THE CHAIR'S STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2024 – 31 MARCH 2025
KELLY SERVICES (UK) LIMITED BENEFITS PLAN

The Trustee of the Kelly Services (UK) Limited Benefits Plan ("the Plan") presents the annual Chair's Statement on governance ("the Statement") as required under legislation set out in regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the 'Administration Regulations'), as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015. The Statement covers the Plan year ended 31 March 2025 and demonstrates how the Trustee has met certain minimum governance standards in relation to defined contribution ("DC") benefits.

These governance standards cover five principal areas:

1. The investment strategy relating to the Plan's default arrangement;
2. Asset allocation in the default arrangement;
3. The processing of core financial transactions;
4. Asset allocation and performance based fees disclosures;
5. Value from member borne costs within the Plan, including the additional requirements in relation to the disclosures of costs and charges;
6. The Trustee's compliance with the statutory knowledge and understanding (TKU) requirements; and
7. Net Returns on investments.

The Trustee will publish the Statement on the Kelly Services website, in a domain that can be accessed publicly via the use of a search engine.

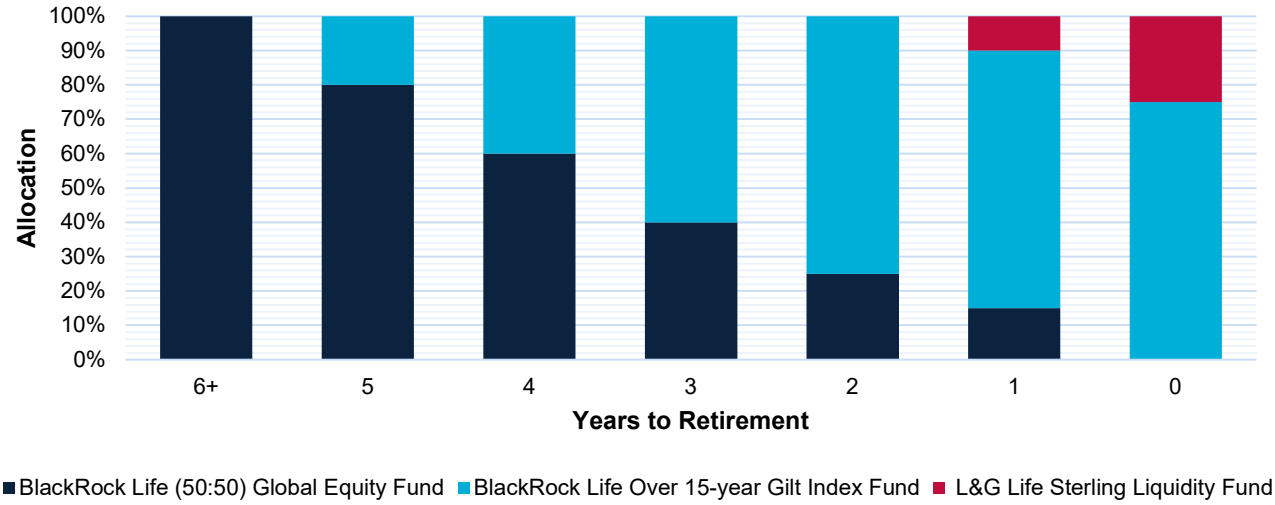
Note this statement applies to both the Plan's 'pure DC' and the 'DC with GMP underpin' pots.

1. Investment strategy (the default investment arrangement)

The current default Lifestyle strategy is described in further detail in the Plan's updated Statement of Investment Principles (SIP) dated September 2024, a copy of which is appended to this Statement.

Members of the Plan with the ability to do so who do not make an explicit choice regarding the investment of their funds are invested in the default strategy arrangement chosen by the Trustee with the advice of its Investment Consultant, Mercer Limited. The Plan's assets are held on an investment platform provided by Mobius Life Limited.

Members' accounts in respect of DC benefits are invested in the 'Lifestyle' investment strategy. Up to 6 years from a member's retirement date, savings will be invested in the BlackRock Life (50:50) Global Equity Fund, which broadly maintains an equity split of 50% UK equities and 50% overseas equities. The Lifestyle strategy automatically switches assets from the BlackRock Life (50:50) Global Equity Index Fund to the BlackRock Life Over 15 Years Gilt Index Fund and the L&G Life Sterling Liquidity Fund as retirement date approaches. This leaves members with 75% of their assets invested in gilts and 25% in cash upon reaching retirement, as shown in the chart below:



The default Lifestyle strategy aims to provide members with appropriate growth opportunities when they are far from retirement and protection against volatility in asset values as they near retirement. This transition between asset types is designed to strike an appropriate balance between risk and return.

The Trustee is required to formally review the default investment strategy at least every 3 years. In August 2023, the Trustee commenced a formal review of the Plan's investment strategy. Additional discussions were held in September 2024 and, following additional analysis, the Trustee received updated formal Section 36 (of the Pensions Act 1995) advice from their Investment Consultant following the Plan year end, on 9 June 2025. The proposed changes were agreed by the Trustee and will be implemented over the next Plan year. The changes agreed included introducing a new lifestyle arrangement for assets related to the GMP underpin, which is detailed below:

- Retaining the existing lifestyle structure with a 6 year de-risking period
- Replacing the BlackRock Life 50:50 Global Equity Index Fund with a new blended white labelled 'growth' fund, comprising of 45% L&G Life World Equity, 45% L&G Life World Equity GBP Hedged and 10% BlackRock Life Emerging Markets Equity Fund.
- Introducing a blended 'retirement' fund comprising of 43% BlackRock Life Over 5 Years Index Linked Gilt Fund, 42% BlackRock Life Over 15 Years Gilt Fund, 8% L&G Life Sterling Liquidity Fund and 7% BlackRock Life Corporate Bond Over 15 Years Fund. This blend will be introduced from 6 years to retirement, resulting in a 100% investment by the point of retirement. This allocation was chosen to more closely match the GMP underpin liabilities.

As part of advice received, it was recommended (and agreed) that the above changes would not be implemented for the 'DC only' assets as the changes were appropriate for those linked to the GMP only. The strategy for the DC only assets will remain unchanged from the current strategy.

In addition, the Trustee is required to regularly review the performance of all funds available to members (including the default investment option) via regular performance reports. The Trustee regularly assesses the extent to which performance is still consistent with the aims and objectives of the default arrangement SIP.

The Trustee ensures regular (at least quarterly) performance reviews are undertaken and that the investment strategy of the Plan (including the default investment strategy and range of self-select options provided to members) is reviewed at least every 3 years (or more frequently if there are significant changes to the Plan membership or any significant change in investment policy).

2. Asset Allocation of the Default Arrangement

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 introduced requirements for trustees and managers of certain occupational pension schemes.

Trustees or managers of relevant occupational pension schemes, are required to disclose their full asset allocations of investments from their default arrangements.

There is also a requirement to disclose details of performance-based fees in the Plan. There are currently no performance-based fees being charged to the Plan as at 31 March 2025.

Information on the asset allocation for the default investment arrangement as at 31 March 2025 is set out below:

Asset Class	Default Lifestyle strategy			
	Percentage allocation – average 25 years	Percentage allocation – average 45 years	Percentage allocation – average 55 years	Percentage allocation – 62 years
Cash	0%	0%	0%	22%
Bonds	0%	0%	0%	78%
Listed Equities	100%	100%	100%	0%
Private Equity	0%	0%	0%	0%
Infrastructure	0%	0%	0%	0%
Property/Real Estate	0%	0%	0%	0%
Private Debt/Credit	0%	0%	0%	0%
Other	0%	0%	0%	0%

Source: BlackRock and L&G, Mercer calculations as at 31 March 2025.

Figures may not sum due to rounding.

Notes:

- *The default retirement age for the lifestyle strategy is age 62. However, members can choose a target retirement age (between age 55 and age 75) which will dictate the beginning of the Lifestyle phasing. Retirement before age 62, requires Company and Trustee's consent.*
- *The following describes the types of investments covered by the above asset classes:*
  - ***Cash*** *– Cash and assets that behave similarly to cash e.g. treasury bills. It only includes invested cash and not the cash balance held by the Plan.*
  - ***Bonds*** *– Loans made to the bond issuer, usually a government or a company, to be repaid at a later date.*
  - ***Listed Equity*** *– Shares in companies that are listed on global stock exchanges. Owning shares makes the Plan a part owner of the company, entitled to a share of the profits (if any) payable as dividends.*
  - ***Private Equity*** *– Unlisted equities that are not publicly traded on stock exchanges. Encompasses a broad range of investment styles, including:*
    - *Venture Capital – Small, early stage businesses that may have high growth potential, albeit at significant risk.*
    - *Growth Equity – Relatively mature companies that are going through a transformational event with potential for growth.*
  - ***Infrastructure*** *– physical structures, facilities, systems, or networks that provide or support public services including water, gas and electricity networks, roads, telecommunications facilities, schools, hospitals, and prisons*
  - ***Property*** *– Real estate, potentially including offices, retail buildings which are rented out to businesses.*
  - ***Private Debt*** *– Other forms of loan that do not fall within the definition of a 'Bond'.*

- ***Other*** *– Any assets that do not fall within the above categories.*

3. The processing of core financial transactions

The Trustee has a specific duty to ensure that core financial transactions relating to the DC section are processed promptly and accurately. These include the transfer of member assets into and out of the Plan, switches between different investments within the Plan and payments to and in respect of members.

These transactions are undertaken on the Trustee's behalf by the Plan administrator and its investment platform provider Mobius Life.

The Trustee has a service level agreement (SLA) in place with the Plan administrator, Aptia Group Limited, which covers the accuracy and timeliness of all core transactions and receives regular reports to monitor the performance against those service levels. Those reports are discussed during Trustee meetings. The processes adopted by the Plan administrator to help meet the SLA include dynamic checklists, a central financial control team separate to the administration team and 'four eyes' checking of investment and banking transactions, in addition to daily account monitoring. The overall completion rate from 1 April 2024 to 31 March 2025 was 95.1% of completion within Service Standard (SLA).

The table below includes the service standards for the common tasks completed on behalf of the Trustee:

Work Type	Service Standard
Benefit Quotation	10 Working Days
Benefit Payments	5 Working Days
Death Benefit Quotation	1 Working Day
General Member Correspondence	10 Working Days
Invoice Payment	20 Working Days
Investment / Disinvestment Request	5 Working Days
Member Updates	5 Working Days
NICO Enquires	20 Working Days
Plan Event Work	As agreed with the Trustee

Looking at core financial transactions in isolation, 97.1% of transactions were completed within agreed SLAs. The Trustee will continue to monitor core financial transactions to ensure they are processed promptly and accurately going forward and any deviation from SLA's are reviewed.

The Trustee is required to review the processes and controls implemented by the administrator and consider them to be suitably designed to achieve these objectives. During the period covered by this statement, the Trustee received quarterly administration reports and reviewed the performance of the administrator.

The Trustee monitors performance against the SLA on a regular basis and receives an annual Assurance Report on Internal Controls (AAF 01/20) from Aptia. It also performs periodic assessments of the Plan's administrator's methods and challenges them in terms of their efficiency when required.

4. Value from member borne costs within the Plan

The Trustee is required to report costs borne by members in respect of the Plan investments and assess the extent that these represent good value for members. When preparing this statement, the Trustee has taken account of statutory guidance.

There are two main types of costs and charges borne by members - the Total Expense Ratio (TER) and transaction costs.

TERs are explicit charges, which consist principally of the manager's annual charge for managing and operating a fund, but also includes the costs for other services paid for by the fund, such as the legal costs, registration fees and custodian fees. However, they exclude other costs that are also member borne and can therefore have a negative effect on investment performance such as transaction costs and interest on borrowings.

Transaction costs are the expenses associated with a member trading in and out of a fund as well as the investment manager trading a fund's underlying securities, including commissions and stamp duty. The Trustee is required to report on the charges and transaction costs for the investments used in the main default arrangement as well as the wider fund choice available and assess the extent to which the charges and costs represent good value for members. When preparing this section of the Statement, the Trustee has taken account of statutory guidance.

Transaction costs have been provided by the Plan's investment managers and they are calculated using slippage methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed at (as typically a trade is executed a few working days after an order is placed). Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

Details of the Total Expense Ratios (TERs) as at 31 March 2025 payable for each fund as well as the transaction costs within the default arrangement are as follows:

Fund	**TER (%)**	**Transaction Cost (%)**
BlackRock Life (50:50) Global Equity Fund	0.57	0.00
BlackRock Life Over 15 Years Gilt Index Fund	0.55	0.04
L&G Life Sterling Liquidity Fund	0.59	-0.01

Source: Mobius. Transaction costs for period 1 April 2024 – 31 March 2025.

Although not binding for the Plan, it is useful to note that this is lower than the maximum TER allowed of 0.75% for statutory default arrangements.

The Trustee also makes available a range of funds, which may be chosen by members as an alternative to the default Lifestyle strategy. These funds allow members to take a more tailored approach to managing their own pension investments and attract annual charges and transaction costs as follows. The requirements are to only show charges for the funds which members are invested in.

Details of the Total Expense Ratios (TERs) as at 31 March 2025 payable for each self-select fund used as well as the transaction costs is as follows:

Fund	**TER (%)**	**Transaction Cost (%)**
BlackRock Life (50:50) Global Equity Fund	0.57	0.00
BlackRock Life Over 15 Years Gilt Index Fund	0.55	0.04
BlackRock Life (40:60) Global Equity Fund	0.58	-0.05
BlackRock Life Corporate Bond Over 15 Years Fund	0.58	-0.17
BlackRock Life Over 5 Years Index-Linked Gilt Fund	0.55	-0.06

BlackRock Life UK Equity Fund	0.57	0.05
BlackRock Life World (ex-UK) Equity Fund	0.57	-0.04
L&G Life Sterling Liquidity Fund	0.59	-0.01

Source: Mobius. Transaction costs for period 1 April 2024 – 31 March 2025.

It should be noted that DC Members who have a GMP Underpin are not able to self-select their own investments for that portion of their savings and must invest in the Plan's default (lifestyle) strategy.

The Trustee views the Plan's cost and charges as being expensive, albeit over the Plan year the higher risk default phase investment strategy produced higher returns vs comparator arrangements. The Trustee's formal value for members' assessment is discussed later in this statement.

Cumulative effect of charges

Using the charges and transaction cost data provided by Mobius Life and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members we are required to show the effect on a member's savings of investment in the following (with the Plan's relevant funds/strategies listed in brackets):

- The fund or strategy with the most members invested (The default strategy)
- The most expensive fund (BlackRock Life UK Equity Fund)
- The least expensive fund (BlackRock Life Over 5 Years Index-Linked Gilt Fund)

The illustrations that follow take into account the following elements:

- Initial savings pot size;
- Contributions, where applicable;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

To illustrate the impact of charges on a typical active member's pension pot, we have provided the below illustrations, which account for all estimated member costs, including the TER, transaction costs and inflation.

Illustration 1: A typical member invested in the DC fund range

	Most popular fund: Default Strategy		**Highest cost fund: BlackRock UK Equity**		**Lowest cost fund: BlackRock Over 5 Years Index-Linked Gilt Fund**	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
61	£5,460	£5,460	£5,460	£5,460	£5,460	£5,460
62	£5,637	£5,606	£5,708	£5,673	£5,706	£5,674

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.

3. To make this analysis representative of the membership, the Trustee has based this assumed member on data sourced from the administrator for the prior year and rolled it forward by 12 months. The assumed member is age 61, with a normal retirement age of 62 using a starting pot size of £5,460.
4. The projected growth rates and transaction costs vary as the default strategy's asset allocation changes over the 6 year de-risking period prior to Normal Pension Date (age 62)
    - 6 years or more before retirement, growth before charges is assumed to be 3.5% above inflation, the total expense ratio is assumed to be 0.57%p.a. and transaction costs are assumed to average 0.01%p.a.
    - At retirement, growth before charges is assumed to be 3.3% above inflation, the total expense ratio is assumed to be 0.56%p.a. and transaction costs are assumed to average 0.00%p.a.
5. The BlackRock Life UK Equity Fund growth before charges is assumed to be 4.5% above inflation, the total expense ratio is assumed to be 0.57%p.a. and transaction costs are assumed to average 0.03%p.a.
6. The BlackRock Life Over 5 Years Index-Linked Gilt Fund growth before charges is assumed to be 4.5% above inflation, the total expense ratio is assumed to be 0.55%p.a. and transaction costs are assumed to average 0.00%p.a.
7. Inflation is assumed to be 2.5% per annum.
8. The Regulations require that, where possible, the transaction costs used in these illustrations are based on an average of those for the five years to Plan Year End. Mobius Life have provided historic transaction costs for these funds for the five years to 31 March 2025; consequently our assumptions are based on averages of the transaction costs for these five years.

Illustration 2: A young member invested in the DC fund range

		Most popular fund: Default Strategy		**Highest cost fund: BlackRock Life UK Equity**		**Lowest cost fund: BlackRock Life Over 5 Years Index-Linked Gilt Fund**
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
56	£2,680	£2,680	£2,680	£2,680	£2,680	£2,680
60	£3,135	£3,064	£3,200	£3,124	£3,196	£3,126
61	£3,255	£3,164	£3,345	£3,246	£3,340	£3,249
62	£3,361	£3,249	£3,497	£3,372	£3,490	£3,377

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee has based this assumed member on data sourced from the administrator for the prior year and rolled it forward by 12 months. The assumed member is age 56, with a normal retirement age of 62 using a starting pot size of £2,680.
4. The projected growth rates and transaction costs vary as the default strategy's asset allocation changes over the 6 year de-risking period prior to Normal Pension Date (age 62)
    - 6 years or more before retirement, growth before charges is assumed to be 3.5% above inflation, the total expense ratio is assumed to be 0.57%p.a. and transaction costs are assumed to average 0.01%p.a.
    - At retirement, growth before charges is assumed to be 3.3% above inflation, the total expense ratio is assumed to be 0.56%p.a. and transaction costs are assumed to average 0.00%p.a.
5. The BlackRock Life UK Equity Fund growth before charges is assumed to be 4.5% above inflation, the total expense ratio is assumed to be 0.57%p.a. and transaction costs are assumed to average 0.03%p.a.
6. The BlackRock Life Over 5 Years Index-Linked Gilt Fund growth before charges is assumed to be 4.5% above inflation, the total expense ratio is assumed to be 0.55%p.a. and transaction costs are assumed to average 0.00%p.a.
7. Inflation is assumed to be 2.5% per annum.
8. The Regulations require that, where possible, the transaction costs used in these illustrations are based on an average of those for the five years to Plan Year End. Mobius Life have provided historic transaction costs for these funds for the five years to 31 March 2025; consequently our assumptions are based on averages of the transaction costs for these five years.

Illustration 3: A typical underpin member

	Most popular fund: Default Strategy		Highest cost fund: BlackRock Life UK Equity		Lowest cost fund: BlackRock Life Over 5 Years Index-Linked Gilt Fund	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
58	£5,540	£5,540	£5,540	£5,540	£5,540	£5,540
59	£5,767	£5,735	£5,791	£5,756	£5,789	£5,758
60	£6,013	£5,946	£6,054	£5,981	£6,050	£5,984
61	£6,244	£6,140	£6,328	£6,215	£6,322	£6,219
62	£6,447	£6,304	£6,615	£6,457	£6,607	£6,463

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee has based this assumed member on data sourced from the administrator for the prior year and rolled it forward by 12 months. The assumed member is age 58, with a normal retirement age of 62, using a starting pot size of £5,540.
4. The projected growth rates and transaction costs vary as the default strategy's asset allocation changes over the 6 year de-risking period prior to Normal Pension Date (age 62)
    - 6 years or more before retirement, growth before charges is assumed to be 3.5% above inflation, the total expense ratio is assumed to be 0.57%p.a. and transaction costs are assumed to average 0.01%p.a.
    - At retirement, growth before charges is assumed to be 3.3% above inflation, the total expense ratio is assumed to be 0.56%p.a. and transaction costs are assumed to average 0.00%p.a.
5. The BlackRock Life UK Equity Fund growth before charges is assumed to be 4.5% above inflation, the total expense ratio is assumed to be 0.57%p.a. and transaction costs are assumed to average 0.03%p.a.
6. The BlackRock Life Over 5 Years Index-Linked Gilt Fund growth before charges is assumed to be 4.5% above inflation, the total expense ratio is assumed to be 0.55%p.a. and transaction costs are assumed to average 0.00%p.a.
7. Inflation is assumed to be 2.5% per annum.
8. The Regulations require that, where possible, the transaction costs used in these illustrations are based on an average of those for the five years to Plan Year End. Mobius Life have provided historic transaction costs for these funds for the five years to 31 March 2025; consequently our assumptions are based on averages of the transaction costs for these five years.

Illustration 4: A young underpin member

	Most popular fund: Default Strategy		Highest cost fund: BlackRock Life UK Equity		Lowest cost fund: BlackRock Life Over 5 Years Index-Linked Gilt Fund	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
51	£2,610	£2,610	£2,610	£2,610	£2,610	£2,610
55	£2,997	£2,927	£3,117	£3,042	£3,112	£3,045
60	£3,628	£3,444	£3,890	£3,684	£3,879	£3,691
61	£3,768	£3,557	£4,067	£3,828	£4,053	£3,836
62	£3,891	£3,652	£4,251	£3,978	£4,236	£3,986

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.

3. To make this analysis representative of the membership, the Trustee has based this assumed member on data sourced from the administrator for the prior year and rolled it forward 12 months. The assumed member is age 51, with a normal retirement age of 62, using a starting pot size of £2,610.
4. The projected growth rates and transaction costs vary as the default strategy's asset allocation changes over the 6 year de-risking period prior to Normal Pension Date (age 62)
    - 6 years or more before retirement, growth before charges is assumed to be 3.5% above inflation, the total expense ratio is assumed to be 0.57%p.a. and transaction costs are assumed to average 0.01%p.a.
    - At retirement, growth before charges is assumed to be 3.3% above inflation, the total expense ratio is assumed to be 0.56%p.a. and transaction costs are assumed to average 0.00%p.a.
5. The BlackRock Life UK Equity Fund growth before charges is assumed to be 4.5% above inflation, the total expense ratio is assumed to be 0.57%p.a. and transaction costs are assumed to average 0.03%p.a.
6. The BlackRock Life Over 5 Years Index-Linked Gilt Fund growth before charges is assumed to be 4.5% above inflation, the total expense ratio is assumed to be 0.55%p.a. and transaction costs are assumed to average 0.00%p.a.
7. Inflation is assumed to be 2.5% per annum.
8. The Regulations require that, where possible, the transaction costs used in these illustrations are based on an average of those for the five years to Plan Year End. Mobius Life have provided historic transaction costs for these funds for the five years to 31 March 2025; consequently our assumptions are based on averages of the transaction costs for these five years.

Assumptions

The above illustrations have been produced for an "average DC" member, an "average DC with Underpin" member and a "Young DC with Underpin" member based on the Plan's membership data. The "Default Lifestyle Strategy" illustration assumes the member's asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member's assets are invested in that fund up to the Plan retirement age. The results are presented in real terms, i.e. in today's money, to help members have a better understanding of what their pension pot could buy in today's terms, should they invest in the funds above as shown.

The Plan is closed to new members and future contributions.

Age • "Average DC" member • "Young DC" member • "Average DC with Underpin" member • "Young DC with Underpin" member	 61 56 58 51
Plan Retirement Age	62
Starting Pot Size • "Average DC" member • Young DC" member • "Average" DC with Underpin" member • "Young DC with Underpin" member	• £5,460.00 *(the median pot size of the Plan's DC only pots)* • £2,680.00 (*median pot size of the youngest 10% of the Plan's DC only pots)* • £5,540.00 *(median pot size of the Plan's DC with Underpin pots)* • £2,610.00 (*median pot size of the youngest 10% of the Plan's DC with Underpin pots)*
Inflation	2.5% p.a.

Expected future nominal returns on investment:
• Default Strategy
  ○ BlackRock Life (50:50) Global Equity Fund
  ○ BlackRock Life Over 15 year Gilt Index
  ○ L&G Life Sterling Liquidity
• BlackRock Life UK Equity Fund
	
	• 3.50% above inflation
	• 4.50% above inflation
	• 0.50% below inflation
	• 4.50% above inflation – *highest cost fund*

• BlackRock Life Over 5 Years Index-Linked Gilt Fund	• 4.50% above inflation – *lowest cost fund*

Net investment returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduced new requirements for Trustees of 'relevant' occupational pension schemes. The statutory guidance was followed for completing this section.

Trustees of all relevant pension schemes are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. This information must be recorded in the annual Chair's Statement and published on a publicly available website.

The tables below show performance, net of all charges and transaction costs, of all funds available to members during the Plan year.

Default Strategy:

	Annualised Returns to 31 March 2025 (% p.a.)	
Age of Member	**1 Year**	**5 Year**
25	6.0	12.2
45	6.0	12.2
55	6.0	11.9

Source: *Mobius Life and Mercer estimates.*
Performance shown net of all charges and transaction costs, based on Mobius Life unit prices.

Self-Select Fund used by members:

Self-select Funds	Annualised returns to 31 March 2025 (% p.a.)	
	1 year	**5 years**
BlackRock Life (50:50) Global Equity Fund	6.0	12.2
BlackRock Life Over 15 Years Gilt Index	-8.6	-13.4
BlackRock Life (40:60) Global Equity Fund	6.4	13.8
BlackRock Life Corporate Bond Over 15 Years Fund	-5.7	-5.7
BlackRock Life Over 5 Years Index-Linked Gilt Fund	-10.5	-10.0
BlackRock Life UK Equity Fund	7.7	10.9
BlackRock Life World (ex-UK) Equity Fund*	3.8	14.9
L&G Life Sterling Liquidity Fund	4.6	2.0

Source: *Mobius Life as at 31 March 2025* . Returns are shown net of charges, based on Mobius Life unit prices.
*BlackRock returns used as proxy due to pricing issue at Mobius.

5. Value for members

Under legislation applying to all DC schemes with less than £100m in assets, the Trustee is required to assess the extent to which the Plan delivers value for members across three key areas:

Assessment area	Type of assessment
Costs and charges	Comparative assessment against three larger DC arrangements, considering the level of ongoing member-borne charges and transaction costs.
Net investment performance	Comparative assessment against three larger DC arrangements, considering investment performance net of all member-borne costs and charges.
Governance and administration	Standalone assessment of the Plan's governance and administration arrangements, covering: core financial transactions; record keeping; default investment strategy; investment governance; Trustee knowledge and understanding; member communications; and management of conflicts of interest

The Trustee has carried out a value for members' assessment as at 31 March 2025. The conclusions of this assessment are set out in the table below.

Assessment area	Conclusion
Costs and charges	The Trustee has assessed the Plan as offering poor value from a costs and charges perspective on the basis that its on-going investment charges are significantly higher than those that would be applicable through a larger, multi-employer DC arrangement. The Trustee is currently considering the level of Plan fees.
Net investment performance	The Trustee has assessed the Plan as offering reasonable value from a net investment performance perspective, based on returns achieved over periods to 31 March 2025.
Governance and administration	The Trustee has assessed the Plan as offering good value from a governance and administration perspective. ***Promptness and accuracy of core financial transactions*** The Trustee appointed a specialist third party administrator to undertake administration and administration records are audited annually. The overall amount of transactions completed within the service level agreement (SLA) during the Plan Year was c. 95.4%*, an increase compared to last year (c.92.8%*). Core financial transactions processed over the year had a c.97.1%* completion rate within SLA. Administration reports are tabled and reviewed at Trustee Meetings. ***Quality of record keeping*** Common and Scheme Specific data were last reviewed in 2023. There is some room to improve the common data score which was at 82%. The conditional data scores were split by differing benefit structures, as follows: • DB benefits – 56.4% • DC benefits – 33.2%

Assessment area	Conclusion
	• DC Underpin benefits – 41.4% Member tracing is currently ongoing with good success thus far. This will improve scores going forward. ***Appropriateness of the default strategy*** The Trustee undertook an Investment Strategy Review in August 2023, with the assistance of the investment consultant for the Plan. This was further discussed in September 2024 and following further discussion and additional analysis, updated investment advice was shared with the Trustee in June 2025. The Trustee approved the changes and these are expected to be implemented in the 2025/2026 Plan Year. ***Quality of investment governance*** Over the Plan Year, the Trustee has reviewed the investment performance of the funds available regularly, including within both Trustee meetings. The Trustee also received quarterly performance reports. ***Level of trustee knowledge, understanding and skills to operate the pension scheme effectively*** On 17 June 2024, the Trustee Board was amended and now comprises of a Professional Corporate Sole Trustee. The Trustee brings a wealth of experience and knowledge to the Plan. There were two formal Trustee meetings held during the Plan Year in addition to a significant number of meetings to address the sale of the business by the Kelly group to the Gi Group. The Trustee should consider frequency going forward. ***Quality of communication with scheme members*** SMPI statements were issued within statutory deadlines during the Plan Year. The Trustee should consider preferences for mode of communication. ***Effectiveness of management of conflicts of interest*** The Trustee has a conflict of interests policy and register in place, and any new conflicts are declared and considered at each Trustee Meeting, and subsequently recorded.
Overall	Based on our assessment, the Plan offers reasonable value for members, with the strong relative investment returns being the main positive finding. The Trustee has identified the following areas of improvement: - Implement agreed strategy changes for the assets linked to the GMP underpin. - Review the fee arrangements currently in place and look to negotiate with the provider, where possible - Review member communications to support members in their retirement planning.

*SLA statistics include both DB and DC processes

The Trustee will formally assess value for members again during the next Plan Year.

The Trustee has set up processes to publish relevant information on the costs and charges of the default investment option and self-select funds online during the Plan Year but they have not notified members about this in member communications.

Changes to the Trustee Board

With effect from 17 June 2024, the employer and member nominated trustees of the Plan stepped down. Since then, the Plan has had a Professional Corporate Sole Trustee from Capital Cranfield, currently represented by Darren Masters and Tova Docherty.

Trustee knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Codes of Practice 07 and 13.

The use of a professional trustee brings significant experience and knowledge to the Plan as well as the ability to challenge advisors where appropriate.

The Trustee is required to familiarise itself with the Plan's Trust Deed & Rules, the Statement of Investment Principles, all documents setting out the Trustee's current policies, the law relating to pensions and trusts, and the principles relating to the funding and investment of occupational pension schemes.

The Statement of Investment Principles was updated during the Plan year, on 30 September 2024 to include the Trustee's policy in relation to the illiquid assets of the Plan's DC default investment option and to reflect the new General Code of Practice.

In addition, the Trustee reviewed the Investment Consultant, Mercer, against the agreed objectives in September 2024.

Ongoing Training

The Trustee demonstrated its continuous commitment to learning and will receive broader training via the role as a professional Trustee. Over the course of the Plan Year, topics covered included:

- Investment performance and market updates (at both the 19 June 2024 and 17 September 2024 Trustee meetings)
- Current issues in pensions (19 June 2024 Trustee meeting)
- Discussions surrounding the Effective System of Governance (at both the 19 June 2024 and 17 September 2024 Trustee meetings)
- Ongoing discussions regarding the DC investment strategy review, including the 2023 report being updated and formally reissued in September 2024 and additional analysis and discussions resulting in updated advice issued post Plan year, in June 2025.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together 'the Regulations') and I confirm that the above statement has been produced by the Trustee to the best of my knowledge.

Darren Masters, Capital Cranfield Pension Trustees Limited

Sole Professional Trustee

Date: 27 October 2025

Appendix – Statement of Investment Principles (September 2024)

1 INTRODUCTION

Trustees are required to prepare and review regularly a Statement of Investment Principles ("SIP"), dealing with certain specific matters, to comply with the requirements of the Pension Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 (the "Regulations") as amended.

This statement sets out the principles governing decisions about the investment of the assets of the Kelly Services (UK) Limited Benefits Plan (the Plan).

In In preparing the Statement, the Trustees have:

- obtained and considered written advice from a suitably qualified individual, employed by their investment consultants, Mercer Limited, whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and
- consulted with the Sponsoring Employer, although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer, to ascertain whether there are any material issues which the Trustees should be aware of in agreeing the Plan's investment arrangements.

The Plan's assets are held in Trust for the Plan by the Trustees, whose powers of investment are set out in the Trust Deed and Rules.

The Trustees will review the Statement formally at least every three years. Furthermore, the Trustees will review the Statement without delay after any significant change in investment policy or member demographics. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Sponsoring Employer.

Plan details

The Plan is a hybrid scheme (both Defined Benefit and Defined Contribution) and operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries. The Plan was established as a Defined Benefit (DB) plan and subsequently changed to a Defined Contribution (DC) plan with effect from 1 April 1993. Members of the Plan were contracted out of the State Earnings Related Pension Scheme (later known as the State Second Pension) on a Guaranteed Minimum Pension (GMP) for the period ending 5 April 1997 and on a money purchase protected rights basis for the period 6 April 1997 to 31 March 2004. The Plan closed to new members and future contributions from 31 March 2004.

The benefits provided by the Plan are categorised as follows:

- Defined Benefits (final salary benefits) in respect of service prior to 1 April 1993. For the purpose of this Statement these benefits have been defined as DB Benefits.
- Defined Contribution Benefits (money purchase benefits) subject to a GMP underpin in respect of service between 1 April 1993 and 5 April 1997. For the purpose of this Statement these benefits have been defined as DC GMP Underpin Benefits.
- Defined Contribution Benefits (money purchase benefits) in respect of service accrued after 6 April 1997. For the purpose of the Statement, these benefits have been defined as DC Benefits.

Exempt approval has been granted by HM Revenue & Customs (HMRC) under Chapter 1 of part XIV of the Income and Corporation Taxes Act 1988 and from 6 April 2006 the Plan has acquired registered scheme status. Administration of the Plan is managed by the Trustees, who are responsible for the investment of the Plan's assets.

2 DECISION MAKING

The Trustees distinguish between two types of investment decision:

Strategic investment decisions

These decisions are long-term in nature and are driven by an understanding of the objectives, needs and liabilities of the Plan.

The Trustees takes all such decisions themselves. Where appropriate, this is after receiving written advice from its investment adviser and consulting with the employer. Examples of such decisions include:

- Setting investment objectives;
- Setting the strategic asset allocation;
- Setting benchmarks;
- Drafting the Statement of Investment Principles; and
- Appointing and removing investment managers.

Tactical investment decisions

These decisions are short-term and based on views of future market movements.

The Trustees delegate such decisions to appropriate investment managers and do not interfere with their decisions. Examples of such decisions include:

- Selecting individual stocks;
- Temporarily deviating from the strategic asset allocation to take advantage of better market opportunities; and
- Timing of entry or exit from a market.

3 INVESTMENT OBJECTIVES

Defined Benefit Section

The Trustees' overall investment policy is guided by the following objectives:

- Achieve and maintain a funding level of 100% on an on-going basis without taking unacceptable risk.
- To achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.
- To maximise the return on the assets at an acceptable level of risk (taking the circumstances of the Plan's funding position and the Sponsoring Employers' covenant into consideration).
- To ensure the assets are liquid enough to meet the liabilities when required.

Defined Contribution Section

The Trustees are mindful of their responsibility to provide members with an appropriate range of investment funds and a suitable default strategy. The long-term objective of the Trustees is to provide members with the opportunity to invest towards an income in retirement that is both adequate and sustainable for their circumstances.

Details of the approach the Trustees have taken to meet these investment objectives are set out in Section 5.

The Trustees have determined their investment policy in such a way as to address the risks set out in Section 6 of this Statement

The items set out in Section 2, 3, 5, 6 and 7 of this Statement are in relation to what the Trustees deem as 'financially material considerations' both for the DC Section of the Plan and the default lifestyle strategy. The Trustees believe the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the members' age and when they expect to retire. It is for this reason that the default is a lifestyle strategy.

4 INVESTMENT RESPONSIBILITIES

Trustees' Duties and Responsibilities

The Trustees are responsible for setting the investment objectives and determining the strategy to achieve the objectives. The Trustees carry out their duties and fulfil their responsibilities as a single body.

Each of the Trustees wish to contribute directly to the formulation of the Plan's investment policy and to the monitoring of the Plan's investment managers. Moreover, the trustee body is not so large as to be unwieldy in its operations. Sub-committees may be formed from time to time to examine specific issues.

The duties and responsibilities of the Trustees include, but are not limited to, the following tasks and activities:

- Reviewing at least triennially, and more frequently if necessary, the content of this Statement in consultation with both the Investment Adviser and the Sponsoring Employer.
- Reviewing the DB Section's investment strategy following the results of each actuarial review, in consultation with the investment adviser and Scheme Actuary.
- Reviewing the DC Section's fund range and default investment strategy on at least a triennial basis.
- The appointment and review of the investment managers and investment adviser.
- The assessment and review of the performance of each investment manager.
- The review of the investment parameters within which the investment managers can operate.
- The assessment of the risks assumed by the Plan at a total Plan level as well as on a manager by manager basis.
- The approval and review of the asset allocation benchmark for the DB Section of the Plan.
- The compliance of the investment arrangements with the principles set out in the Statement.

Investment Adviser's Duties and Responsibilities

The Trustees have appointed Mercer as the investment adviser to the Plan. Mercer provides advice as and when the Trustees require it, as well as raising any investment-related issues, of which they believe the Trustees should be aware. Matters on which Mercer expects to provide advice to the Trustees include the following:

- Participating with the Trustees in reviews of this Statement.
- Setting of investment objectives.

- Determining investment strategy and asset allocation.
- Determining an appropriate investment structure.
- Monitoring the investment managers to assess their suitability and to ensure they continue to operate within their given mandates.
- Monitoring the platform provider to ensure its continuing appropriateness for the Plan.
- Production of performance monitoring reports.
- Advising on cashflow management policies (see Appendix 3) – DB Section.

The Trustees may seek advice from Mercer with regard to both strategic and tactical investment decisions; however, it recognises that it retains responsibility for all such decisions, including those that concern investments and disinvestments relating to cash flows (see Appendix 3), regarding the DB Section. Mercer may be proactive in advising the Trustees regarding tactical investment decisions; however, there is no responsibility placed on Mercer to be proactive in all circumstances.

The Trustees monitor the performance of the Plan's underlying investment managers against their benchmarks. Mercer will provide performance monitoring reports to assist the Trustees in this process.

Mercer makes a fund-based charge for the services it provides as set out in its investment agreement with the Trustees. Any additional services provided by Mercer will be remunerated primarily on a time-cost basis.

In particular, Mercer does not receive commission or any other payments in respect of the Plan that might affect the impartiality of their advice, and as noted below, any discounts negotiated by Mercer and Mobius Life Limited ("Mobius") with the underlying managers are passed on in full to the Plan.

The Trustee is satisfied that this is the most appropriate adviser remuneration structure for the Plan.

Mercer is authorised and regulated by the Financial Conduct Authority ("FCA").

Investment Manager Arrangements and Responsibilities

The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The DC Section's fund range and default investment strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment strategy or general fund range.

The Trustees, after considering appropriate investment advice, have invested the Plan's assets through a Trustee Investment Policy ("TIP") from Mobius, whose appointment foregoes the need for a Custodian.

The Mobius TIP facilitates investment into a range of underlying funds managed by third party investment managers and the value of the Mobius TIP is directly linked to the change in value in the underlying funds. All of the underlying investment managers used by the Plan are authorised and regulated by the FCA. Mobius Life Limited is authorised by the Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA.

The underlying investment managers used by the Trustees through the Mobius platform are chosen based on advice from the Investment Adviser. This is based on the Investment Adviser's view of their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected. If a manager is significantly downgraded by

Mercer's Manager Research Team (MMRT), Mercer will inform the Trustees so that a decision may be taken to seek a replacement if necessary.

The Trustees will only invest in pooled investment vehicles through the Mobius platform. The Trustees therefore accept that they cannot specify the risk profile and return targets of the managers, but the pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

The underlying investment managers the funds are invested in are responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage.

Both Mobius and the underlying investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Plan. Where possible, discounts have been negotiated by Mercer and Mobius with the underlying managers on their standard charges and the Plan benefits directly from these discounts.

None of the underlying managers in which the Plan's assets are invested have performance based fees which could encourage the manager to make short term investment decisions to hit their profit targets.

The Trustees therefore consider that the method of remunerating fund managers is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustees accept that they cannot influence the charging structure of the pooled funds in which the Plan is invested, but are satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund's stated characteristics.

The Trustees are therefore satisfied that this is the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustees' policies as set out in this SIP.

Summary of Responsibilities

A summary of the responsibilities of all relevant parties, including the Plan Actuary and administrators, in so far as they relate to the Plan's investments, is set out at Appendix 2.

5 IMPLEMENTATION

The Trustees, after considering appropriate investment advice, have selected professional, authorised investment managers to manage the assets of the Plan through the Mobius Platform. The Trustees believe this advice to be in line with the requirements set out in Section 36 of the Pensions Act 1995.

Investment Strategy of the Defined Benefit Section

Types of Investments to be Held

The Plan's assets are invested wholly via pooled vehicles.

The Trustees are permitted to invest across a wide range of asset classes, including the following:

- UK and overseas equities
- UK and overseas government bonds, fixed and inflation-linked
- UK and overseas corporate bonds
- Convertible bonds
- Property

- Commodities
- Hedge funds
- Private equity
- High yield bonds
- Emerging market debt
- Diversified growth
- Liability driven investment products
- Cash

The use of derivatives is as permitted by the guidelines that apply to the pooled funds.

Investment Structure of the Defined Contribution Section

The Trustees' strategy is to provide members with sufficient investment options to allow the acquisition of secure assets of appropriate liquidity, which will generate income and capital growth, which, will provide a fund at retirement with which members can purchase a pension annuity.

The Trustees wish to give members a reasonable degree of freedom over the investment policy of their accounts. DC Members who have a GMP Underpin are not able to self-select, they are invested in the default strategy, as described in this section. Asset classes include equities, bonds and money market instruments. All of the funds which the Plan invests are pooled and unitised; the use of derivatives is permitted by the guidelines that apply to the pooled funds. The following funds have been made available for members to choose their own customised asset mix:

- BlackRock Life AQC (50:50) Global Equity Fund
- BlackRock Life AQC Over 15 Years Gilt Index Fund
- BlackRock Life AQC Corporate Bond Over 15 Years Fund
- BlackRock Life AQC Over 5 Years Index-Linked Gilt Fund
- BlackRock Life AQC (40:60) Global Equity Fund
- BlackRock Life AQC UK Equity Fund
- BlackRock Life AQC World (ex-UK) Equity Fund
- L&G Life Sterling Liquidity Fund

After assessing the potentially enhanced return from active management in relation to the additional risks assumed and the costs involved in employing an active investment manager; the Trustees decided to utilise passively managed funds.

When self-selecting, the balance between funds and asset classes is the member's decision. This balance will determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerance. Members can switch between funds by changing their investment instructions.

Default Investment Strategy

The default strategy operates as a default if a member does not wish to make their own investment selection. The default is designed to be appropriate for a typical member of the Plan. This is the only investment made available to those members with a DC GMP Underpin Benefit.

In determining the investment strategy for the default, the Trustees have received formal written investment advice from their investment adviser. The Trustees have explicitly considered the trade-off between risk and expected returns when establishing the balance between different kinds of investments. The expected amount of risk is considered appropriate for the typical member and will differ by member depending on their age and their expected retirement age. Further information is set out below.

The default option follows a "lifestyle" strategy that automatically varies the mix of assets a member is invested in over their working life and is designed to be appropriate for a member to take their benefits by purchasing an annuity at retirement. This aims to provide growth in excess of inflation during the growth phase of the lifestyle and to provide a strategy to reduce investment risk as members approach retirement age.

In the lifestyle strategy (the default strategy for both DC only members as well as DC members with GMP Underpin Benefits) assets are invested in the BlackRock (50:50) Global Equity Index Fund and are subject to a 'Lifestyle' investment strategy. The BlackRock (50:50) Global Equity Fund broadly maintains an equity split of 50% UK equities and 50% overseas equities. The Lifestyle strategy mechanistically moves assets from the (50:50) Global Equity Index Fund to the BlackRock Over 15-year Gilt Index Fund and L&G Life Sterling Liquidity Fund as retirement approaches. The table overleaf illustrates the Lifestyle strategy that has been put in place by the Trustees.

From six years to retirement, assets invested in the Global Equity Fund move to Gilts on a quarterly basis. Two years from retirement, some assets are moved to cash. This is illustrated on the following page.

Years from retirement	BlackRock (50:50) Global Equity Index Fund %	BlackRock Over 15-year Gilt Index Fund %	L&G Sterling Liquidity Fund %
End of Year 6	100	0	0
End of Year 5	80	20	0
End of Year 4	60	40	0
End of Year 3	40	60	0
End of Year 2	25	75	0
End of Year 1	15	75	10
End of Year 0	0	75	25

The default retirement age for the lifestyle strategy is age 62. However, members can choose a target retirement age (between age 55 and age 75) which will dictate the beginning of the Lifestyle phasing. Retirement before age 62, however, requires Company and Trustees' consent.

Taking into account the Trustees' views of how the membership will behave at retirement, the Trustees no longer believe that the current default is appropriate and are in the process of changing the default investment strategy. The Trustees will continue to review this over time, at least triennially, or after any significant changes to the Plan's demographic, if sooner.

Details of the funds used in the default and self-select range are set out in Appendix 1.

Policy in relation to Illiquid Assets

The Trustees consider illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund. The Plan's default arrangement includes no direct allocation to illiquid investments or to investments via a collective investment scheme.

Trustees understand the potential for higher returns and benefits of diversification benefits relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer. While these potential benefits are recognised by the Trustees, they are also aware of the risks of illiquid assets to members. Given the potential for valuations of illiquid assets to not reflect their true value at a given time, as well as concerns over liquidity management and platform compatibility; the Trustees consider direct investment into an illiquid asset fund as not currently suitable for members of the Plan. The Trustees remain comfortable with the funds used in the default, and annually assess whether the funds used provide value for members.

In selecting investments for the default arrangement the Trustees use both qualitative and quantitative analysis to consider the expected impact of different strategic allocation mixes. For any future investment, the Trustees carefully consider whether the investment provides value for members, taking account of the return potential and associated risks. It is the Trustees' policy to review the allocation of the default investment strategy on at least a triennial basis. Such reviews will include whether the incorporation of illiquid asset investments is appropriate.

6 RISK

Risks of the Defined Benefit Section

The Trustees pay close regard to the risks that may arise through a mismatch between the Plan's assets and its liabilities, and to the risks that may arise from the lack of diversification of investments. They believe that the investment policies to be followed by their investment managers do have adequate regard to the need to diversify within each asset class as well as in terms of stock selection.

Under the Pensions Act 2004 the Trustees must now state its policy on the ways in which risks are to be measured and managed. These are set out below in relation to the DB Section of the Plan.

Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the value of the assets held relative to the liabilities.
- These are managed by setting a Plan-specific strategic asset allocation with an appropriate level of risk for the level of expected return.

Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process.

Liquidity Risk

- This is monitored according to the level of cashflows required by the Plan over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. The Plan's assets are invested in pooled funds which are readily realisable.

Political Risk

- This is measured by the level of concentration in any one market leading to the risk of adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which give a high degree of diversification.

Corporate Governance Risk

- This is assessed by reviewing the Plan's investment managers' policies regarding corporate governance.
- It is managed by delegating the exercise of voting rights to the managers, who exercise this right in accordance with their published corporate governance policies. Summaries of these policies are provided to the Trustees from time to time and take into account the financial interests of the shareholders, which should ultimately be to the Plan's advantage.

Sponsor Risk

- This is assessed as the level of ability and degree of willingness of the Sponsor to support the continuation of the Plan and to make good any current or future deficit.
- It is managed by assessing the interaction between the Plan and the Sponsor's business, as measured by a number of factors, including the creditworthiness of the Sponsor and the size of the pension liability relative to a number of metrics reflecting the financial strength of the Sponsor.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustees. The Trustees acknowledge that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.

Credit Risk

- This is the risk that is associated with the inability of a borrower to repay, in full or part the monies which it owes to a creditor.
- The Plan invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.
- The Plan's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environment in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.
- Indirect credit risk arises in relation to underlying bond investments held in the pooled funds. This risk is mitigated by investing funds with sound risk management procedures.
- The Trustees have invested the assets via the Mobius Platform. Mobius carries out due diligence checks before making a new pooled fund available, and on an ongoing basis, monitors changes to the regulatory and operating environments of the underlying pooled investment managers.

Market Risk

- This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the following three types of risk.

Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension plan, the Plan may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- The Trustees acknowledge that currency risk related to overseas investments is delegated to, and hedged where deemed appropriate, by the underlying investment managers.

Interest Rate Risk

- This is the risk that an investment's value will change due to a change in the level of interest rates. This affects debt instruments more directly than growth instruments.
- The Trustees recognise that the Plan's liabilities are exposed to a significant level of interest rate risk movement and for this reason it is desirable for the assets to be exposed to an appropriate level of interest rate risk.
- The Trustees have therefore invested in fixed interest gilt funds in order to provide hedging against the interest rate risk inherent within the Plan's liabilities.

Other Price Risk

- This is the risk that principally arises in relation to the return seeking portfolio i.e. equities.
- The Trustees acknowledge that a Plan can manage its exposure to price risk by investing in a diverse portfolio across various markets.

Environmental, Social and Governance Risk

- This is the risk that Environmental, Social or Corporate Governance ("ESG") concerns, including climate change, have a financially material impact on the return of the Plan's assets.
- The Trustees believes that 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 Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.
- The Trustees manage this risk by investing in well-respected investment managers where ESG principles are appropriately included in the investment decision making process. Part of the rating process of the Investment Adviser in relation to the underlying investment managers is based on their financial stewardship and how well they integrate governance and sustainability into their investment process.

Risks of the Defined Contribution Section

The Trustees recognise that in a defined contribution arrangement, members assume the investment risks themselves. The Trustees further recognise that members are exposed to different types of risk at different stages of their working lifetimes. The main types of investment risk are and how they are monitored and managed are noted below:

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market Risk	Inflation Risk	The risk that a member's investments will not grow quickly enough to sufficiently outpace inflation (the cost of living).	The Trustees make available a range of funds across various asset classes, with the majority expected to keep pace with inflation. Members are able to set their own investment allocations, in line with their risk tolerances. The default strategy is designed with the intention of diversifying these risks to reach a level of risk deemed appropriate given the objectives. This is set with the advice from the investment adviser. The Trustees acknowledge that the assessment of credit risk on individual debt instruments is the responsibility of the investment manager. The Trustees will however ensure that they are comfortable with the amount of risk that the Plan's investment managers take. The Trustees acknowledge that the Plan can manage its exposure to price risk by investing in a diverse portfolio across various markets.
	Currency Risk	This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension plan, the plan may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.	
	Credit Risk	This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.	
	Other Price Risk	This is the risk that principally arises in relation to the return seeking assets such as equities.	
Environmental and social and governance ("ESG") risks		This is the risk that ESG factors, including climate change, have a financially material impact on the return of the Plan's assets. These risk factors can have a significant effect on the long-term performance of the assets the Plan holds.	Where applicable these factors will be considered in the investment process but is considered the responsibility of the investment manager. Please see Section 7 for the Trustees' responsible investment statement.
Pension Conversion Risk		This is the risk that member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	The Trustees make available a wide range of funds which enable members to manage this risk. The default is a lifestyle strategy which automatically and gradually switches member assets into investments whose value is expected to be less volatile relative to annuity prices. The allocation at retirement is considered suitable for members purchasing an annuity and taking a 25% tax free cash lump sum, which also

		broadly aligns with the nature of the defined benefit liabiltiies that exist in respect of members with a GMP underpin. The Trustees will review the default strategy at least triennially to assess whether the targeted destination remains appropriate.
Manager risk	This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.	It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process, and by appointing Mercer to monitor and advise on replacement any managers where concerns exist over their continued ability to deliver the investment mandate.
Liquidity risk	The risk that the Plan's assets cannot be realised at short notice in line with member or Trustees' demand.	As far as is practicable and necessary, the Trustees invest in liquid assets that can be quickly realised as required. It is managed by investing only in readily realisable pooled funds that can be bought and sold on a daily basis.

Realisation of Investments

The funds are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore should be realisable at short notice, based on either Trustees' or member demand. The selection, retention and realisation of investments within the pooled arrangements are the responsibility of the relevant investment manager.

7 RESPONSIBLE INVESTING

The Trustees believe that Environmental, Social and Corporate Governance ("ESG") issues may have a material impact on investment risk and return outcomes, thereby affecting the performance of investment portfolios and should therefore be considered as part of the Plan's investment process.

The Trustees have delegated responsibility for the selection, retention and realisation of investments to the investment managers. The Trustees' policy is that the extent to which ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, are taken into account in these decisions is left to the discretion of the investment managers. However, the investment managers who are registered with the FCA are expected to act in accordance with their own corporate governance policies and current best practice, as well as comply with the UK Corporate Governance Code and UK Stewardship Code, including public disclosure of compliance via an external website.

The Trustees will continue to review the available products and approaches in this space and strive for the Plan to continue to deliver strong risk-adjusted returns, incorporating responsible investments principles into the process, where possible.

Member views on non-financial matters are not taken into account in the selection, retention and realisation of investments. Nevertheless the Trustees believe that they have a good understanding of

membership demographics, behaviours and preferences and strive to provide a fund range that meets both financial and non-financially relevant member needs.

Stewardship Policy

The Trustees believe that good stewardship can create and preserve value for companies and markets as a whole and can therefore enhance long-term portfolio performance, and is therefore in the best interests of the Plan's beneficiaries and aligned with fiduciary duty.

The Trustees have identified the following stewardship priorities:

- **Environmental:** Climate change: low-carbon transition and physical damages resilience; pollution & natural resource degradation;
- **Social:** Human rights: modern slavery, pay & safety in workforce and supply chains, abuses in conflict zones;
- **Governance:** Diversity, Equity and Inclusion (DEI) - inclusive & diverse decision making

The Trustees are supportive of the UK Stewardship Code published by the Financial Reporting Council and encourage the Plan's underlying managers who are regulated by the Financial Conduct Authority to comply with the UK Stewardship Code. Such managers are expected to report on their adherence to the Code on an annual basis. For managers that choose not to comply with any of the principles in the UK Stewardship Code, or not to follow the guidance at all, the Trustees will request a clear rationale from the managers on their alternative approach to stewardship.

As the Plan invests in pooled funds via an investment platform, the Trustees' scope to vote on the Plan's shares directly is currently limited. The Trustees have therefore concluded that the decision on how to exercise voting rights should be left with the underlying investment managers who will exercise these rights in accordance with their respective published corporate governance policies. These policies take into account the financial interests of shareholders, and should be for the members' benefit.

The Trustees request annual reports on the voting undertaken by the Plan's underlying investment managers during the Plan year and review the voting to ensure it remains broadly consistent with the Trustees' view of good stewardship standards.

8 MONITORING OF INVESTMENT ADVISER AND MANAGER

Investment Adviser

The Trustees continually assess and review the performance of its adviser in a qualitative way.

Investment Managers

The Trustees receive quarterly monitoring reports on the performance of the underlying investment managers from Mercer, which presents performance over 3 months, 1 year, 3 years and since inception. The reports show the absolute performance and performance against benchmark over the relevant time period on a net of fees basis. Given the passive nature of the Plan's investments an assessment is also made on whether manager performance is within a suitable tolerance range relative to the benchmark. The report also provides returns of market indices so that these can also be used to help inform the assessment of the underlying managers' performance.

In conjunction with advice and information from their Investment Adviser, the Trustees have the role of replacing the underlying investment managers where appropriate. The Trustees take a long-term view when assessing whether to replace the underlying investment managers, and such decisions would not be made based solely on short-term performance concerns. Instead, changes could be driven by a

significant downgrade of the investment manager by Mercer's Manager Research Team. This in turn would be due to a significant reduction in Mercer's confidence that the investment manager will be able to perform in line with their fund's mandate over the long term.

Changes would be made to the underlying managers however, if there is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager.

In addition, as part of the annual value for members' assessment, the Trustees review the investment manager fees and performance over 1 and 3 year periods. The assessment shows the absolute performance as well as the performance against the managers' stated target (over the relevant time period) on a net of fees basis.

Portfolio Turnover Costs

The Trustees consider portfolio turnover costs as part of the annual value for members' assessment. The Trustees are also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Plan. The Trustees are satisfied that it is not appropriate to have an overall portfolio turnover target for the Plan.

The Trustees are working with Mercer to determine the most appropriate way to obtain and monitor the information required in relation to the pooled funds in which the Plan is invested and will include further information about this when next updating the SIP.

9 CODE OF BEST PRACTICE

Defined Benefit Section

The Trustees note that in March 2017, the Pensions Regulator released 'Investment Guidance for Defined Benefit Pension Schemes'.

The Trustees meet with their investment adviser annually, monitoring developments both in relation to the Plan's circumstances and in relation to evolving guidance, and will revise the Plan's investment approach if considered appropriate.

Defined Contribution Section

The Pension Regulator's General Code of Practice on the governance and administration of occupational DC trust based schemes places emphasis on good quality investment arrangements and requirements for reviewing these on the Trustees. Particular attention has to be paid to the design of default strategies and on-going monitoring of their continuing suitability for scheme membership. The Code can be found here:

https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/general-code-of-practice.ashx

When formulating their investment policy, the Trustees have acted in line with the General Code of Practice.

10 COMPLIANCE

The Plan's Statement of Investment Principles and annual report and accounts are available to members.

A copy of the Plan's current Statement plus Appendices is also supplied to the Sponsoring Employer, auditors and Actuary.

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others and was approved by the Trustees on 30 September 2024.

Appendix 1: Investment Manager

Defined Benefit Section

The assets for the underlying managers are hosted on an investment platform provided by Mobius Life Limited.

Mercer will monitor the investment managers. If one of the managers is downgraded by Mercer's Manager Research Team, the Trustees will be informed and alternative managers will then be considered as a replacement.

Investment manager/ fund	Fund benchmark	Objective	Dealing frequency
BlackRock Life AQC (50:50) Global Equity Fund	Aquila Life (50:50) Global Equity Benchmark	To provide returns consistent with the markets in which it invests and provides broad exposure to countries around the world.	Daily
BlackRock Life AQC Over 15 Years Gilt Index Fund	FTSE Actuaries UK Conventional Gilts over 15 Years Index	To achieve a return consistent with the FTSE Actuaries UK Conventional Gilts over 15 Years Index.	Daily
BlackRock Life AQC Corporate Bond Over 15 Years Fund	iBoxx Sterling Non-Gilts 15+ Years Index	To achieve a return consistent with the iBoxx £ Non-Gilts Over 15 Years Index.	Daily
BlackRock Life AQC Over 5 Years Index-Linked Gilt Fund	FTSE Actuaries UK Index- Linked Gilts over 5 Years Index	To achieve a return consistent with the FTSE Actuaries UK Index-Linked Gilts over 5 Years Index.	Daily
L&G Life Sterling Liquidity Fund	7 Day LIBID	To provide capital stability, liquidity and diversification while providing a competitive level of return in relation to 7 day LIBID.	Daily

Defined Contribution Section

Funds used in Default Investment Strategy

Investment manager/ fund	Fund benchmark	Objective	Dealing frequency
BlackRock Life AQC (50:50) Global Equity Fund	Aquila Life (50:50) Global Equity Benchmark	To provide returns consistent with the markets in which it invests and provides broad exposure to countries around the world.	Daily
BlackRock Life AQC Over 15 Years Gilt Index Fund	FTSE Actuaries UK Conventional Gilts over 15 Years Index	To achieve a return consistent with the FTSE Actuaries UK Conventional Gilts over 15 Years Index.	Daily
L&G Life Sterling Liquidity Fund	7 Day LIBID	To provide capital stability, liquidity and diversification while providing a competitive level of return in relation to 7 day LIBID.	Daily

Self-Select Funds

Investment manager/ fund	Fund benchmark	Objective	Dealing frequency
BlackRock Life AQC (50:50) Global Equity Fund	Aquila Life (50:50) Global Equity Benchmark	To provide returns consistent with the markets in which it invests and provides broad exposure to countries around the world.	Daily
BlackRock Life AQC Over 15 Years Gilt Index Fund	FTSE Actuaries UK Conventional Gilts over 15 Years Index	To achieve a return consistent with the FTSE Actuaries UK Conventional Gilts over 15 Years Index.	Daily
BlackRock Life AQC Corporate Bond Over 15 Years Fund	iBoxx Sterling Non-Gilts 15+ Years Index	To achieve a return consistent with the iBoxx £ Non-Gilts Over 15 Years Index.	Daily
BlackRock Life AQC Over 5 Years Index-Linked Gilt Fund	FTSE Actuaries UK Index- Linked Gilts over 5 Years Index	To achieve a return consistent with the FTSE Actuaries UK Index-Linked Gilts over 5 Years Index.	Daily
BlackRock Life AQC (40:60) Global Equity Fund	Aquila Life (40:60) Global Equity Benchmark	To provide returns consistent with the markets in which it invests	Daily
BlackRock Life AQC UK Equity Fund	FTSE All-Share TR Index	To achieve a return that is consistent with the return of the FTSE All-Share Index.	Daily
BlackRock Life AQC World (ex-UK) Equity Fund	FTSE All World Developed ex UK Net of Tax GBP	To achieve a return in line with the FTSE All-World Developed ex-UK Index.	Daily
L&G Life Sterling Liquidity Fund	7 Day LIBID	To provide capital stability, liquidity and diversification while providing a competitive level of return in relation to 7 day LIBID.	Daily

Appendix 2: Responsibilities of Parties

Trustees

The Trustees' responsibilities include the following:

- Reviewing at least triennially, and more frequently if necessary, the content of this Statement in consultation with the Investment Adviser and modifying it if deemed appropriate.
- Reviewing the DB Section's investment strategy following the results of each actuarial review, in consultation with the Investment Adviser and Plan Actuary.
- Reviewing the DC Section's fund range and default investment strategy on at least a triennial basis.
- Appointing the Investment Managers and custodian (if required).
- Assessing the quality of the performance and processes of the Investment Managers by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser.
- Consulting with the Sponsoring Employer regarding any proposed amendments to this Statement.
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis.

Investment Adviser

The Investment Adviser's responsibilities include the following:

- Participating with the Trustees in reviews of this Statement of Investment Principles.
- Advising the Trustees, at their request, on the following matters:
  - Through consultation with the Plan Actuary, how any changes within the Plan's benefits, membership and funding position may affect the manner in which the assets should be invested;
  - How any changes in the Investment Managers organisation could affect the interests of the Plan; and
  - Whether any of the existing funds will not be able to meet their long term objectives
  - How any changes in the investment environment could present either opportunities or problems for the Plan.
- Undertaking project work, as requested, including:
  - Reviews of the default strategy and asset allocation policy; and
  - Research into and reviews of Investment Managers.
- Advising on the selection of new managers and/or custodians.

Investment Managers

The Investment Managers' responsibilities include the following:

- Providing the Trustees on a quarterly basis (or as frequently as required) with a statement and valuation of the assets and a report on their actions and future intentions, and any changes to the processes applied to their portfolios.
- Informing the Trustees of any changes in the internal performance objectives and guidelines of any pooled fund used by the Plan as and when they occur.
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments.

Plan Actuary

The Plan Actuary's responsibilities include the following:

- Liaising with the Investment Adviser regarding the suitability of the Plan's investment strategy given the financial characteristics of the Plan.
- Assessing the funding position of the Plan and advising on the appropriate response to any shortfall.
- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels.

Administrator

The Administrator's responsibilities include the following:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due.
- Paying benefits and making transfer payments.

Investing contributions not required to meet benefit payments with the Investment Managers according to the Trustees' instructions.

Appendix 3: Cashflow and Rebalancing Policy – DB Section

Cashflow Policy

Investments of any value and disinvestments of up to a value of £150,000 can be made by the Mercer Pensions Administrations Team on behalf of the Trustees of the Plan.

All cashflow requests are to be referred to the Mercer Investment Consultant, who will advise on a suitable investment arrangement.

Rebalancing Policy

There will be no automatic rebalancing of the portfolio. The position of the DB section assets will be reviewed on an ongoing basis and amended if deemed necessary.