1. Background

This Statement of Investment Principles (hereinafter referred to as the "Statement") sets down the principles governing decisions about investments for the PGIM UK Retirement Savings Plan ("the Plan") to meet the requirements of the Pensions Act 1995 and subsequent legislation. The Trustees believe its scheme governance, investment policies and its implementation are in keeping with best practice.

In preparing this Statement the Trustees have consulted PGIM European Services Limited as the Principal Employer of the Plan and obtained and considered written professional advice from their investment consultants.

Our investment responsibilities are governed by the Plan's Trust Deed; a copy of the relevant clause, of which this Statement takes full regard, is shown in **Appendix A.**

The Trustees will review this Statement without delay after any significant change in investment policy.

The Plan has both a Defined Benefit ("DB") section and a Defined Contribution ("DC") section. This Statement covers only the DB section, and the Trustees have prepared a separate Statement of Investment Principles for the DC section.

2. Roles and Responsibilities

The Trustees have appointed a firm of professional consultants to provide advice. They also take advice from the Scheme Actuary and other professional advisers where appropriate.

The Plan's investment managers are responsible for the day to day management of the Plan's assets in accordance with the guidelines agreed with the Trustees. The investment managers have discretion to buy, sell or retain individual securities in accordance with these guidelines. The investment managers report to the Trustees regularly regarding performance. In addition, the Plan's investment consultant provides monitoring of the Plan's investment managers through ongoing manager research, performance reviews and the Plan's assets in aggregate.

3. Investment Policy

3.1 Investment Objective

The Trustees' main aims are:

- To make sure that the obligations to the beneficiaries of the Plan are met.

- To ensure that the investment of the Plan's assets is consistent with the funding approach recommended by the Scheme Actuary.

- To pay due regard to the Principal Employer, PGIM European Services Limited's interests on the size and incidence of the employers' contribution payments.

3.2 Investment Strategy

The Plan's strategic asset allocation at the date of this Statement is as follows:

Asset Class	Benchmark (%)
Global Equities (inc UK)	10.0
Global Buy & Maintain Credit (segregated)	53.0
Liability Driven Investment ("LDI") and Cash	37.0

The Trustees target an interest rate and inflation hedge ratio of approximately 90% of the Trustees' liabilities on the technical provisions basis through the LDI portfolio and the UK exposure within the Global Buy & Maintain Credit mandate.

Over the longer term, the investment strategy is expected to run a low level of risk in order to maintain the fully funded position of the Plan, whilst retaining some equities to build up a funding buffer over time.

3.3 Day to Day Management of the Assets

The Plan's DB assets consist of an insurance policy issued by Legal & General Assurance (Pension Management) Limited ("Legal & General"), in respect of a portfolio of equites, an LDI investment in pooled vehicles with Insight Investment Management ("Insight") and a global corporate bonds investment with PGIM Fixed Income ("PGIM"). Day to day responsibility for the investment management of the underlying assets of the insurance policy is delegated to Legal & General Investment Management Limited, Insight for the pooled LDI vehicles and PGIM for the segregated global buy & maintain credit investment, all of whom are regulated by the Financial Conduct Authority ("FCA").

All investments with Legal & General are held in pooled vehicles and the safekeeping of these assets is performed by custodian banks specifically appointed by Legal & General to undertake this function and whose appointment is reviewed by the manager.

The investment objective of Legal & General is to match the performance of the designated benchmark. This type of investment management is referred to as passive management or index-tracking. Legal & General aim to achieve this with a tracking error target of ±0.40% p.a. for Global Equity.

The Plan's LDI assets are managed by Insight. All investments with Insight are held in pooled vehicles and the safekeeping of those assets is performed by custodian banks specifically appointed by Insight to undertake this function and whose appointment is reviewed by the manager.

The investment objective for Insight is to hedge the interest rate and inflation sensitivities of the Plan's liabilities to a level agreed to by the Trustees. This is achieved by investing in a range of instruments in order to gain exposure to match these sensitivities. Insight use their LDI Solutions Plus Gilt-Based Funds (their pooled LDI fund range), bucketed by 10-year sensitivities in order to achieve this target.

The Plan's global corporate bond investment is managed by PGIM in accordance with investment guidelines agreed with the Plan. The investment is held in a segregated vehicle and the safekeeping of those assets is performed by Northern Trust, a custodian bank specifically appointed by the Plan and whose appointment is reviewed by the Trustees from time to time.

The objective of the strategy is to capture the additional yield available from investing in corporate rather than government bonds (the credit risk premium) and preserve value within a globally diversified portfolio of actively selected credit instruments.

The Trustees have considered the conflicts of interest that may arise through its relationship with PGIM Fixed Income and believe that through its conflicts management policy this risk will be appropriately managed but will keep this under review.

The strategic guide against which the Trustees will monitor Legal & General, Insight and PGIM is set out below:

Fund	**Benchmark**	**Benchmark Allocation (%)**	**Range (%)**
Total Equities		**10.0**	**5.0 – 15.0**
Legal & General Global Equity MW (50:50) Index	50% FTSE All Share / 50% FTSE AW World (ex UK)	10.0	5.0 – 15.0
Total Bonds (inc. LDI and Cash)		**90.0**	**85.0 – 95.0**
PGIM Global Buy and Maintain Credit	Bespoke Liability Benchmark*	53.0	43.0 – 63.0
Insight LDI Solutions Plus Gilt-Based Fund	N/A**	37.0	27.0 – 47.0
Insight Institutional Sterling Liquidity Fund	SONIA	-	-
Total		**100.0**	

Totals may not sum due to rounding.
* Does not track a specific index but will be monitored for defaults and downgrades against a broad credit benchmark.
**The underlying holdings within this Fund range are passive gilt and index-linked gilts (and can be invested in both leveraged and un-leveraged holdings) which do not track a specific benchmark. For the purposes of the SIP, the Plan would measure performance of the LDI funds against the Plan's Liability Benchmark Portfolio (LBP).
** Insight uses a customised benchmark

The management fees applicable to the assets managed by Legal & General, Insight and PGIM are set out in **Appendix B.**

3.4 Rebalancing Policy

Generally, it is the Trustees' intention that the Plan's assets should remain broadly in line with their overall investment strategy and that the benchmark split between equities and bonds (including LDI) set out above is maintained.

The strategic split between equities and bonds will be reviewed on a regular basis and in light of any subsequent de-risking decisions.

On the Plan's liquidity and cashflow policy, the current approach to funding pensioner payroll, member transfers, PCLS and expenses is to divest monies from appropriate Plan Assets based on advice taken from the investment consultant on a case by case basis.

4. The Trustees' Policy with Regard to Risk

There are various risks which any pension plan is exposed to, which the Trustees believe may be material. The Trustees' policy on risk management over the Plan's anticipated lifetime is as follows;

The primary risk upon which the Trustees focus is that arising through a mismatch between the Plan's assets and its liabilities. The Trustees recognise that whilst increasing risk increases potential returns over the long-term period, it also increases the risk of a shortfall in returns relative to that required to cover the Plan's accruing liabilities as well as producing more short-term volatility in the Plan's funding level. The Trustees manage and mitigate this risk via an allocation to LDI funds, which broadly match the characteristics of the Plan liabilities.

The Trustees also recognise the risks that may arise from the lack of diversification within their investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustees aim to ensure the asset allocation policy in place results in an adequately diversified portfolio by spreading the assets across a range of investments (equities, bonds and LDI) and geographies.

Across all of the Plan's investments, the Trustees are aware of the potential for regulatory and political risks. *Regulatory risk* arises from investing in a market environment where the regulatory regime may change. This may be compounded by *political risk* in those environments subject to unstable regimes. Additionally, '*liquidity risk'* should be recognised across all of the Plan's investments in the context of a stressed or stalled market, whereby there is an inability for trades to be completed due to reduced market participants (buyers and sellers).

The Trustees are also aware of *concentration risk* which arises, for example, when a high proportion of the Plan's assets are invested in securities, whether bond or equity, of the same or related issuers. The overall investment arrangements are intended to provide an appropriate spread of assets by type and spread of individual securities within each asset class.

The Trustees acknowledge that it is not possible to monitor all the risks listed above at all times. However, the Trustees seek to take on those risks which they expect to be rewarded for over time, in the form of excess returns, in a diversified manner.

With respect to Legal & General, the assets of the DB section of the Plan are held in the form of an insurance policy. The Trustees see that there is a risk in holding underlying assets of an insurance policy that cannot easily be sold should the need arise. However, the management of the underlying assets of the Plan's insurance policy is entirely on an index-tracking basis, whereby the aim is to match the return on the relevant indices. As a consequence, it is most likely that the underlying assets will be securities that are represented in the world's leading indices. Therefore, the underlying assets of the insurance contract should be invested in readily realisable investments.

With respect to Insight, the Trustees recognise that there a number of additional risks which must be considered with regards to LDI investments. These include, but are not limited to: interest rate risk, inflation risk, counterparty risk, leverage, rebalancing risk and maturity risk.

The Plan is exposed to *interest rate risk* because the Actuary converts the Plan's liabilities into present value terms (today's money) by discounting them at a rate which is influenced by changes in long-term interest rates. The longer the duration (expressed in years) the more sensitive the liabilities or bonds are to changes in interest rates. Pension plan liabilities are exposed to *inflation risk* as the pension payments which the Trustees have promised to make to members are mostly inflation-linked. Consequently, if inflation rises then this will increase the value of the Plan's liabilities. Any derivatives held in the LDI funds are transacted with a range of counterparties and hence subject to *counterparty risk*. There is a risk that one or more of the counterparties could default on their obligations resulting in a loss to the fund (and therefore the Plan). This risk is largely mitigated by Insight requiring collateral from each counterparty which they monitor on a daily basis. Furthermore, Insight transact with a diverse range of counterparties who are all approved by the Credit and Counterparty Approval Committee. *Leverage risk* arises due to the leveraged nature of the pooled LDI vehicles as the Plan's exposure to interest rates and inflation becomes more sensitive to changes in either of those variables. The risk of *rebalancing* is also one that must be considered; if the risk (as measured by leverage) of the underlying LDI vehicles increase beyond a certain level then the Plan will have to deliver further assets to reduce the leverage in the underlying funds. Conversely, if the leverage of the funds drops below a certain threshold then assets will be delivered back to the Plan. Finally, the Plan is exposed to *maturity risk*; the risk profile of the fund's cash-flow benchmark will reduce over time at a different rate to the Plan's liabilities thereby causing a maturity mismatch.

The Trustees regularly monitor the performance of the assets and the risks to which the Plan is exposed over time and will take action as needed to manage these.

5. Buying and Selling Investments

The Trustees have delegated the responsibility for buying and selling investments to the investment manager. In the case of Legal & General, they are responsible for buying and selling units in the insurance policy. Legal & General follow a disciplined, rule-based process for their investment transactions. In the case of Insight, they are responsible for buying and selling securities and instruments in the pooled vehicles. Furthermore, Insight follow defined procedures when rebalancing the pooled vehicles so as to keep the risk requirements within the normal range. In the case of PGIM, the Trustees have delegated the buying and selling of appropriate securities within a segregated fund. PGIM ensure that the portfolio is well diversified through the implementation of sector, issuers, credit quality, geography, rating and maturity ranges, which are monitored on an ongoing basis.

6. Evaluating Investment Managers Performance

The Trustees will also consider the investment consultant's assessment of how each investment manager embeds ESG into its investment process. This includes the investment managers' policy on voting and engagement. The Trustees will use this assessment in decisions around selection, retention and realisation of manager appointments.

The Trustees meet with the investment managers from time to time and have the opportunity to challenge decisions made including voting history (in respect of equities) and engagement activity if they wish to try to ensure the best long term performance over the medium to long term.

The investment managers are aware that their continued appointment is based on their success in delivering the mandates they have been appointed to manage. If the Trustees are dissatisfied, then they will look to replace the managers.

The Trustees receive investment manager performance reports from the investment managers on a quarterly basis. They also receive six-monthly investment performance reports from the investment consultant, which present performance information over 3 months, 1 year, 3 years and since inception. The Trustees review the absolute performance and the relative performance against a suitable benchmark, and/or against the manager's stated target performance (over the relevant time period) on a net of fees basis. The Trustees regularly review this performance. The Trustees' focus is on long-term performance, but they may put a fund 'on watch' if there are short-term performance concerns and may look to replace the manager if performance does not improve. Furthermore, if a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustees may ask the manager to review its fees (see Appendix B for details of current fees).

7. Portfolio Turnover Costs

The Trustees do not define set ranges in respect of portfolio turnover and costs. The Trustees ask the investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustees. The Trustees will engage with the manager if portfolio turnover is higher than expected as reasonable for the type of mandate. The Trustees invest in passive equities, an LDI mandate and buy and maintain credit at the present time, and would typically not expect to see a large amount of turnover in the portfolio, due to the nature of the mandates in place.

The Trustees will assess portfolio turnover and costs by broadly comparing portfolio turnover relative to the manager's specified portfolio turnover range in the investment guidelines or prospectus.

8. Manager Turnover

The Trustees are long-term investors and are not looking to change the investment arrangements on a frequent basis.

There is no set duration for the manager appointments and the Trustees will retain the investment manager and funds unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;

- The manager appointment is reviewed and the Trustees decide to terminate for a more suitable appointment.

9. Member views

Member views are not taken into account in the selection, retention and realisation of investments. However, if the Trustees were formally approached by members expressing such views, these would be considered on their merits.

10. Responsible Investment - ESG, Stewardship, and Climate Change

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustees have given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

Equity managers who are FCA registered are expected to report on their adherence to the UK Stewardship Code on an annual basis.

The strategic rationale for holding different asset classes that help the Trustees to achieve the Plan's investment objectives and constraints remains the primary driver behind the Plan's investment strategy. However, within this context, the Trustees are increasingly considering how ESG, climate change and stewardship issues are integrated within investment processes in appointing new investment managers and monitoring existing investment managers. Monitoring is undertaken on a regular basis and is documented periodically. The investment consultant monitors the ESG capabilities of the investment managers and documents their views within the six-monthly investment report. The Trustees consider this information as part of their review of these reports.

The Trustees define a significant vote as one that is linked to the Plan's stewardship priorities/themes. The Trustees have decided to report on votes related to material holdings (for the top 10 holdings within each of the underlying Fund assets), and will aim to focus on in the following stewardship areas:

- Environmental (E) – Climate change
- Social (S) - Human rights (including modern slavery)
- Governance (G) – Executive remuneration (any vote against a remuneration report where executives are awarded bonuses despite missing targets)
- Governance (G) – Diversity (any vote against chair when the board is not sufficiently diverse)

11. Implementation and Engagement Policy

11.1 Aligning Manager Investments Strategy and Decisions with Trustees' policies

In line with previous sections of this SIP, investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class the Trustees have appointed them for. The underlying investment managers are aware that their continued appointment is dependent on their success in delivering the mandate(s) that they have been appointed to deliver.

The Trustees look to their investment consultant for their forward-looking assessment of the investment managers' ability to achieve the funds' investment objectives over a full market cycle. The consultant's manager research ratings assist with due diligence and questioning the manager during presentations to the Trustees. These ratings are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective for a particular fund changes, the Trustees will review the fund's appointment to ensure it remains appropriate and consistent with the Trustees' wider investment objectives. Some appointments are actively managed and the managers are incentivised through performance objectives for each fund, which are documented in Statement of Investment Principles and six-monthly investment monitoring reports (an appointment may be reviewed following periods of sustained underperformance or significant outperformance). The Trustees will review the appropriateness of using actively managed funds (on an asset class basis) from time to time.

Where the Trustees invest in pooled investment vehicles, as they currently do for their equity and LDI investments, they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates have been selected to align with the overall investment strategy.

12. Additional Voluntary Contributions ("AVCs")

The Trustees invest members' Additional Voluntary Contributions (AVCs) with Prudential and Standard Life. These arrangements are reviewed from time to time to ensure that the investment performance achieved is acceptable and the investment profiles of the funds remain consistent with the objectives of the Trustees and needs of the members.

13. Compliance with this Statement

The Trustees will monitor compliance with this Statement on a regular basis and will review this Statement in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustees and of the Principal Employer, PGIM European Services Limited.

This review will occur no less frequently than every three years and will again be based on expert advice and will be in consultation with PGIM European Services Limited.

The Trustees of the PGIM UK Retirement Savings Plan

SIGNED Kaushik Shah DATE 5 February 2024

SIGNED Andrew Grigson DATE 5 February 2024

Appendix A - Powers of Investment

This appendix sets out an extract from the Plan's Trust Deed and Rules covering the Trustees' investment powers.

47.1 Custody of Trust Assets

Subject as otherwise provided in this Rule and Rule 48 (Trustees' powers), the Trustees shall hold the Trust Assets in their name.

47.2 General power of investment

Subject as otherwise provided in this Rule, the Trustees may invest or apply all of any of the Trust Assets and realise, exchange or otherwise deal with all or any of those assets in any manner whatsoever and wheresoever (whether involving liability or not, whether or not producing income and whether or not authorised by law for the investment of funds of an Occupational Pension Scheme) to the intent that the Trustees shall have at least the same powers in that regard as if the Trustees were absolutely entitled to the Trust Assets.

In particular, but without limitation, the Trustees may:

(A) effect any contract or policy with an insurance company;

(B) acquire any interest in any property or asset (whether real or personal, whether tangible or not) including, but without limitation, stocks, shares, debentures, bearer securities, units in unit trusts, exempt funds or mutual funds and commodities;

(C) for the purposes permitted under The Occupational Pension Schemes (Investment) Regulations 2005 acquire, sell or enter into any derivative instruments including without limitation, contracts for differences, financial futures, commodity futures, forward interest rate agreements, interest rate, currency and equity swaps and options to acquire of dispose of any of the foregoing including, without limitation, options on currency and on interest rates;

(D) retain or place money on deposit or in a current account with any bank, local authority, insurance company, building society or finance company for such period, at such rate of interest (if any) and upon such terms as the Trustees think fit;

(E) make a loan (with or without security);

(F) underwrite or sub-underwrite the subscription of any stocks, shares, debentures or other securities;

(G) apply any (or all) the Trust Assets with a view to tracking any particular index or indices;

(H) acquire any investment (including units in exempt funds) usually available to the trustees of a Registered Pension Scheme.

47.3 Power to enter into any lawful transaction

The Trustees may borrow but only for the purposes of providing liquidity for the Plan and only on a temporary basis. This sub-rule takes effect subject to s.182 and s.185, FA 2004 (Borrowing).

In addition to the powers vested in them by Rule 47.2 but subject to Rule 47.4, the Trustees, with the consent of the Principal Employer, may:

(A) give indemnities or undertakings;

(B) improve, repair and develop land or other property (including, without limitation, the demolition of any building and the redevelopment of any land, building or other property);

(C) form, promote and finance any company or business;

(D) charge or pledge or grant any lien over or right of set-off against all or any part of the Trust Assets with the due repayment of and the payment of interest on and of expenses in connection with any money borrowed by the Trustees or as security for the due performance of any other obligation of the Trustees;

and, with like consent, may enter into any other lawful transaction or undertake any other lawful activity which, in either case, is not otherwise authorised but would, in the opinion of the Trustees, benefit the Plan.

47.4 Restrictions on investments

The Trustees' power under this Rule is subject to s.40, PA 1995 (Restriction on employer-related investments) and The Occupational Pension Schemes (Investment) Regulations 2005.

47.5 Commingling

The Trustees may, with the consent of the Revenue, commingle all or any of the Trust Assets with the assets of any other Registered Pension Scheme. In connection with any such commingling, the Trustees may enter into such arrangements as they think fit for the appointment of one or more investment managers of the commingled assets.

47.6 General management powers

In the management or administration of any property forming part of the Trust Assets, the Trustees may effect or concur in effecting any sale, lease, mortgage, charge, standard security, release, purchase, investment, acquisition, expenditure or other disposition, contract or transaction whatsoever not otherwise authorised which a person absolutely and beneficially entitled would have had power to effect or to concur in effecting.

47.7 Member's choice

This sub-rule applies severally to:

(A) the money and assets from time to time comprising the DC Member's Account; and

(B) the money and assets from time to time comprising the AVC Fund of a Member

and in this sub-rule the money and assets from time to time comprising the DC Member's Account or the AVC Fund of a Member are called the "Assets".

Where the Trustees give a Member any options with regard to the way in which the money and assets comprising his Assets are invested:

(A) the Member may from time to time exercise any of those options (such options may be exercised in different ways with regard to different portions of the Assets);

(B) subject to (C) below, the Trustees:

(1) shall give effect to any due exercise of any option as soon as reasonably practicable after the same is made; and

(2) shall thereafter continue to give effect to the same until that exercise of the option is countermanded by the Member gibing due notice to the Trustees (with or without duly exercising another option in its stead);

(C) the Trustees shall cease to be bound to give effect to, or, as the case may be, to continue to give effect to, the due exercise of an option if:

(1) the Trustees withdraw the option in question as being one which is generally available for the investment of money or assets comprising the DC Member's Account or, as applicable the AVC Fund;

(2) it is shown, to the satisfaction of the Trustees, that by reason of any physical disability or mental incapacity the Member is unable to manage his own affairs (the written opinion of a qualified medical practitioner may be accepted by the Trustees as conclusive evidence of this fact);

(3) the Trustees are notified of the Member's death (the Trustees may, but need not, refuse to accept any such notification unless it is accompanied by the death certificate);

(4) to give effect, or, as the case may be, to continue to give effect, to the exercise of that option would, or, in the opinion of the Trustees, may, breach any applicable law, regulation or requirement; or

(5) the occurrence of some event or circumstance is brought to the attention of the Trustees which makes it (in their opinion) inappropriate to continue to follow the Member's directions.

For the purposes of this sub-rule an option shall be regarded as having been duly exercised and a notice shall be regarded as having been duly given if:

(a) it is in such form and in accordance with such requirements as the Trustees from time to time prescribe, and,

(b) it is signed, or purportedly signed, by the Member,

or otherwise it is in such form as the Trustees accept.

Appendix B - Fee Arrangements

Defined Benefit Section

The investment management fees paid to Legal & General are based on the market value of assets under management.

Fund	AMC (% p.a.)
Global Equity MW (50:50) Index	0.125

The investment management fees paid to Insight are based on the market value of assets under management.

Fund	AMC (% p.a.)
Insight LDI Solutions Plus Gilt-Based Fund*	0.05 on underlying asset exposure for first £100m; 0.045 on the next £150m; 0.04 thereafter. Additional fees: Leveraged gilts: 0.01on underlying asset exposure
Insight Institutional Sterling Liquidity Fund*	0.08 on NAV

*When operating under Insight's "execution-only" managed service, a minimum fee of £75k p.a. applies.

The investment management fees paid to PGIM Fixed Income are based on the market value of assets under management.

Fund	AMC (% p.a.)
PGIM Global Buy and Maintain Credit	0.14