Statement of Investment Principles

This is the Statement of Investment Principles made by The Trustee of The OCS Group Transfer of Undertakings Pension Scheme (the "Scheme"), in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended). It will be reviewed by the Trustee at least every three years, and more frequently as appropriate.

In preparing this Statement and deciding upon appropriate investment principles, the Trustee has considered the nature of the Scheme and the profile of the liabilities. It has also consulted with OCS Group UK Limited (the "principal employer") to the Scheme and taken and considered written advice from the investment practice of Hymans Robertson LLP, who have been appointed as the investment adviser to the Scheme.

The Trustee is aware of the Myners Code of Conduct for Investment Decision Making and has reviewed its responsibilities and activities in the context of the code.

The Trustee is supportive of the UK Stewardship Code which seeks to improve the quality of engagement between institutional investors and investee companies. Where appropriate, the Trustee expects investment managers to comply with the code and to produce a statement of their commitment to the code.

Investment principles

The Trustee has agreed the following investment principles for the Scheme. Details of how these principles are applied, and the investment arrangements in place for the Scheme, are set out in a separate document entitled "Summary of Investment Arrangements".

Choosing investments

The Trustee will choose a range of investments for the Scheme which, collectively, are expected to result in the highest chance of meeting the Scheme's various needs and objectives, as determined from time to time.

The Trustee has appointed each of its investment managers to deliver a specific benchmark, which overall will align to deliver the broader Scheme investment strategy. The Trustee ensures that all manager engagements have clearly defined benchmarks, objectives and management parameters.

The objectives of the funds that the Trustee invests in and the policies of the investment managers will be evaluated by the Trustee to ensure that they are appropriate for the needs of the Scheme.

Remuneration for each mandate is determined at the inception of each mandate based on commercial considerations and the value of the assets invested within the mandate. The Trustee periodically reviews the fees paid to all its managers against industry standards.

The Trustee reviews the nature of Scheme investments on a regular basis, with particular reference to suitability and diversification. If, at any time, investment in a product not previously known to the Trustee is proposed, appropriate advice is sought and considered to ensure its suitability. The Trustee also receives training with respect to any investments made into an asset class prior to funding a new mandate, particularly where the asset class is new to the portfolio. The Trustee recognises the long-term nature of its liability profile and appoints its managers to invest in such a way that generates long term sustainable returns. The Trustee will carry out necessary due diligence on the underlying investment decision making process, to ensure the manager makes investment decisions over an appropriate time horizon aligned with the Scheme objective.

The duration of the Scheme's assets is long-term in nature. For open-ended investments, the Trustee generally engages managers on an ongoing basis with no pre-determined term of appointment. For such mandates, the Trustee expects the minimum duration of the appointment will be three years, this being the period over which performance of the mandate can be appropriately evaluated although all mandates are subject to ongoing review against various financial and non-financial metrics Investments within these mandates can be terminated with relatively short notice (ranging from a few days to a few months) as they represent the most liquid assets within the portfolio.

Kinds of Investments to be held

The Trustee may invest the Scheme's assets in quoted and unquoted securities of UK and overseas markets, including equities, fixed interest and index linked bonds, cash, loans, either directly or through pooled funds. The Scheme may also make use of LDI derivatives and contracts for difference (either directly or in pooled funds investing in these products) for the purpose of efficient portfolio management or to hedge specific risks.

Risk

Risk should:

- Only be taken where commensurate reward is expected;
- Only be taken where the expected reward is required to meet the Scheme's needs and objectives;
- Be diversified, so that the Scheme is not overly exposed to any particular risk or source of return, whether an asset class or manager.

Expected return

Over the long term, expected return should be commensurate with the level of risk associated with a particular investment. However, purchase and exit prices are important, and markets may become distorted, leading to opportunities or threats which the Scheme should consider responding to.

Balance between different kinds of investments

The Trustee will invest in a range of different asset classes, and with different investment managers, to balance the Scheme's need for:

growth in the value of the assets;

income to help pay members' benefits as they fall due;

protection of the existing fund.

Realisation of investments

The liquidity of the investment portfolio will reflect the Scheme's expected need to realise assets to pay members' benefits over the short to medium term.

Portfolio turnover

The Trustee has expectations of the level of turnover within each mandate which is determined at the inception of the mandate, based on the nature of the portfolio. Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee expects managers to report on an annual basis on the underlying assets held within the portfolio and details of any transactions over the period. The Trustee will challenge its managers if the level of turnover seems excessive.

The Trustee will request turnover costs incurred by the asset manager over the Scheme reporting year.

Consideration of financially material factors in investment arrangements:

The Trustee recognises that the consideration of financially material factors, including Environmental, Social and Governance ("ESG") factors, is relevant at different stages of the investment process.

The Trustee further recognises that the financial materiality of any factor, including ESG factors, is context specific and that whilst some factors may be relevant to certain stocks/assets, they may not be relevant to others. The Trustee will consider such factors in the development and implementation of their investment arrangements, for the purposes of determining the selection, retention, and realisation of investments, where there is sufficient data or evidence to allow them to systematically do so. Where there is not sufficient data or evidence, they will require that their investment managers take such considerations into account within their decision making.

The strategic benchmark has been determined using appropriate economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors other than climate change.

Given the inherent uncertainty associated with climate change and the nature of the Scheme's investments, the Trustee has not imposed any additional climate change related restrictions when setting the strategic benchmark or implementing the strategy. However, this policy may be reviewed in the future. The Trustee is aware of other benchmark options, but these are not considered appropriate for the Scheme at this time. Additional training on alternative investments and approaches will be provided when relevant changes are made to the portfolio.

The Trustee expects its investment manager to take all financially material factors into account where relevant and the terms of the mandate permit.

- In passive mandates, the Trustee recognises that the choice of benchmark dictates the assets held by the investment manager and that the manager has limited freedom to take account of factors that may be deemed to be financially material. The Trustee accepts that the role of the passive manager is to deliver returns in line with the market and believes this approach is in line with the basis on which its current strategy has been set.

- In active mandates, the Trustee recognises that the manager has freedom to exercise discretion as to the choice of assets held. The Trustee expects the manager to consider all financially material factors in the selection of assets within their portfolios and to be able to explain and justify their approach when challenged.

In selecting new investment managers for the Scheme, where relevant to the investment mandate, the Trustee explicitly considers potential managers' approach to responsible investment and the extent to which managers integrate 'responsible investment' issues in the investment process as a factor in their decision making.

The Trustee meets with the Scheme's investment managers annually, and the managers are expected to address manager performance and company engagement. Managers will be challenged on their approach where this is not aligned to the Trustee's policies.

The Trustee expects its investment consultants to provide input and analysis to assist the Trustee in assessing their managers' performance. Where necessary, the Trustee will highlight any areas of concern identified during such reviews to the manager as part of its engagement process and request that the manager takes appropriate action. This may include concerns over performance, risk management, stewardship practices, investment process and operational issues and, where such concerns are raised, the Trustee will require the manager to demonstrate levels of improvement. Failure to achieve the desired improvements will result in consideration of the mandate being reduced or terminated.

Consideration of non-financially material factors in investment arrangements

Given the objectives of the Scheme, the Trustee has not considered any non-financially material factors in the development and implementation of their investment strategy.

The Trustee does not impose any restrictions or exclusions to the investment arrangements based on non-financially material or ethical factors meaning the Trustee does not use ethical principles as the primary factor in the selection of investment securities.

Stewardship & Engagement

The Trustee aims to meet with its investment managers on an annual basis. Ahead of each meeting, the Trustee provides their managers with an agenda for discussion. Hymans Robertson LLP will provide the Trustee with a list of relevant Responsible Investment questions to enable the Trustee to appropriately challenge each manager on their processes and activity.

Manager stewardship policies and approaches will be reviewed and challenged annually to encourage managers to continue to improve and evolve their practices. Evidence will be sought that managers are acting in line with their stated policies (e.g. Principles for Responsible Investment ("PRI")), that Responsible Investment considerations have influenced decisions, and that engagement is taking place with businesses in which the manager invests.

The Trustee has reviewed their portfolio and securities with voting rights are not considered to be a material part of the total portfolio (for example, the synthetic equity does not hold voting rights) but where rights exist, the Trustee has adopted a policy of delegating voting decisions to the Investment Manager on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term value.

On an ongoing basis, managers will be challenged both directly by the Trustee and by its investment advisers on the impact of any significant issues including, where appropriate, ESG issues that may affect the prospects for return from the portfolio.

The Trustee does not engage with companies directly but believes it appropriate for its investment managers to engage with stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to consider the management of conflicts of interest, the capital structure of investments, improve corporate behaviours, improve performance and mitigate financial risks. The Trustee monitors the manager's engagement activity on an annual basis in conjunction with its investment adviser. Where the Trustee deems it appropriate, any issues of concern will be raised with their manager for further explanation.

The Trustee separately considers any conflicts of interest arising in the management of the Scheme and its investments and has ensured that each manager has an appropriate conflicts of interest policy in place.

The Scheme has a Responsible Investment policy as outlined above. The policy statement will be made available to members upon request as well as within this SIP via the Scheme's website www.ocstupe.pensions-directory.co.uk. Relevant commentary on Responsible Investment considerations will also be included in the annual report.

Signed for and on behalf of the Trustee of The OCS Group Transfer of Undertakings Pension Scheme

Trustee

Date