CAPITA

The Superior Pension Fund

Statement of Investment Principles – 30th June 2023

Introduction

The Trustees of the Superior Pension Fund (the “Plan”) have drawn up this Statement of Investment Principles (the “Statement”) to comply with the requirements of the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005. The Statement is intended to affirm the investment principles that govern decisions about the Plan’s investments. In preparing this Statement the Trustees have consulted Greenery UK Limited (“the Employer”) on the Trustees’ investment principles.

Governance

The Trustees make all major strategic decisions including, but not limited to, the Plan’s asset allocation and the appointment and termination of investment managers. The process for making investment decisions is as follows:

- Identify appropriate investment objectives.
- Agree the level of risk consistent with meeting the objectives and the covenant of the Employer.
- Implement an investment strategy and investment manager structure in line with the level of risk and objectives agreed.

When making such decisions, and when appropriate, the Trustees take proper advice. The Trustees’ investment consultants, Canaccord Genuity Wealth Management (“Canaccord”), are qualified by their ability in and practical experience of financial matters and have the appropriate knowledge and experience to provide such advice.

Investment Objectives

The Trustees are required to invest the Plan’s assets in the best interest of members, and their main objectives with regard to investment policy are:

- To achieve, over the long term, a return on the Plan’s assets which is consistent with the assumptions made by the Scheme Actuary in determining the funding of the Plan;
- To ensure that sufficiently liquid assets are available to meet benefit payments as they fall due; and
- To consider the interests of the Employer in relation to the size and volatility of the Employer’s contribution requirements.

The Trustees understand, following discussions with the Employer, that it is willing to accept a degree of volatility in the company’s contribution requirements in order to reduce the long-term cost of the Plan’s benefits.

Risk Management and Measurement

The Trustees are aware of and pay close attention to a range of risks inherent in investing the assets of the Plan. The Trustees believe that the investment strategy provides for adequate diversification both within and across different asset classes. The Trustees further believe that the current investment strategy is appropriate given the Plan's liability profile. The Trustees' policy on risk management is as follows:

- The primary investment risk faced by the Plan arises as a result of a mismatch between the Plan's assets and its liabilities. This is therefore the Trustees' principal focus in setting investment strategy, taking into account the nature and duration of the Plan's liabilities.

- The Trustees recognise that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Plan's liabilities as well as producing more short-term volatility in the Plan's funding position. The Trustees have taken advice on the matter and (in light of the objectives noted previously) considered the implications of adopting different levels of risk.

- The Trustees recognise the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustees aim to ensure the asset allocation strategy in place results in an adequately diversified portfolio. Due to the size of the Plan's assets and recognising the need to diversify, investment exposure is obtained via pooled vehicles.

- The documents governing the managers' appointment include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan.

- The Trustees recognise that, where appropriate, the use of active management involves a risk that the assets do not achieve the expected return. However, they believe this risk is outweighed by the potential gains from successful active management, in particular in regions or asset classes where this potential is greater than others. Therefore, the Plan's assets are managed through a mixture of active and passive management which may be adjusted from time to time.

- The safe custody of the Plan's assets is delegated to professional custodians via the use of pooled vehicles.

Should there be a material change in the Plan's circumstances, the Trustees will review whether the current risk profile remains appropriate.

Investment Strategy Benchmark

The Trustees will agree to a strategic asset allocation benchmark that meets the Plan's objectives and this will be set out in the Appendix, as this may vary along with the Plan's objective.

The Trustees believe that the investment risk arising from the investment strategy is consistent with the overall agreed level of risk.

The Trustees will monitor the Plan's actual asset allocation at least quarterly and will decide how to proceed. This may involve redirecting cash flows, a switch of assets, or taking no action. The Trustees will take into account advice from the investment consultant prior to making any decision. Further details on the Plan's investment structure can be found in the Appendix.

Net investments and disinvestments will be made by the Investment Managers according to the Plan's actual asset allocation relative to its strategic asset allocation set out in the Appendix.

Expected Return

The Trustees expect the return on assets to be consistent with the investment objectives and investment strategy outlined above, and broadly in line with the return from the strategic asset allocation benchmark.

The Trustees expect to generate a positive return, over the long term, net of expenses, above a portfolio of long-dated UK Government bonds – which are considered to change in value in a similar way to the Plan's liability value. This return is a "best estimate" of future returns that has been arrived at given the Plan's longer-term asset allocation and in the light of advice from the investment consultant.

The Trustees recognise that over the short-term performance may deviate significantly from this long-term expectation. This "best estimate" will also generally be higher than the estimate used for the actuarial valuation of the Plan's liabilities. For this purpose, a more prudent estimate of returns will generally be used, as agreed by the Trustees on the basis of advice from the Scheme Actuary.

Investment Mandate

The Trustees have selected Canaccord Genuity Wealth Management (CGWM) to manage the assets of the Plan. The Investment Managers are regulated under the Financial Services and Markets Act 2000. Details of the Plan's investment manager mandates are set out in the Appendix.

Corporate Governance

The Trustees wish to encourage best practice in terms of activism. The Trustees accept that by using pooled investment vehicles the day-to-day application of voting rights will be carried out by the underlying investment management companies that the Plan is invested in. Consequently, the Trustees expect the Plan's Investment Managers to adopt a voting policy that is in accordance with industry best practice.

Socially Responsible Investment ("SRI")

The Trustees believe their main duty, reflected in their investment objectives, is to protect the financial interests of the Plan's members. The Trustees believe that SRI issues are secondary to this.

In addition, the Trustees have elected to invest in pooled funds and cannot, therefore, directly influence the social, environmental and ethical policies in which such pooled funds invest.

The Trustees have noted the extent to which social, environmental and ethical issues are taken into account by their appointed investment managers in exercising their corporate governance policy.

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Environmental, Social and Governance ("ESG") Considerations

The Trustees believe that their main duty, reflected in their investment objectives, is to protect the financial interests of the Scheme's members. The Trustees believe that ESG considerations are an integral part of this duty.

The Trustees have elected to invest mainly in pooled funds and cannot, therefore, directly influence the ESG policies, including the day-to-day application of voting rights, of the funds in which they invest. However, the Trustees believe that the effective integration of ESG policies, by investment managers into their funds' investment philosophies and processes, can contribute to the generation of good investment returns. The Trustees believe that the effective integration of ESG policies typically involves taking financially material considerations, including but not limited to ESG considerations (including climate change), into account when selecting investee companies.

Consequently, the Trustees expect the Scheme's Investment Managers to have effective ESG policies (including the application of voting rights) in place and look to discuss the investment managers' ESG policies with them when the managers attend Trustee meetings.

Where the pooled funds are managed on a passive basis, decisions regarding the selection, retention and realisation of investments are only made in order to ensure the efficient tracking of indices, and ESG considerations are not taken into account.

Employer-Related Investments

The Trustees' policy is not to hold any direct employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005.

Additional Engagement and Non-financial matters

Given the size of the Fund, the Trustees believe that the most appropriate and effective management of the Fund, to meet its long-term objectives, is with pooled investment vehicles. As stated, it is accepted that these vehicles will remove the ability to actively engage with any underlying company that the Fund is invested in via a pooled investment vehicle or being able to engage with other stakeholders in that company. However, this also avoids the management of actual, or potential, conflicts of interest associated with the Fund's investments.

It should be noted that non-financial matters, including members' views, are not taken into consideration when selecting, retaining and realising any of the Fund's investments.

Fee Structures and Arrangements with Investment Managers

The Investment Managers are paid a management fee, based on assets under management. This way their fee is aligned with the long-term growth objectives of the Plan and incentivises positive returns from the assets invested. It is believed that pooled funds are more long-term strategies and are, therefore, also in keeping with this objective. It is noted that the decision to invest in pooled funds removes the potential for any direct engagement with the businesses invested in, however the Trustees have an expectation that pooled investment vehicles actively engage with their underlying investments in accordance with industry best practice.

The Trustees evaluate the performance of the Fund formally each quarter and compare the performance of the Fund to the stated expected return objective. Whilst the Investment Managers report on investment performance each quarter, the Trustees deem that this is too short an investment period and therefore the Fund should be reviewed on an ongoing 1,3, and 5 year history, comparing performance to the long-term expected return that is set by the Trustees in conjunction with the Scheme Actuary. This is in keeping with the long-term strategy for the Plan.

By use of a fee aligned to the assets under management only, and with the use of pooled investment vehicles, there are only negligible transactions costs which, under the current mandate do not require monitoring. However, current regulations do require that the Investment Managers report this information annually for the Trustee to review as appropriate which will ensure that the Trustees are able to review these costs should the fee structure and/or investment strategy change.

The Investment Consultant is paid on a fixed fee basis for providing 'core services'. The Trustees can also request that the Investment Consultant undertake 'out-of-scope' projects, which may be undertaken on a fixed fee or time-cost basis - as agreed between the Trustees and the Investment Consultant.

Review of this Statement

The Trustees will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believe to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

Trustee

Date

On behalf of The Superior Pension Fund

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Appendix 1 – Investment Portfolio, as at 30th June 2023 set out below:-

The Trustees have appointed the Investment Managers to manage the assets of the Plan. The Investment Managers are regulated under the Financial Services and Markets Act 2000. Their mandates are set out below along with the current allocation to growth and matching assets of the combined pension assets:

Asset Class	Investment Manager	Fund Name	Recommended Allocation %	Current Strategic Allocation %
Matching Assets			**60%**	**67.18%**
Fixed Income / Cash Assets	CGWM	Superior Pension Fund		62.32%
	Deficit Funding	Superior Pension Fund		4.86%
Growth Assets			**40%**	**32.82%**
Growth Assets	CGWM	Superior Pension Fund		32.82%
Total			**100.0**	**100%**

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Appendix 2 – Investment Strategy Benchmark, as at 1st 30th June 2023

To provide a guide to the potential investment returns based on the current investment objectives, the Trustees have agreed to the following benchmark detailed in the table below.

Asset Class	Strategic Asset Allocation (%)
iBoxx £ corporate 1-15 years TR	17.5
FT actuaries gilts all stocks	17.5
Bloomberg Barclays Global Aggregate TR	17.5
FTSE world ex-UK TR	17.5
FTSE all share	17.5
Morningstar Diversified Alternatives GBP Hedged	10
ICE LIBOR GBP 1 Week	2.5
Total Assets	100.0