

Statement of Investment Principles

1. Introduction

- 1.1. Under the Pensions Act 1995, subsequently amended by the Pensions Act 2004, trustees are required to prepare a statement of principles governing decisions about the investment arrangements of their pension funds. This document contains that statement and describes the investment policy pursued by Wolseley Pensions Trustees Limited (the "Trustee") of the Wolseley Group Defined Contribution Plan (the "Plan").
- 1.2. The Trustee has given consideration to the principles of investment for defined contribution schemes, as contained in the Pensions Regulator's DC Code of Practice, and are committed to adopting these where desirable and appropriate.
- 1.3. In preparing the Statement of Investment Principles (the "SIP"), the Trustee has consulted with Wolseley Limited (the "Employer"), and the Trustee will consult the Employer before revising this document. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee. The investment responsibilities of the Trustee are governed by the Plan's Trust Deed and this SIP takes full regard of its provisions. A copy of the Plan's Trust Deed is available for inspection upon request.
- 1.4. The Trustee has sought written advice from the Plan's investment consultant, Mercer Limited ("Mercer"). The written advice considers the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the principles included in this statement.
- 1.5. The Trustee will review the SIP, in consultation with the investment consultant, at least every three years, and without delay after any significant change in investment policy. In preparing the SIP the Trustee has had regard to the requirements of the Pensions Act 1995 and any subsequent amendments and will consider those requirements on any review of this document or any change in their investment policy. The Trustee will refer to the SIP where necessary to ensure that they exercise their powers of investment so as to give effect to the principles set out in it as far as is reasonable.
- 1.6. In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to appointed asset managers. The asset managers shall provide the skill and expertise necessary to manage the investments competently.
- 1.7. When choosing investments, the Trustee and the asset managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the principles contained in this statement. The Trustee has obtained and considered the written advice of the Plan's investment consultant, whom the Trustees believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995. The Trustee periodically reviews the suitability of the options provided and from time to time will change or introduce additional investment funds as appropriate.

2. Structure of the Plan's Investment Arrangements

- 2.1. The Trustee has decided to offer a range of unit-linked investment options in which members' contributions will be invested. These investment options are accessed via a direct long-term unit-linked insurance contract between the Trustee and Aegon.
- 2.2. The investment options each have a specific set of performance objectives, which are consistent with the overall objectives of the Plan and the level of skill and risk being exhibited by the managers. The Trustee will review the range of options available every three years and in the event of significant changes in the membership or market conditions to ensure that it remains appropriate in the context of the membership and the objectives of the Plan.

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3. Division of Responsibilities

- 3.1. The Trustee has ultimate responsibility for decision-making on investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates some of these responsibilities. When deciding which decisions to take and which to delegate, the Trustee has taken into account whether they have the appropriate training and expertise in order to take an informed decision. The Trustee has established the following decision making structure.

The responsibilities of the Trustee include:

- Reviewing the content of this SIP and modifying it if deemed appropriate, in consultation with the investment consultant and Employer;
- Setting the overall investment strategy of the Plan;
- Selecting the range of investment options to offer the members;
- Approving the asset managers' overall objectives and benchmarks for the investment options;
- Setting the overall allocation of each investment option to the underlying investment vehicles;
- Approving the use of the underlying asset managers;
- Approving the provider agreements including appropriate fee scales;
- Monitoring the performance (and other relevant issues) of the investment options on an ongoing basis;
- Approving the appointment and removal of investment options;
- Approving the appointment and removal of the investment consultant;
- Monitoring compliance with this statement on an ongoing basis; and
- Communicating details of the Plan to help members make informed retirement savings decisions and monitor their progress.

- 3.2. The asset managers of the underlying investment vehicles are responsible for:

- At their discretion, but within stated guidelines for each individual fund, implementing changes in the asset mix and selecting securities within each asset class;
- Informing the Trustee of any changes in the internal performance objective and guidelines of any pooled fund used by the Plan as and when they occur;
- Meeting their stated performance objectives, whether to track an allocated benchmark within an acceptable tolerance, or outperform an index by a given amount
- Ensuring both appropriate diversification of investments within their vehicles, as far as they are able within the constraints of the investment process, and the suitability of those investments for the Plan; and
- Providing the Trustee with quarterly statements of the assets together with a quarterly report on actions and future intentions and any changes to the processes applied to the portfolio.

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- 3.3. The bundled services platform provider, Aegon, is responsible for:
- Operating within the terms of the SIP and the written contract;
 - Providing access to a platform through which internal and third party funds can be accessed by the Trustee, for the Plan's members; and
 - Providing pension administration services for the Plan.
- 3.4. The investment consultant is responsible for advising the Trustee either on specific topics raised by the Trustee or generally on any issues that they consider should be brought to their attention. Typical areas where advice may be required include:
- Reviewing the SIP at least every three years and following any significant change in investment strategy;
 - Undertaking project work as required including transitions and implementations, strategy reviews of the platform provider and the asset managers;
 - Providing the Trustee with required training;
 - Reviewing investment objectives and performance for the investment options; and
 - Selection of new or alternative investment options as appropriate.

4. Investment Objectives and Policy

- 4.1. The objective of the Trustee is to make available to members of the Plan an appropriate range of investment options and lifestyle strategies that will generate income and capital growth which, together with new contributions from the members and Employer, aim to provide an appropriate fund at retirement. The range of investment options is designed to be wide enough to allow members to manage their exposure to investment risks throughout their working life. Both active and passive management options are offered to members, depending on asset class. The set of objectives and benchmarks for the funds and strategies offered through the Plan are specified in the Investment Policy Implementation Document ("IPID"), which should be read in conjunction with the SIP.
- 4.2. The policy of the Trustee is to seek to achieve the objectives through providing a suitable range of investment options and lifestyle strategies that meets individual member needs. They recognise that the returns on real assets, while expected to be greater over the long term than those on monetary assets, are likely to be more volatile.

5. Investment Strategy

- 5.1. The range of options provided allows members to diversify across asset classes, if they wish, which is expected to provide the levels of returns required by individual members at acceptable risk, over the long term. For those members who are willing to accept a greater level of volatility in pursuit of achieving a higher value on their investment account, there are a number of equity funds available. For those members who are less comfortable with the likely volatility of equities, self-select options with lower expected volatilities are available (refer to the IPID).
- 5.2. In addition to this, the Trustee has put in place three lifestyle strategies from which members can choose. The aim of the lifestyle strategies is for the members to achieve a reasonable level of long-term growth above inflation on the investments over the majority of their working life, while managing risk. One of these lifestyle strategies, the Drawdown Lifestyle Strategy acts as the default option for members who do not wish to choose their own investment strategy. The two alternative lifestyle investment options target different retirement benefits than that targeted by the default option, namely fixed annuity purchase and cash (each of the lifestyles include an

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allowance for tax-free cash benefits of 25% at retirement). Details of the default option are shown in the following section. Details of the additional lifestyle strategies and self-select funds are specified in the IPID.

5.3. Default Option

5.3.1. The Drawdown Lifestyle Strategy is the default option for the Plan. Typically, a proportion of members will actively choose the default option because they feel it is most appropriate for them. However, the vast majority of members invested in the default option have not made an active investment decision.

5.3.2. The aims of the default option, and the ways in which the Trustee seeks to achieve these aims are detailed below:

- To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.

The default option's growth phase invests in the Passive Global Equity Fund and other growth-seeking assets (through a mix of diversified growth funds via the DC Investor Multi Asset Fund). These investments are expected to provide equity-like growth over the long term with some downside protection and some protection against inflation erosion. Further details on the white-labelled funds are set out in the IPID.

- To provide a strategy that reduces investment risk for members as they approach retirement, while still exposing members to some growth.

As a member's pot grows, investment risk will have greater impact on member outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce investment risk as the member approaches retirement is appropriate.

The Drawdown Lifestyle Strategy therefore aims to reduce volatility near retirement via automated lifestyle switches over the ten-year period to a member's selected retirement date. Investments are switched firstly into passive corporate bonds and three years prior to retirement, an allocation to a cash fund is introduced for capital preservation purposes (and to include an allowance for tax-free cash benefits of 25% at retirement). The Drawdown Lifestyle Strategy retains a material allocation to diversified growth funds (via the DC Investor Multi Asset Fund) up to and at retirement, this aims to provide growth and some protection against inflation erosion.

- To provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to take their savings through income drawdown at retirement.

At the member's selected retirement date, 50% of member's assets will be invested in diversified growth funds, 20% in passive corporate bonds and 30% in a cash fund.

5.3.3. The policies of the Trustee in relation to the default option are detailed below:

- The default option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default option, the Trustee has considered the trade-off between risk and expected returns. In particular, when reviewing the investment strategy of the default investment option, the Trustee considers risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustee also considers risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment option. The table in section 14 of this statement is not exhaustive but covers the main risks that the Trustee considers and how they are managed and measured.

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- Assets in the default option are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustee considered high level profiling analysis of the Plan's membership in order to inform decisions regarding the default option. Based on this understanding of the membership, a default option that targets income drawdown is considered appropriate.
- Members are supported by clear communications regarding the aims of the default and the access to alternative investment approaches. If members wish to, they can opt to choose their own investment strategy or an alternative lifestyle strategy on joining but also at any other future date. Moreover, members do not have to take their retirement benefits in line with those targeted by the default option; the target benefits are merely used to determine the investment strategy held pre-retirement.
- Assets in the default option are invested, through an insurance contract, in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various asset managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective asset managers in line with the mandates of the funds. Likewise, the asset managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments.
- Within the default option, units across the underlying pooled funds are bought and sold according to the table below:

Years to Retirement	Passive Global Equity Fund (%) [*]	DC Investor Multi Asset Fund** (%)	Aegon BlackRock Corporate Bond All Stocks Index Fund (%)	Aegon BlackRock Cash Fund (%)
>20	100	0	0	0
19	95	5	0	0
18	90	10	0	0
17	85	15	0	0
16	80	20	0	0
15	75	25	0	0
14	70	30	0	0
13	65	35	0	0
12	60	40	0	0
11	55	45	0	0
10	50	50	0	0
9	45	48	7	0
8	40	46	14	0
7	35	44	21	0
6	30	42	28	0
5	25	40	35	0
4	20	42	38	0
3	15	44	41	0
2	10	46	34	10
1	5	48	27	20
0	0	50	20	30

^{*} The Passive Global Equity Fund is a blend of 45% BlackRock MSCI Currency Hedged World Index, 40% BlackRock ACS World ESG Equity Tracker Fund, and 15% BlackRock Emerging Markets Equity Index.

^{**} The DC Investor Multi Asset Fund is a blend of 33% BlackRock DC Diversified Growth Fund, 33% Insight Broad Opportunities Fund, and 33% Nordea Diversified Return Fund.

5.3.4 The stated aims and objectives, alongside the policies outlined in this section, are together intended to ensure that assets are invested in the best interests of the members and beneficiaries invested in the default arrangement.

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5.3.5 Member views are not explicitly taken into account in the selection, retention and realisation of investments within the default option, however, this position is kept under review and may be re-considered in future.

5.4. Additional Default Arrangements

5.3.6 In accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Plan has identified the investment options listed below as 'default arrangements' in addition to the default investment option in which new members are directed.

5.3.7 The below have been identified as 'additional default arrangements' as members' accrued funds and contributions have been automatically directed to these funds/strategies without members having instructed the Trustee where their contributions are to be invested, these are not default arrangements for the purposes of auto-enrolment; these defaults exist due to historic investment fund mapping and were the result of the following exercises:

5.3.7.1 **Cash Lifestyle Strategy:** this was the previous Plan default lifestyle strategy prior to 30 June 2022. Members within 5 years to retirement (or beyond retirement) as of 15 June 2022 remained in the Cash Lifestyle Strategy rather than default mapping into the Drawdown Lifestyle Strategy.

5.3.8 The Aims of the Additional Default Arrangements:

- In selecting the Additional Default Arrangements, the Trustee has explicitly considered the trade-off between risk and expected returns.
- Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members.
- If members wish to, they can opt to move assets away from the Additional Default Arrangements and choose their own investment strategy at any time.
- Assets in the Additional Default Arrangements are invested in the best interests of members and beneficiaries, taking into account the objectives of the arrangements.
- Assets in the Additional Default Arrangements are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.
- Assets are invested in pooled funds which are daily dealing and readily realisable.

5.3.9 The Trustee's policy in respect of the Additional Defaults are summarised in the table below:

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Fund / Strategy	Objective and Investments Held	Trustee Objective and Expected Risk and Return
Cash Lifestyle Strategy	The Cash Lifestyle Strategy places the emphasis on aiming to deliver an efficient, cost effective way of growing members' retirement savings without exposing them to unreasonable risk. This also encompasses a switch into cash designed to provide capital protection in the years approaching the member's target retirement age.	This was the previous Plan default lifestyle strategy prior to 30 June 2022 when the default investment option changed to the Drawdown Lifestyle Strategy. During the growth phase of the Cash Lifestyle Strategy, the Trustee aims for the strategy to generate returns in excess of inflation whilst managing downside risk. As members approach retirement, the strategy aims to reduce investment risk for members. It manages investment risks through a diversified strategic asset allocation. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the Cash Lifestyle Strategy, the Trustee has explicitly considered the trade-off between risk and expected returns.

5.3.10 Prior to automatically mapping members' investments, the Trustee took appropriate investment advice and considered these funds to be suitable for members in order to keep them in a similar type of investment fund/strategy as they were in previously. The Total Expense Ratios ('TERs'), which is the cost associated with the managing and operating of the funds, are below the charge cap legislation requirement of 0.75% p.a. that applies to default investment options.

5.3.11 The Trustee reviews both the default lifestyle strategy and additional default arrangements at least every three years and without delay after any significant change in the investment policy or the demographic profile of relevant members.

6. Day to Day Management of the Plan's Assets

- 6.1. The Trustee uses an investment platform, via an insurance policy provided by Aegon to deliver investment management services.
- 6.2. Day-to-day management of the assets is delegated to professional asset managers who are all authorised or regulated. The Trustee expects the asset managers to manage the assets delegated to them under the terms of their contracts. The range of funds offered to members incorporates funds from a number of asset managers.
- 6.3. The asset managers have full discretion to buy and sell investments on behalf of the Plan, subject to agreed constraints and applicable legislation. They have been selected for their expertise in different specialisations.
- 6.4. The Trustee recognises that it is not possible to specify investment restrictions as Plan assets are managed via pooled funds, in addition to this, it is Aegon that has the direct relationship with the third parties offering the funds (and not the Trustee).
- 6.5. The asset managers have appointed custodians for the safe custody of assets held within their pooled funds in which the Plan is invested. The custodians are responsible for the safekeeping of the assets held and for performing various administrative duties, such as the collection of interest and dividends and dealing with corporate actions.

7. Asset Manager Monitoring

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- 7.1. Whilst the Trustee is not involved in each asset managers' day to day method of operating and therefore cannot directly influence attainment of the performance target, they will regularly assess performance and review appointments using quantitative and qualitative factors.
- 7.2. The Trustee receives regular asset manager performance reports on a quarterly basis, which present performance information over a variety of time periods. The Trustee review the absolute and relative performance (against a suitable benchmark index), and against the manager's stated performance target. The Trustee focus is on long term performance but may review a manager's appointment if:
 - There are sustained periods of underperformance;
 - There is a change in the portfolio manager;
 - There is a change in the underlying objectives of the asset manager;
 - There is a significant change to the Investment Consultant's rating of the manager.
- 7.3. The asset managers set performance objectives and risk tolerances for each of the Plan's funds. The Trustee considers these investment performance objectives to be appropriate to assess each fund's performance against.
- 7.4. The investment objectives will be treated as a target only and will not be considered as an assurance or guarantee of the performance or risk of the Plan or any part of it.
- 7.5. The Trustee recognises that the active managers' performance relative to their benchmarks may be volatile and that they will not always achieve their target. Nonetheless, the managers should demonstrate that the skill exercised in managing the portfolios is consistent with the target given the levels of risks adopted.
- 7.6. The Trustee may meet with the asset managers if they are dissatisfied with their performance or engagement activity, and may choose to terminate the relationship with the manager if they see fit.
- 7.7. The investment adviser to the Trustee also provides help in monitoring the asset managers, both in the form of written reports or attendance at meetings as required by the Trustee.

8. Asset Manager Selection Criteria

- 8.1. Asset managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class in which they invest.
- 8.2. The Trustee considers its Investment Consultant's forward-looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on an assessment of the manager's idea generation, portfolio construction, implementation and business management in relation to the particular investment fund that the Plan invests in.
- 8.3. The Trustee will consider how ESG and stewardship are integrated into the investment process as well as ensuring fees are competitive within the asset class. The Trustee considers the Investment Consultant's manager research ratings when taking decisions on selection and retention of manager appointments.
- 8.4. If the investment objective for a particular manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.
- 8.5. As the Trustee invests in pooled investment vehicles, it accepts that it has no ability to specify the risk profile and return targets of the manager, but appropriate mandates have been selected

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to align with the overall investment strategy.

8.6. When considering new investment options, the criteria of the Trustee for assessing asset managers will include the following areas.

8.6.1. Business:

- Supportive ownership from a parent committed to investment management
- Evidence of clear strategic direction

8.6.2. People:

- High calibre, experienced professionals
- Relatively low staff turnover
- Evidence of clear commitment to culture
- Strong recruitment/training plans

8.6.3. Process:

- Effective approach to accessing/interpreting research
- Robust, repeatable process
- Process consistent with the stated philosophy
- Integration of ESG considerations

8.6.4. Performance:

- Acceptable variability given manager's style.

8.7. Whilst past performance is a consideration in asset manager selection, the Trustee believes that past performance is not always a guide to the future and therefore it does not rank as highly as the above criteria.

9. Asset Manager Deselection Criteria

9.1. Investment options may be removed or managers may be replaced if:

- the Trustee believes that the asset manager is not capable of achieving the performance objectives (both return and volatility) in the future;
- the asset manager breaches its investment guidelines;
- the asset manager changes its investment management such that it is no longer suitable for the mandate for which it was appointed; and/or
- the Trustee considers that it is desirable in the interest of the Plan.

10. Responsible Investment and Corporate Governance

10.1. The Trustee believes that Environmental, Social, and corporate Governance (ESG) factors do have a material impact on investment risk and return outcomes, and that good stewardship does create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly do require explicit consideration. The Trustee considers ESG factors for the Plan's default lifestyle strategy and alternative lifestyle strategies, as well as the self-select fund range.

10.2. The Trustee has delegated day to day management of the assets to its underlying asset managers. The Trustee has given appointed managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice.

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- 10.3. Mercer and the Trustee supports and expects the asset managers who are registered with the FCA to comply with the UK Stewardship Code and UK Corporate Governance Code, including public disclosure of compliance via an external website.
- 10.4. The Plan's asset managers exercise voting rights and undertake engagement (collaborative or otherwise) in accordance with their own corporate governance policies.
- 10.5. The Trustee considers how to integrate ESG, climate change and stewardship within investment processes when appointing new asset managers and monitoring existing asset managers. The Trustee monitors the ESG ratings of the managers within the quarterly reporting.
- 10.6. The Trustee wishes to encourage best practice in terms of active engagement with entities in which they invest. The Trustee, while giving the asset managers full discretion when undertaking engagement activities, encourage the Plan's asset managers to discharge their responsibilities in respect of investee companies in accordance with the principles underlying the UK Corporate Governance Code and the UK Stewardship Code, in respect of all resolutions at annual and extraordinary meetings. The Trustee will review the asset managers' policies and engagement activities (where applicable) on an annual basis.
- 10.7. Following the triennial investment strategy review that was conducted over the course of 2021, the Trustee agreed to incorporate a fund with strong ESG principles into the default option and alternative lifestyle strategies as well as incorporating a stand-alone passive ESG equity option in the self-select fund range. Further details are set out in the IPID.
- 10.8. The Trustee will continue to consider sustainability themed investments with a view to introducing new fund options where they believe they may be appropriate for the Plan's members.
- 10.9. Individual member views are not explicitly taken into account in the selection, retention and realisation of investments. However, the Trustee considers feedback from members and where appropriate, will reflect on feedback received as part of any discussions relating to the available fund range. The Trustee has made available an ESG Equity Fund, an Ethical Fund and a Shariah Fund which take account of the non-financial concerns of members.
- 10.10. The Trustee recognises that it is not possible to specify investment restrictions where assets are managed via pooled funds. It is noted that this is particularly true given that it is the Plan's investment platform provider that has the direct relationship with the third parties offering the funds (and not the Trustee).

11. Voting Policy

- 11.1. The policy of the Trustee is to delegate responsibility for the exercising of rights (including voting rights) to its asset managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

12. Portfolio Turnover Costs

- 12.1. The Trustee asks asset managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustee. The Trustee consider portfolio turnover costs as part of the annual Value for Money assessment.

13. Duration of Arrangement with Asset Manager

- 13.1. The Trustee is a long-term investor and is not looking to change investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The self-select fund range, alternative lifestyle strategies and default investment option are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no

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longer considered to be optimal nor have a place in the default lifestyle strategy, alternative lifestyle strategies or self-select fund range.

14. Risk Management

- 14.1. The Trustee recognises a number of risks involved in the investment of the assets of the Plan. The Trustee has considered these risks from a number of perspectives and put in place a process for how they are managed and measured. These risks are considered for the Plan's default Drawdown Lifestyle Strategy, the alternative Annuity Lifestyle and Cash Lifestyle strategies as well as the available self-select options. The set of risks in the following tables are not exhaustive, but covers the main risks considered by the Trustee to be financially material. These risks are monitored on a regular basis.

Risk	How it is managed	How it is measured
Diversification / Concentration Risk Where applicable, the risk that a fund or lifestyle strategy has an over-allocation to a single asset class, sector, country, or counterparty, thereby having a high exposure to non-systemic risk factors.	<p>The choice of funds is designed to ensure that members can diversify their investments. The range of funds enables diversification by asset class (e.g. equity, bonds, cash), by region and includes predominantly passively managed funds. Actively managed funds are also available where appropriate (in particular, an actively managed multi-asset fund),</p> <p>The default investment strategy is also reviewed triennially, to ensure the various phases of the strategy are sufficiently diversified.</p>	<p>The nature and specific investment objectives of the self-select options chosen by the Trustee, ensure that the Plan avoids undue concentration at the stock selection level.</p> <p>The Trustee also periodically reviews the default investment option, alternative lifestyle strategies and self-select range, and as part of this considers the correlations or similarities between the available funds.</p>
Underperformance and manager risk The risk that the chosen underlying asset manager underperforms the benchmark against which the manager is assessed.	<p>The Trustee has considered the risk that active managers may underperform, whereas passive managers are likely to achieve a return close to any chosen benchmark.</p> <p>The Trustee believes active management skills exist and can be identified but not with complete certainty. As such, the Trustee makes available a choice of both actively managed and passively managed funds to members.</p>	<p>The Trustee measures this risk by monitoring the actual deviation of returns relative to the benchmarks (taking into consideration factors that support the managers' investment processes).</p> <p>The Trustee also considers the ratings of the investment options used in the default investment option and alternative lifestyle strategies as well as the self-select ranges from the Plan's investment consultant during the selection process.</p>
Expenses The risk that ongoing fees for a particular investment option are expensive relative to the wider market and as such reduce the level of investment returns members are able to achieve.	<p>In selecting investment options, the Trustee recognises that there is a need to balance any added value in appointing a manager and benefiting from their individual skill against the charges payable for this service.</p>	<p>The Trustee undertakes an annual value for money assessment, considering the fees for each of the Plan's investment options, and assessing whether better value may be available.</p>

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Risk	How it is managed	How it is measured
	Where fees are deemed to be higher than reasonable levels for a particular investment option, the Trustee will negotiate fee levels through their investment platform provider and with the support of the Plan's investment consultant.	The Trustee also ensures that the default investment option remains within the charge cap.
Suitability The risk that the Plan's investment options are unsuitable for the membership.	The Trustee has taken advice from the investment consultant to ensure that the underlying investment vehicles are suitable as investments for the Plan.	In recommending investment options to the Trustee, the Plan's investment consultant considers the suitability of each option, including how they fit together in respect of the default and alternative lifestyle strategies.
Inflation risk The risk that investments do not provide a return at least in line with inflation, such that the 'purchasing power' of the ultimate fund available to provide the benefits is not maintained.	<p>The Trustee provides investment options which are expected to provide long-term rates of return that match or exceed inflation.</p> <p>The growth phase of the default investment option and alternative lifestyle strategies are also designed to account for inflation risk.</p>	Quarterly performance reports consider the long term performance of the funds to help the Trustee assess whether the returns have kept pace with inflation.

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Risk	How it is managed	How it is measured
Conversion risk The risk that relative market movements in the years just prior to the retirement lead to substantial reduction in the benefits received.	The Trustee provides three lifestyle options designed to move members' assets into investments that reduce the volatility in the level of expected benefit received, whether a cash lump sum, annuity, or income withdrawn over time.	The Trustee monitors the performance of funds on an ongoing basis and will periodically consider how the characteristics of the funds and investment strategies available are suitable for different at-retirement options.
Currency risk The risk that investment in overseas markets will be affected by changes in exchange rates leading to lower returns in pound sterling terms (e.g. due to appreciation of pound sterling relative to overseas currencies).	The Trustee offers a currency hedged global equity fund in the self-select fund range. In addition to this the Passive Global Equity Fund that is used in the lifestyle strategies as well as being as available in the self-select fund range has a material proportion of its investments hedged back to sterling.	The Trustee monitors the performance of investment funds on a quarterly basis, including quarterly market reviews considering the movements in foreign currencies relative to pound sterling.
Shortfall or opportunity cost risk The risk that members end up with insufficient funds at retirement with which to receive reasonable retirement benefits.	The Trustee offers a range of funds, across various asset classes. These include equity and other growth funds, as well as lifestyle strategies in which the growth phase is expected to provide long term growth in excess of inflation. Members are able to set their own investment strategy in line with their aims and risk tolerances.	The performance of the available funds is monitored on a quarterly basis. Periodically, the Trustee may consider more detailed investment strategy analysis, including investment modelling comparing the risk and return characteristics of various strategies.
Capital risk The risk of a fall in the value of the members' fund.	The Trustee provides investment options that offer different levels of capital protection, for example the Cash Fund. The default and alternative lifestyle strategies also include an element of de-risking in the approach to retirement.	The Trustee monitors the performance and rating of funds on an ongoing basis.
Liquidity risk The risk that the pooled funds, through which the Trustee allows members to invest, do not provide the required level of liquidity.	The Trustee has opted to make daily priced, daily dealing funds available via a long term insurance contract with Aegon. Units in the pooled funds in which the Plan invests are believed to be readily redeemable.	When considering new investment options or reviewing existing options, the Trustee considers the pricing and dealing terms of the underlying funds.
Environmental, Social and Corporate Governance ("ESG") risk The risk that ESG factors can have a significant effect on the performance of the investments held by the Plan e.g. extreme weather events or poor governance.	The Trustee incorporates a fund with strong ESG principles into the default option and alternative lifestyle strategies as well as incorporating a stand-alone passive ESG equity option in the self-select fund range.	As set out in section 10, monitoring is undertaken on a regular basis and is documented at least annually.

Statement of Investment Principles (Cont)

14.2. In formulating the investment options to make available to members, the Trustee has considered the expected willingness and ability of the Plan's membership to take investment risk.

14.3. The items in this section, are in relation to what the Trustee considers 'financially material considerations'. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and when they expect to retire. It is partly for this reason that the default investment option is a lifestyle strategy.

15. Fees

15.1. Manager fees are calculated as a percentage of assets under management. If managers fail to meet their performance objectives, the Trustee may ask managers to review their fee. Manager fees are structured to align with the Trustee policies. As part of the annual Value for Money assessment, the Trustee reviews the asset manager fees.

15.2. The Trustee has accepted the fees of the Plan's asset managers in line with the managers' stated fee scales which are specified in the IPID.

16. Compliance with this Statement

16.1. The Trustee will review the SIP on the advice of Mercer and will record compliance with it at relevant Trustee meetings. The Trustee will monitor the arrangement with Aegon to ensure that the service continues to meet the Plan's needs and objectives. The Trustee will also consult with the Employer over any changes to the SIP.

Signed:

Claire Teagle

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Trustee

Ant Donaldson

.....
Trustee

For and on behalf of Wolseley Group Defined Contribution Plan as Trustee of the Wolseley Group Defined Contribution Plan

Date: 04 August 2022

Implementation Statement

Annual Implementation Statement for the Plan Year ended 31 July 2022

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee for the Wolseley Group Defined Contribution Plan (the "Plan"), has been followed during the year to 31 July 2022. This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

The table later in the document sets out the how, and the extent to which, the policies in the SIP have been followed.

Investment Objectives of the Plan

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Trustee included in the SIP are as follows:

- To make available to members of the Plan an appropriate range of investment options and lifestyle strategies that will generate income and capital growth which, together with new contributions from the members, aim to provide an appropriate fund at retirement. The range of investment options is designed to be wide enough to allow members to manage their exposure to investment risks throughout their working life. Both active and passive management options are offered to members, depending on asset class.
- To seek to achieve the objectives through providing a suitable range of investment options and lifestyle strategies that meets individual member needs. They recognise that the returns on real assets, while expected to be greater over the long term than those on monetary assets, are likely to be more volatile.

Review of the SIP

The Trustee last reviewed the Plan's SIP in July 2022 and a revised SIP was signed on 4 August 2022, the SIP was updated to reflect the changes to the investment strategy (which are summarised in the section below).

The SIP was also updated to include a section for the "Additional Default Arrangements" to reflect that the Cash Lifestyle Strategy had been identified as 'additional default arrangements' as members' accrued funds and contributions have been automatically directed to this strategy without members having instructed the Trustee where their contributions are to be invested, this is not a default arrangement for the purposes of auto-enrolment.

No further changes were made to the SIP at this time.

Implementation Statement (Cont)

Investment Strategy Review

The default investment option is reviewed at least on a triennial basis; the latest review of the default and alternative investment strategies formally took place in 2021, and was implemented with effect from 24 June 2022.

A summary of the changes that were made to the Plan's investment strategy in June 2022 are set out below.

- 1) Enhance the DC Investor Multi Asset Fund by reducing the reliance on a single "Core" and single "Idiosyncratic" manager. The new DC Investor Multi Asset Fund will be:
 - 33% BlackRock Diversified Growth Fund;
 - 33% Insight Broad Opportunities Fund;
 - 33% Nordea Diversified Return Fund.
- 2) Integrate ESG considerations, reduce the level of currency hedging as well as increase the overall level of diversification in the growth phase of the lifestyle strategies. A new white-labelled "Passive Global Equity Fund" will be the main driver for growth throughout the lifestyle strategies, the underlying components of this new fund are set out below:
 - 45% BlackRock MSCI Currency Hedged World Index;
 - 40% BlackRock ACS World ESG Equity Tracker Fund;
 - 15% BlackRock Emerging Markets Equity Index.
- 3) Implement the Drawdown Lifestyle Strategy as the new default for the Plan, in place of the Cash Lifestyle Strategy. Under this approach, members retain a higher allocation to the Passive Global Equity Fund for longer. The Trustee agreed to make changes to each of the additional lifestyles available in the Plan in line with the changes being made to the growth phase of the new default investment strategy. Members invested in the current default, the Cash Lifestyle Strategy and who are within 5 years of their Target Retirement Age will remain in the Cash Lifestyle Strategy whereas those further than 5 years from their Target Retirement Age will be mapped across to the new default, the Drawdown Lifestyle Strategy.
- 4) Make available the BlackRock ACS World ESG Equity Tracker Fund as a standalone self-select investment option.

Assessment of how the policies in the SIP have been followed for the year to 31 July 2022

The information provided in the following tables highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's policies in the SIP, relating to the Plan as a whole. The latest SIP is available [here](#).

In Summary, it is the Trustee's view that the policies in the SIP have been followed during the Plan year to 31 July 2022.

Implementation Statement (Cont)

	Requirement	Policy	In the year to 31 July 2022
1	Securing compliance with the legal requirements about choosing investments	<i>The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995. The Trustee periodically reviews the suitability of the options provided and from time to time will change or introduce additional investment funds as appropriate. SIP Section 1.7 – Introduction</i>	<p>The Trustee agreed to make a number of changes to the investment strategy, as summarised on page 2. These changes were implemented with effect from 24 June 2022.</p> <p>The Trustee received suitability advice in relation to the investment strategy changes in compliance of the requirement set out in the Section 36 of the Pensions Act 1995. Relevant updates to the SIP were made following the investment strategy implementation.</p>
2	Kinds of investments to be held	<p><i>To make available to members of the Plan an appropriate range of investment options and lifestyle strategies that will generate income and capital growth which, together with new contributions from the members, aim to provide an appropriate fund at retirement.</i></p> <p><i>The range of options provided allows members to diversify across asset classes, if they wish, which is expected to provide the levels of returns required by individual members at acceptable risk, over the long term. For those members who are willing to accept a greater level of volatility in pursuit of achieving a higher value on their investment account, there are a number of equity funds available. For those members who are less comfortable with the likely volatility of equities, self-select options with lower expected volatilities are available.</i></p> <p><i>SIP Section 4 – Investment Objectives and Policy</i></p>	<p>The investments (fund type, management style and asset allocations) used in the default lifestyle strategy, additional lifestyles and self-select fund range were reviewed as part of the investment strategy review and the Trustee agreed to make a number of changes as summarised on page 2.</p> <p>The Trustee receives quarterly investment performance reports which monitor the return of the funds underlying the default, additional lifestyles and self-select funds within the Plan. Performance is also discussed at quarterly Trustee meetings. The Trustee was satisfied with the performance of the majority of funds over the Plan Year, which had performed in line with their underlying aims and objectives. The one exception was the DC Investor Multi Asset Fund, the Trustee agreed to make changes to the underlying components of this Fund as set out on page 2, these changes were implemented in June 2022. A list and description of the funds and lifestyle strategies, which are currently offered via the Plan, are set out in the Investment Policy Implementation Document ("IPID"). These remained consistent with the Trustee's policy, as set out in the SIP during the Plan year to 31 July 2022.</p>

Implementation Statement (Cont)

3	The balance between different kinds of investments	<p><i>The range of options provided allows members to diversify across asset classes, if they wish, which is expected to provide the levels of returns required by individual members at acceptable risk, over the long term. For those members who are willing to accept a greater level of volatility in pursuit of achieving a higher value on their investment account, there are a number of equity funds available. For those members who are less comfortable with the likely volatility of equities, self-select options with lower expected volatilities are available.</i></p> <p><i>The default option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members.</i></p> <p><i>SIP Section 4 – Investment Objectives and Policy</i></p>	<p>Following the previous investment strategy review the default investment option was reviewed and discussed at several Trustee meetings with the Plan's investment adviser. The investments (fund type, management style and asset allocations) used in the default lifestyle strategy, additional lifestyles and self-select fund range were reviewed as part of the investment strategy review and the Trustee agreed to make a number of changes as summarised on page 2.</p> <p>The Trustee made available the BlackRock ACS World ESG Equity Tracker Fund as a standalone self-select investment option in June 2022 as it was noted that an ESG option is now an essential part of a DC schemes fund range. The Trustee also implemented a material proportion of the Passive Global Equity Fund to the BlackRock ACS World ESG Equity Tracker Fund in recognition of the importance of investing more sustainably.</p> <p>The Trustee receives a quarterly investment performance report that monitors the risk and return of all investment options within the Plan. The performance of the funds is compared against their stated objectives/benchmarks. The report also includes changes to the investment adviser's Manager Research Ratings and notes any other relevant developments at the underlying investment managers.</p> <p>During the Plan year the default investment option, additional lifestyle strategies and self-select fund range remained consistent with the policies and objectives as set out in the SIP.</p>
4	Risks, including the ways in which risks are to be measured and managed	<p><i>The Trustee recognises a number of risks involved in the investment of the assets of the Plan. The Trustee has considered these risks from a number of perspectives and put in place a process for how they are managed and measured.</i></p> <p><i>These risks are considered for the Plan's default Drawdown Lifestyle Strategy, as well as the available self-select options.</i></p>	<p>The Trustee considers risk in both quantitative and qualitative measures when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes. These were taken into account in the recent investment strategy review.</p> <p>The list of different risks that members are exposed to, including how they are monitored and managed, is reviewed at least every three years, or as regulatory requirements arise (whichever is sooner), as part of the SIP</p>

Implementation Statement (Cont)

		<i>SIP Section 14 – Risk Management</i>	<p>review. The SIP was updated and signed in August 2022, more details are set out on page 1.</p> <p>The Trustee provides a range of investment options which enable members to reflect in their selection of funds the level of risk they wish to take in light of their own individual circumstances.</p> <p>The Plan maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions.</p>
5	Expected return on investments	<p><i>In designing the default investment strategy, the Trustee has considered the trade-off between risk and expected returns. In particular, when reviewing the investment strategy of the default investment option, the Trustee considers risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustee also considers risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment option.</i></p> <p><i>The range of options provided allows members to diversify across asset classes, if they wish, which is expected to provide the levels of returns required by individual members at acceptable risk, over the long term.</i></p> <p><i>SIP Section 5.3 – Default Option</i></p>	<p>The Trustee receives a quarterly investment performance report that monitors the risk and return of all investment options within the Plan. The performance of the funds is compared against their stated objectives/benchmarks.</p> <p>The underlying components of the default investment strategy are specifically monitored against their respective aims and objectives.</p> <p>During the previous investment strategy review the default investment option was reviewed and discussed at several Trustee meetings with the Plan's investment adviser. The default investment strategy was reviewed from both a qualitative and quantitative perspective. The Trustee agreed to make a number of changes to the investment strategy, these are summarised on page 2.</p>
6	Realisation of investments	<p><i>Assets in the default option are invested, through an insurance contract, in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various investment managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective investment managers in line with the mandates of the funds.</i></p>	<p>The Trustee receives an administration report on a quarterly basis to ensure that core financial transactions are processed within SLAs and regulatory timelines. As confirmed in the Chair Statement, the Trustee is satisfied that all requirements were met throughout the year and that 92% of SLAs were met over the year to 31 July 2022.</p>

Implementation Statement (Cont)

		<p><i>The Trustee's administrators will realise assets following member requests on retirement or earlier where required.</i></p> <p><i>SIP Section 5.3 – Default Option</i></p>	<p>All funds are daily dealt pooled investment vehicles, accessed by an insurance contract. There were no liquidity concerns arising in respect of the Plan's investment fund holdings over the year to 31 July 2022.</p>
7 6	<p>Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments</p>	<p><i>The Trustee believes that Environmental, Social, and corporate Governance (ESG) factors do have a material impact on investment risk and return outcomes, and that good stewardship does create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly do require explicit consideration. The Trustee considers ESG factors for both the Plan's default investment strategy and self-select fund range.</i></p> <p><i>The Trustee has delegated day to day management of the assets to its underlying investment managers. The Trustee has given appointed managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice.</i></p> <p><i>SIP Section 10 – Responsible Investment and Corporate Governance</i></p>	<p>The investment performance report is reviewed by the Trustee on a quarterly basis, this includes ratings (both general and specific ESG) from the Plan's investment adviser.</p> <p>All of the managers remained generally highly rated during the year. This applies to the funds in the previous and in the new investment strategy. Where managers were not highly rated from an ESG perspective the Trustee continues to monitor them. When implementing a new manager the Trustee considers the ESG rating of the manager. The investment adviser periodically reports any change in its ESG ratings to the Trustee on an ongoing basis and makes recommendations to the Trustee, as appropriate. ESG ratings are also monitored as part of an annual ESG ratings review and the annual VfM Assessment.</p> <p>The Plan's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.</p> <p>The Trustee keeps their policies under regular review with the SIP subject to review at least triennially.</p>

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Implementation Statement (Cont)

10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustee would monitor and engage with relevant persons about relevant matters)	<p><i>Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.</i></p> <p><i>Outside of those exercised by investment managers on behalf of the Trustees, no other engagement activities are undertaken.</i></p> <p><i>SIP Section 10 – Responsible Investment and Corporate Governance</i></p>	<p>Investment managers are expected to provide reporting on a regular basis, at least annually including stewardship monitoring results. These are reviewed by the Trustee. The Trustee wishes to encourage best practice in terms of active engagement with entities in which they invest. The Trustee expects the underlying investment managers to undertake engagement activities and encourages the Plan's investment managers to discharge their responsibilities in respect of investee companies in accordance with the principles underlying the UK Corporate Governance Code and the UK Stewardship Code, in respect of all resolutions at annual and extraordinary meetings.</p> <p>As the Plan invests solely in pooled funds, the Trustee requires their investment managers to engage with the investee companies on their behalf. The Trustee recognise that it is not possible to specify investment restrictions, in particular ESG restrictions, where assets are managed via pooled funds. However, this may be considered in the future as more innovative solutions become available, especially regarding voting via pooled funds.</p>
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies.	<p><i>The underlying investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.</i></p> <p><i>The underlying investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then they will look to replace the manager.</i></p> <p><i>SIP Section 8 – Asset Manager Selection Criteria</i></p>	<p>Whilst the Trustee is not involved in each asset managers' day to day method of operating and therefore cannot directly influence attainment of the performance target, they will regularly assess performance and review appointments using quantitative and qualitative factors.</p> <p>The Trustee receives regular performance reports on a quarterly basis, which present performance information over a variety of time periods. The Trustee reviews the absolute and relative performance (against a suitable benchmark index), and against the manager's stated performance target. The Trustee focus is on long term performance but may review a manager's appointment if:</p>

Implementation Statement (Cont)

			<ul style="list-style-type: none"> - the Trustee believes that the asset manager is not capable of achieving the performance objectives (both return and volatility) in the future; - the asset manager breaches its investment guidelines; - the asset manager changes its investment management such that it is no longer suitable for the mandate for which it was appointed; and/or - the Trustee considers that it is desirable in the interest of the Plan.
12	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and nonfinancial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	<p><i>The Trustee is a long term investors and does not look to change the investment arrangements on a frequent basis.</i></p> <p><i>A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or self-select fund range.</i></p> <p><i>SIP Section 13 – Duration of Arrangement with Asset Manager</i></p>	<p>Over the Plan Year, the Trustee has continued to monitor the performance of the investment managers against their stated objectives/benchmarks over both quarter and longer term periods. The investment report includes changes to the investment adviser's manager research ratings and notes any other relevant developments at the investment managers.</p> <p>The Trustee was satisfied with the performance of the majority of funds over the Plan Year, which had performed in line with their underlying aims and objectives. The one exception was the DC Investor Multi Asset Fund, prior to the implementation of the new investment strategy in June 2022.</p>

Implementation Statement (Cont)

13	How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies.	<p><i>The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over a variety of time periods. The Trustee reviews the absolute performance and relative performance against a suitable index used as the benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis.</i></p> <p><i>SIP Section 7 – Asset Manager Monitoring</i></p>	<p>Whilst the Trustees' focus is on long-term performance, they also take shorter-term performance into account.</p> <p>If an underlying manager is not meeting performance objectives, or their investment objectives for the fund have changed, the Trustees may review the suitability of the manager, and change managers where required.</p> <p>The Trustee was satisfied with the performance of the majority of funds over the Plan Year, which had performed in line with their underlying aims and objectives. The one exception was the DC Investor Multi Asset Fund, prior to the implementation of the new investment strategy in June 2022.</p>
14	How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<p><i>The Trustee asks asset managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustee. The Trustee consider portfolio turnover costs as part of the annual Value for Money assessment.</i></p> <p><i>SIP Section 12 – Portfolio Turnover Costs</i></p>	<p>Over the year covered by this statement, the Trustee considered the levels of transaction costs as part of their annual Chair's Statement and value for member's assessment.</p> <p>The Trustee found that the transaction costs reported were reasonable, but note the challenges in assessing these costs due to the lack of an industry-wide benchmarks for such transaction costs.</p> <p>Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Plan.</p>
15	The duration of the arrangement with the asset manager	<p><i>All the funds are open-ended with no set end date for the arrangement. The Fund Range and Default Strategy are reviewed on at least a triennial basis. An underlying manager's appointment may be terminated if it is no longer considered optimal nor have a place in the default strategy or the self-select fund range.</i></p> <p><i>SIP Section 13 – Duration of Arrangement with Asset Manager</i></p>	<p>The Trustee is a long-term investor and is not looking to change investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement.</p> <p>A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.</p>

Implementation Statement (Cont)

Appendix - Voting Activity

Voting activity information from each of the underlying investment managers over the prior 12 months to 30 June 2022 is summarised in the table below. Please note that the fund managers standardly compile voting activity reports on a quarterly basis and therefore 12-month data to 30 June 2022 is the closest available to the Plan's year end of 31 July 2022. Voting activity data is not available for corporate bond and government bond mandates.

Fund		How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?
Passive Global Equity	BlackRock MSCI Currency Hedged World Index	14,434	87.3%	93.5%	6.5%	0.9%
	BlackRock ACS World ESG Equity Tracker Fund	5,244	94.9%	95.3%	4.7%	0.8%
	BlackRock Emerging Markets Equity Index	24,294	98.0%	89.0%	11.0%	3.8%
BlackRock 30:70 Currency Hedged Global Equity Index Fund		59,570	97.1%	91.9%	8.1%	2.1%
BlackRock ACS World ESG Equity Tracker		5,244	94.9%	95.3%	4.7%	0.8%

Implementation Statement (Cont)

Fund		How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?
BlackRock UK Equity Index Fund		10,530	100.0%	95.5%	4.5%	0.6%
BlackRock Emerging Markets Equity Index Fund		24,294	98.0%	89.0%	11.0%	3.8%
LGIM Ethical Global Equity Index Fund		16,375	99.7%	82.2%	17.6%	0.2%
HSBC Islamic Global Equity Index Fund		1,652	95.7%	82.8%	17.2%	0.2%
DC Investor Multi Asset Fund	BlackRock DC Diversified Growth Fund	12,113	92.4%	94.6%	5.4%	1.7%
	Insight Broad Opportunities Fund	188	100.0%	100.0%	0.0%	0.0%
	Nordea Diversified Return Fund	2,522	98.8%	87.2%	11.5%	1.2%

Source: BlackRock, HSBC, Insight, Legal and General Investment Management, Nordea. Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

Implementation Statement (Cont)

Proxy Voting Process by Manager

Manager	Proxy Voting Service Details
BlackRock	<p>BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS). Voting decisions are made by members of the team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines.</p> <p>BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, as one among many inputs into their vote analysis process. BlackRock primarily use proxy research firms to synthesize corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritize those companies where our own additional research and engagement would be beneficial; to manage client accounts in relation to voting and facilitate client reporting on voting.</p>
HSBC	<p>HSBC's uses the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application according to their voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC guidelines. HSBC's team reviews voting policy recommendations according to the scale of the overall holdings. The bulk of holdings are voted in line with the recommendation based on internal guidelines.</p>
Insight	<p>Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote.</p>
Legal and General Investment Management	<p>LGIM's Investment Stewardship team uses Institutional Shareholder Services, Inc. (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.</p>

Implementation Statement (Cont)

Nordea	<p>Nordea's proxy voting is supported by two external vendors (Institutional Shareholder Services and Nordic Investor Services – henceforth, "ISS" and "NIS") to facilitate the proxy voting, execution and to provide analytic input. In 2021 these two vendors have merged.</p> <p>The contrast in the services – ISS is a global player with international reach and practices, while NIS is a small niche player whose best practices are much in line with our own, gives Nordea a broad palette of input which is very valuable in the evolution of their own Corporate Governance Principles.</p> <p>Normally, every vote Nordea cast is considered individually on the background of their bespoke voting policy, which they have developed in-house based on their own principles. But, as Nordea have decided to massively scale up their voting to cover a majority of all voting activities, in 2021 Nordea have decided to contract ISS to vote on some of their minor holdings as per their policy. Nordea's Corporate Governance unit oversees all voting activities. Their aim going forward is for all votes to be referenced towards their bespoke policy once again.</p>
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Source: BlackRock, HSBC, Insight, Legal and General Investment Management, Nordea.

Implementation Statement (Cont)

Examples of Significant Votes

Fund	Company	Resolution and Date	Rationale of the voting activity
BlackRock MSCI Currency Hedged World Index	AGL Energy Limited	Approve Paris Goals and Targets (22 September 2021)	FOR: Supportive of company's efforts to date on these issues. Proposal support based on nature of the proposal.
	BHP Group Limited	Approve Climate-Related Lobbying (11 November 2021)	FOR: Supportive of company's efforts to date on these issues. Proposal support based on nature of the proposal.
BlackRock ACS World ESG Equity Tracker Fund	Chevron Corporation	Adopt Medium and LongTerm GHG Emissions Reduction Targets (25 May 2022)	AGAINST: Proposal is not in shareholders' best interests. The company already provides sufficient disclosure and/or reporting regarding this issue.
	Amazon.com, Inc.	Report on Lobbying Payments and Policy (25 May 2022)	FOR: Shareholders would benefit from greater disclosure related to political activities and/ or lobbying
BlackRock 30:70 Currency Hedged Global Equity Index Fund	Costco Wholesale Corporation	Report on Greenhouse Gas Emissions Reduction Targets (20 January 2022)	AGAINST: The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.
	Chevron Corporation	Issue Audited Net-Zero Scenario Analysis Report (25 May 2022)	AGAINST: The company already provides sufficient disclosure and/or reporting regarding this issue.
BlackRock UK Equity Index Fund	Royal Dutch Shell Plc	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions	AGAINST: Proposal is not in shareholders' best interests.

Implementation Statement (Cont)

Fund	Company	Resolution and Date	Rationale of the voting activity
		(24 May 2022)	
	Ocado Group Plc	Amend Value Creation Plan (4 May 2022)	AGAINST: Remuneration arrangements are poorly structured.
BlackRock Emerging Markets Equity Index Fund	Vedanta Ltd.	Re-elect Anil Kumar Agarwal as Director (10 August 2021)	AGAINST: The Company does not meet our governance expectations, and we believe the board would be more effective with a strong Lead Independent Director who has appropriate responsibilities and oversight.
	Grupo Mexico S.A.B. de C.V.	Approve Consolidated Financial Statements and Statutory Reports (28 April 2022)	ABSTAIN: Abstaining from this item preserves shareholders' right to take legal action should irregularities be discovered at a future date.
LGIM Ethical Global Equity Index Fund	Apple Inc.	Report on Civil Rights Audit (4 March 2022)	FOR: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.
	Alphabet Inc.	Report on Physical Risks of Climate Change (1 June 2022)	FOR: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
	Royal Dutch Shell Plc	Approve the Shell Energy Transition Progress Update (24 May 2022)	AGAINST: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.
	Pfizer Inc.	Shareholder proposal seeking a report on	FOR: Access to healthcare is one of the important themes for HSBC and they advocate for fair and equitable vaccine distribution. While HSBC

Implementation Statement (Cont)

Fund	Company	Resolution and Date	Rationale of the voting activity
HSBC Islamic Global Equity Index Fund		transfer of intellectual property to potential Covid19 manufacturers. (28 April 2022)	acknowledge Pfizer's commitment and efforts to allowing equitable and affordable access to its Covid-19 vaccine, they believe more can be done.
	Meta Platforms, Inc.	Shareholder proposal seeking a report on user risk and advisory vote on Metaverse Project (25 May 2022)	FOR: During our engagement with Meta, it confirmed that human rights risks of Metaverse is yet to be included in its agenda for disclosure, and we believe these are important issues that the company should report on.
BlackRock DC Diversified Growth Fund	Exxon Mobil Corp.	Report on Scenario Analysis Consistent with International Energy Agency's Net Zero by 2050 (25 May 2022)	FOR: We believe it is in the best interests of shareholders to have access to greater disclosure on this issue.
	Exxon Mobil Corp.	Report on Low Carbon Business Planning (25 May 2022)	AGAINST: The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.
Nordea Diversified Return Fund	Autozone	Report on Annual Climate Transition (15 December 2021)	FOR: The company's current targets for GHG emissions include short-term Scope 1 and 2 targets for operations in the United States. Thus, the emission targets have not been formulated in line with the Paris Agreement as they do not cover the entire Group and Scope 3 emissions. The requested report would allow investors to better assess how the company is managing climate-related risks.
	Microsoft	Report on Effectiveness of Workplace Sexual Harassment Policies (30 November 2021)	FOR: At the Microsoft AGM Nordea supported a number of shareholder proposals, besides Report on Effectiveness of Workplace Sexual Harassment Policies, such as Report on Gender/Racial Pay Gap, Report on Implementation of the Fair Chance Business Pledge and Report on Lobbying

Implementation Statement (Cont)

Fund	Company	Resolution and Date	Rationale of the voting activity
			Activities Alignment with Company Policies. Management voting recommendations was against on all these proposals but got substantial support at the AGM and the proposal Report on Effectiveness of Workplace Sexual Harassment was approved. Nordea think shareholders would benefit from additional information allowing them to better assess these issues.
	Nike	Report on Gender Pay Gap (6 October 2021)	FOR: At the Nike AGM Nordea supported a number of shareholder proposals, besides Report on Gender pay Gap, such as Report on Political Contributions Disclosure, Report on Human Rights Impact Assessment and Report on Diversity and Inclusion Efforts. Management voting recommendations was against on all these proposals but all got substantial support from shareholders at the AGM. None of these proposals were approved. Nordea think shareholders would benefit from additional information allowing them to better assess these issues.

Insight have not provided detail on significant votes for the Broad Opportunities Fund due to the nature of the investments held. They have commented:

“The strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social infrastructure, renewable energy and assetbacked aviation finance. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework that is with an independent board acting on behalf of shareholders generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the strategy’s exposures.”