The Sodexo Pension Fund ("the Fund")
Statement of Investment Principles

Investment Objective

The Trustee aims to invest the assets of the Fund prudently to ensure that the benefits promised to members are provided. In setting investment strategy, the Trustee considered a range of possible investment strategies including the lowest risk asset allocation that it could adopt in relation to the Fund's liabilities and a number of strategies that targeted a return above the liabilities.

The asset allocation strategy it has selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Fund's liabilities. This approach is designed to retain sufficient return-seeking assets to exceed the actuarial assumptions for return, and reduce investment risk as far as possible between investment/valuation reviews.

This strategy optimises the risk-reducing assets while diversifying the return seeking assets. Effectively, risk is reduced while sufficient return to achieve in excess of the actuarial return assumption is targeted.

The Trustee has designed an investment strategy that will target a return of:

- *Gilts Plus 1.5%*. This will be used for all decision making on investments.

STRATEGY

The current **planned asset allocation strategy** chosen to meet the Technical Provisions is set out in the table below. The Trustee will monitor the actual asset allocation versus the target weights and will take any appropriate action.

Asset Class	**Target Weighting %**
Return Seeking Assets	**40.0**
Equities	12.0
Alternatives	7.0
Credit	21.0
Risk Reducing Assets	**60.0**
LDI	60.0

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

LDI assets are Liability Driven Investments intended to reduce the Fund's interest rate and inflation risk. This is achieved through investments such as bonds and bond like instruments whose movements in value mimic those of the Fund's liabilities when interest rates and rates of inflation rise and fall, and therefore can help hedge the Fund's liabilities. With the abovementioned allocation to LDI, the Fund endeavours to hedge as much of its interest rate and inflation risk on a Technical Provisions basis as is reasonably possible using the 60% asset allocation and leverage.

The Trustee will monitor the asset allocation with regard to the 40% / 60% spilt between return seeking assets and risk reducing assets. Within the return seeking assets the Trustee will maintain a diversified portfolio and pay regard to the target weights whilst acknowledging the difficulty in increasing or decreasing the allocation to illiquid asset classes.

The actual asset distribution will vary from the planned asset allocation strategy from time to time due to market movements. In addition, the Trustee may, from time to time, choose to move away from the planned asset allocation to take account of the prevailing investment conditions or to take advantage of attractive investment opportunities as they occur or to address concerns at an underlying investment manager through the Event Management Process (further details in appendix). Any such moves will be taken following advice from the Trustee’s investment adviser. The current asset allocation is out of line with the planned asset allocation strategy as the illiquid assets are overweight, this will be adjusted in line with targets as the assets mature over time.

The planned asset allocation strategy was determined with regard to the actuarial characteristics of the Fund, in particular the strength of the funding position and the liability profile. The Trustee expects to reduce risk over time as the funding level improves by reducing the allocation to return seeking assets in favour of risk reducing assets. The Trustee’s policy is to make the assumption that the return seeking assets will outperform the liabilities over the long term and that active fund management can be expected to add value.

However, the Trustee recognises the potential volatility in the returns, particularly relative to the Fund’s liabilities, and the risk that the fund managers do not achieve the targets set. When choosing the Fund’s planned asset allocation strategy the Trustee considered written advice from its investment advisers and, in doing so, addressed the following:

- The need to consider a full range of asset classes including private equity, property, hedge funds, active currency and infrastructure.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

In addition, the Trustee also consulted with the sponsoring employer when setting this strategy.

RISK

The Trustee maintains a ‘Statement of Funding Principles’ which specifies that the funding objective is to have sufficient assets so as to make provision for 100% of the Fund’s liabilities as determined by an actuarial calculation. The Trustee recognises that the key risk to the Fund is that it has insufficient assets to make provisions for 100% of its liabilities (“funding risk”).

The Trustee has identified a number of risks which have the potential to cause deterioration in the Fund’s funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors (“mismatching risk”). The Trustee and its advisers considered this mismatching risk when setting the investment strategy and have specifically structured the Fund’s assets so as to minimise this risk as far as is practical.
- The risk of a shortfall of liquid assets relative to the Fund’s immediate liabilities (“cash flow risk”). The Trustee and its advisers will manage the Fund’s cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustee (“manager risk”). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk (“risk of lack of diversification”). The Trustee and its advisers considered this risk when setting the Fund’s investment strategy.
- The possibility of failure of the Fund’s sponsoring employer (“covenant risk”). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence (“operational risk”). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

In particular, the mismatching risk was modelled explicitly as part of the most recent investment strategy review. Having set an investment objective which relates directly to the Fund's liabilities and implemented it using a range of fund managers, the Trustee's policy is to monitor, where possible, these risks quarterly.

The Trustee receives quarterly reports showing:

- Actual funding level versus the Fund specific funding objective.
- Performance versus the Fund investment objective.
- Performance of individual fund managers versus their respective targets.
- Any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

IMPLEMENTATION

Aon has been selected as investment adviser to the Trustee. Aon operates under an agreement to provide a service which ensures the Trustee is fully briefed to take decisions itself and to monitor those it delegates. Aon is paid on a fixed fee basis for all the work it undertakes for the Fund although time cost basis fees may be negotiated by the Trustee for certain projects.

This structure has been chosen to ensure that cost-effective, independent advice is received. The fund manager structure and investment objectives for each fund manager are as follows:

Equity Managers	
BlackRock World Equity Fund (hedged and unhedged) – to match the FTSE All World Developed Index	
Alternatives Managers	
Private Equity HarbourVest Partners Combined Fund XI L.P. Global Private Equity – to achieve a diversified return with a net IRR of up to 20% per annum over the life of the fund. HarbourVest Partners Global IX L.P. Global Private Equity – to achieve a diversified return with a net IRR of up to 20% per annum over the life of the fund.	*Opportunistic European Property* Europa Capital Partners European Opportunistic Property – Fund V - to target returns of 15% net IRR Fund VI – to target returns of 12-14% net IRR *Distressed Credit* Canyon Partners LLC Canyon Distressed Opportunities Fund III - to target returns of 13% net IRR
Credit Managers	
Asset Backed Securities HSBC HSBC Investment Grade Securitised Credit Fund – to provide long term capital growth and income *Real Estate Debt* Nuveen Nuveen Global Real Estate Debt Partners II – to target net absolute returns of 7-8% p.a.	*Bank Loans* Apollo Bank Loans – to target net absolute returns of 8-12% p.a. *High Yield* OakHill OakHill Diversified Credit Strategies – to target 6-10% total return over a market cycle
Liability Driven Investment and Liquidity Manager	
Liability Driven Investment (LDI) Insight Investment Management LDI – to match a specific benchmark reflecting the Fund's cashflows	Insight Liquidity Fund – to return SONIA. Insight Liquidity (Euro) Fund – to return €STER

There is currently no strategic weighting to cash. The liquidity units currently held with Insight Investment Management are used to support hedging positions within the LDI portfolio. Together with cash in the Trustee bank account, the Liquidity funds are also intended to meet day to day liquidity.

When choosing investments, the Trustee and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Funds (Investment) Regulations 2005 (regulation 4). The managers' duties also include:

- Realisation of investments
- Taking into account environmental, social and governance considerations in the selection, retention and realisation of investments.
- Voting and corporate governance in relation to the Fund's assets.

ARRANGEMENTS WITH INVESTMENT MANAGERS

The Trustee receives quarterly reports and verbal updates from the investment adviser on various items including the investment strategy, performance, and longer-term positioning of the portfolio.

The Trustee monitors the Fund's investments on a quarterly basis to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies. This includes reviewing its investment adviser's quarterly monitoring of how the Fund's investment managers:

- make decisions based on assessments about medium- to long-term financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee focusses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Fund's Technical Provisions objective, and assesses the investment managers over 3-year periods.

The Trustee shares the policies, as set out in this SIP, with the Fund's investment managers.

Before appointment of a new investment manager, the Trustee's advisers (legal and investment) will review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Fund invests in a collective vehicle, then the Trustee will express its expectations to the investment managers by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers by other means (where necessary), and regular monitoring of investment managers' performance and investment strategy, is in most cases sufficient to incentivise the investment managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the investment manager where this is deemed necessary.

There is typically no set duration for arrangements with investment managers, although the continued appointment of investment managers will be reviewed periodically, and generally at least every three years. For certain closed ended vehicles, the duration may be defined by the nature of the underlying investments.

COST AND PERFORMANCE

Cost monitoring:

The Trustee is aware of the importance of monitoring the Fund’s investment managers' total costs and the impact these costs can have on the overall value of the Fund's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by its investment managers that can increase the overall cost incurred.

The Trustee collects annual cost transparency reports covering all of their investments and asks that the investment managers provide this data in line with the appropriate Cost Transparency Initiative (“CTI”) template for each asset class. This allows the Trustee to understand exactly what the Fund is paying the investment managers. The Trustee works with its investment adviser and investment managers to understand these costs in more detail where required.

Evaluation of performance and remuneration:
The Trustee assesses the performance of the Fund’s investment managers on a quarterly basis and the remuneration of its investment managers on an annual basis via collecting cost data in line with the CTI templates.

Portfolio turnover costs:
The Trustee is aware of the portfolio turnover costs (portfolio turnover costs are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated to its underlying investments through the information provided by the investment managers. The monitoring of the target portfolio turnover and turnover range is monitored annually with the assistance of the Fund’s investment adviser.

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. The Trustee does not define a targeted portfolio turnover range but where the Trustee identifies a lack of consistency, the mandate will be reviewed.

The Trustee is supported in its cost transparency monitoring activity by its investment adviser.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATONS

In setting the Fund's investment strategy, the Trustee’s primary concern is to act in the best financial interests of the Fund and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser when setting the Fund's asset allocation, when selecting managers and when monitoring their performance.

Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Fund invests, as this ultimately this creates long-term financial value for the Fund and its beneficiaries.

The Trustee expects the Fund's investment managers to**:**

- Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee’s voting rights in relation to the Fund's assets.

The Trustee reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee has set out in its policy, the Trustee will engage with the manager and seek a more sustainable position but may look to replace the manager.

The Trustee reviews information provided by its investment adviser on the stewardship activities of its investment managers on a quarterly basis, covering both engagement and voting actions. The Trustee expects the Fund’s investment managers to use their influence as major institutional investors to carry out the Trustee’s rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

The Trustee will engage with its investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of its active ownership policies, are being actioned. This will take the form of annual reporting which will be made available to Fund members on the website / on request.

The transparency for voting should include voting actions and rationale with relevance to the Fund, in particular, where: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of either the Trustee or the asset manager.

The Trustee will engage in any issues with relevant stakeholders on relevant matters that affect the Fund as outlined in Appendix A.

The process for identifying and assessing climate-related risks and opportunities is captured by:

- Our advisers demonstrating how they have considered short and long-term climate change risks and opportunities when providing new strategic investment advice, new mandates, new funding plans and new advice on the covenant.
- Investments that are Buy rated by Aon having at least an appropriate or advanced process to identify, evaluate and mitigate potential financially material ESG risks, including climate change, within the portfolio.
- Our asset managers demonstrating how they have considered short and long-term climate change risks and opportunities when reporting on their portfolios.

This will enable us to understand what measures are being taken to reflect climate change opportunities and risk within the investments, funding and covenant.

Members' Views and Non-Financial Factors

In setting and implementing the Fund's investment strategy the Trustee did not explicitly take into account the views of members and beneficiaries in relation to non-financial factors[1].

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018s

GOVERNANCE

The Trustee is responsible for the investment of the Fund's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether it has the appropriate training and expert advice in order to take an informed decision.

The Trustee has established the following decision making structure:

<table>
<tr><td colspan="2">Trustee
■ Set structures and processes for carrying out its role.
■ Select and monitor planned asset allocation strategy.
■ Select and review direct investments (see below).
■ Selection of investment advisers and fund managers.
■ Set structure for implementing investment strategy.
■ Monitor direct investments.
■ Review minutes and recommendations made by the Investment Sub Committee.</td></tr>
<tr><td colspan="2">Investment Sub Committee
■ Make decisions relating to day to day cashflow issues.
■ Rebalance the portfolio within the limitations of the Statement of Investment Principles.
■ Review in detail investment performance.
■ Meet the investment managers where appropriate.
■ Consider alternative asset strategies and managers.
■ Review the quarterly investment report prepared by Aon.</td></tr>
<tr><td>Investment Adviser
■ Advise on all aspects of the investment of the Fund assets, including implementation.
■ Advise on this statement.
■ Provide required training.</td><td>Fund Managers
■ Operate within the terms of this statement and their written contracts.
■ Select individual investments with regard to their suitability and diversification.
■ Advise Trustee on suitability of the indices in its benchmark.</td></tr>
</table>

The Investment Sub Committee requires two members of the Trustee Board to be quorate. The Company has representation on the Investment Sub Committee.

If an issue needs to be addressed outside the quarterly investment reporting cycle, the Investment Event Management Process is followed. This is detailed in Appendix A.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments.**

The Trustee’s policy is to review its direct investments and to obtain written advice about them periodically as required. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager(s).

The written advice will consider the issues set out in the Occupational Pension Funds (Investment) Regulations 2005 and the principles contained in this statement.

The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustee’s investment adviser has the knowledge and experience required under the Pensions Act 1995. The Trustee expects the fund managers to manage the assets they are responsible for under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

Fund managers are remunerated on a mixture of ad valorem and performance related fee basis. This structure has been chosen to align the fund managers’ interests with those of the Fund. In addition, fund managers pay commissions to third parties on many trades they undertake in the management of the assets and also incur other ad hoc costs.

The Trustee has appointed Northern Trust as the Fund's custodian with relation to the assets managed by Insight. The custodian provides safekeeping for these assets and performs the administrative duties attached, such as the collection of interest and dealing with corporate actions. With regard to the collective investment vehicles the Fund is invested in, it is the manager’s responsibility to organise custody arrangements.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

February 2025

M Hanson

Signed ………………………………..

C Campbell

Signed ………………………………..

Trustee Directors.

Appendix A – Investment Event Management Process

Objective

The proposed pro forma approach below is designed to facilitate a streamlined procedure for dealing with "events" arising with regard to the Fund's investment arrangements.

Definition of "Event"

It is envisaged that "events" might include changes or potential changes that could materially impact the Fund's investments or fund managers or other third party providers involved with the management of the Fund's investments.

For the purposes of this process an event will be deemed to have occurred if either Aon or any Trustee decides that an event has occurred and notify the Secretary to the Trustee and/or the Chair of the Trustee to that effect.

Communication

Upon notification that an event has occurred the Secretary / Chair of the Trustee will ensure that all the Trustee Directors and Aon are advised of the notification.

Actions:

The following process will be followed:

1. A meeting (which may be a teleconference or face to face meeting) will be convened between the Investment Sub Committee, Aon and those Trustee Directors (not on the Investment Sub Committee) who wish to attend.
2. If time permits, Aon will circulate by email and gain agreement from the Secretary / Chair of the Trustee, a background note and agenda for the meeting.

   Aon will detail the nature of the event and endeavour to give an assessment of the potential implications of the event for the Fund's investment arrangements and funding plan.
3. The background note and agenda will also contain a proposed structure for reaching a conclusion as to the action (if any) to take in response to the event.
4. Where appropriate Aon will endeavour to provide advice to the Trustee in advance of the meeting as to the recommended course of action.
5. The meeting will reach conclusion as to the appropriate course of action, and / or next steps and further data or information requirements in order to reach such a conclusion.