

Morrison Pension & Life Assurance Plan (the “Plan”) Statement of Investment Principles (the “Statement”)

Scope of Statement

This statement sets out the principles governing decisions made about the investments of the Morrison Pension & Life Assurance Plan, a Defined Benefit Scheme. This Statement of Investment Principles is produced to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 (“the Act”) and the Occupational Pension Schemes (Investment) Regulations 2005, and the Pension Regulator’s guidance for defined benefit pension schemes (March 2017).

The effective date of this Statement is 6 February 2023. This SIP replaces the previous SIP dated September 2021. The Trustee will review this Statement and the Plan’s investment strategy no later than three years after the effective date of this Statement and as soon as practicable after any significant change in investment policy.

Consultations Made

The Trustee has consulted with the employer, AWG Group Limited (the “Company”), prior to writing this Statement and will take the Company’s comments into account when they believe it is appropriate to do so.

This Statement has been prepared after obtaining and considering written professional advice from LCP, the Plan’s investment adviser, whom the Trustee believes to be suitably qualified and experienced to provide such advice.

A copy of this Statement is available to the members of the Plan.

- **Appendix 1** sets out details of the Plan’s investment governance structure, including the key responsibilities of the Trustee, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers.

Investment objectives

The primary objective is to ensure that the Plan should be able to meet benefit payments as they fall due.

Investment strategy

In October 2022 the Trustee entered into a bulk annuity contract (“buy-in policy”) with Legal and General Assurance Society Limited (“LGAS”) which covered all of the Plan’s members.

The Trustee believes that the buy-in policy will provide a high degree of certainty that the benefits promised to members will be provided.

As the buy-in policy is the Plan’s only investment, aside from AVCs, the Plan is a “wholly-insured scheme” as defined in Regulation 8(2) of the Occupational Pension Schemes (Investment) Regulations 2005.

Choosing Investments

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments, taking account of the principles within this statement.

The Trustee does not believe that the matters set out in Regulation 2(3)(d) of the Occupational Pension Schemes (Investment) Regulations 2005 relating to incentivising investment managers and monitoring turnover costs are relevant to the buy-in policy.

Additional Voluntary Contributions (“AVCs”) Arrangements

Some members obtain further benefits by paying AVCs to the Plan. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions.

From time to time the Trustee reviews the choice of investments available to members to ensure that they remain appropriate to the members' needs.

AVCs are invested with the following providers:

- Standard Life Assurance Company;
- Utmost Life.

Effective Decision Making

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. It also recognises that where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes.

The Trustee believes that given the scale of the Plan that a separate investment sub-committee would not be appropriate. Therefore, all investment decisions are discussed by the whole Trustee body with assistance from the Plan's investment advisors before decisions are taken.

Appendix 1

Investment governance, responsibilities decision-making and fees

The Trustee has decided on the following division of responsibilities and decision-making for the Plan. This division is based upon the Trustee's understanding of the various legal requirements placed upon it, and its view that the division of responsibility allows for efficient operation and governance of the Plan overall. The Trustee's investment powers are set out within the Plan's governing documentation.

1. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- setting the investment strategy, in consultation with the employer;
- developing a mutual understanding of investment and risk issues with the employer;
- reviewing the investment policy as part of any review of the investment strategy;
- appointing (and, when necessary, dismissing) investment managers, investment advisers, actuary and other service providers;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- communicating with members as appropriate on investment matters;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- reviewing the content of this Statement from time to time and modifying it if deemed appropriate; and
- consulting with the employer when reviewing the Statement.

2. Investment adviser

In broad terms, the investment adviser will be responsible, in respect of investment matters, as requested by the Trustee, for:

- advising on how material changes within the Plan's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- advising on the selection, and review, of the investment managers; and
- participating with the Trustee in reviews of this Statement.

3. Annuity providers

The annuity provider's responsibility is to pay the pensions secured under the bulk annuity contract accurately and on a timely basis.

4. Fee structures

The Trustee recognises that the provision of investment management and advisory services to the Plan results in a range of charges to be met, directly or indirectly, by deduction from the Plan's assets.

The fees paid to the annuity provider are built into the initial premium paid, so no further fees are payable to the annuity provider.

5. Working with the Plan's employer

When reviewing matters regarding the Plan's investment arrangements, such as the Statement, the Trustee seeks to give due consideration to the employer's perspective. While the requirement to consult does not mean that the Trustee needs to reach agreement with the employer, the Trustee believes that better outcomes will generally be achieved if the Trustee and employer work together.