Reliance Precision Limited
Retirement and Death Benefit Scheme

Statement of Investment Principles

Purpose of statement

This statement sets out the principles governing the investment of the assets of the Reliance Precision Limited Retirement and Death Benefit Scheme ("the Scheme").

This statement is issued by the Trustees to comply with Section 35 of the Pensions Act 1995, amended by section 244 of the Pensions Act 2004 and Regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, The Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019..

This statement includes the 'default arrangement' as defined by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

This statement was prepared in April 2022 and replaces all previous such statements.

Advice & Consultation

The Investment Consultant advises on an investment strategy appropriate to the investment objectives. The Investment Consultant also periodically monitors and reports on the performance of the pooled funds selected.

Broadstone Corporate Benefits Limited has been appointed as Investment Consultant to the Trustees on the basis that the Trustees believe them to be suitably qualified and have the appropriate knowledge and experience of the management of the investments of such Schemes.

Broadstone Corporate Benefits Limited is authorised and regulated by the Financial Conduct Authority.

The Trustees have consulted Reliance Precision Limited ("the Principal Employer") on the content of this statement.

Investment Powers

The investment powers of the Trustees are set out in the Scheme's Trust Deed and Rules. This statement is consistent with those powers. Neither the statement nor the Trust Deed and Rules restrict the Trustees' investment powers by requiring the consent of the participating employers in the setting of investment strategy.

Choosing investments

The Trustees' policy for securing compliance with Section 36 of the Pensions Act 1995 is set out in this section.

The Trustees rely on professional fund managers for the day-to-day management of the majority of the Scheme's assets and have delegated discretion in relation to most day-to-day decisions. The fund managers have been provided with a copy of this statement and have been instructed to take into account its contents so far as is practicable, however the assets are invested in pooled funds and it is up to the Trustees to monitor whether those pooled funds remain appropriate for the Scheme.

The Investment Managers are paid a management fee on the basis of assets under management. The appropriateness of the Investment Managers' remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives both financial and non-financial. The Investment Managers will supply the Trustees with sufficient information when requested in order to enable them to monitor financial and non-financial performance.

The Trustees' policy is to invest assets in the best interests of the members and their beneficiaries and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries. Any powers or discretion exercised by the Trustees or the fund managers will be exercised with a view to the security, quality, liquidity and profitability of the portfolio as a whole.

The assets will consist predominantly of investments that are traded on regulated markets, as defined in Regulation 4(11) of the 2005 Investment Regulations. Any other assets will be kept at a prudent level.

The Trustees shall only invest in derivatives in so far as they contribute to a reduction of risks or facilitate efficient portfolio management, and even then will be such as to minimise exposure to excessive risk to a single counterparty or other derivative operations.

The Trustees' policy is to review the investments over which they retain control (principally bank account investments) and to consider reports of the fund managers at least annually.

When deciding whether or not to make any new investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager. The written advice will consider the suitability of the investments, the need for diversification and the principles contained in this statement.

The Trustees' policy in relation to Regulation 4(4) (appropriateness in relation to Technical Provisions) and Regulation 4(7) (Diversification) of the 2005 Investment Regulations is covered in the Appendix.

Investment Policy

Aims and Objectives

The Trustees' primary objective is to offer a range of funds with different risk characteristics sufficient to satisfy the requirements of the majority of members without introducing complexity of investment. A further objective is to ensure that the funds are provided by a reputable investment manager and that those funds provide good value for money for the members, with charges kept to a minimum.

The objectives of each investment option are set out below.

Having taken advice, the Trustees' policy is to invest in predominantly passive pooled funds, whose objectives are to track the returns on published indices. These funds are considered to be most suitable for meeting the Trustees' objectives as set out on this Statement.

Types of investment

Scheme members will be given a choice as to which funds to invest in, predominantly consisting of equities, bonds, and cash, traded in the UK and overseas.

After taking advice, the Trustees have appointed a fund manager, Legal & General Investment Management Limited, who are regulated by the Financial Services and Markets Act 2000. The Trustees entered into a contract with Legal & General Investment Management in 2009, with

Legal & General receiving the first contributions in August 2009. The Trustees are responsible for ensuring that the allocation of the portfolio between the different types of investment takes account of the Trustees' policy as set out in this statement, and the members' choices, by regularly monitoring the funds that the Scheme invests in. The fund manager is given absolute discretion over the selection of individual stocks within each type of investment, which are all pooled fund investments. The Trustees consider that pooled investments are most appropriate for a scheme of this size in order to achieve consistency with the principles set out in this statement.

Within the categories of investment permitted by the Trustees, the fund managers can purchase any new investments, as long as they do not breach the provisions of the fund management agreement.

Balance between different types of investment

The Trustees have considered advice and offer the following passive 'index tracking' funds offered by LGIM:

Multi-Asset Fund – the objective of this fund is to provide a liquid and cost efficient way of obtaining exposure to global asset markets including equities, bonds, cash and listed infrastructure, private equity and global real estate companies. It aims to provide an expected return more conservative than a developed market equity fund and with a volatility of 2/3rds of global equities. It is intended for the 'growth phase', ie the period leading up to 5 years before retirement. It would also be suitable for the 'drawdown' element of the fund in the 5 years to retirement.

Retirement Income Multi Asset ('RIMA') Fund - The objective of the fund is to provide long-term investment growth up to and during retirement, and to facilitate the drawdown of retirement income.

Ethical Global Equity Index Fund – the objective of this fund is to track the performance of the FTSE4 Good Global Equity Index of companies selected according to ethical guidelines and is again intended for the 'growth phase'.

Pre-Retirement Fund – the objective of this fund is to invest in assets that reflect the broad characteristics of investments underlying the pricing of a typical non-inflation linked annuity product, and is intended for the 'annuity' element of the fund in the 5 years before retirement.

Cash Fund – the objective of this fund is to provide capital protection with growth at short term interest rates, and is intended for the cash element of the fund in the 5 years before retirement.

These funds are described in factsheets provide by LGIM.

There is an annual management charge applicable to each fund, expressed as a percentage of the fund, and reflected in the unit price of the units as follows:

Fund	Annual management charge
Multi-Asset Fund	0.25%
RIMA Fund	0.35%
Ethical Global Equity Index Fund	0.30%
Pre-Retirement Fund	0.15%
Cash Fund	0.125%

The Trustees recognise that most members will benefit from a portfolio that is expected to grow significantly in real terms during their working lifetime. This is referred to as “the growth phase”. The Trustees have chosen to offer the Multi-Asset Fund for this purpose. This funds is made up of a diverse mix of assets, which aims to deliver near-equity returns over the long term, whilst the diversification helps to moderate the risk and volatility of returns. The characteristics of the RIMA fund is similar, but is more defensively positioned and is designed to meet the drawdown of retirement income.

The Ethical Global Equity Index Fund is available for members who are concerned that their pension monies are only invested in companies that adhere to certain ethical criteria. It is geared towards providing a higher risk/reward than the Multi-Asset Fund.

The Pre-Retirement Fund aims to match movements in annuity markets, so if a member is looking to secure an annuity with their assets this fund is appropriate to protect the purchasing power of those assets.

One of the options members have when they retire is to drawdown their defined contribution funds. Drawdown is not an option within the Scheme but members can transfer out to another scheme which does provide a drawdown facility. The Trustees offer members wishing to drawdown the option to remain invested in the Multi-Asset Fund up until they transfer to a drawdown arrangement. In addition, the Scheme adopts a default lifestyle strategy which targets drawdown at retirement. See the below section on ‘*How default arrangement ‘best interest’ requirements are met’ for further information.*

The Cash fund is appropriate for members looking to protect the value of any cash benefits they may choose to take when they retire.

Members can invest in their own choice of the above funds, in whatever proportions they decide, at any time by giving instructions to the Trustees. Switches between funds will be processed monthly at the same time as the monthly contributions are invested.

Risk

The Trustees acknowledge that there are risks associated with any investment policy. The Trustees’ policy is to review and manage these risks with their advisers in relation to:

- the performance of the appointed fund managers,
- the nature of the investments held and
- the benefits available to members at retirement.

The Trustees’ policy is to ensure that any risks relating to the members’ benefits that stem directly from their investment policy are managed by investing in assets that are consistent with the principles of this statement and the wishes of the members.

The Trustees monitor the performance of the investments on a regular basis (usually at least every 6 months). The Trustees acknowledge that passive funds will not materially outperform their benchmark or their peer groups, but consider the features of passive investment to be most appropriate and offer best value for money for the Scheme’s members.

The risk to member benefits at retirement is mitigated by the Scheme’s Lifestyle Investment Program. This was updated from March 2022, and now gradually switches funds away from the

Multi-Asset Fund for members who are in the lifestyle strategy and into the other funds to more closely reflect how the Scheme's members intend to use their funds after they retire, taking account of the flexibilities introduced in April 2015.

Expected Return

The investment managers have set their own benchmarks to track the relevant indices that they are associated with and the Trustees expects each investment manager to consistently meet the benchmarks.

Diversification

It is the Trustees' policy to invest in a diverse range of assets, and not to rely on any particular asset class or group. The Trustees recognise that there may be a large concentration of assets with any one fund manager or provider, however the underlying assets are suitably diverse to minimise the risks to the portfolio as a whole.

The Trustee imposes further constraints on the fund managers below:

(i) No single investment to be more than 10% of the total value of the investment portfolio;
(ii) maximum holding of any class of issued share or debt in any company to be 10%;
(iii) no investment in unquoted companies;
(iv) no investment in non-Financial Conduct Authority regulated collective investment schemes;
(v) no more than 10% of Corporate Bonds should be rated B or less using Standard and Poor's Rating System.

Realisation of investments

The Trustees' policy is to invest only in assets that are readily realisable in order to meet the benefits as they fall due. The Trustees consider the assets above to be readily realisable, as all assets are invested in unitised pooled funds.

Employer related investments

The Trustees do not directly hold any employer-related investments, as defined by section 40 of the Pensions Act 1995.

Investment Principles

In October 2008, the Government published the results of its consultation on revisions to the Myners principles in response to recommendations made by the National Association of Pension Funds (NAPF) in 2007. This takes the form of six high level 'Best Practice' principles set out below, supported by best practice guidance and trustee tools that can be used to assess compliance.

1. Effective decision-making
2. Clear objectives
3. Risk and Liabilities
4. Performance assessment
5. Responsible ownership
6. Transparency and Reporting

The Trustees periodically review their compliance with the best practice Principles.
The Trustees believe that they comply with the spirit of the Principles.

Responsible Investments and Stewardship

The Trustees believe that the consideration of financially material Environmental (including climate change), Social and Governance (ESG) factors in investment decision making can lead to better risk adjusted investment returns. Environmental concerns include climate change, energy efficiency, waste and pollution and scarcity of water and other resources. Social concerns include human rights, health & safety at work, welfare and other working conditions, and responsibility for the wider community in which a business operates. Corporate Governance concerns include audit quality, board structure, remuneration policy, shareholder and other stakeholder rights.

The Trustees expect its investment managers, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustees (delegating to the Investment Consultant where appropriate) assess the ESG integration capability of its investment managers.

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustees expect its Investment Managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a material reduction in the efficiency of the investment. Members' views are not sought on non-financial matters (including ESG, quality of life considerations and ethical views) in relation to the selection, retention and realisation of investments. However, members views are sought on the choice of funds available, and the Trustees currently make an ethical equity fund available to members.

The Trustees believe that in order to protect and enhance the value of the investments, over the time horizon over which the benefits are paid, they must act as a responsible asset owner. The Trustees cannot exercise their responsibilities directly as they do not hold investments in their name. The Trustees expect their Investment Managers, to exercise voting rights at annual and extraordinary general meetings of companies. The Trustees expect their Investment Managers to report to them on the implementation of, and any changes to, their policies on voting and engagement. The Trustees periodically review the investment manager's procedures in this regard.

The Trustees expect their Investment Managers, to exercise ownership rights attached to investments as they see fit, including voting and engagement rights, in order to safeguard sustainable returns over this time frame. The Trustees do not impose any additional constraints on the managers. On an ongoing basis the Trustees will assess the stewardship and engagement activity of its Investment Managers (delegating to the Investment Consultant where appropriate). This will be done by reviewing the Investment Manager's voting and engagement policy, summary reports detailing the engagement and voting activity undertaken by the Investment Managers, and asking questions directly to the Investment Managers.

Responsibility for monitoring the make-up and development of the capital structure of investee companies is delegated to the Investment Managers. The Trustees expect the extent to which the Investment Managers monitor capital structure to be appropriate to the nature of the mandate.

The current investment managers, LGIM, have signed up to the United Nations Principles for Responsible Investment and also the UK Stewardship Code.

The Trustees expect the Investment managers to adopt best practice in respect of shareholder activism as set out in the Institutional Shareholders Committee Code.

How default arrangement 'best interest' requirements are met

For members' growth phase, the Multi-Asset fund has been chosen as the default fund if no other instruction is received from the member. This fund is intended to be used until 5 years before a member's target retirement date when, unless otherwise instructed, the Scheme's Lifestyle Investment Program will commence.

The Scheme's Lifestyle Investment Program gradually transfers each member's assets into funds which are more suitable for taking retirement benefits, and all new contributions are paid into these funds proportionately. This process is completed monthly, when a proportion of the assets are moved from the default (Multi-Asset) fund into other funds deemed to be more suitable for the member's retirement.

Often the most suitable use of a member's fund is to target drawdown in retirement, although there are several other options available to members at retirement. If members do not tell the Trustees how they wish to take their retirement benefits the Trustees will assume that members will wish to take a quarter of the fund as a tax free lump sum and use the remainder after retirement, to drawdown retirement income. In other words, unless the member requests otherwise, the Trustees will switch each member's assets during the 5 years running up to the member's target retirement date so that when the member retires 75% of the fund will be held in the RIMA Fund and 25% will be in the Cash fund.

The Trustees endeavour to engage members in their retirement planning and will therefore work with members to switch to a retirement position that best suits them individually. Members will be asked to indicate the options they expect to take at retirement and the resulting portfolio at retirement can then be tailored to these options.

Members will be able to change their fund choices and/or retirement goals at any time. Switches between funds will take effect monthly when contributions are invested. In addition, a secondary lifestyle option is also available for members wishing to purchase an annuity at retirement. The secondary lifestyle option targets 75% of assets at retirement to be held in the LGIM Pre-Retirement fund, and 25% to be held in the LGIM Cash fund.

On an annual basis the Trustees assess the performance of the funds offered to members, including the default arrangement. As part of this analysis the Trustees take into account the level of charges borne by members. Further information is published annually in the chair's statement.

Conflicts of Interest

The Trustees maintain a separate conflicts of interest policy and register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest the Trustees might have in relation to investee companies or the Investment Managers, while also setting out a process for conflict management.

Incentivisation of Investment Managers

The Investment Managers are primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

The Trustees do not directly incentivise the Investment Managers to align the approach they adopt for a particular fund with the Trustees' policies and objectives.

Neither do the Trustees directly incentivise the Investment Managers to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issuers to improve their performance. The Trustees expect such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme.

Portfolio Turnover Costs

The Trustees expect the Investment Managers to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustees therefore do not set a specific portfolio turnover target for their strategy or the underlying funds.

The Investment Managers when requested by the Trustees shall provide information on portfolio turnover and associated costs so that this can be monitored, as appropriate.

Review of this statement

The Trustees will review this statement at least once every three years or within one month of any formal change in investment strategy. The Trustees will consult with the Employer and take written advice when revising the statement.

On reviewing this statement, the Trustees employ Broadstone Corporate Benefits Limited to help review the investment strategy.

The fund managers will inform the Trustees immediately of any breach of this statement, or of any breach of internal operating procedures, or any material change in the knowledge and experience of those involved in managing the Scheme's investments.

Signed on behalf of all Trustees:

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(Trustee)