

Wolseley Group Defined Contribution Plan

Statement of Investment Principles

August 2020

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 No.13, 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 plc (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.

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 changings 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.

- 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, 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 Implementation Policy Document ("IIPD"), 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 IIPD).
- 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 Cash 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 income drawdown (both of which

include an 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 IIPD.

5.3. Default Option

5.3.1. The Cash 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 equities and other growth-seeking assets (through a mix of diversified growth funds). These investments are expected to provide equity-like growth over the long term with some downside protection and some protection against inflation erosion.

- To provide a strategy that reduces investment risk for members as they approach retirement.

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. Moreover, as members approach retirement, the Trustee believes the primary aim should be to preserve member's savings.

In view of the above, the Trustee considers the level of risk within the default option in the context of the volatility of returns.

The Cash 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 (to reduce investment risk, but to maintain an expected moderate level of monetary growth). Five years prior to retirement, an allocation to a cash fund is introduced for capital preservation purposes.

- To provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to take their savings as cash lump sum at retirement.

At the member's selected retirement date, 100% of member's assets will be invested 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 12 of this statement is not exhaustive but covers the main risks that the Trustee considers and how they are managed and measured.

- 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 a cash lump sum 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	Aegon BlackRock (30:70) Currency Hedged 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	0.0	0.0
19	90.0	10.0	0.0	0.0
18	80.0	20.0	0.0	0.0
17	70.0	30.0	0.0	0.0
16	60.0	40.0	0.0	0.0
15	50.0	50.0	0.0	0.0
14	40.0	60.0	0.0	0.0
13	37.1	62.9	0.0	0.0
12	34.3	65.7	0.0	0.0
11	31.4	68.6	0.0	0.0
10	28.6	71.4	0.0	0.0
9	25.7	67.3	7.0	0.0
8	22.9	63.1	14.0	0.0
7	20.0	59.0	21.0	0.0
6	17.1	54.9	28.0	0.0
5	14.3	50.7	35.0	0.0
4	11.4	40.6	28.0	20.0
3	8.6	30.4	21.0	40.0
2	5.7	20.3	14.0	60.0
1	2.9	10.1	7.0	80.0
0	0.0	0.0	0.0	100.0

* The DC Investor Multi Asset Fund is a blend of 50% BlackRock DC Diversified Growth Fund and 50% Insight Broad Opportunities 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.

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.

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 where assets are managed via pooled funds and furthermore, given that 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

- 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 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
- 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 both the Plan's default investment strategy and 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.
- 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. The Trustee will consider sustainability themed investments with a view to introducing new fund options where they believe they may be appropriate for the Plan's members.
- 10.8. 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 Ethical Fund and a Shariah Fund which take account of the non-financial concerns of members.
- 10.9. 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 and default option are reviewed on at least a triennial basis. 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.

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 Cash Lifestyle Strategy, 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
<p>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>	<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 and self-select range, and as part of this considers the correlations or similarities between the available funds.</p>
<p>Underperformance and manager risk The risk that the chosen underlying asset manager underperforms the benchmark against which the manager is assessed.</p>	<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,</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 and</p>

Risk	How it is managed	How it is measured
	the Trustee makes available a choice of both actively managed and passively managed funds to members.	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>	<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>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,</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> <p>The Trustee also ensures that the default investment option remains within the charge cap.</p>
<p>Suitability The risk that the Plan's investment options are unsuitable for the membership.</p>	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.
<p>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>	<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.

Risk	How it is managed	How it is measured
<p>Conversion risk The risk that relative market movements in the years just prior to the retirement lead to substantial reduction in the benefits received.</p>	<p>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.</p>	<p>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.</p>
<p>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).</p>	<p>The Trustee offers a currency hedged global equity fund, which is also used within the Plan's default investment option.</p>	<p>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.</p>
<p>Shortfall or opportunity cost risk The risk that members end up with insufficient funds at retirement with which to receive reasonable retirement benefits.</p>	<p>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.</p>	<p>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.</p>
<p>Capital risk The risk of a fall in the value of the members' fund.</p>	<p>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.</p>	<p>The Trustee monitors the performance and rating of funds on an ongoing basis.</p>
<p>Liquidity risk The risk that the pooled funds, through which the Trustee allows members to invest, do not provide the required level of liquidity.</p>	<p>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.</p>	<p>When considering new investment options or reviewing existing options, the Trustee considers the pricing and dealing terms of the underlying funds.</p>
<p>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.</p>	<p>The policy of the Trustee on ESG risks is set out in section 10 of this statement.</p>	<p>As set out in section 10, monitoring is undertaken on a regular basis and is documented at least annually.</p>

- 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 IIPD.

16. Compliance with this Statement

- 16.1. The Trustee will review the SIP on the advice of Mercer and will record compliance with it as 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:

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Trustee

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Trustee

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

Date: 28 September 2020

Appendix – review log

Item	Last reviewed	Changes made?	Notes
Statement of Investment Principles	August 2020	Y	
Statement of Investment Principles	September 2019	Y	
Employer consultation	September 2019	N	
Default Investment Strategy	November 2018	N	
Self-select Fund Range	November 2018	N	