

# **Roll Group Pension Scheme**

## **Statement of Investment Principles**

June 2025

# Preface

## **Scheme background**

This Statement of Investment Principles (the 'SIP') details the principles governing investment decisions for the Roll Group Pension Scheme (the 'Scheme').

The Scheme operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries, and provides benefits calculated on a defined benefit (DB) basis. The Scheme is closed to new entrants and to future accrual.

## **Regulatory requirements and considerations**

Under the Pensions Act 1995 (the 'Act') and subsequent legislation, principally the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) (the 'Investment Regulations'), the Trustee must ensure that a written statement of the principles governing investment decisions is prepared and maintained for the Scheme.

This SIP also reflects The Pensions Regulator's general code of practice, in respect of the DB assets and any additional voluntary contribution (AVC) arrangements.

The Trustee is responsible for all aspects of the operation of the Scheme including this SIP.

In agreeing its investment strategy, the Trustee has had regard to:

- The requirements of the Act concerning suitability and diversification of investments and the Trustee will consider those requirements on any review of this SIP or any change in the investment policy.
- The requirement of the Investment Regulations: in particular that assets held to cover the Scheme's Self-Sufficiency liabilities must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.

## **Responsibilities and appointments**

Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Scheme. The Trustee draws on the expertise of external persons and organisations including the investment consultant, investment managers and the Scheme Actuary. Full details are set out in this SIP.

## **Consultation**

In accordance with the Act, the Trustee has obtained and considered written advice from Gallagher (Administration & Investment) Limited (the investment consultant) prior to the preparation (or revision) of this SIP and have consulted Roll Group ('the Sponsoring Employer'). However, it should be noted that neither the Trustee (nor any investment manager to whom they have delegated any discretion to make decisions about investments) shall require the consent of the Sponsoring Employer to exercise any investment power.

## **History and review**

The Trustee will review this SIP at least every three years and without delay after each significant change in investment policy, taking note of any changes in the Scheme's

liabilities. Once agreed, and after consultation with the Sponsoring Employer, a copy of this SIP will be given to the Scheme Actuary and will be made available to Scheme members on request and published on a publicly available website the details of which are given in the **Compliance** section of this document, which can be found on page 11.

Previous versions of this SIP are dated:

DB and DC SIP dated July 2023

DB and DC SIP dated June 2022

DB and DC SIP dated November 2020

DB and DC SIP dated September 2020

DB and DC SIP dated September 2019

DB Only SIP dated June 2018

DC Only SIP dated September 2016

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# Statement of Investment Principles

## **Investment governance structure**

All investment decisions are taken by the Trustee. The Trustee believes that collective responsibility is the appropriate structure, except for specific projects when an investment sub-committee may be set up. The Trustee will undertake training where appropriate to ensure that it has the necessary expertise to take the decisions required and to evaluate critically the advice received.

All investment decisions relating to the Scheme are under the control of the Trustee Board without constraint by the Sponsoring Employer. The Trustee will consult with the Sponsoring Employer when changing this SIP.

All day-to-day investment decisions are delegated to appropriately qualified and authorised investment managers of pension scheme portfolios. Investment management agreements and/or insurance contracts have been exchanged with the investment managers and/or the investment platform provider. These agreements are reviewed from time-to-time to ensure that the manner in which they make investments on behalf of the Trustee Board is suitable for the Scheme, and appropriately diversified.

## **Investment strategy and objectives**

The Scheme's investment strategy has been agreed by the Trustee having taken advice from the investment consultant in relation to the suitability of investments and the need to diversify and takes due account of the Scheme's liability profile along with the level of disclosed surplus or deficit.

The agreed investment strategy is based on an analysis of the Scheme's liability profile, the required investment return and the returns expected from the various asset classes over the long-term. Long-term returns from growth seeking assets, like equities, are expected to exceed the returns from bonds and cash, although returns and capital values may demonstrate higher volatility. The Trustee is prepared to accept this higher volatility in order to aim to achieve the overall investment objectives.

The Trustee's primary objectives are:

- To provide appropriate security for all beneficiaries.
- To achieve long-term growth sufficient to provide the benefits from the Scheme.
- To achieve an appropriate balance between risk and return with regards to the cost of the Scheme and the security of the benefits.

The Trustee has translated their objectives into a suitable strategic asset allocation benchmark for the Scheme, details of which are included in the Scheme's Summary of Investment Arrangements document found separately to this SIP.

In accordance with the Financial Services & Markets Act 2000, the Trustee is responsible for setting the general investment policy, but the responsibility for all day-to-day investment management decisions has been delegated to investment managers authorised under the Act. Details are included in the Scheme's Summary of Investment Arrangements document.

The Trustee is responsible for reviewing both the Scheme's asset allocation and investment strategy as part of each actuarial valuation in consultation with the Scheme's investment consultant. The Trustee may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.

The Trustee considers the Scheme's current strategic asset allocation to be consistent with the current financial position of the Scheme.

#### **The Trustee's policy in relation to the kinds of investments to be held**

The Trustee has full regard to their investment powers as set out in Rule 5 of the Trust Deed and Rules dated 10 January 2001.

The Scheme may invest in quoted and unquoted securities of UK and overseas markets including:

- Equities.
- Fixed interest and index-linked bonds and/or debt instruments.
- Cash.
- Property.
- Private equity.
- Hedge funds and pooled investment vehicles considered appropriate for tax-exempt registered occupational pension schemes.

The Trustee has considered the attributes of the various asset classes (including derivative instruments), these attributes being:

- Security (or quality) of the investment.
- Yield (expected long-term return).
- Spread (or volatility) of returns.
- Term (or duration) of the investment.
- Exchange rate risk.
- Marketability/liquidity (i.e. the tradability on regulated markets).
- Taxation.

The Trustee considers all of the stated classes of investment to be suitable to the circumstances of the Scheme. The Scheme invests (mostly) in pooled funds, other collective investment vehicles and cash. The Trustee has made the decision to invest the majority of assets in pooled funds because:

- The Scheme is not large enough to justify direct investment on a cost-effective basis.
- Pooled funds allow the Trustee to invest in a wider range of assets, which serves to reduce risk.
- Pooled funds provide a more liquid form of investment than certain types of direct investment.

#### **The Trustee's policy in relation to the balance between different kinds of investments**

The appointed investment managers will hold a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each major market, where relevant, each manager will maintain a diversified portfolio of securities. Full details are set out in the Scheme's Summary of Investment Arrangements.

**The Trustee's policy in relation to the expected return on investments**

The investment strategy is believed to be capable of exceeding, in the long run, the overall required rate of return assumed in the Scheme Actuary's most recent published actuarial valuation report in order to reach / maintain a fully funded status under the agreed assumptions.

**The Trustee's policy in relation to the realisation of investments**

In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustee requires the investment managers to be able to realise the Scheme's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required and subject to the best interests of the Scheme. The majority of the assets are not expected to take an undue time to liquidate.

**The Trustee's policy in relation to financially material considerations**

The Trustee expects their investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.

The Trustee has reviewed the investment managers' policies in respect of financially material considerations and are satisfied that it is consistent with the above approach.

**The Trustee's policy in relation to the extent to which non-financial matters are taken into account**

The Trustee's objective is that the financial interests of the Scheme members is their first priority when choosing investments. They have decided not to take members' preferences into account when considering these objectives.

**Risk capacity and risk appetite**

The Trustee, after seeking appropriate investment advice, has selected a strategic asset allocation benchmark for the Scheme including control ranges for each asset class (see the Scheme's Summary of Investment Arrangements document).

Subject to their respective benchmarks and guidelines (shown in the Scheme's Summary of Investment Arrangements document) the investment managers are given the appropriate discretion consistent with the guidelines of their mandate.

The Trustee is satisfied that the investments selected are consistent with the investment objectives, particularly in relation to diversification, risk, expected return and liquidity.

Given the size and nature of the Scheme, the Trustee has decided to invest the majority of the Scheme's assets on a pooled fund basis. All such investments are affected through direct agreements or through an insurance contract with either the investment managers or the investment platform provider.

The Trustee is satisfied that the range of vehicles in which the Scheme's assets are invested provides adequate diversification.

**The Trustee's policy in relation to risks**

The Trustee considers the main risk to be that of the assets being insufficient to meet the Scheme's liabilities as they fall due. The Trustee has assessed the likelihood of undesirable financial outcomes arising in the future.

Investment policies are set with the aim of having sufficient and appropriate assets to cover the Scheme's Self-Sufficiency liabilities, and with the need to avoid undue contribution rate volatility.

In determining the investment strategy, the Trustee received advice from the investment consultant as to the likely range of funding levels for strategies with differing levels of investment risk relative to the Scheme's liability profile. Taking this into account, along with the expected returns underlying the most recent actuarial valuation, the strategy outlined in the Scheme's Summary of Investment Arrangements document has been adopted.

Although the Trustee acknowledges that the main risk is that the Scheme will have insufficient assets to meet its liabilities, the Trustee recognises other contributory risks, including the following. Namely the risk:

- Associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- Of the Scheme having insufficient liquid assets to meet its immediate liabilities.
- Of the investment managers failing to achieve the required rate of return.
- Due to the lack of diversification of investments.
- Of failure of the Scheme's Sponsoring Employer to meet its obligations.

The Trustee manages and measures these risks on a regular basis via actuarial and investment reviews, and in the setting of investment objectives and strategy.

The Trustee undertakes monitoring of the investment managers' performance against their targets and objectives on a regular basis.

Each fund in which the Trustee invests has a stated performance objective by which investment performance will be measured. These are shown in the Scheme's Summary of Investment Arrangements document. Within each asset class, the investment managers are expected to maintain a portfolio of securities (or funds), which ensures that the risk being accepted in each market is broadly diversified.

The divergence of the actual distribution of the investments from the benchmark weighting will be monitored by the Scheme's investment consultant's governance reporting. Any deviation from the target asset allocation will be discussed periodically with the investment consultant.

### **Stewardship in relation to the Scheme's assets**

The Trustee has a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

The Trustee seeks to appoint managers that have strong stewardship policies and processes and are supportive of the investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.



**Investment management monitoring**

In addition to the stewardship activities described in this SIP, the Trustee will assess the performance, processes and cost effectiveness of the investment managers by means of regular, but not less than annual, reviews of the results and other information, in consultation with the investment consultant.

All investment decisions, and the overall performance of the investment managers, are monitored by the Trustee with the assistance of the investment consultant.

The investment managers will provide the Trustee with quarterly statements of the assets held along with a quarterly report on the results of the past investment policy and the intended future policy, and any changes to the investment processes applied to their portfolios. The investment managers will also report orally on request to the Trustee.

The investment managers will inform the Trustee of any changes in the internal performance objective and guidelines of any pooled funds used by the Scheme as and when they occur.

The Trustee will assess the quality of the performance and processes of the investment managers by means of a review at least once every three years in consultation with the investment consultant.

The Trustee receives an independent investment performance monitoring report from the investment consultant on a quarterly basis.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of the investment managers.

**The Trustee's policy in relation to engagement and monitoring**

The Trustee's policy is to delegate responsibility for engaging and monitoring investee companies to the investment managers and they expect the investment managers to use their discretion to maximise financial returns for members and others over the long term.

The Trustee acknowledges that the concept of stewardship may be less applicable to some of their assets, particularly for short-term money market instruments, gilt and liability-driven investments.

The Trustee recognises that each investment manager's ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustee reviews each investment manager prior to appointment and monitors them on an ongoing basis by reviewing ESG ratings for each manager provided by the Scheme's investment consultant and annually reviewing the managers' voting and engagement activity.

The Trustee believes that monitoring and engaging on these stewardship priorities will result in better long-term returns for the Scheme and better outcomes for Scheme members.

The Trustee will engage with an investment manager should they consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the investment manager's own policies, or if the investment manager's policies diverge significantly from the views of the Trustee.

**The Trustee's policy in relation to peer to peer engagement**

As all of the investments are held in pooled vehicles, the Trustee does not envisage being directly involved with peer to peer engagement in investee companies.

**The Trustee's policy in relation to voting rights**

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attached to investments to the investment managers and to encourage the managers to exercise those rights. The Trustee has not set out their own voting policy but follow that of the investment managers. The investment managers are expected to provide regular reports detailing their voting activity.

**The Trustee's policy in relation to their investment managers**

In detailing below the policies on the investment manager arrangements, the over-riding approach of the Trustee is to select investment managers that meet the primary objectives of the Trustee. As part of the selection process and the ongoing review of the investment managers, the Trustee considers how well each investment manager meets the Trustee's policies and provides value for money over a suitable timeframe.

**How the arrangement incentivises the investment managers to align their investment strategy and decisions with the Trustee's policies**

The Trustee has delegated the day to day management of the majority of the Scheme's assets to investment managers, with the remainder accessed through an investment platform arrangement. The majority of the Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, agreed with the investment manager, for their services. An additional fee is also payable to the investment platform provider. The Trustee believes that as both the investment managers and the platform provider receive fees this incentivises them to adhere to their stated policies and objectives, as this income would be withdrawn by disinvesting from the relevant fund should the Trustee decide they have not acted in line with these policies and objectives.

**How the arrangement incentivises the investment manager to engage and take into account financial and non-financial matters over the medium to long-term**

The Trustee, in conjunction with its investment consultant, selects investment managers and chooses the specific pooled funds to use in order to meet specific Scheme policies. The Trustee expects that their investment managers make decisions based on assessments about the financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustee has decided not to take non-financial matters into account when considering policy objectives.

**How the method (and time horizon) of the evaluation of the investment managers' performance and the remuneration for asset management services are in line with the Trustee's investment policies**

The Trustee expects their investment managers to invest the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their documentation. The Trustee reviews the investment managers and the investment platform provider periodically. Investment manager reviews incorporate benchmarking of performance and fees. Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g. looking at five years of performance.

If the Trustee determines that an investment manager (or the investment platform provider) is no longer managing the assets in line with the Trustee's policies, the Trustee will make their concerns known to the investment manager (or platform provider) and may ultimately disinvest.

The Trustee pays their investment managers a management fee, which is a fixed percentage of assets under management. A separate fee is also payable to the platform provider which is also a fixed percentage of assets.

Prior to agreeing a fee structure, the Trustee, in conjunction with its investment consultant, consider the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment manager and the investment platform provider.

### **How the Trustee monitors portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range**

The Trustee, in conjunction with their investment consultant, has processes in place to review investment turnover costs incurred by the Scheme on an annual basis. The Trustee receives a report which includes the turnover costs incurred by the investment managers used by the Scheme.

The Trustee expects turnover costs of the investment managers to be in line with their peers, taking into account the style adopted by the investment manager, the asset class invested in and prevailing market conditions.

The Trustee does not explicitly monitor turnover, set target turnover or turnover ranges. The Trustee believes that the investment managers should follow their stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

### **The duration of arrangements with investment managers**

The Trustee does not in general enter into fixed long-term agreements with investment managers or investment platform providers and instead retains the ability to change investment manager (or investment platform provider) should the performance and processes of the investment manager deviate from the Trustee's policies. However, the Trustee expects manager appointments to have a relatively long duration, subject to the manager adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

### **Employer-related investments**

The Trustee will not make direct investments in the Sponsoring Employer's own securities. The amount of the Sponsoring Employer's securities, owned by pooled investment vehicles invested in, is monitored. The Trustee has delegated the responsibility for the exercising of any voting rights attached to any Sponsoring Employer investment held to the investment managers.

**Additional voluntary contributions (AVCs)**

The Trustee has full discretion as to the appropriate investment vehicles made available to members of the Scheme for their voluntary contributions. Only investment vehicles normally considered suitable for voluntary contributions will be considered by the Trustee, having taken appropriate written advice from properly qualified and authorised financial advisers.

The members' AVCs are invested via Mobius Life Platform. More details on the investment options are available to members upon request.

In selecting this range of funds offered the Trustee has taken advice from its professional advisers on:

- The risks faced by members in investing on a money purchase basis.
- The Trustee's responsibilities in the selection and monitoring of the investment options offered.
- The Trustee will continue to manage the AVC arrangements having taken professional advice on these matters.
- The Trustee will monitor the performance of AVC providers periodically.
- Members are directed to seek independent financial advice when considering their AVC arrangements.

# Appointments and responsibilities

This section sets out the key appointments and responsibilities with respect to the investment aspects of the Scheme. Please note, a full list of the Scheme advisers is provided at the front of the Scheme's annual Report and Accounts. However, at the time of writing this SIP the

- **The Investment Consultant** is Gallagher (Administration & Investment) Limited.
- **The Investment Platform Provider is Mobius Life Limited.**
- The **Investment Managers** are detailed in the Scheme's Summary of Investment Arrangements document.
- The **Custodians** are appointed by the pooled fund managers and therefore are not detailed in this SIP.
- The **Scheme Actuary** is James Forrest, Gallagher (Administration & Investment) Limited.

## Trustee

The Trustee's primary responsibilities include:

- The preparation of this SIP, reviewing its contents and modifying it if deemed appropriate, in consultation with the Sponsoring Employer and the investment consultant, at least every three years. The SIP will also be reviewed following a significant change to investment strategy and/or the investment managers.
- Appointing investment consultants and investment managers as necessary for the good stewardship of the Scheme's assets.
- Setting objectives for the appointed investment consultant (and reviewing these at least every three years, and following any significant change to investment strategy), and reviewing the investment consultant's performance against these objectives at least annually.
- Reviewing the Scheme's investment strategy as part of each triennial actuarial valuation, and/or asset liability modelling exercise, and/or significant changes to the Scheme's liabilities, taking advice from the investment consultant.
- Reviewing the stewardship / voting policies of the investment managers and undertaking the ongoing monitoring and engagement with their investment managers as appropriate.
- Assessing the processes (and therefore the performance) of the investment managers by means of regular, but not less than annual, reviews of information obtained (including investment performance).
- Monitoring compliance of the investment arrangements with this SIP and with the relevant sections of the Act, the Investment Regulations and any regulatory guidance on a regular basis.

## Investment Consultant

The main responsibilities of the investment consultant include:

- Obtaining a copy of the Trustee's investment consultant objectives prior to undertaking work to ensure they understand the Trustee's requirements.
- Assisting the Trustee in the preparation and periodic review of this SIP in consultation with the Sponsoring Employer.

- Undertaking project work including reviews of investment strategy, investment performance and manager structure as required by the Trustee.
- Advising the Trustee on the selection and review of the investment manager(s).
- Providing training or education on any investment related matter as and when the Trustee sees fit.
- Monitoring and advising upon where contributions for the DB section should be invested or disinvested on a periodic basis.

### **Investment platform provider**

The investment platform provider's main responsibilities include:

- Providing access to a range of funds provided by various managers.
- Ensuring that investment of the Scheme's assets is compliant with prevailing legislation.
- Providing the Trustee with quarterly reports including any changes to their investment process.
- Informing the Trustee of any changes in the fee structure, internal performance objectives and guidelines of any pooled fund used by the Scheme as and when they occur.

### **Investment managers**

The investment managers' main responsibilities include:

- Investing the assets within their portfolio in a manner that is consistent with the objectives for their investment vehicle.
- Ensuring that the investment of the assets within their portfolio is compliant with prevailing legislation.
- Providing the Trustee with reports and a review of the investment performance of the portfolio.
- Meetings with the Trustee as and when required.
- Informing the Trustee of any changes in the fee structure, internal performance objectives and guidelines of any pooled fund within their portfolio as and when they occur.
- Considering financially material risks affecting investments within their portfolio.
- Exercising voting rights on shareholdings within their portfolio in accordance with their general policy.

### **Administrators**

The administrators' main responsibilities in respect of investment matters include:

- The day to day administration of the Scheme and the submission of specified statutory documentation, as delegated by the Trustee.

### **Scheme Actuary**

The Scheme Actuary's main responsibilities in respect of investment policy include:

- Commenting on the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme.
- Performing the triennial (or more frequently as required) actuarial valuation and advising on the Scheme's funding level and therefore the appropriate level of contributions in order to aid the Trustee in balancing short-term and long-term investment objectives.

# Compliance

The Scheme's SIP is available to members on request and can be found on the following publicly available website:

[www.rollgrouppension.co.uk](http://www.rollgrouppension.co.uk)

A copy of the Scheme's current SIP is also supplied to the Sponsoring Employer, the Scheme's auditors and the Scheme Actuary.

This SIP, taken as a whole with the Scheme's Summary of Investment Arrangements document, supersedes all others and was approved by the Trustee.

**Full name**

Signature

Position

For and on behalf of

Date

**Full name**

Signature

Position

For and on behalf of

Date