Robert L Fleming Ltd Retirement Benefit Scheme ("the Scheme")
Statement of Investment Principles

Investment Objective
The Trustee's primary objectives for setting the investment strategy of the Scheme are set out below: • "funding objective" - to ensure that the Scheme has sufficient assets available to pay members' benefits as and when they arise using assumptions underlying the calculation of the Scheme's Technical Provisions. Where an actuarial valuation reveals a funding deficit, a recovery plan will be put in place which will seek to remove the deficit over a period determined with reference to the financial covenant of the employer; • "security objective" - to ensure that the solvency position of the Scheme (as assessed on a gilt basis) is expected to improve. The Trustee will take into account the strength of the Company's covenant when determining the required expected improvement in the solvency position of the Scheme; and • "stability objective" - to have due regard to the Company's ability in meeting its contribution payments given their size and incidence, and to have due regard to the volatility of measures of funding and security. The investment strategy chosen by the Trustee aims to maximise the likelihood of achieving these objectives. The Trustee recognises that these objectives may conflict. For example, a greater allocation to more defensive assets may give greater security, but may result in a level of contributions which the employer may find too difficult to support. The Trustee also recognises that in resolving this conflict, it is necessary to accept some risk.

The remainder of this statement sets out how the Trustee aims to meet the objective above. In doing so the statement considers the Trustee's policy on:

- Strategy
- Risk Measurement and Management
- Implementation
- Governance

STRATEGY

The investment strategy is determined with regard to the actuarial characteristics of the Scheme, in particular the strength of the funding position, the liability and cashflow profile and the employer's covenant. The Trustee's policy is to assume that "return seeking assets", such as equities, will outperform the liabilities over the long term and assumes that active fund management can be expected to add value. However, the Trustee recognises the potential volatility in returns from return seeking assets, particularly relative to the Scheme's liabilities, and the risk that the fund managers do not achieve the targets set. When choosing the asset allocation strategy the Trustee considers written advice from their investment advisers and, in doing so, addresses the following:

- The need to consider a full range of asset classes.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.
- The ability of the Scheme sponsor to make up any deficit if required.

The asset allocation strategy chosen to meet the Investment Objective of the Scheme is set out in the table below.

Asset class	Allocation %
UK Corporate Bonds	50.0
UK Gilts	50.0
Total	**100**

The Trustee will review the actual asset allocation versus benchmark on a regular basis. To the extent there is divergence from the benchmark the Trustee will discuss with their investment advisers whether rebalancing of the strategy is required.

The Trustee also uses Scheme cashflow to maintain the Scheme's asset allocation within an acceptable deviation from the benchmark allocation.

Assets held to cover the Scheme’s liabilities are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterpart or other derivative operations.

RISK MEASUREMENT AND MANAGEMENT

The Trustee maintains a ‘Statement of Funding Principles’ which specifies that the funding objective is to have sufficient assets so as to make provision for 100% of the Scheme’s liabilities as determined by an actuarial valuation.

The Trustee recognises that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities (“funding risk”). The Trustee has identified a number of risks which have the potential to cause a deterioration in the Scheme’s funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors (“mismatching risk”). The Trustee and their advisers consider this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Scheme’s immediate liabilities (“cash flow risk”). The Trustee and their advisers manage the Scheme’s cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustee (“manager risk”). This risk is considered by the Trustee and their investment advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.

- The failure to spread investment risk (“risk of lack of diversification”) when moving away from a fully cashflow matched position. The Trustee and their advisers consider this risk when setting the Scheme’s investment strategy.
- The possibility of failure of the Scheme’s sponsoring employer (“covenant risk”). The Trustee and their advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence (“operational risk”). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks have been modelled explicitly during the course of such reviews.

The Trustee receives regular reporting from their advisers and fund managers showing:

- Estimated funding level versus the Scheme specific funding objective
- Performance of individual fund managers versus their respective targets

IMPLEMENTATION

The Trustee will select an investment adviser. The investment adviser will operate under an agreement to provide a service which ensures the Trustee is fully briefed to take decisions themselves and to monitor those they delegate. It will be remunerated on a basis which aims to ensure that cost-effective, independent advice is received. From time to time the Trustee may take advice from another investment adviser.

The Trustee has appointed Aon to be their investment adviser. Aon Solutions UK Limited is paid on a fixed fee basis for the majority of work it undertakes for the Scheme. Some one-off projects fall outside the annual fee and fees for these are negotiated separately.

The table below lists the fund managers and investment objective for each asset class in the Scheme's investment portfolio:

Fund	Benchmark	Target
Fidelity UK Long Corporate Bond Fund	Merrill Lynch Eurosterling 10 Year Plus Bond Index	+0.75% per annum over rolling three-year periods
Legal and General Investment Management 2055 Gilt Fund	Single stock Treasury 4.25% 2055 Gilt	Achieve a return in line with the benchmark
Legal and General Investment Management 2068 Gilt Fund	Single stock Treasury 3.5% 2068 Gilt	Achieve a return in line with the benchmark
Schroders Real Estate Fund of Funds Continental European Fund II (Legacy)	Not Applicable	10% per annum over life of fund

The Trustee has both direct investments in pooled funds and investments that have been delegated under a written contract. In setting the Scheme's investment strategy, the Trustee's 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 Trustee considers key risk factors including the risk that environmental, social and governance factors including climate change impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when selecting managers and when monitoring their performance.

Stewardship – Voting and Engagement

The Trustee recognises the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately creates long-term financial value for the scheme and its beneficiaries.

As part of their delegated responsibilities, the Trustee expects the Scheme's investment managers to**:**

- where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee's voting rights in relation to the Scheme's assets.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

The Trustee reviews the stewardship activities of their asset managers on an annual basis, covering both engagement and voting actions. Where the Trustee identifies significant concerns relating to performance, strategy, risks, social and environmental impact, corporate governance, the capital structure or management of conflicts of interest, of a fund manager or other stakeholder; they will consider the methods by which they would monitor and engage with such a fund manager or other stakeholders.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

GOVERNANCE

The Trustee is responsible for the investment of the Scheme's assets. The Trustee takes some decisions themselves and delegates others. When deciding which decisions to take themselves and which to delegate, the Trustee has taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustee has also considered all potential conflicts of interest that may arise under the arrangements in place. This includes conflicts involving the fund managers, the investment adviser and those that arise within the Trustee board. The Trustee has established the following decision making structure:

<table>
<tr><td>Trustee
• Monitor actual returns versus Scheme investment objective.
• Set structures and processes for carrying out their role.
• Select and monitor the investment strategy.
• Select and monitor direct investments (see below).
• Select and monitor investment advisers and fund managers.
• Determine structure for implementing investment strategy.
• Make ongoing decisions relevant to the operational principles of the Scheme's investment strategy.</td></tr>
<tr><td>Investment Adviser
• Advise the Trustee on the investment areas set out above.
• Advise on all aspects of the investment of the Scheme assets, including implementation.
• Advise on this statement.
• Provide required training.
• Report on asset returns against objectives.
• Advise on fee levels for fund managers.</td></tr>
<tr><td>Fund Managers
• Operate within the terms of their written contracts and give regard to this statement.
• Select individual investments with regard to their suitability and diversification.
• Report on asset returns against objectives.</td></tr>
<tr><td>Scheme Actuary
• Perform the triennial (or more frequently as required) valuations and advise on the appropriate contribution levels.
• Comment on the appropriateness of the investment strategy relative to the liabilities of the Scheme at the triennial valuations.
• Inform the Trustee of any changes to contribution levels and funding level.
• Liaise with the Investment Adviser on the suitability of the Scheme's investment strategy on behest of the Trustee.</td></tr>
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Arrangements with Fund Managers

The Trustee recognises that arrangements with their fund managers are important to ensure that interests are aligned. The Trustee seeks to ensure that the fund managers are incentivised to operate in a manner that generates the best long-term results for the Scheme and its beneficiaries.

The Trustee takes advice from the investment adviser who regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the fund managers are aligned with the Trustee's policies, including those on non-financial matters. This includes monitoring the extent to which fund managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee receives regular reports and verbal updates from the investment adviser on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives and assess the fund managers over the long-term.

The Trustee shares the policies, as set out in this SIP, with the Scheme’s asset managers, and request that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.

The Trustee also reviews stewardship information on the monitoring and engagement activities carried out by their fund managers, which supports the Trustee in determining the extent to which the Scheme's engagement policy has been followed throughout the year.

Before appointment of a new fund manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where necessary, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Scheme invests in a collective vehicle, then the Trustee will express their expectations to the asset managers in by other means (such as through a side letter, in writing, or verbally at trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the fund managers by other means (where necessary), and regular monitoring of fund managers’ performance and investment strategy, is in most cases sufficient to incentivise the fund managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where fund managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustees will typically first engage with the manager but could ultimately replace the manager where this is deemed necessary.

There is typically no set duration for arrangements with fund managers, although the continued appointment all for fund managers will be reviewed at least every three years.

Costs Monitoring

The Trustee is aware of the importance of monitoring their fund managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by their fund managers that can increase the overall cost incurred by their investments.

The Trustee collects annual cost transparency reports covering all of their investments and ask that the fund managers provide this data in line with the appropriate Cost Transparency Initiative (“CTI”) template for each asset class. This allows the Trustee to understand exactly what they are paying their investment managers. The Trustee works with their investment adviser and fund managers to understand these costs in more detail where required.

Evaluation of performance and remuneration: The Trustee assesses the performance of their fund managers on a quarterly basis and the remuneration of their fund managers on an annual basis via collecting cost data in line with the CTI templates.

Portfolio turnover costs: The Trustee is aware of the portfolio turnover costs (portfolio turnover costs are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated to their underlying investments through the information provided by their fund managers. The monitoring of the target portfolio turnover and turnover range is monitored annually with the assistance of the Scheme's investment adviser.

The Trustee accepts that transaction costs will be incurred to facilitate investment returns and that the level of these costs varies across asset classes and by manager investment style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed. The Trustee is supported in their cost transparency monitoring activity by their investment adviser.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, eg the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustee's policy is to review their direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members' AVCs. When deciding whether or not to make any new direct investments the Trustee is required to take written advice covering specific points listed in the 2005 regulations which are detailed below.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustee will ensure any investment adviser appointed to advise them has the knowledge and experience required under the Pensions Act 1995.

The Trustee's policy on assets delegated to fund managers is to expect them to manage the assets under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

The fund managers are remunerated on an ad valorem basis. In addition, fund managers pay commissions to third parties on many trades they undertake in the management of the assets and also incur other ad hoc costs.

The Trustee's agreement with the fund managers is a tri-partite agreement, between the Trustee, the managers and the custodian of the respective pooled funds in which the Scheme is invested. The custodian is responsible for the safekeeping of the assets held and performs the administrative duties attached, such as the collection of interest and dividends and dealing with corporate actions.

The Trustee will review this Statement of Investment Principles at least every three years and immediately following any significant change in investment strategy. The Trustee will take investment advice and consult with the Company over any changes to it.

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.