Scheme's LDI assets, the nature of these assets dictates that the ESG factors are less likely to be financially material. The Trustee does however have confidence that the Investment Manager has adequate governance practices in place to capture key regulatory developments which might influence the future management/ performance of these assets.

The Trustee will keep its investments under review, and should it feel that the Investment Manager no longer acts in accordance with its views on ESG, as detailed in Section 5, the Trustee will take the following steps:

- Engage with the Investment Manager in the first instance, in an attempt to influence their policies on ESG and stewardship; and

- If necessary, look to appoint a replacement investment manager or managers that are more closely aligned with the Trustee’s policies and views.

The Trustee believes that this approach will incentivise the investment manager to align its actions with the Trustee’s policies.

These statements are made noting that the Scheme’s assets are invested in pooled funds and as such, the Trustee is restricted in its ability to directly influence its Investment Manager on the ESG policies and practices of the companies in which the pooled funds invest.

11. Governance

The Trustee of the Scheme is responsible for the investment of the Scheme’s assets. The Trustee takes some decisions and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether the Trustee has the appropriate training and expert advice in order to take an informed decision. The Trustee has established the following decision-making structure:

<p>Trustee</p> <ul style="list-style-type: none">• Select and monitor planned asset allocation strategy;• Select and monitor investment advisors and investment managers;• Select and monitor any direct investments;• Responsible for all aspects of the investments of the Scheme’s assets, including ESG considerations and implementation.
<p>Investment Advisor</p> <ul style="list-style-type: none">• Advises on this statement;• Advises the Trustee on areas of strategy, manager selection, ESG and implementation as required;• Provides required training when engaged on a separate basis by the Trustee.
<p>Investment Manager</p> <ul style="list-style-type: none">• Operates in line with the agreement with the Trustee, which the Trustee believes is consistent with the terms of this Statement;• Manages in accordance with the agreement, including decisions around the selection and retention of underlying investments;• Is responsible for the stewardship of underlying investments.

When deciding whether or not to allocate money to any new investment manager, the Trustee will obtain written advice from the Investment Advisor. The written advice will consider the suitability of the investments, the need for diversification and the principles contained in this statement. In 2020, DTRB was appointed to provide investment advisory services including the provision of this advice.

The Trustee recognises that, as the Scheme is invested in a range of pooled funds, there is limited scope to influence the controls and restrictions used in the management of the

underlying assets and acknowledges that derivatives may be used by the manager within the funds.

The Investment Manager’s objective for its passive funds is to invest so as to replicate the benchmark indices and their performance.

The Trustee has delegated all day-to-day decisions about the investments that fall within the mandate to the Investment Manager through a written contract. These duties include:

- Realisation of investments;
- Taking into account ESG factors; and
- Voting and corporate governance in relation to the Scheme’s assets.

The Trustee expects the Investment Manager 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.

12. Custodian

Custodians are responsible for the safekeeping of the Scheme’s assets and for performing the associated administrative duties such as trade settlement, dividend collection, corporate actions, tax reclamation and proxy voting.

The Scheme’s investments are accessed via insurance policies with Mobius Life, which in turn has set up a reinsurance arrangement on behalf of the Trustee with Legal & General Assurance (Pensions Management) Limited where the management of the assets is undertaken by LGIM. The investments in pooled pension funds are a share (measured in units) of larger pools of investments managed by the Investment Manager.

As the Fund’s investments are held in pooled funds the custodians are appointed by the Investment Manager. As such, the custodian relationship is of an indirect nature. The Trustee accepts this to be a satisfactory arrangement.

13. Fees

Mobius Life has confirmed that the current platform fee charged to investors will be updated, effective 1 December 2021. The fee arrangements for the Investment Manager and the Mobius Life platform fee, current and from 1 December 2021, are summarised below:

Fund	Annual Management Charge (p.a.)	Current Mobius Life Platform Fee (p.a.)	Mobius Life Platform Fee from 1 December 2021 (p.a.)
All World Equity Index Fund – GBP Hedged	0.223% of assets	0.04% of assets	0.05% of assets

Investment Grade Corporate Bond All Stocks Index Fund	0.06% of assets	0.04% of assets	0.05% of assets
Matching Core LDI Fund Range	0.175% of assets	0.06% of assets	0.075% of assets

14. Additional Voluntary Contributions

The Scheme's AVC arrangements are held with Aviva and Equitable Life.

With the assistance of the Trustee, the AVC arrangements are reviewed from time to time to ensure that the investment performance achieved is acceptable and the investment profile of the funds remain consistent with the objectives of the Trustee and needs of the members.

15. Compliance with this Statement

In accordance with legislation, the Trustee will monitor compliance with this Statement on a regular basis and will review the Statement in response to any material change to any aspects of the Scheme, its liabilities, finances and the attitude to risk of the Trustee and Company which is judged to have a bearing on the stated policy.

Signed: _____

For and on behalf of the Trustee of the Hellmann International Forwarders Pension Scheme.

September 2021