STATEMENT OF
INVESTMENT PRINICPLES

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CONTINU-FORMS HOLDINGS PLC LIFE ASSURACE & PENSION SCHEME STATEMENT OF INVESTMENT PRINCIPLES (SoIP)

Introduction

This Statement of Investment Principles (SIP) has been prepared by the Trustees of the Continu-forms Holdings plc Life Assurance & Pension Scheme ("the Scheme") to comply with the requirements of the Pensions Act 1995, as amended, and the Occupational Pension Schemes (Investment) Regulations 2005.

Effective Date

This SIP is effective from October 2020.

1. Strategy

Funding Objective – the overarching funding objective of the Trustees is to hold sufficient assets to be able to pay benefits as they fall due.

Investment objectives - the Trustees investment strategy requires a balance to be achieved between:

a) Maximising the return from the assets;

b) Managing cashflow requirements;

c) Managing exposure to risk

The Trustees will take into account the funding position of the Scheme, the technical provisions (liabilities) and the strength of the employer covenant. The Scheme's liabilities are considered on several different bases. The Trustees' main focus is on the self-sufficiency basis. The Trustees' strategic objectives are:

- To target, over the long term, a return on the investments which is greater than the rate assumed by the Scheme Actuary. The investment strategy agreed by the Trustees is targeted to deliver an expected return in accordance with the Scheme Actuary's maximum prudent returns for Diversified Growth Fund assets of 4.5% p.a. and Corporate Bonds of 2.3% p.a., reflecting the membership of the scheme.
- To invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided. In seeking to achieve the objectives above, the Trustees are looking to reduce the chance that contributions will have to be increased and to employ an investment strategy that is low risk and has a high probability of paying member benefits.
- To achieve and maintain a 100% funding level of the Scheme Specific Funding basis.

Risks

The Scheme is exposed to a number of different risks. These include risks relating to:

- Funding - the risk that there are insufficient assets to cover 100% of the accrued liabilities

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- Interest rate - the risk that the market value of a financial instrument will fluctuate or that the future cash flows from that instrument will change because of changes in market interest rates
- Inflation - the risk that the market value of an investment will fluctuate or that the future cash flows from that instrument will change because of changes in realised or expected inflation
- Mismatching - a difference in the sensitivity of asset and liability values to financial and demographic factors
- Longevity - related to the increasing life expectancy of pensioners and those entitled to benefits.
- This can result in longer-term pension payment streams and higher than expected payout
- Cash flows - a shortfall of liquid assets to pay benefits
- Credit - the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet a contractual obligation
- Currency - the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates
- Leverage Risk - the risk that the level of leverage may rise to an unmanageable or unsustainable level
- Political and regulatory - this is the risk of an adverse influence on investment values arising from political intervention
- Investment managers - a failure to meet target returns
- Diversification - inadequate spread of investments
- Covenant - the Scheme is exposed to the strength of the sponsoring covenant of each employer
- Operational risk - fraud, poor advice or negligence

The Trustees reduce these risks by careful structuring of their funding and investment management arrangements and by contracts with the fund managers. The Trustees' policy is to monitor, where possible, the majority of these risks quarterly. The Trustees receive quarterly reports showing information on funding, cashflows and investment managers (including performance at the manager and Scheme level). Mismatching is reviewed as part of the triennial actuarial valuation process. Operational risk is reduced as far as possible by due diligence on the appointment and review of managers and advisers, and by contracts of engagement.

INVESTMENT STRATEGY

The Scheme investment strategy is currently comprised of two discretionary investment portfolios.

The investment of these assets is in broad correlation with the Scheme Actuaries' determination of the attributes of a Diversified Growth Approach, whilst allowing the investment managers the

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discretion to make strategic and tactical freedom to adapt their portfolios within their own tolerances, to reflect changing investment market conditions.

Reflecting the maturing position of the scheme as more members reach retirement the Trustees have instigated a Liability Driven Investment (LDI) strategy to support and better reflect the rising liabilities attributed to the retired member population.

As the scheme membership matures, so the trustees and their investment advisers will review and rebalance the allocation of investment between the active and LDI driven strategies in order to reflect the nature of the scheme.

It is anticipated that by investing in a strategy corelates more closely with the valuation of such liabilities, the scheme trustees will enable the trustees to achieve a better matching of such cashflow liability at a reducing risk, whilst still benefiting from the potential outperformance afforded by the diversified growth approaches.

CHOOSING INBESTMENTS

In general individual investment managers have discretion in the timing of the purchase and sale of

investments and in considerations relating to the liquidity of those investments. Additional realisations may be required to ensure that the Scheme's benefit outgo and other expenditure can be made. Investment managers will use the criteria set out in the Occupational Pension Schemes (Investment) Regulations 2005, when selecting investments on behalf of the Scheme.

A “discretionary fund management” approach has been chosen for the Scheme assets. It is deemed that This environment enables funds to be managed in a way that ensures immediate action can be taken in response to developing economic situations.

General

Direct investments, as defined by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. Assets held by the Trustees, e.g. collective investment arrangements, pooled funds and policies of assurance will be regularly reviewed to ensure that they continue to be appropriate, and written advice will be obtained from investment advisers and investment managers. This includes the investment vehicles provided for Additional Voluntary Contributions (AVCs). The Trustees will use the factors set out in the Occupational Pension Schemes (Investment) Regulations 2005 when selecting direct investments.

Socially Responsible Investment and Corporate Governance

In setting the Scheme’s investment strategy, the Trustees' primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustees believe that in order to fulfil this commitment and to protect and enhance the value of the Scheme’s investments, it must act as a responsible steward of the assets in which the Scheme invests.

Environmental, Social, and Governance considerations

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The Trustees further acknowledge that an understanding of financially material considerations including environmental, social and corporate governance ("ESG") factors (such as climate change) and risks related to these factors can contribute to the identification of investment opportunities and financially material risks. As part of their delegated responsibilities, the Trustees expect the Scheme's investment managers to take into account corporate governance, social, and environmental considerations (including long term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments. Any decision should not apply personal ethical or moral judgments to these issues but should consider the sustainability of business models that are influenced by them.

The portfolio managed by Bowmore is of a "generalist" nature; the investment managers are seeking to achieve an efficient return with limited volatility commensurate with risk and will select funds to meet these objectives.

The portfolio managed by ASC has been structured, at the trustees' request, to specifically exclude investment in oil and gas companies. This portfolio invests in a number of conventional and alternative investments with high ESG ratings, reflecting the approach of ASC and their parent company Aberdeen Standard Investments being a signatory of the international Principles for Responsible Investment and has been awarded the top **A+** rating for strategy and governance approach in their 2019 assessment.

The Trustees are taking the following steps to monitor and assess ESG related risks and opportunities:

- The Trustees will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Scheme's assets and liabilities.
- Regarding the risk that ESG factors including climate change negatively impact the value of investments held if not understood and evaluated properly; the Trustees considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.
- Whilst the portfolio operated by Bowmore is a "general" portfolio, whereby the managers are tasked with managing investments in accordance with a general "balanced" investment mandate

Stewardship - Voting and Engagement

The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustees recognise that ultimately this protects the financial interests of the Scheme and its beneficiaries. The Trustees expect the Scheme's investment managers to use their influence as major institutional investors to carry out the Director's rights and duties as a shareholder including voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability, and positive change. The Trustees regularly review the continuing suitability of the appointed managers and takes advice from their investment adviser with regard to any changes. The Trustees will engage with their investment managers where necessary for more information.

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Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy, the Trustees do not explicitly take into account the views of members and beneficiaries, in relation to ethical views, social and environmental impact matters and present and future quality of life matters (defined as "non-financial factors").

Governance

The Trustees are responsible for the investment of the Scheme's assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustees have taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustees have delegated all day-to-day decisions about the investments that fall within each mandate to the relevant fund manager through a written contract.

Custody & Accounting

All assets invested by the investment manages are held under custodian arrangements with third parties.

The custodians provide safekeeping for the Scheme's assets. They performs the administrative duties attached to segregated assets, such as the collection of interest and dividends and dealing with corporate actions. Depending on the implementation route agreed for any LDI mandate, custodial services may be arranged separately by the appointed manager.

The custodians provide quarterly confirmation of asset holdings direct to the trustees, independently of the investment managers.

B

Bowmore Financial Planning Limited ("BFP") and First Actuarial LLP have been appointed as Investment Advisers. They have the relevant knowledge and experience required under the Pensions Act 1995. BFP fees for general services are paid for under an agreed ad valorem fee which includes all services needed on a regular basis. BFP is paid on a variable fee basis for all the work they undertake for the Scheme outside of the annual fee, although fixed fees may be negotiated by the Trustees for certain projects. Separate fee structures apply to the investment advisory services provided by First Actuarial. All fees, other than the ad valorem based fees are met by the sponsoring employer.

Review of SIP

The Trustees will monitor compliance with this SIP on a regular basis. Following the aforementioned implementation of the Scheme's agreed investment strategy, the SIP can be updated and finalised. The fund managers will notify the Trustees promptly of any breach of their investment management responsibilities as set out in their Investment Management Agreement and in this SIP. This SIP will be reviewed at least every three years or immediately following a change of investment policy. The Trustees will take investment advice and consult with the sponsoring employer over any changes to the SIP.

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Appendix A – Investment Manager Monitoring and Engagement

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	• The Trustees receive quarterly performance reports which detail the underlying investment performance, strategy and overall risks, of the discretionary portfolios which are considered at the relevant Trustee meeting. • The Trustees also have daily access to investment portfolio valuations. • The Scheme's investment managers are invited, in person, to present to the Trustees on their performance, strategy and risk exposures should this be deemed necessary.	• There are significant changes made to the investment strategy. • The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustee's expectations. • Underperformance vs the performance objective over the period that this objective applies or vs peer portfolios.
ESG factors and the exercising of rights	The Trustee receives information from their investment advisers on the investment managers' approaches to engagement.	• The manager has not acted in accordance with their policies and frameworks. • The manager's policies are not in line with the Trustee's policies in this area.

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Appendix B - Risks, Financially Material Considerations and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming	• Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. • Investing in a diversified portfolio of assets. • Funding risk is considered as part of the investment strategy review and the actuarial valuation. • The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time. • When developing the Scheme's investment and funding objectives, the Trustee takes account of the strength of the covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows	
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	

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The Scheme is exposed to a number of underlying risks relating to the Scheme's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	LDI strategy in place to gradually reduce and mitigate these risks.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets sothat there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
Credit	Default on payments due as part of a financial security contract.	To appoint investment managers who actively manage this riskby seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy/ Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors

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		4. ESG specific reporting UN PRI Signatory 1. The Trustee monitors the mangers on an ongoing basis.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Appendix C

The Trustees have the following policies in relation to the investment management arrangements for the Scheme:

How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.	As the Scheme is invested in pooled funds, there is no scope for these funds to tailor their strategy and decisions in line with the Trustee's policies. However, the Trustee invests in a portfolio of pooled funds that are aligned to the strategic objective.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements. The Trustees do not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.	The Trustees review the performance of all of the Scheme's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. The Trustees evaluate performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years. Investment manager fees are reviewed annually to make sure the correct amounts

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	have been charged and that they remain competitive.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	The Trustees do not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
The duration of the Scheme's arrangements with the investment managers	The duration of the arrangements is considered in the context of the type of fund the Scheme invests in. For open ended funds, the duration is flexible and the Trustees will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.

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