

CRYSTAL MARTIN GROUP PENSION FUND AND LIFE ASSURANCE SCHEME STATEMENT OF INVESTMENT PRINCIPLES

MAY 2025

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1 INTRODUCTION

This Statement of Investment Principles (“the Statement”) has been prepared by the Crystal Martin Pension Scheme Trustees Limited, as Trustee of the Crystal Martin Group Pension Fund and Life Assurance Scheme, (“the Scheme”) in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustee to ensure the effective implementation of these principles. It replaces the Statement dated February 2022.

In preparing the Statement, the Trustee has:

- Obtained and considered written advice from a suitably qualified individual, employed by its investment consultants, Mercer Limited (“Mercer”), whom it believes to have a degree of knowledge and experience that is appropriate for the management of their investments; and
- Consulted with the Sponsoring Employer, although the Trustee affirms that no aspect of the 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 Trustee’s investment policy for the Scheme.

The Scheme consists of two sections, the Final Salary/Defined Benefit (“DB”) section and the Money Purchase/Defined Contribution (“DC”) section.

The Trustee will review the Statement formally at least every three years. Furthermore, the Trustee will review the Statement without delay after any significant change in investment policy. 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.

2 INVESTMENT RESPONSIBILITIES

2.1 Trustee's Duties and Responsibilities

The Trustee is responsible for setting the investment objectives and determining the strategy to achieve the objectives.

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

- The regular approval of the content of this Statement
- The appointment and review of the investment adviser
- The appointment and review of the investment platform provider
- The choice of appropriate funds to implement the agreed investment strategy
- The choice of an appropriate default investment strategy for the DC members
- The choice of an appropriate range of funds for the DC members
- The assessment and review of the performance of each investment manager
- The assessment of the risks assumed by the Scheme at a total scheme level as well as on a manager by manager basis
- The approval and review of the asset allocation benchmark for the Scheme
- The compliance of the investment arrangements with the principles set out in this Statement

2.2 Investment Adviser's Duties and Responsibilities

The Trustee has appointed Mercer as the investment adviser to the Scheme. Mercer provides advice as and when the Trustee requires it, as well as raising any investment-related issues, of which it believes the Trustee should be aware.

With the DB Section securing a Bulk Purchase Annuity ("BPA") as described later in this Statement, there are expected to be few further investment advice requirements, other than in relation to ongoing governance.

Matters on which Mercer expects to provide advice or assistance to the Trustee, largely in relation to the DC Section include the following:

- Setting of investment objectives
- Determining investment strategy and asset allocation
- Determining an appropriate investment structure
- Determining funds that are suitable to meet the Trustee's objectives
- Monitoring the investment managers to ensure their continuing appropriateness to the mandates given
- Advising the Trustee in respect of updates to this Statement

The Trustee may seek advice from Mercer with regard to strategic investment decisions (see Section 4 - Investment Strategy); however, it recognises that it retains responsibility for all such decisions.

Mercer provides its ratings (where available) for the funds used by the DC Section as part of the annual review of Value for Members. This will highlight any significant developments 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 Trustee accordingly.

Mercer primarily charges on a time-cost basis.

Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of its advice.

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

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

2.3 Arrangements with Investment Managers

DB Section

The Trustee, after considering appropriate investment advice, has entered into a BPA with Legal and General Assurance Society Limited (“LGAS”). LGAS has underwritten the Scheme’s liabilities, and will therefore invest in such a manner to ensure that the liabilities will be paid when they fall due.

The Trustee paid an initial premium to LGAS in December 2021, with a final reconciliation premium being paid in March 2024. There are no ongoing fees or performance related fees in respect of the policy.

LGAS is authorised and regulated by the Prudential Regulation Authority (“PRA”), regulated by the FCA and adheres to Solvency II Capital Requirements regulation.

The primary responsibility of LGAS is to ensure that the correct amount as specified under the BPA is paid to the Scheme’s members.

As there are no appointed investment managers, the Trustee does not currently need to consider how manager appointments are aligned with investment strategy, how managers are incentivised to consider long-term financial and non-financial performance, how managers are evaluated and remunerated, portfolio turnover costs, or manager turnover.

DC Section

The Trustee is intending to secure the benefits for the Scheme’s DC members with the Legal and General Master Trust, alongside the BPA taken out on behalf of the DB members. However, at this stage the existing arrangements remain in force and this Statement sets out the position in respect of these arrangements.

The Trustee is a long-term investor and does not look to change the investment arrangements on a frequent basis.

The assets of the DC Section have been invested through the Aegon investment platform, which facilitates investment into a range of underlying funds managed by third party investment managers.

All the underlying investment managers in which the assets are invested are authorised and regulated by the FCA. Further details on the range of funds available for the DC Section are given in Appendix 2.

The core range of funds available to members through the Aegon platform is chosen based on advice from the investment adviser. This is based on the investment adviser’s view of the fund manager’s capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

Mercer’s rating of investment managers is based upon forward looking analysis on the likelihood of them achieving their medium to long-term performance objective and recognises that short-term performance could potentially deviate from this objective.

When rating investment managers, Mercer also considers the potential risks arising from environmental, social and governance (“ESG”) factors and how these may potentially impact upon the investment manager’s ability to achieve its performance objective.

The Trustee only invests in pooled investment vehicles. The Trustee therefore cannot specify the risk profile and return targets of the underlying investment managers, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy, including the policies set out in this Statement.

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

In the case of multi-asset mandates, the underlying investment managers are responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

If the investment objective for an investment manager changes, the Trustee will review the fund selection to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

Aegon 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 Scheme. The Trustee believes that this is the most appropriate basis for remunerating investment managers.

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 Trustee therefore considers 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 Trustee cannot influence the charging structure of the pooled funds in which the Scheme is invested, but is satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund's stated characteristics.

The Trustee is therefore satisfied that this is the most appropriate basis for remunerating the underlying investment managers and is consistent with its policies as set out in this Statement.

2.4 Summary of Responsibilities

A summary of the responsibilities of all relevant parties, including the Scheme Actuary and the Scheme administrator, so far as they relate to the Scheme's investments, is set out at Appendix 3.

3 INVESTMENT OBJECTIVES

DB Section

The Trustee's primary investment objective for the Scheme's DB Section is to ensure that assets are available to meet all liabilities as and when they fall due.

In order for the Trustee to ensure that they can meet their obligations to the beneficiaries both in the short and long term without recourse to the Sponsoring Employer, the Trustee has entered into a BPA with LGAS.

The policy has not been structured with expected return in mind, but instead aims to exactly match the Scheme's benefit obligations.

DC Section

The Trustee aims to provide suitable investment options that are aligned to the needs of their members.

The Trustee recognises that in a DC arrangement, members assume the investment risks themselves. The Trustee further recognises that members are exposed to different types of risk at different stages of their working lifetimes. These risks are set out in Section 5 of this statement.

The Trustee has determined its investment policy in such a way as to address the risks set out in Section 5 of this statement. To help mitigate the most significant of these risks, the Trustee has:

- Made a Lifestyle Strategy available as the Default arrangement, which aims to provide long term investment growth to build up a savings pot which will be used in retirement, before transitioning to investments that are appropriate to the form of the benefits which members are expected to take at retirement, and
- Offered a range of self-select funds across asset classes.

It is expected that most DC members will take their fund value as a cash sum at retirement and this has been allowed for in setting the default lifestyle strategy. This expectation is monitored and reviewed in light of experience.

Information on the approach the Trustee has taken to meet these investment objectives is set out in Section 4. Details of the Trustee's key investment principles in respect of the default strategy are set out in Appendix 1.

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

When deciding on the investment options available to members, the Trustee took into account the expected return on such investments and was mindful to offer a range of funds with varying levels of expected returns for members to choose from.

When it comes to realisation of investments, the Trustee considers the impact of transaction costs before making any changes.

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

This Statement addresses what the Trustee deems as 'financially material considerations' both for the Scheme's self-select fund choices and the default strategy. The Trustee believes the appropriate time horizon for which to assess these considerations should be based on an individual member's expected membership period. 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. Details of the approach the Trustee has taken to meet these considerations are set out in Section 4.

4 INVESTMENT STRATEGY

4.1 Setting Investment Strategy

DB Section

The Trustee has determined the investment strategy, a BPA, after considering its own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustee has also received written advice from its investment adviser.

Under the contract, LGAS will provide payments to the Scheme's DB members in line with the benefits promised under the BPA agreement.

The rationale for this approach is to secure the benefits of the DB Section and ensures that all benefits will be met whilst removing the risk of any shortfall in benefits, which could occur if the Sponsoring Employer ever became insolvent or was no longer able to support the Scheme.

Currently the BPA is a 'Buy-In', which means that it remains a Scheme investment and LGAS have taken responsibility for paying the benefits as specified in the BPA agreement.

It is intended that in due course, the individual policies will be assigned to the Scheme's DB members and the responsibility for paying the DB pensions will be fully transferred to LGAS.

DC Section

The Trustee has adopted a Lifestyle Strategy as the Default arrangement for the Defined Contribution Section. The approach to setting Lifestyle Strategy is set out in Appendix 1.

In addition to the Default Lifestyle Investment Strategy, members have the option to invest in the full range of funds on the Aegon Platform. To help narrow down the investment choice for members the Trustee has determined a core range of funds which it believes provide members with a good range of options. A list of the core funds and their fees is set out in Appendix 2.

Illiquid Asset Policy

In selecting assets, the Trustee considers the liquidity of the investments in the context of the likely needs of members. All funds used in the Default Lifestyle Investment Strategy are daily dealing and therefore should be realisable (in normal circumstances) based on member demand.

The Trustee considers illiquid assets as those 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 Scheme's Default Lifestyle Investment Strategy includes no allocation to illiquid investments, either directly or via a collective investment scheme designed to specifically to provide access to illiquid investments.

The Trustee notes that the BlackRock Dynamic Allocation Fund ("DAF"), which is used as part of the de-risking phase in the Default Lifestyle Investment Strategy, may invest indirectly in asset classes such as commodities or property, which have the potential to be illiquid. However, the DAF is daily dealing, and it is therefore expected that the allocation to such assets will be low to ensure that there remains sufficient liquidity at all times to meet redemption requests as they arise.

The Trustee understands 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 Trustee, it is 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 Trustee considers direct investment into an illiquid asset fund as not currently suitable for members of the Scheme. The Trustee remains comfortable with the funds used in the Default Lifestyle Investment Strategy, and assesses annually whether the funds used provide value for members.

4.2 Investment Decisions

The Trustee distinguishes between three types of investment decision: strategic, tactical and stock-level.

Strategic Investment Decisions

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

The Trustee takes all such decisions itself. It does so after receiving written advice from the investment adviser and consulting with the Sponsoring Employer. Examples of such decisions and of tasks relating to the implementation of these decisions include the following:

- Setting investment objectives
- Determining an appropriate investment strategy for the DB Section
- Determining an appropriate default investment strategy for the DC members
- Determining an appropriate range of funds for the DC members
- Reviewing the investment objectives and strategic asset allocation

Tactical Investment Decisions

These decisions are short-term and based on expectations of near-term market movements. Such decisions may involve deviating temporarily from the strategic asset allocation and may require the timing of entry into, or exit from, an investment market or asset class.

Tactical investment decisions are no longer relevant for the DB Section, given that a BPA has been secured. They are not appropriate and therefore not taken by the Trustee in relation to the DC Section.

Where such decisions are made within a pooled fund, they are the responsibility of the investment manager of the fund.

Stock Selection Decisions

All such decisions are the responsibility of either LGAS as the BPA provider, or the investment managers of the pooled funds in which the DC Section is invested.

4.3 Types of Investments to be Held

The Trustee is permitted to invest across a wide range of asset classes, including a BPA.

Details relating to the pooled funds in which the DC Section is invested can be found in Appendix 2.

The Trustee recognises the benefits of diversification across asset classes, as well as within them, in reducing the risk that results from investing in any one particular market. The Trustee has therefore included a pooled Diversified Growth Fund (“DGF”) in the Default Lifestyle Strategy, which is an actively managed multi-asset fund and invest across a diversified range of assets.

The Trustee notes that it would not be practical (or appropriate) for it to commit the resources necessary to make these decisions across a wide range of asset classes itself.

As noted previously for the DB Section, the Trustee’s investment is the BPA with LGAS.

LGAS is responsible for making payments to the Scheme as set out in the BPA agreement. LGAS solely determines the underlying asset allocation backing the BPA. The Trustee has no responsibility for setting the underlying asset allocation.

4.4 Financially Material Considerations

DB Section

The Trustee understands that it must aim to 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 Trustee recognises that ESG factors, such as climate change, can influence the long term investment risk and return outcomes of the Scheme's portfolio and in normal circumstances it would be in members' and the Scheme's best interests that these factors are taken into account within the investment process.

However, the Trustee has secured a BPA and is working towards the wind up of the Scheme. The lifetime of the Scheme is therefore expected to be very short and the Trustee is satisfied that it is appropriate not to embed ESG considerations into the Scheme's investment strategy.

DC Section

The Trustee recognises that investing with a manager which approaches investments in a responsible way and takes account of ESG related risks may lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken. Therefore, other factors being equal, the Trustee would seek to invest in funds which incorporate ESG principles.

The Trustee note that BlackRock, which manages the pooled funds for the DC Section, is a well-respected investment manager and is satisfied with its policy on voting and engaging with the companies in which it invests.

The Trustee receives ESG ratings (where available) provided by the investment consultant in relation to the funds in which the Scheme is invested as part of the annual review of Value for Members, and will monitor how these develop over time.

The Trustee would also consider Mercer's ESG ratings before investing in new funds.

The Trustee will update this Statement to reflect any developments as appropriate.

The Trustee is therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.

4.5 Non-Financial Matters

The Trustee has determined that the financial interests of the Scheme members are its first priority when choosing investments.

It has decided not to consider non-financial matters, such as ethical views, or to take members' preferences into account when setting the investment strategy for the DB or the DC Section.

4.6 Stewardship

The DB Section is invested solely in a BPA, whilst the DC Section is invested solely in pooled investment funds managed by BlackRock through the Aegon platform. The Trustee therefore has no direct voting rights.

The Trustee's policy is therefore to invest with investment managers where responsible investment is embedded appropriately in their approach to investment; including monitoring and engaging with investee companies, and exercising voting rights appropriately.

Information on the approach of LGAS and BlackRock to stewardship, responsible investment, voting and engagement with the investee companies is available at the following websites:

LGAS:

<https://www.legalandgeneral.com/institutional/pension-risk-transfer/who-we-are/esg/>

BlackRock:

<https://www.blackrock.com/ch/individual/en/about-us/investment-stewardship>

The Trustee reviews Mercer's ESG rating (where available) for the DC Section as part of the annual review of Value for Members. The ESG rating incorporates an assessment of engagement and voting as part of the process.

This enables the Trustee to monitor that these scores remain appropriate in the context of the fund mandates.

Taking all the above into consideration, the Trustee is satisfied that stewardship and responsible investment is embedded appropriately in the investment manager's approach to investing.

If the Trustee is specifically invited to vote on a matter relating to corporate policy, it would exercise its right in accordance with what it believes to be the best interests of the majority of the Scheme's membership.

If a new investment manager is selected, the Trustee would consider Mercer's ESG rating for the new manager as part of the decision making process.

The Trustee has identified that climate change and carbon neutrality is its most important stewardship priority. The Trustee monitors the key voting activity of their investment managers on climate change and carbon neutrality as part of the annual Implementation Statement.

The Trustee will review its stewardship priorities from time to time, although this Statement would not be updated solely in relation to a change of priorities.

5 RISK

Under the Pensions Act 2004, the Trustee is required to state its policy regarding the ways in which risks are to be measured and managed. These are set out below.

Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
- They have been managed by entering into a BPA with LGAS.

Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the manager's objectives, relative to the investment policy
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the manager's investment process.
- For the DB Section, it has been managed by entering into a BPA with LGAS to remove the risk of investment managers underperforming
- For the DC Section, it is managed by monitoring the quarterly performance reports provided by Aegon, and advice from the investment adviser where there have been significant changes to the manager's capabilities, and by using the Aegon platform, which enables quick and efficient replacement of managers if appropriate.

Liquidity Risk

- This is monitored according to the level of cash flows required by the Scheme over a specified period.
- For the DB Section, this has been managed by entering a BPA to pay the Scheme's pensions as they fall due.
- For the DC Section it is managed by investing in daily dealing, liquid funds through the Aegon platform.

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.
- For the DB Section, it is managed by entering into a BPA with LGAS.
- For the DC Section it is managed by regular reviews of the investments and through investing in funds which give a wide degree of regional diversification.

Corporate Governance Risk

- This is assessed by reviewing the Scheme's investment manager's policies regarding corporate governance.
- It is managed by delegating the exercise of voting rights to the BPA provider and the DC Section pooled fund managers, who exercise this right in accordance with their published corporate governance policies. Summaries of these policies are available online as set out in Section 4 of this Statement and take into account the financial interests of the shareholders, which should ultimately be to the Scheme's advantage.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustee to comply with any such changes in legislation.
- The Trustee acknowledges that this risk is unavoidable but will seek to address any required changes to comply with changes in legislation as required.
- The Trustee notes that once the wind up of the Scheme has been completed, it will have removed this risk.

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 DB Section is exposed to direct credit risk in respect of the BPA with LGAS, in the event of the LGAS failing. In order to manage this risk, the Trustee carried out appropriate due diligence when selecting LGAS and the Trustee notes that there are considerable protections through the regulatory regime that applies to insurance companies.
- The DC Section invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.
- The Scheme'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 environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

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.
- For the DB Section, this has been removed by entering a BPA.
- Members in the default strategy of the DC Section have exposure to currency risk through the passive equity fund which is used. This exposure is managed by balancing the equity exposure with a DGF allocation in the de-risking phase, by reducing the exposure towards a member's chosen retirement age and by making available a range of alternative funds for members to choose to invest in.

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.
- For the DB Section, this has been removed by entering a BPA.
- For the DC Section, the default lifestyle strategy does not contain funds with significant interest rate risk.

Other Price Risk

- This is the risk of volatility in fund values and principally arises in relation to the return seeking assets.
- For the DB Section, this has been removed by entering a BPA.
- For the DC Section, the Trustee has put in place a lifestyling strategy as the default investment option to reduce other price risk as a member approaches retirement. Members are also offered a range of funds and therefore have the opportunity to select a different level of risk if appropriate to their circumstances.

Sponsor Risk

- This is assessed as the level of ability and degree of willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
- This risk has been removed by entering a BPA.

Life Expectancy Risk

- This is the risk that members live longer than expected, resulting in an increase in the liabilities for the DB Section.
- This risk has been removed by entering a BPA.

- For the DC Section, the risk of living longer than expected would be borne by the Scheme's members, and the Trustee has designed a suitable lifestyle policy to give members the opportunity for balanced investment growth to maximise their pot at retirement, and a range of alternative funds so that members can choose to take more, or less risk as appropriate to their circumstances.

ESG Risk

- This is the risk that ESG concerns, including climate change, have a financially material impact on the return of the Scheme's assets.
- For the DB Section, this risk has been removed by entering a BPA.
- For the DC Section, the Trustee manages this risk by investing in well-respected investment managers where ESG principles are an established part of the investment decision making process, by regularly reviewing the investment adviser's ESG scoring of the Scheme's managers and by considering ESG as part of strategic reviews to make sure that emerging trends and new information are taken into account as appropriate.

In relation to the DC Section of the Scheme, the Trustee also considers the following risks:

Investment Return Risk

- The risk is that a member is not invested in those asset classes that are expected to generate the highest returns over the long run.
- To manage this risk the Trustee makes available a range of funds across various asset classes, and within the default strategy use a combination of a passive equity fund, together with the BlackRock Dynamic Allocation Fund with the aim of generating long term investment growth for the accumulation phase.

Volatility Risk

- This is the risk that the value of a member's pot will fluctuate substantially over the investment term.
- To manage this risk the Trustee makes available a range of funds across various asset classes, so that members can select funds which match their own appetite for investment volatility.
- Within the Crystal Martin Lifestyle Investment Strategy, starting from 15 years before retirement, the passive equity allocation is transitioned to the BlackRock Dynamic Allocation Fund, which the Trustee expects to exhibit lower volatility than a fund that invests solely in equities. Volatility is then reduced further in the 5 years before retirement as the member's pot is transitioned into the BlackRock DC Cash Fund.

Pension Conversion Risk

- This is the risk that a member is invested in a strategy that does not reflect the way in which they intend to access their savings at retirement.
- The Trustee makes available a range of funds which enable members to manage this risk.
- The Trustee will review the default strategy at least triennially to assess whether the targeted destination remains appropriate.

Lump Sum Risk

- The risk is that, when close to retirement, a member has invested the part of his/her fund that will be used to provide a lump sum in those asset classes (every type except cash), which are subject to volatility in capital-value terms.
- To manage this risk the Crystal Martin Lifestyle Investment Strategy transitions 100% of a member's pot to the BlackRock DC Cash Fund as a member approaches their normal retirement age. This is on the expectation that members will take their pot as a cash sum at retirement.

Market Switching Risk

- The risk arises if there is to be switching between investment vehicles. The risk is that large investment switches are made at one point in time, thereby unnecessarily exposing members to unfavourable market pricing on a particular day.

- This risk is managed by de-risking switches being undertaken on a monthly basis over a 15 year transition period within the Crystal Martin Lifestyle Investment Strategy.

Inflation Risk

- This is the risk that a member's investments will not grow quickly enough to sufficiently outpace inflation (the cost of living).
- To manage this risk the Trustee makes available a range of funds across various asset classes, with the majority expected to keep pace with inflation.
- Within the Crystal Martin Lifestyle Investment Strategy, members' funds are invested in the BlackRock Global Equity 60/40 Fund and the BlackRock Dynamic Allocation Fund which the Trustee expects to provide returns sufficient to outpace inflation.

Annuity-Rate Risk

- This is the risk that, when close to retirement, a member who is intending to convert part of their pot to an annuity has not invested the part of their fund that will be used to purchase an annuity in those asset classes (principally bonds), which protect against annuity-rate movements.
- It is managed by making bond type funds available as part of the core range of funds for the DC Section members to invest in.

Foundation Risk

- This is the risk that capital value losses in early years could potentially discourage members from saving.
- The Trustee notes that the DC Section has been closed for a number of years, and there are no members who it believes that this would apply to.
- However, the Trustee makes available a range of funds across various asset classes, so that members can select funds with a lower chance of capital value loss.

6 MONITORING OF INVESTMENT ADVISER AND MANAGER

6.1 Investment Adviser

The Trustee continually assesses and review the performance of their adviser in a qualitative way, and undertake a formal review annually. In doing so, the Trustee considers the objectives set for the investment adviser, which are reviewed on an ongoing basis and at least every three years.

6.2 Investment Managers

With the securing of a BPA, there is no further investment performance to monitor in relation to the Scheme's DB assets.

The Trustee receives quarterly monitoring reports on the performance of the DC investment funds from Aegon, as the Platform provider.

The Aegon quarterly reports present performance information over 3 months, 1, 3 and years and show the absolute performance on a net of fees basis, and the performance of the manager's stated target benchmark (over the relevant time period).

In conjunction with advice and information from their investment adviser, the Trustee has the role of replacing investment funds where appropriate. The Trustee takes a long-term view when assessing whether to replace the underlying investment manager and such decisions would not be made based solely on short-term performance concerns. Instead, changes would be driven by a significant downgrade of the investment manager by Mercer. 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 will also be made to the investment funds if there is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager.

6.3 Portfolio Turnover Costs

Portfolio turnover costs mean the costs incurred as a result of the buying, selling, lending or borrowing of investments.

Following the investment into the BPA, it is not relevant to monitor turnover costs, or define or monitor an appropriate turnover range for the DB Section.

Information on portfolio turnover costs is monitored and reviewed for the DC Section as part of the production of the annual Chair's Statement.

The Trustee is 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, some of which invest across a wide range of investments, the Trustee does not have an overall portfolio turnover target for the DC Scheme.

7 ADDITIONAL VOLUNTARY CONTRIBUTIONS (“AVCS”)

The DB Section has no active members remaining and so contributions are no longer being made. AVCs for the DB Section are invested in the Prudential With Profits Fund and also in Managed Funds with Royal London.

DC members are able to invest their AVCs in the range of funds through the Aegon platform as described in Appendices 1 and 2.

8 CODE OF BEST PRACTICE

The Trustee notes that in March 2024, the Pensions Regulator released the General (single) Code of Practice: <https://www.thepensionsregulator.gov.uk/en/document-library/code-of-practice>.

The Trustee has worked with their investment adviser to ensure that the Scheme has complied with the guidance as far as is appropriate to its circumstances.

Now that the Scheme has secured a BPA, the Trustee notes that the much of the guidance is no longer for the DB Section relevant.

For the DC Section, the investment adviser attends Trustee meetings where appropriate to enable developments to be monitored, both in relation to the Scheme's circumstances and in relation to evolving guidance, so that the investment approach can be revised if considered appropriate.

9 COMPLIANCE

This Statement is available to members on request and also online.

A copy of this Statement is also supplied to the Sponsoring Employer, the Scheme Auditor and the Scheme Actuary.

This Statement, taken as a whole with the Appendices, supersedes all others.

Approved by the Trustee on 12 May 2025 following consultation with the Sponsoring Employer.

APPENDIX 1: DC SECTION – DEFAULT STRATEGY

A lifestyle arrangement, the Crystal Martin Lifestyle Investment Strategy, has been designed by the Trustee as a default arrangement for members of the DC Section of the Scheme who do not make an explicit choice regarding the investment of their funds. In designing the Crystal Martin Lifestyle Investment Strategy, the Trustee received investment advice from Mercer, its investment adviser.

The Crystal Martin Lifestyle Investment Strategy provides a broad level of protection against the key risks identified. This is achieved by using a lifestyle transition strategy.

Under a lifestyle transition strategy, members that are some way from retirement are provided with appropriate opportunities for asset growth, but with some volatility in asset values. Members' assets are automatically switched from growth assets to lower risk assets as they approach retirement and this helps to manage the above risks.

The Crystal Martin Lifestyle Investment Strategy is aimed at members who anticipate taking all their pension pot as a cash lump sum at retirement. The Scheme does not allow drawdown and the investment aim is designed to reflect this.

The Crystal Martin Lifestyle Investment Strategy is described in more detail as follows:

Under the Lifestyle Investment Strategy, members who are more than 15 years away from retirement are invested in the BlackRock Global Equity (60:40) Index Fund. This is a passively managed equity investment fund which aims to perform in line with the relevant equity benchmark and is used by the Trustee with the aim of delivering long-term growth with lower investment costs, while accepting that equity funds will be subject to greater volatility than many other types of investments.

Starting 15 years before retirement the strategy aims to start reducing volatility by gradually increasing the allocation to the BlackRock Dynamic Allocation Fund, which is a type of Diversified Growth Fund (DGF).

DGFs generally invest across a diversified pool of investments and aim to deliver long term investment growth, with lower short term volatility than equities. Although this fund is actively managed, its investment charges are only slightly higher than for the passively managed funds.

Starting from 5 years before retirement, the strategy starts to be moved into the BlackRock DC Cash Fund which is a low risk money market investment fund. The aim of this is to provide capital stability and prepare for the release of cash at retirement. Over this period, the expected volatility will continue to reduce, so that at the point of retirement the strategy is fully invested in the low risk money market investment fund to stabilise its value.

The Trustee has determined that the Crystal Martin Lifestyle Investment Strategy should be the default option for those members that feel unable to, or do not wish to make their own investment decision. Details of the lifestyle transition strategy are set out on the following page.

Under the Crystal Martin Lifestyle Investment Strategy member funds are invested in accordance with the following table:

Years to Retire	BlackRock Global Equity 60/40 Fund (%)	BlackRock Dynamic Allocation Fund (%)	BlackRock DC Cash Fund (%)
15 and above	100.0	0.0	0.0
14	90.0	10.0	0.0
13	80.0	20.0	0.0
12	70.0	30.0	0.0
11	60.0	40.0	0.0
10	50.0	50.0	0.0
9	45.0	55.0	0.0
8	40.0	60.0	0.0
7	35.0	65.0	0.0
6	30.0	70.0	0.0
5	25.0	75.0	0.0
4	20.0	60.0	20.0
3	10.0	50.0	40.0
2	0.0	40.0	60.0
1	0.0	20.0	80.0
0	0.0	0.0	100.0

This transition is undertaken on a monthly basis over an extended period of time to avoid placing reliance on asset values on any one particular transition date. Members have the choice to target a different retirement age and if so, the lifestyling would commence earlier or later as required.

The default investment strategy is invested in pooled funds via the Aegon (formerly BlackRock) platform; these funds are all daily dealt and readily realisable, reducing the liquidity risk to members.

The Trustee's policy on illiquid assets is set out in Section 4 of the Statement of Investment Principles (SIP).

In addition to the Default Lifestyle Investment Strategy, members have the option to invest in the full range of funds on the Aegon Platform. To help narrow down the investment choice for members the Trustee has determined a core range of funds which they believe provide members with a good range of options.

A list of the core range of funds and their fees is included in Appendix 2.

The Trustee's policy on Financially Material Considerations, including ESG factors and climate change are set out in Section 4 of the SIP.

The Trustee has determined the investment policy in relation to the Crystal Martin Lifestyle Investment Strategy, as described above, in such a way as to address the main investment risks, which are set out in Section 5 of the SIP.

Aegon produce quarterly investment monitoring reports, which the Trustee reviews in conjunction with its investment adviser, Mercer. This enables the performance of the funds underlying the Crystal Martin Lifestyle Investment Strategy to be reviewed and to determine whether they are performing and managing the risks as expected.

A copy of the SIP is available on request from the Trustee on request. It is also available online.

APPENDIX 2: INVESTMENT MANAGER INFORMATION

DB Section

All the assets are invested in a BPA with LGAS.

DC Section

Members have the option to invest in the full range of funds on the Aegon platform. To help narrow down the investment choice for members, the Trustee has determined a core range of funds which it believes provide members with an appropriate range of options.

A list of the core range of funds and their fees is set out in the table below:

Investment Funds	Total Expense Ratio (%)
AGN BLK 50:50 Global Equity Index	0.36
AGN BLK Alpha Smaller Companies	0.75
AGN BLK Emerging Markets Equity	0.80
AGN BLK Cash	0.30
AGN BLK 60/40 Global Equity Index	0.32
AGN BLK Pre Retirement	0.51
AGN BLK Dynamic Allocation Fund	0.46
AGN BLK Diversified Growth	0.69
BLK DC 60/40 Global Growth	0.75
AGN BLK UK Growth	0.75
AGN BLK Index Linked Gilt	0.40
AGN BLK Property	1.13

The Total Expense Ratio is a measure of the annual charge. The charges above have been sourced from Aegon, effective 30 June 2024 and may vary over time. Further details on all of the funds listed above, including the fund charge, are available on the Scheme's section of the Aegon website: [TargetPlan](#)

Further information on charges and transaction costs are also included in the annual Chair's Statement, which is available online at: <http://www.cmidocs.co.uk/Crystal%20Martin%202024%20Chair's%20Statement%20-%20updated%20transaction%20Cost.pdf>

The Scheme first invested through the Aegon platform in 1999, which was originally the BlackRock platform.

APPENDIX 3: RESPONSIBILITIES OF PARTIES

Trustee

The Trustee's 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 investment strategy for the DC Section in consultation with the investment adviser, choosing an appropriate default investment strategy
- Choosing the platform provider for the DC Section and choosing appropriate funds for members
- Assessing the quality of the performance and processes of the underlying investment manager, 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 Trustee in the review of this Statement
- Review of Aegon's performance monitoring reports for the DC Section and highlighting any significant issues for the Trustee
- Providing research ratings (where available) for the funds used by the DC Section as part of the annual review of Value for Members
- Informing the Trustee where the investment manager and fund are not covered by its manager research process
- Advising the Trustee, at its request, on the following matters:
 - How any significant changes in the organisations of the underlying investment managers, which could affect the interests of the Scheme
 - How any changes in the investment environment could present either opportunities or threats for the Scheme
- Undertaking project work, as requested, including:
 - Reviews of investment strategy
- Research into and reviews of investment managers
- Advising on the selection of new managers

Investment Manager

For the DB Section, the primary responsibility of LGAS is to ensure that the correct amounts are paid to the members on a timely basis as set out in the contract.

For the DC Section, the Trustee has selected funds through the Aegon platform.

The responsibilities of the underlying investment fund managers include:

- Informing Aegon of any changes in the internal performance objectives and guidelines of their funds
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments
- Managing their funds in accordance with their stated mandates

The underlying investment managers are not directly appointed by the Trustee and therefore does not have any direct responsibility to the Trustee.

Platform provider

Aegon's responsibility includes the following:

- Ensure members' contributions are invested/disinvested appropriately, including ensuring that the Lifestyle Investment Strategy is implemented in accordance with the Trustee's instructions
- Informing the Trustee of any changes in the internal performance objectives and guidelines of any pooled fund used by the Scheme as and when they occur
- Providing the Trustee, on a quarterly basis (or as frequently as agreed), with a statement and valuation of the assets and appropriate management information and reporting.

Scheme Actuary

The Scheme Actuary's responsibilities in relation to the DB Section include the following:

- Assisting the Trustee to comply with governance requirements

Administrator

For the DB section, the administrator's responsibilities include the following:

- Making benefit payments to members as and when they fall due