Perry Willenhall Steel Service Centres Limited Pension & Life Assurance Scheme (the 'Scheme')

Statement of Investment Principles ('SIP')

1. Scope of Statement

This Statement has been prepared in accordance with s35 and s36 of the Pensions Act 1995, as amended by s244 and s245 of the Pension Act 2004, respectively, and the Occupational Pension Schemes (Investment) Regulations 2005, as amended in both 2018 and 2019. The Trustees comply with the requirements to maintain, take advice and consult with the employer on this Statement and with the disclosure requirements.

This Statement sets out the principles governing decisions about the investment of the assets of the Scheme.

The Trustees are responsible for the investment strategy of the Scheme. They have obtained and considered written advice on the investment strategy appropriate for the Scheme. They have also obtained advice on the preparation of this Statement from Aon Investments Limited ("Aon"), who are authorised and regulated by the Financial Conduct Authority.

A copy of this Statement is available to the members of the Scheme upon request and will also be made available on a public website.

2. Investment Objective

The objective of the investment strategy is to ensure that the Scheme's assets and future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Scheme as they arise. The strategy is intended to target **a return of gilts plus 2% p.a.**

3. Strategy and Implementation

The Trustees have decided to invest the Scheme's assets in Aon's fund solution called "Fruition". Aon manage the Scheme's assets in a range of underlying funds which can include multi-asset, multi-manager and specialist third party liability matching funds. Aon conducts the necessary day to day management of the funds required to meet the Trustees' objectives.

Within the Fruition solution, the Scheme's assets can be allocated to up to five different funds as detailed in the table below. The Nominal and Real funds contain exposure to both the Growth Fund and liability hedging instruments. To the extent that the Scheme invests in one of the four funds containing liability hedging instruments, interest rate and inflation protection is provided across the value of those assets. The protection provided is based on the profile of a typical pension scheme's liabilities.

Investment	Objective	Return Target
Growth Fund	To generate long term capital growth through investment in a diversified portfolio of return-seeking assets.	SONIA +4% p.a.
Nominal +2 Fund	A mixture of diversified return-seeking assets and investments designed to match a typical pension scheme's nominal liabilities.	Gilts(1) +2% p.a.
Real +2 Fund	A mixture of diversified return-seeking assets and investments designed to match a typical pension scheme's real liabilities.	Gilts(1) +2% p.a.

Nominal +1 Fund	A mixture of diversified return-seeking assets and investments designed to match a typical pension scheme's nominal liabilities.	Gilts[(1)] +1% p.a.
Real +1 Fund	A mixture of diversified return-seeking assets and investments designed to match a typical pension scheme's real liabilities.	Gilts[(1)] +1% p.a.

(1) The manager will calculate a notional benchmark which reflects the underlying gilts held to match a typical pension scheme's liabilities.

Strategic Asset Allocation

The Scheme's investment strategy has been established as laid out below. The Scheme's actual position relative to this asset allocation strategy is to be reviewed from time to time to determine whether any rebalancing is required.

Investment	Weight (%)
Growth Fund	-
Nominal +2 Fund	27%
Real +2 Fund	73%
Nominal +1 Fund	-
Real +1 Fund	-

Note: Investments into and disinvestments from the Scheme will also typically be made in the proportions set out above. Under this strategy, broadly 50% of the Scheme's funds are allocated to diversified return-seeking assets and broadly 50% are allocated to investments which are designed to match a typical pension scheme's liabilitiesHowever, this is subject to variation from time-to-time.

4. Risk Measurement and Management

The Trustees recognise that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustees have 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 Trustees and their advisers considered this mismatching risk when setting the investment strategy and have specifically structured the Scheme's assets so as to mitigate this risk.
- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("cashflow risk"). The Trustees and their advisers will manage the Scheme's cashflows – with consideration for the timing of future payments – to reduce the likelihood of this occurring.
- The failure by Aon and the underlying fund managers to achieve the performance targets set by the Trustees relative to the benchmark ("manager risk"). This risk is considered by the Trustees and their advisers both upon the initial appointment of the underlying fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustees and their advisers considered this risk when setting the Scheme's investment strategy.
- The possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The Trustees 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 Trustees have 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 Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of each investment strategy review.

5. Responsible Investment and Corporate Governance

Environmental, Social and Governance ('ESG') considerations

The Trustees have appointed Aon as their investment manager to manage the Scheme's assets. References in this policy to 'investment manager' refer to Aon or any other direct investments that the Trustees may make from time to time. Aon invests in a range of underlying investment vehicles.

The Trustees consider investment risk to include ESG factors and climate change. These risks could negatively impact the Scheme's investments.

As part of Aon's management of the Scheme's assets, the Trustees expect Aon to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying managers;
- Use its influence to engage with underlying managers to ensure the Scheme's assets are not exposed to undue risk; and
- Report to the Trustees on its ESG activities as required.

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 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.

The Trustees have delegated all voting and engagement activities to the Scheme's underlying managers, via its investment manager Aon. The Trustees accept responsibility for how the underlying managers steward assets on their behalf, including the casting of votes in line with each underlying manager's individual voting policies. The Trustees rely on Aon to review manager voting and engagement policies and activities on an annual basis. Aon review these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustees', and therefore the members', best interests.

As part of Aon's management of the Scheme's assets, the Trustees expect Aon to:

- monitor and engage with underlying managers, including prospective underlying managers, on the extent to which they exercise voting rights (where appropriate) in relation to the Scheme's assets; and
- report to the Trustees on stewardship activity by underlying managers as required.

Underlying managers are expected to vote at company meetings and engage with companies on the Trustees' behalf in relation to ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Scheme's assets, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of the Trustees.

Where voting is concerned, the Trustees expect the underlying managers to recall stock lending, as necessary, in order to carry out voting actions. The Trustees annually review the stewardship activity of the underlying managers to ensure the Scheme's stewardship policy is being appropriately implemented in practice. The Trustees receive annual reports on stewardship activity, which include detailed voting actions and rationale along with engagement information from underlying asset managers with relevance to the Scheme.

The Trustees may engage with Aon, who in turn is able to engage with underlying managers, investee company or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made. Where a significant concern is identified, the Trustees will consider, on a case by case basis, a range of methods by which they would monitor and engage so as to bring about the best long-term outcomes for the Scheme.

This engagement aims to ensure that robust active ownership behaviours, reflective of the Trustees' active ownership policies, are being actioned. This will take the form of annual reporting and follow up meetings, where necessary from Aon. Such reporting will be made available to Scheme members on request.

Should the Trustees' monitoring process reveal that an underlying manager's voting and engagement policies and actions are not aligned with the Trustees' expectations, the Trustees will engage with Aon, via different medium such as emails and meetings, to discuss how alignment may be improved to bring about the best long-term outcomes for the Scheme.

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 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]).

Direct investments

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 without a contract, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustees' policy is to review the Scheme's direct investments and to obtain written advice about them from time to time. These include vehicles available for members' Additional Voluntary Contributions (AVCs). The Trustees have full discretion as to the appropriate vehicles made available for AVCs. When deciding whether to make any new investments, the Trustees will obtain written advice.

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 Trustees (or, to the extent delegated, by the fund manager) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability

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

- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustees accepts responsibility for Aon's ongoing monitoring of underlying managers, including prospective underlying managers. Aon monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the underlying managers are aligned with the investment objectives of the Scheme. This includes monitoring the extent to which the underlying 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 to improve their performance in the medium- to long-term.

Before appointing a new investment manager themselves, the Trustees review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustees' policies. Where possible, the Trustees will seek to amend that documentation or express their expectations (such as through side letters, in writing, or verbally at Trustees' meetings) so that there is more alignment. The Trustees believe that having appropriate governing documentation, setting clear expectations to Aon, and regular monitoring of the Aon's performance and investment strategy, is sufficient to incentivise Aon to make decisions that align with the Trustees' policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where Aon or the underlying managers are considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically engage with Aon (or the underlying managers via Aon) to understand the circumstances and materiality of the decisions made.

There is typically no set duration for arrangements with Aon, although the continued appointment will be reviewed periodically. Similarly, there are no set durations for arrangements with the underlying asset managers that the investment manager invests in, although this is regularly reviewed as part of the manager research and portfolio management processes in place.

The Trustees review this Statement at least every three years (or more frequently should the circumstances of the Scheme change in a material way) and immediately following any significant change in investment policy. The Trustees take investment advice and consults with the sponsoring employer over any changes to this Statement.

6. Costs and transparency

The Trustees are aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustees recognise that in addition to annual management charges, there are other costs incurred by asset managers that can increase the overall cost incurred by their investments.

The Trustees receive annual cost transparency reports from Aon. These reports present information in line with prevailing regulatory requirements. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Scheme, including any charges incurred through the use of pooled funds (custody, admin, audit fees etc);
- The fees paid to Aon;
- The fees paid to the underlying managers appointed by Aon;
- The amount of portfolio turnover costs (transaction costs) incurred by the underlying managers appointed by Aon.

The Trustees define portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the underlying managers appointed by Aon. These are incurred on an ongoing basis and are implicit within the performance of each fund.

The Trustees acknowledge that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and manager. Aon monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the underlying managers appointed on behalf of the Trustees.

The Trustees benefit from the economies of scale provided by the investment manager in two key cost areas:

- The ability of Aon to negotiate reduced annual management charges with the underlying managers; and
- The ability of Aon to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the underlying managers and achieve efficiencies where possible.

The Trustees assess the (net of all costs) performance of Aon on a rolling three-year basis. It is the Trustees' view that long-term performance, net of fees, is the most important metric on which to evaluate Aon.

Signed on behalf of the Trustees of the Perry Willenhall Steel Service Centres Limited Pension & Life Assurance Scheme

Steven Taylor		14/08/2024
Name (print)	**Signature**	**Date**
Colin Plant		14/08/2024
Name (print)	**Signature**	**Date**