THE JARROLD & SONS LIMITED PENSION PLAN

STATEMENT OF INVESTMENT PRINCIPLES

Prepared by Berkeley Burke
September 2020

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1. BACKGROUND

1.1 This Statement of Investment Principles ("SoIP") sets out the principles governing decisions about investments for the **Jarrold & Sons Limited Pension Plan** ("the Scheme").It has been prepared in accordance with the requirements of:

- Section 35 of the Pensions Act 1995, as amended by the Pensions Act 2004;
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010;
- the Occupational Pension Schemes (Investment) (Amendment) Regulations 2018; and
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

. It has been agreed by the Trustees of the Scheme ("the Trustees"). . It replaces the previous edition of the SoIP, dated 30th July 2019.

The SoIP describes the investment policy, guidelines and procedures being pursued by the Trustees of the Scheme which they believe are in compliance with the Government's voluntary code of conduct for institutional investment in the UK (the "Myners Principles").

In the preparation of the SoIP the Trustees have obtained appropriate professional advice from their Investment Consultants, Berkeley Burke Employee Benefit Consultants Limited ("Berkeley Burke"), and have consulted the Principal Employer, Jarrold & Sons Limited, about the content of this SoIP. However, the ultimate power and responsibility for deciding investment policy lies with the Trustees.

This SoIP may require amendment as general investment conditions alter and as the liabilities of the Scheme change over time. It is therefore the intention of the Trustees to review this SoIP from time to time. This SoIP is consistent with the Scheme's governing documents.

1.2 The Scheme is Registered with HMRC in accordance with the Finance Act 2004 and provides final salary benefits for members. There is no formal employer-related investment made by the Trustees, and none is intended.

The Scheme also holds insured assets in the form of a bulk annuity policy which matches the liabilities of those pensioner members whose retirement benefits had come into payment on or before 30th June 2017. This SoIP does not cover the bulk annuity policy because it was in practice an irreversible transaction. Instead, this SoIP relates only to the uninsured assets which fall under the control of the Trustees.

1.3 The Scheme's assets are held in trust by the Trustees. The Trustees' powers of investment are set out in Section 4 of Clause III of the Trust Deed and Rules, dated 25th January 2005, as detailed in Appendix 1. The investment powers were subsequently broadened by a Deed of Amendment dated 14th November 2017. This SoIP is consistent with those powers.

1.4 As required by the Pensions Act 1995, the Trustees have appointed a fund manager, Schroder Investment Management Limited ("Schroder" and "the Fund Manager"), for the day-to-day management of the majority of the Scheme's assets. The Fund Manager employed by the Trustees to manage the assets of the Scheme as at the date of this SoIP is set out in Appendix 2. The Trustees have a signed client agreement or Letter of Appointment with the manager setting out in detail the terms on which the portfolio is managed. The fund manager is responsible for the day-to-day investment management of the Scheme's assets. The manager is suitably authorised under the Financial Services and Markets Act 2000.

The custody and safekeeping of the assets is provided by the custodian of the relevant funds.

The fund manager and custodian are required to abide by this SoIP and, where appropriate, the Letter of Appointment and/or Client Agreement.

1.5 The Trustees employ Berkeley Burke as their Investment Consultants to help them monitor their fund manager/custodian, to advise them in general on matters relating to the Scheme's investments and to maintain this investment statement.

1.6 The SoIP must be made available to members but it does not have to be circulated automatically. The Trustees' annual report will explain how members may obtain a copy of the latest SoIP.

1.7 The Trustees monitor investments formally no less frequently than **quarterly.** Advice is received as required from professional advisers.

1.8. In determining the Scheme's investment strategy the Trustees have consulted the Principal Employer. The Principal Employer will also be consulted if the SoIP is revised. The consultations with the Principal Employer are not negotiations and the Trustees' decision is final. The Principal Employer does, however, fund the Scheme and therefore the Trustees consider it prudent for the Principal Employer to be kept informed.

All investment decisions for the Scheme are under the Trustees' control with no constraint from the Principal Employer.

1.9 The Trustees are responsible in respect of investment matters for:

a) Reviewing triennially and following any significant change in investment policy, the content of this SoIP and modifying it if deemed appropriate.

b) Reviewing the investment policy following the results of each actuarial valuation, and/or any formal asset/liability modelling exercise which has been carried out by the Trustees' actuarial advisors.

c) Based on advice received from the Investment Consultants and the Scheme Actuary, the Trustees must take into account the liabilities of the Scheme, review the asset allocation, the suitability of investments and the need for diversification.

d) Appointing (and, when necessary, dismissing) fund managers.

e) Appointing (and, when necessary, dismissing) Independent Advisers.

f) Appointing (and, when necessary, dismissing) Actuaries.

g) Assessing the quality of the performance and processes of the fund manager by reviewing the performance statistics against agreed benchmarks and by regular meetings with the fund manager.

1.10 The Trustees are responsible for the Scheme's Governance. They consider that the governance structure, as set out in this SoIP, to be appropriate for the Scheme. It allows the Trustees to make decisions about the investment strategy whilst delegating the day-to-day aspects of investment management to the fund manager.

2. OVERALL INVESTMENT STRATEGY AND POLICY FOR MEETING THE STATUTORY FUNDING OBJECTIVE ("SFO")

Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustees acting on advice from their Investment Consultants. The other element of the policy is the day-to-day management of the assets which is delegated to the Fund Manager. Having considered advice from Berkeley Burke, the Trustees have set the investment policy, as described in this SoIP, with regard to the Scheme's liabilities and funding level.

The Trustees require the Scheme Actuary to review the funding level of the Scheme regularly. The Trustees must aim to have sufficient and appropriate assets to cover the technical provisions under the SFO.

2.1 Taking these factors into account, together with the expected returns and risks relative to the liabilities on different types of investment, the Trustees believe that it is appropriate to adopt the following overall objectives for the Scheme:

a) The acquisition of suitable assets, having regard to the risks which are summarized in section 7 of this SoIP, of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from the Principal Employer, the cost of the benefits which the Scheme provides.

b) To ensure that sufficient assets are available to meet the liabilities of the pension scheme as they fall due.

c) To limit the risk of the assets failing to meet the liabilities over the long term.

d) To minimise periods when the Scheme is in deficit and to achieve and maintain a position of being at least 100% funded on a Statutory Funding Objective (Technical Provisions) basis.

e) To aim for a solvent position in the event of the winding up of the Scheme.

f) To minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the volatility of pension costs in the employer's accounts.

It is accepted that at different times within the economic cycle, acceptable levels of risk may change according to market conditions. However, in view of the Scheme's long-term liabilities and its increasing maturity, the Trustees consider that it is appropriate to adopt a relatively low-risk approach.

2.2 The Trustees aim to meet the long term objectives by:

- primarily seeking to ensure that the strategic allocation of the Scheme's assets takes into account the liability profile and the Statutory Funding Objective; and
- targeting a self-sufficiency basis over the medium-term, prior to buying-out the liabilities, which involves agreeing de-risking triggers with the fund manager based on this objective where self-sufficiency is defined as a position where the most significant investment and financial risks have been removed from the Scheme or have been hedged and when the Scheme holds sufficient reserves which should make it unnecessary for the Scheme to have to call on the Company for additional funding.

2.3 The policy on choosing investments is as follows:

- To allocate the assets into two portfolios – the Matching Portfolio and the Growth Portfolio. The purpose of the Matching Portfolio is to manage risk relative to the liabilities. The assets in the pooled funds within this portfolio are those which tend to mirror the liabilities by nature and/or term. They include fixed interest gilts, index-linked gilts, corporate bonds and liability driven derivative overlays such as interest rate swaps. The characteristics of the Scheme's liabilities are considered in setting the strategic asset allocation. This includes consideration of interest rates, inflation, mortality plus other financial and demographic factors.

  The purpose of the pooled fund in the Growth Portfolio is to generate return relative to the liabilities without a requirement to track changes in the value of the liabilities. Assets in this portfolio include, but are not limited to, equities, property, emerging market debt, bonds, commodities and "alternative" investments. The Growth Portfolio comprises an allocation to the Diversified Growth Fund.

- To meet the objectives set out in 2.1, the Trustees have set an investment return target with a risk appetite which is consistent with their philosophy and medium-term investment objectives.

- The Scheme is invested in a Flight Path mandate with the fund manager. The mandate is specified according to:

  - a Flight Path de-risking strategy, with level triggers to move automatically to a lower risk phase of the strategy when the funding level improves above pre-agreed funding levels.

  - The following specifications at each phase:

    - a target allocation to Growth and Matching Portfolios

    - a target level of Liability Coverage.

- The Trustees are currently reviewing the de-risking framework beyond Phase O but it is currently envisaged that there will be four phases to a Flight Path which, it is estimated, could last for 16 years before full funding is achieved on a buy-out basis.

Flight Path Framework

Phase	Proxy Funding Trigger Levels [1]	Target Allocation		Target Liability Coverage [2]
		Growth Portfolio [3]	Matching Portfolio [4]	
O	Initial	65%	35%	100%

Notes:

1. Proxy Funding Trigger levels based on Gilts flat measure of liabilities.
2. Target Liability Coverage expressed as a % of assets, equating to a hedge of approximately 78% of the Scheme's interest rate and inflation risks.
3. Growth Portfolio Target Allocation comprises an allocation to a diversified growth fund.
4. Including cash.

2.4 To achieve these overall objectives, the Trustees have set the Fund Manager the following performance objectives against the benchmarks which are recorded in Appendix 2 over rolling 3-year periods:

- Diversified Growth Fund – CPI +5% p.a. over a market cycle
- Matching Index Linked Gilt Funds – to match the interest rate and inflation characteristics of the Scheme's liabilities
- Matching Synthetic Index Linked Gilt Funds – to match the interest rate and inflation characteristics of the Scheme's liabilities
- Matching Synthetic Nominal Gilt Funds – to match the interest rate characteristics of the Scheme's liabilities
- Sterling Liquidity Plus Growth Fund – 3 month Sterling LIBOR

2.5 Expected return on investments

The investments are expected to produce a return over the medium term at least equal to the investment return assumed in the valuation of the liabilities in the actuarial valuation.

3. THE TRUSTEES' POLICY TOWARDS RISK

The following measures have been implemented to reduce the risks associated with making investments:

3.1 Number of managers

The Trustees have delegated the management of the assets to a single fund manager after a careful selection process. Having taken into account Schroder's reputation, past performance and the size of assets under management, the Trustees believe a single fund manager to be appropriate.

3.2 Risk versus the Liabilities

A proportion of the Scheme's liabilities is linked to inflation. Deferred pensions are revalued in line with inflation and a proportion of the pensions in payment is linked to inflation. Long-term returns from the Growth Portfolio are expected to exceed price inflation and salary growth in the long term, although returns and capital values can be variable over short periods.

3.3 Range of assets

The Trustees currently invest in a range of Schroder funds.

The current split is approximately 65% in the Diversified Growth fund, 23% in physical and synthetic index linked gilt funds, 6% in synthetic fixed interest gilt funds and 6% in cash.

3.4 Manager restrictions

In their agreement with the fund manager, the Trustees may set restrictions on the way the portfolio is managed which may be amended from time to time. The purpose of restrictions would be to limit the risks from each individual investment and prevent unsuitable investment activity.

3.5 Employer-related investment

The Trustees' policy is not to hold any employer-related investments.

3.6 Manager controls

Powers of investment delegated to the fund manager must be exercised with a view to giving effect to the principles contained in this SoIP so far as is reasonably practicable. The fund manager will also ensure that suitable internal operating procedures are in place to control individuals making investments for the Scheme.

3.7 Trustees' policy towards risk

There are various risks to which any pension scheme is exposed. The Trustees have considered the following risks:

- The risk of a deterioration in the Scheme's funding level over the long term.
- The risk of a shortfall of assets relative to the liabilities as determined if the Scheme were to wind up.

- The risk that the day-to-day management of the assets will not achieve the rate of investment return expected by the Trustees. They recognise that the use of an active investment manager involves such a risk.

3.8 Risk from lack of diversification

The Trustees believe that there is a need for an adequately diversified overall asset allocation to avoid the risk of overexposure to any one particular sector, relative to the liabilities. The funds which have been selected are viewed as appropriate investment vehicles for the investment strategy of an on-going pension scheme.

3.9 Use of Derivatives

Derivatives or other financial instruments may be used to hedge the Scheme's liability risks (principally interest rate and inflation risks) or other risks (e.g. equity or currency risks).

At any given time, a minimum level of assets of sufficient liquidity and quality will be held to ensure that the Scheme is able to satisfy collateral or margin calls which may arise as a result of the derivatives positions which the fund manager holds.

3.10 Environmental, Social and Governance ("ESG") risks

The Fund Manager is expected to undertake good stewardship and positive engagement in relation to the Scheme's investments. The Trustees monitor this and will report on the Fund Manager's record in their annual Implementation Statement. The Trustees consider that the long-term financial risks to the Scheme and ESG factors, including climate risk, are potentially financially material. They will evolve their policy in the light of these and other factors in developing the investment strategy with a view to reducing the chances of unexpected losses.

3.11 Realisation of investments

The Trustees' policy is to ensure that the assets invested are sufficiently realisable to enable the Trustees to meet their obligation to provide benefits as they fall due. The Trustees are satisfied that the arrangements in place conform to this policy.

3.12 Criteria for fund manager selection

The Trustees have identified the criteria by reference to which managers should be selected. These include:

- Past performance
- Quality of the investment process
- Level of fees
- Reputation of the manager
- Familiarity with such mandates
- Service
- Reporting
- Administration
- Team proposed
- The quality of the individual fund managers

3.13 Criteria for Dismissal

Fund managers may be replaced if:

a) they fail to meet the performance targets;

b) the Trustees believe that the manager is not capable of achieving these performance objectives in the future; and/or

c) they fail to maintain satisfactory standards in respect of the other criteria.

4. ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

Financially material considerations

The Trustees have assessed how financially material considerations (including ESG factors such as climate change) should be taken into account in the selection, retention and realisation of investments over the length of time over which benefits will be provided by the Scheme. The Trustees consider these and other factors when selecting and reviewing the Scheme's investments.

ESG issues may, along with other issues, be financially material to the Scheme's investment portfolio. The Trustees consider the long-term financial interests of the Scheme to be paramount and, where appropriate and practical, expect the Fund Manager to:

- consider financially material ESG issues in investment decision making; and
- practice good stewardship.

Non-financially material considerations

Non-financial matters, including the ethical views of members, are not ordinarily taken into account in the selection, retention and realisation of investments and the Trustees do not therefore consult members on such issues. In reaching this decision, the Trustees have considered both the challenges of engaging a properly representative sample of members and the probability that there would be no consensus amongst members who might respond.

Stewardship and Voting Rights

The Trustees have elected to invest the Scheme's assets via pooled funds. The direct control of the process of engaging with the companies which issue the debt and equities which are held within the funds and for the exercise of rights (including voting rights) is delegated to the managers of the funds. The Trustees acknowledge that they cannot directly control the investments held within pooled funds but they encourage the Fund Manager to engage with the companies in which it invests and to vote when it is practical to do so. The Trustees expect that the Fund Manager will use its influence as a substantial investor to exercise its rights and duties as a shareholder and where appropriate to promote good corporate governance and accountability and to assess how the companies take into account ESG factors in running their businesses.

Incentivising fund managers to align with the Trustees' policies

Before appointing a fund manager, the Trustees consider its approach to the management of ESG and climate-related risks with the Investment Consultants to assess how that approach compares with their policies. If any aspects of the Fund Manager's approach varies markedly from their policies, they will consider appointing another manager for the mandate. The Trustees monitor the approaches of the Fund Manager on an annual basis. If a Fund Manager's approach varies from the Trustees' policies, its appointment will be reviewed and it may ultimately result in the termination of its mandate.

The fees paid to the Fund Manager which are based on the size of the assets it manages, and the possibility of its mandate being terminated, ensure that it is incentivised to align its approaches with the Trustees' policies. The better the performance of the Investment Manager, the greater its remuneration.

Before selecting a fund manager, the Trustees obtain confirmation from the Investment Consultants that the fee is in line with the market and the level of fees is then periodically reviewed.

Incentivising decisions based on assessments of medium to long-term financial and non-financial considerations

The Trustees appreciate that the wider impacts of ESG factors and climate change are likely to be most apparent over the long-term but note that changes in the value of investments as a result of these factors can materialise over a much shorter period of time. The Trustees consider that the use of rolling 3 and 5 year timeframes is consistent with incentivising fund managers to make decisions which are based on an appropriate period.

The Trustees measure the performance of the Fund Manager predominantly on the basis of the investment returns which are achieved by the funds in which the Scheme invests. They believe, however, that satisfactory investment returns are unlikely to be achieved over the lifetime of the Scheme if the Fund Manager does not engage fully with ESG considerations, a view which is shared by the Fund Manager.

Monitoring portfolio turnover and costs

The Trustees recognise that portfolio turnover, i.e. the frequency with which assets are bought and sold, and the associated transaction costs are a necessary part of investment management. They accept too that turnover costs can have a detrimental impact on performance which is why net performance figures are considered as part of the quarterly monitoring process. When new fund managers are under consideration, the Trustees will assess past and anticipated portfolio turnover levels. If underperformance is subsequently identified, deviations from anticipated turnover levels may be investigated if it is felt that they may have been a significant contributor to that underperformance.

The Trustees expect the Fund Manager to divulge portfolio turnover on an annual basis. In addition the Trustees review the Fund Manager's quarterly ESG reports and will consider adding to the portfolio any funds which the Fund Manager launches which specifically focus on the ESG credentials of the companies in which it invests.

Duration of fund manager agreements

The duration of the Trustees' agreement with the Fund Manager is not pre-determined but the Trustees anticipate that all appointments will be long-term unless fund managers underperform or the Scheme's investment strategy is changed.

5. COMPLIANCE WITH THIS STATEMENT

5.1 The fund manager will supply the Trustees with sufficient information each quarter to facilitate a review of its activity, including:

(a) A review of recent performance and of the manager's proposed stance for the future, including a summary of how the fund manager has managed short-term asset allocation relative to the Fund's long-term investment objectives.

(b) A summary of recent portfolio activity, including changes in asset allocation and the rationale for the changes.

(c) Any changes at either the fund manager or the custodian which might affect the suitability of the fund manager to manage the Scheme's assets.

(d) A full valuation of the assets, a transaction report and a cash reconciliation.

In addition, the fund manager will inform the Trustees as soon as practicable about any serious breach of internal operating procedures which may affect the Scheme.

5.2 The Trustees will:

(a) Review this SoIP each year in conjunction with their Investment Consultants taking particular note of the impact of any changes in the Scheme's liabilities and of the SFO.

(b) Review this SoIP in response to any material change to any aspect of the investment arrangements detailed above in conjunction with their Investment Consultants.

(c) Review the investment performance of the fund manager on a quarterly basis using independent performance measurement benchmarks, if appropriate.

(d) Keep under review the suitability of the fund manager.

(e) Keep under review the fee levied by the fund manager.

(f) Note compliance with this SoIP at a Trustees' meeting, no less frequently than annually.

(g) Make a copy of this SoIP available for inspection by Scheme members on request.

6. COMPLIANCE WITH THE MYNERS REPORT RECOMMENDATIONS

The extent to which the Scheme complies with the ten investment principles which were set out in the Myners Report on Institutional Investment is laid out in appendix 3.

7. RISKS

The Trustees recognize that there are a number of risks involved with the investment of the Scheme's assets. The management of investment risk is a function of the asset allocation and diversification strategies and implementation of that strategy is delegated to the fund manager. The Trustees will monitor and review the fund manager's performance on a regular basis.

The Trustees recognize that there are various types of investment risk involved in the investment of the assets of the Scheme and that these include, but are not restricted to:

Cashflow risk
The risk of a shortfall of liquid assets relative to the immediate liabilities. The Trustees and their advisors will manage the Scheme's cash flows taking into account the timing of future payments.

Liquidity Risk
The risk that the Scheme is unable to realise assets to meet benefit payments as they fall due. The Trustees monitor the cash requirements and believe that the risk is managed by maintaining the necessary degree of liquidity across the Scheme's investments.

Financial mismatching risk
The risk of a significant difference in the sensitivity of asset and liability values to changes in financial factors, in particular inflation and interest rates. This risk has been taken into account in the construction of the Matching Portfolio which has been designed to mitigate the risk of a divergence in the asset and liability values in response to short-term financial and economic variations.

Inadequate Returns
The risk that the returns on the assets are insufficient over the long-term to meet the liabilities. This risk has been taken into account in the design of the Growth Portfolio and is monitored by the Trustees on a regular basis.

Demographic risk
Demographic factors include the uncertainty surrounding mortality projections such as future improvements in mortality experience. The Trustees recognize that there is currently no readily-tradable instrument to hedge this type of risk and that this risk may not be fully mitigated. However, in purchasing annuities in June 2017 for the pensioner members of the

Scheme, the Trustees have removed this risk in respect of a significant proportion of the Scheme's liabilities. The Trustees will measure liabilities using mortality assumptions recommended by the Scheme Actuary.

Fund Manager risk
The failure by the fund manager to achieve the rate of investment return assumed by the Trustees. This issue has been considered by the Trustees on the initial appointment of the fund manager and thereafter will be considered as part of the investment review procedures the Trustees have put in place.

Concentration risk
The risk that the performance of any single asset class or single investment that constituted a significant proportion of the assets would disproportionately influence the Trustees' ability to meet the objectives. The Trustees consider that the Scheme's assets are adequately diversified between different asset classes and within each asset class.

Credit risk
The Scheme invests in pooled funds and is therefore directly exposed to credit risk in relation to the investments it holds in the pooled funds. Direct credit risk is mitigated by the underlying assets in the pooled funds being ring-fenced from the fund managers, the regulatory environments in which the fund manager operates and the diversification of the investments across a number of pooled funds.

The Scheme is indirectly exposed to credit risks which arise from the bonds and derivatives which are held within the pooled funds in which it invests. The Diversified Growth Fund also holds gilts and bonds. The exposure to credit risk in those funds will vary over time.

The Matching portfolio invests in gilts, bonds and derivatives. Credit risk relating to the derivatives is mitigated by limits on the maximum exposure to any individual counterparty. The fund manager also carries out research into the credit-worthiness of the counterparties.

Custody risk
The Trustees will assess and consider the actions of the custodian of the Scheme's assets and on an ongoing basis to mitigate the risk of misappropriation of assets, delivery that is not in accordance with the instructions, unauthorised use of assets for the benefits of other customers of the custodian, inadequate segregation of customer assets, failure to collect income, recover tax or respond to corporate events and custodian default.

The Custodian ring fences the Scheme assets from its own assets and those of its other clients.

Derivative risk
Where derivatives are used by the Scheme, the Scheme will have additional risk with the counterparty to that derivative. These risks are managed through the use of collateral arrangements.

Currency risk
The Scheme is exposed to indirect currency risk through those investments which are held in the Growth Portfolio which are denominated in a foreign currency. It is partially mitigated as a result of the currency hedging which takes place within the Diversified Growth Fund. All of the investments are held via a Sterling share class which means that the Scheme is not subject to direct currency risk.

Other price risk
Other price risk arises principally in relation to the Growth Portfolio which includes investments in equities, property, fixed income and index-linked debt and money markets which are held in the pooled fund. The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

The Trustees will keep these risks under regular review.

8. ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Scheme has available facilities with London Life, Equitable Life and Norwich Union for members who wish to contribute to enhance their retirement benefits. The Trustees believe these to be appropriate facilities for this purpose, but note that the choice of funds used and levels of contributions paid rest entirely with the members.

Copies of this SoIP and the investment powers contained in the Scheme's Trust Deed will be supplied to the Scheme Auditor, Scheme Actuary and the fund manager, so that they are aware of any constraints it imposes on them.

Signed for and on behalf of the Trustees of the Jarrold & Sons Limited Pension Plan:

………………………………………………………..	………………………………
Name	Trustee

………………………………………………………..
Date

Date:
Note: Appendices 1, 2, 3 and 4 form part of this document

Appendix 1

The Jarrold & Sons Limited Pension Plan Investment Powers of the Trustees (Section 4, Clause III of the Trust Deed & Rules)

The Trustees may retain in any bank account (whether current account or deposit account) such moneys as they consider proper. The Trustees shall have power:

(i) to retain as invested any investments or property from time to time held by them;

(ii) to invest all moneys coming into their hands on account of the Plan; and

(iii) to transpose and vary any such investments in any form of investment;

whether the investment involves liability or not, whether it produces income or not and whether or not it is authorized by law relating to the investment of trust moneys. The Trustees may make investments which only the trustees of an Exempt Approved Scheme may make and may also make any investment which the Trustees could make if they were absolutely and beneficially entitled to the Trust Assets. In particular and without prejudice to the generality of the foregoing the Trustees may invest all or any part of the Trust Assets:

(A) in any form of contract or assurance policy effected with an insurance company as the Trustees may think fit;

(B) in any stocks, shares, debenture stocks, bearer securities or other similar securities; or

(C) in any interest in land or property or commodities whether in the United Kingdom or elsewhere; or

(D) in units in exempt or ordinary unit trusts or mutual funds; or

(E) in underwriting, sub-underwriting or guaranteeing the subscription of any stocks, shares, debenture stocks or other investments; or

(F) by placing the same on deposit or current account with any company, local authority, bank, insurance company, building society or finance company with or without interest and upon such terms as the Trustees think fit.

Appendix 2

THE JARROLD & SONS LIMITED PENSION PLAN

STATEMENT OF INVESTMENT PRINCIPLES

FUND MANAGER

Manager	Funds	Benchmarks
Schroder Investment Management Limited 31 Gresham Street London EC2V 7QA	Schroder Life Diversified Growth Fund	No benchmark but the fund targets returns of CPI +5% p.a. over a market cycle
	Schroder Life Matching Index Linked Gilts Funds	The present value of a representative set of pension scheme liabilities
	Schroder Life Synthetic Index Linked Gilt Funds	The present value of a representative set of pension scheme liabilities
	Schroder Life Synthetic Nominal Gilt Funds	The present value of a representative set of pension scheme liabilities
	Schroder Life Liquidity Plus Growth Fund	3 month Sterling LIBOR

Appendix 3 - Compliance with Myners Report Principles

Principle	Recommendation	Comments
Principle 1: Effective decision-making	Trustees are asked to consider critically their collective capacity to take decisions and what skills, information and resources they need to support them in their tasks.	**Full Compliance. Decisions are taken by the Trustees on the strategic investment strategy based on advice from the Investment Adviser and Actuary. Each Trustee has received formal training on their responsibilities.**
Principle 2: Clear Objectives	The scheme should demonstrate it has set investment objectives related to its liabilities and future expected contributions and its maturity profile.	**Full Compliance. Based on an assessment of the Scheme against its liabilities and market conditions.**
Principle 3: Focus on Asset Allocation	Myners encourages schemes "to consider all asset classes". All asset classes permitted within the regulations are considered and should be compatible with liabilities and the need for diversification.	**Full Compliance. All classes have been considered in line with the SoIP.**
Principle 4: Expert Advice	The scheme should consider whether separate tenders for actuarial and investment consultant services should be obtained.	**Full Compliance. Separate Tenders are in place.**
Principle 5: Explicit Mandates	The principle requires schemes to set explicit written mandates for investment managers against which they should be judged. The principle also requests schemes to understand the cost of transactions. Schemes should not allow "soft" commissions.	**Full Compliance. An agreed objective, benchmark, risk profile and asset classes have been agreed with the Investment Manager.** **Full Compliance. No soft commission is received or paid by the Investment Manager.**
Principle 6: Activism	The Government is considering legislation to impose an express statutory duty to use shareholder activism in line with the US Department of Labor Interpretative Bulletin.	**Compliance with this objective has been delegated to the Investment Manager.**

Principle 7: Appropriate Benchmarks	Explicitly consider, in consultation with their investment manager(s), whether the benchmarks they have selected are appropriate. Consider explicitly for each asset class invested, whether active or passive management would be more appropriate given the efficiency, liquidity and level of transaction costs in the market concerned. Where they believe active management has the potential to achieve higher return, set both targets and risk controls that reflect this, giving the managers the freedom to pursue genuinely active strategies.	**Full Compliance.** **A benchmark has been set in agreement with the Investment Manager.** **Full compliance. The Trustees have agreed on active management to achieve the scheme benchmark return.**
Principle 8: Performance Measurement	Trustees should arrange for measurement of the performance of the Scheme and make formal assessment of their own procedures and decisions as Trustees. They should also arrange for a formal assessment of performance and decision-making delegated to advisers and managers.	**Full compliance. The Trustees meet on a regular basis (at Trustees' meetings) with the Investment Manager to review the performance of the Scheme and to discuss future objectives in the light of the liabilities of the Scheme. Based upon this the asset allocation and benchmarks may be modified as appropriate.**
Principle 9: Transparency	The statement of investment principles looks at decision-making, the investment objective, asset allocation including projected investment returns on each asset class and how the strategy has been arrived at. This should also include the fee structure for advisers and managers.	**Full Compliance. The Trustees have signed fee agreements with the Investment Manager. An agreement has been reached on whether or not to settle fees via an encashment of units from the funds.**
Principle 10: Regular Reporting	Trustees should publish their Statement of Investment Principles and the results of their monitoring of advisers and managers. They should send key information from these annually to members of the scheme, including an explanation of why the Scheme has chosen to depart from any of these Principles.	**Full Compliance.** **The Annual Trustees' Report and Accounts contain information about the SoIP.** **These are available to all scheme members and pensioners on request.**

Appendix 4
Extract – Occupational Pension Scheme (Investment) Regulations 2005

Section 4: Investment by trustees[1]

(1) The trustees of a trust scheme must exercise their powers of investment, and any fund manager to whom any discretion has been delegated under section 34 of the 1995 Act (power of investment and delegation) must exercise the discretion, in accordance with the following provisions of this regulation.

(2) The assets must be invested –
  (a) in the best interests of members and beneficiaries; and
  (b) in the case of a potential conflict of interest, in the sole interest of members and beneficiaries.

(3) The powers of investment, or the discretion, must be exercised in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole.

(4) Assets held to cover the scheme's technical provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the scheme.

(5) The assets of the scheme must consist predominantly of investments admitted to trading on regulated markets.

(6) Investment in assets which are not admitted to trading on such markets must in any event be kept to a prudent level.

(7) The assets of the scheme must be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings and so as to avoid accumulations of risk in the portfolio as a whole. Investments in assets issued by the same issuer or by issuers belonging to the same group must not expose the scheme to excessive risk concentration.

(8) Investment in derivative instruments may be made only in so far as they –
  (a) contribute to a reduction of risks; or
  (b) facilitate efficient portfolio management (including the reduction of cost or the generation of additional capital or income with an acceptable level of risk),

  and any such investment must be made and managed so as to avoid excessive risk exposure to a single counterparty and to other derivative operations.

(9) For the purposes of paragraph (5) –
  (a) an investment in a collective investment scheme shall be treated as an investment on a regulated market to the extent that the investments held by that scheme are themselves so invested; and
  (b) a qualifying insurance policy shall be treated as an investment on a regulated market.

(10) To the extent that the assets of a scheme consist of qualifying insurance policies, those policies shall be treated as satisfying the requirement for proper diversification when considering the diversification of assets as a whole in accordance with paragraph (7).

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[1] Extract – full regulations can be found at http://www.opsi.gov.uk/si/si2005/20053378.htm