STATEMENT OF INVESTMENT PRINCIPLES

SCHINDLER GROUP (UK) 1998 PENSION SCHEME

JULY 2023

CONTENTS

1 INTRODUCTION

This Statement of Investment Principles ("the Statement") has been prepared by the Trustees of the Schindler Group (UK) 1998 Pension Scheme, ("the Scheme") in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations. It also meets the requirements of the Occupational Pension Schemes (Investment) Regulations 2005 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015, as amended from time to time. Section 4.1 provides the required statement in relation to the Scheme's default investment option.

The Statement outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustees to ensure the effective implementation of these principles.

In preparing the Statement, the Trustees have:

- Obtained and considered written advice from a suitably qualified individual, employed by their investment advisers, Mercer Limited ("Mercer"), 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.

The advice and the consultation process considered the suitability of the Trustees' investment policy for the Scheme.

The Trustees will review the Statement formally at least every three years to ensure its ongoing suitability. Furthermore, the Trustees will review the Statement without delay after any significant change in investment policy or membership 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.

The investment responsibilities of the Trustees are governed by the Scheme's Trust Deed and Rules and relevant legislation. The Trustees have ultimate power and responsibility for the Scheme's investment arrangements.

The format of this Statement is designed to provide a logical statement rather than an ordered response to the Act. The Trustees believe, however, that it incorporates a response to all the requirements of the Act.

The Trustee is aware of the recommendations as set out in the Pension Regulator's Code of Practice No. 13 governance and administration of occupational defined contribution trust-based pension scheme ("the DC code"). In preparing this Statement and in setting investment policy, the Trustees have been mindful of the spirit of the Principles and the DC Code.

2 INVESTMENT OBJECTIVES

The Trustees' main objective is to provide members with an investment strategy aligned to their needs that will optimise the return on investments in order to build up a savings pot which will be used in retirement.

The Trustees are mindful of their responsibility to provide members with an appropriate range of investment funds and a suitable default investment option.

Details of the approach the Trustees have taken to meet these investment objectives are set out in Section 4.

The Trustees have determined their investment policy in such a way as to address the risks set out in Section 6 of this Statement. To help mitigate the most significant of the risks, the Trustees have:

- Made a lifestyle strategy available as the default investment option, which moves members' investments from higher risk investments to lower risk investments as members approach retirement, and
- Offered a range of self-select funds across various asset classes.

The Trustees will review the investment approach from time to time, and make changes as and when it is considered to be appropriate.

The items set out in Section 2, 4 and 6 of this Statement are in relation to what the Trustees deem as 'financially material considerations' both for the Scheme and the default investment option. 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 investment option is a lifestyle strategy.

3 INVESTMENT RESPONSIBILITIES

3.1 TRUSTEES' DUTIES AND RESPONSIBILITIES

The Trustees are responsible for setting the investment objectives and determining the investment strategy to achieve the objectives.

The Trustees carry out their duties and fulfil their responsibilities as a single body. The duties and responsibilities of the Trustees include, but are not limited to, the following tasks and activities:

- Setting of investment objectives and formulating investment strategy
- The regular approval of the content of this Statement and consulting with the Company
- The appointment and review of the investment managers and investment adviser
- Selecting funds for members to choose from
- The compliance of the investment arrangements with the principles set out in the Statement.

3.2 INVESTMENT ADVISER'S DUTIES AND RESPONSIBILITIES

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

- Setting of investment objectives
- Reviewing investment performance to monitor the Scheme's investment managers
- Determining investment strategy and structure of the default investment option
- Advising on appropriate member fund choices
- Selecting and replacing investment managers
- Transition of assets and implementing investment strategy changes.

In considering appropriate investments for the Scheme, the Trustees will obtain and consider written advice from Mercer, whom the Trustees believe to be suitability qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995, as amended.

Mercer will also advise the Trustees of any significant developments of which it is aware relating to the investment managers, or funds managed by the investment managers in which the Scheme is invested, such that in its view there exists a significant concern that any of these funds will not be able to meet their long-term objectives. If the investment manager and fund are not covered by Mercer's manager research process, Mercer will advise the Trustees accordingly.

Mercer makes a fund based charge which covers the services of Mercer as specified within the Implemented Investment Consultancy Services Agreement.

3.3 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 fund range and default investment option 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 option or the general fund range.

The Trustees, after considering appropriate investment advice, have appointed professional, authorised investment managers to manage the assets of the Scheme. The investment managers are selected by the Trustees with assistance from Mercer. The details of investment managers are set out in Appendix 1, together with the details of each manager's mandate.

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class in which they invest. The Trustees, with the help of Mercer, is also responsible for appointing a suitable investment platform, which will provide the infrastructure to support the Scheme's investments and host the underlying investment managers' funds. The current investment platform provider is Mobius Life ("Mobius"). Mobius is authorised by the Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA.

The Trustees consider their investment adviser's forward-looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on an assessment of the manager's idea generation, portfolio construction, implementation and business management in relation to the particular investment fund that the Scheme invests in.

The Trustees consider how Environmental, Social and Governance ("ESG") considerations and stewardship are integrated into the investment process as well as ensuring fees are competitive within the asset class. The Trustees also consider the investment adviser's manager research ratings when taking decisions on selection and retention of manager appointments.

If the investment objective for a particular manager's fund changes, the Trustees will review the fund appointment to ensure it remains appropriate and consistent with the Trustees' wider investment objectives. As the Trustees invest in pooled investment vehicles, they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates have been selected to align with the overall investment strategy. The underlying investment managers are responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage.

All of the investment managers will be authorised and regulated by the Prudential Regulation Authority ("PRA"), the FCA or both.

The underlying investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme. The Trustees accept that they cannot influence the charging structure of the pooled funds in which the Scheme 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 the most appropriate basis for remunerating the underlying investment managers and is consistent with the policies as set out in this SIP.

None of the underlying managers in which the Scheme'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.

4 INVESTMENT STRATEGY

4.1 SETTING INVESTMENT STRATEGY

The Trustees have adopted a default investment option for the Scheme and the details of the funds used within the lifestyle strategy are set out in Appendix 1. The default investment option 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 Scheme. Further information on the strategy is set out in Section 4.2 below.

If members do not wish to be invested in the default investment option, they can invest in any fund made available in the self-select fund range as described in Section 4.3.

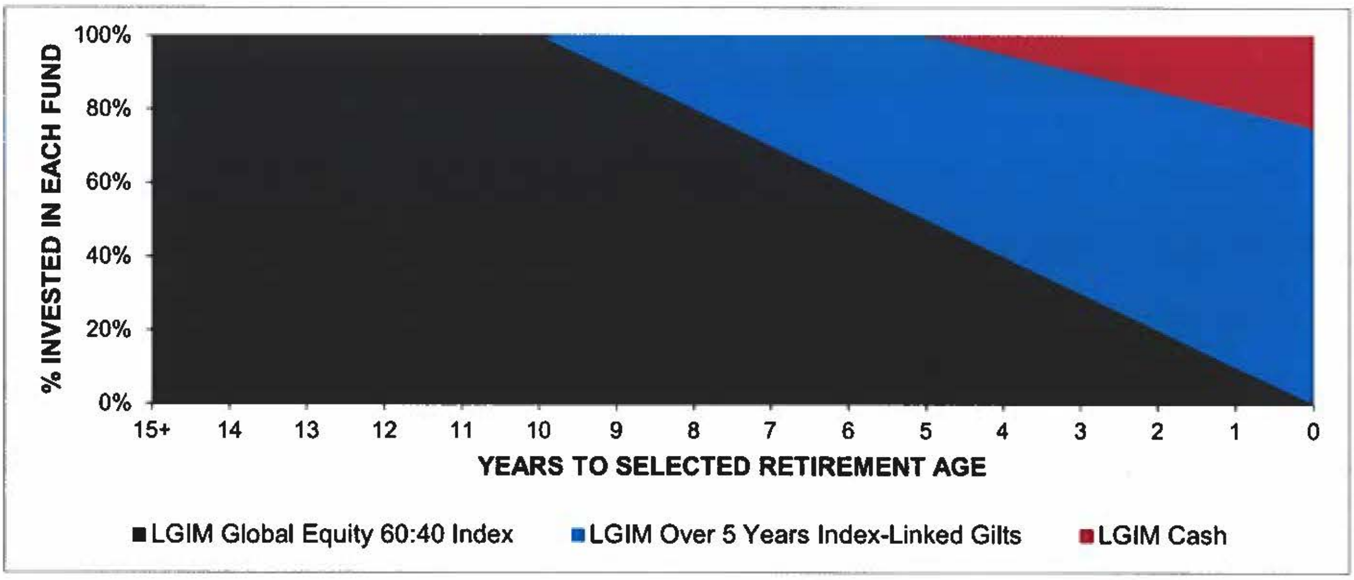
4.2 DEFAULT INVESTMENT OPTION

The Trustees have assumed responsibility for setting an investment strategy that provides a broad level of protection against the key risks identified in Section 6. This is achieved by using a lifestyle strategy for the default investment option. In determining the investment strategy, the Trustees undertook extensive investigations and have received formal written investment advice from Mercer. Further information is set out below.

The default investment strategy is split into two distinct phases:

- **The Growth Phase** (more than ten years from members' chosen retirement age) invests members' retirement savings in assets with a greater level of expected risk (compared to the de-risking phase; see below) in order to achieve higher expected long-term returns while members are further away from retirement. During this phase, all savings are invested the LGIM Global Equity 60:40 Index Fund
- **The De-Risking Phase** (less than ten years from members' chosen retirement age), aims to gradually switch investments into funds with a lower expected level of risk closer to retirement. During this phase, members' savings are gradually switched from the LGIM Global Equity 60:40 Index Fund into the LGIM Over 5 Years Index-Linked Gilts Fund and the LGIM Cash Fund. By the members' chosen retirement age, there is 75% invested in the LGIM Over 5 Years Index-Linked Gilts Fund and 25% in the LGIM Cash Fund.

The default investment option is set out below;



The investment mix at a member's retirement age is designed to be suitable for members intending to purchase an annuity with their retirement savings.

The aims of the default investment option:

- The default investment option manages investment and other risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management.
- In designing the default investment option, the Trustee has explicitly considered the trade-off between risk and expected returns.
- If members wish to, they can opt to choose their own investment strategy.
- Assets in the default investment option are invested in the best interests of members and beneficiaries, taking into account the profile of members.
- Assets in the default investment option are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.
- Assets are invested mainly on regulated markets (those that are not must be kept to prudent levels).

The performance of the default investment option is monitored at least every six months and the Trustees will continue to review the strategy over time, at least triennially, or after any significant changes to the Scheme's demographic, if sooner.

4.3 SELF-SELECT FUND RANGE

If members do not want to be invested in the default investment option they also have the option to invest in self-select funds. The range of investment options cover multiple asset classes and provide appropriate strategic choices for members' different savings objectives, risk profiles and time horizons.

When self-selecting, the balance between funds and asset classes is the member's decision. This balance will determine the expected return on assets and should be related to the member's own risk appetite and tolerance.

The Trustees make 5 funds available through the Mobius platform (more information can be found in Appendix 1);

- LGIM Global Equity 60:40 Index Fund
- LGIM UK Equity Index Fund
- LGIM Over 5 Years Index-Linked Gilts Fund
- LGIM AAA-AA Fixed Interest Over 15 Year Fund
- LGIM Cash Fund

The Trustees will continue to keep the fund range under review, and will make changes if appropriate.

4.4 TYPES OF INVESTMENTS TO BE HELD

The Trustees are permitted to invest across a wide range of asset classes, both active and passive. The majority of funds described in Sections 4.2 and 4.3 are passively managed. All of the funds in which the Scheme invests are pooled and unitised. Details of each fund can be found in Appendix 1.

4.5 AVC INVESTMENTS

The Scheme permits members to provide additional benefits for themselves by paying additional voluntary contributions ("AVCs"). The Trustees recognise that members investing in AVCs will have differing investment needs. In addition, the Trustees need to offer a range of funds with which the members feel comfortable but to balance the number of funds available with the administrative burden.

5 RESPONSIBLE INVESTING

5.1 RESPONSIBLE INVESTMENT AND CORPORATE GOVERNANCE

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

The Trustees understand that they must consider all factors that have the ability to impact the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to ESG factors. The Trustees recognise that ESG factors, such as climate change, can influence the investment performance of the Scheme's portfolio and it is therefore in members' best interests that these factors are taken into account within the investment process.

As noted earlier, the Scheme's assets are invested in pooled funds. The Trustees accept the fact that they have very limited ability to influence the ESG policies and practices of the companies in which their managers invest. The Trustees will therefore rely on the policies and judgement of their investment managers. The Trustee expects its underlying managers to evaluate ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice.

The Trustees consider how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. Monitoring is undertaken on a regular basis. The Trustees will also review the ESG ratings assigned by Mercer to each of the Scheme's funds.

The Trustees wish to encourage best practice in terms of active engagement with entities in which they invest. The Trustees expect the underlying investment managers to undertake engagement activities and encourages the Scheme's investment managers to discharge their responsibilities in respect of investee companies in accordance with the principles underlying the UK Corporate Governance Code and the UK Stewardship Code, in respect of all resolutions at annual and extraordinary meetings.

As the Scheme invests in pooled funds, the Trustees' scope to vote on the Scheme'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 will request annual reports on the voting undertaken by the Scheme's underlying investment managers during the period and review the voting to ensure it remains broadly consistent with the Trustees' view of good stewardship standards.

5.2 MEMBER VIEWS AND NON-FINANCIAL CONSIDERATIONS

The Trustees do not explicitly take account of member views when selecting investments for the Scheme, however, 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.

The Trustees do not explicitly take into account non-financial matters in the selection, retention and realisation of investments.

6 RISK

The Trustees are aware, and seek to take account, of a number of risks in relation to the Scheme's investments, including those set out below. Under the Pensions Act 2004, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed.

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. Broadly speaking, five main types of investment risk can be identified, as 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 a number of the options expected to keep pace with inflation over the long term. Members are able to set their own investment allocations, in line with their risk tolerances. The default investment option 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 Mercer.
	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 scheme, the scheme 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.	
	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.	
	Other Price Risk	This is the risk that principally arises in relation to the return seeking portfolio, which invests in equities, equities in pooled funds, equity futures, hedge funds, private equity and property.	
Environmental and social and governance risks		This is the risk that ESG concerns, including climate change, have a financially material impact on the return of the Scheme's assets. These risk factors can have a significant effect on the long-term performance of the assets the Scheme holds.	Where applicable these factors will be considered in the investment process but is considered the responsibility of the investment manager. Please see Section 5 for the Trustees' responsible investment statement.

Pension Conversion Risk	This is the risk where assets are invested to target a specific retirement objective which differs from how members are expected to use their pots at retirement.	While the default investment strategy is designed to target an annuity purchase as a retirement income decision, the Trustees have made available other investment options on a self-select basis.
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 through the semi-annual performance updates provided by Mercer.
Liquidity risk	The risk that the Scheme'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.

7 MONITORING OF INVESTMENT ADVISER AND MANAGERS

7.1 INVESTMENT ADVISER

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

7.2 INVESTMENT MANAGERS

The Trustees receive semi-annual monitoring reports on the performance of the underlying investment managers from Mercer, which presents performance information over 3 month, 1 and 3 year periods. The reports show the absolute performance and performance against the manager's stated target performance (over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying managers' performance.

The Trustees focus on long term performance but may review a manager's appointment if, but not limited to:

- There are sustained periods of underperformance;
- There is a change in the portfolio manager;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to the investment adviser's rating of the manager.

The Trustees recognise that the active managers' performance relative to their benchmarks may be volatile and that they will not always achieve their target. Nonetheless, the managers should demonstrate that the skill exercised in managing the portfolios is consistent with the target given the levels of risks adopted.

The Trustees may meet with the investment managers if they are dissatisfied with their performance or engagement activity, and may choose to terminate the relationship with the manager if they see fit.

Manager fees are calculated as a percentage of assets under management. If managers fail to meet their performance objectives, the Trustees may ask managers to review their fee. As part of the annual value for members assessment, the Trustees review the investment manager fees.

7.3 PORTFOLIO TURNOVER COSTS

The Trustees consider portfolio turnover costs as part of the annual value for members assessment and asks investment managers to include portfolio turnover costs in their presentations and reports to the Trustees.

The Trustees are also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

Given that the Scheme 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 Scheme.

8 CODE OF BEST PRACTICE

The Pensions Regulator has published a new code on standards for DC schemes and this came into effect in November 2013 as part of a wider initiative to get DC right. This was updated further on 28 July 2016 and this revised version is shorter and simpler than its predecessor and has been updated to include the DC flexibilities and governance legislation introduced from April 2015.

The Code of Practice 13 on the governance and administration of occupational DC trust based schemes places bigger than ever emphasis on good quality investment arrangements and stricter 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/en/document-library/codes-of-practice/code-13-governance-and-administration-of-occupational-trust-based-schemes-providing-money-purchase

When formulating their investment policy, the Trustees have acted in line with the Code of Practice 13.

9 COMPLIANCE

The Scheme's Statement of Investment Principles is available to members.

A copy of the Scheme's current Statement plus Appendices is also supplied to the Principle Employer, the Scheme's investment managers, auditors and administrators.

This Statement of Investment Principles, taken as a whole with the Appendices was approved by the Trustees on

Signed on behalf of the Trustees by	Marcinkowski	
On	08.08.2023	08/08/23
Full Name	Bukky Marcinkowski	DIONNE DAVID
Position	CFO (& Chair of the Trustees)	TRUSTEE

APPENDIX 1: INVESTMENT MANAGER INFORMATION AND DEFAULT INVESTMENT OPTION

For members who are invested in the default investment option, the following table sets out the switches between the funds that will be carried out on a member's behalf up to their chosen retirement date:

Years to chosen retirement date	LGIM Global Equity 60:40 Index Fund (%)	LGIM Over 5 Years Index-Linked Gilts Fund (%)	LGIM Cash Fund (%)
10+	100	0	0
9	90	10	0
8	80	20	0
7	70	30	0
6	60	40	0
5	50	50	0
4	40	55	5
3	30	60	10
2	20	65	15
1	10	70	20
0	0	75	25

The Trustees will monitor the suitability of the funds used on an ongoing basis and make changes as they consider appropriate. The table below shows the details of the current mandates with each manager:

Default Investment Option Funds

Investment manager/ fund	Fund benchmark	Objective	Total Expense Ratio
LGIM Global Equity 60:40 Index Fund	Composite of 60/40 distribution between UK and overseas equity indices	To provide diversified exposure to UK and overseas equity markets. The Fund will invest 60% in the UK and 40% overseas.	0.140%
LGIM Over 5 Years Index-Linked Gilts Fund	FTSE A Index-Linked (Over 5 Year) Index	To track the performance of the FTSE A Index-Linked (Over 5 Year) Index to within +/-0.25% p.a. for two years out of three.	0.098%
LGIM Cash Fund	Sterling Overnight Index Average ("SONIA")	To perform in line SONIA, without incurring excessive risk.	0.120%

Self-Select Funds

Investment manager/ fund	Fund benchmark	Objective	Total Expense Ratio*
LGIM AAA-AA Fixed Interest Over 15 Years Targeted Duration Fund	FTSE Actuaries UK Conventional Gilts Over 15 Year Index	To produce a total return in line with the FTSE A Government (15- 35 Year) Index and capture the yield spread over gilts of AAA-AA rated fixed interest securities.	0.140%
LGIM UK Equity Index Fund	FTSE All-Share Index	To track the performance of the FTSE All-Share Index (less withholding tax where applicable) to within +/-0.25% p.a. for two years out of three.	0.099%

*Total Expense Ratio as at May 2023.

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 Trustee or member demand. The selection, retention and realisation of investments within the pooled arrangements are the responsibility of the relevant investment manager.