

**Ogilvy & Mather Group Pension and Life Assurance Plan (the
'Plan')**
Statement of Investment Principles
As at September 2020

Investment Objective

The Trustee aims to invest the assets of the Plan prudently to ensure that the benefits promised to members are provided. When setting the Plan's investment strategy the Trustee made reference to the lowest risk asset allocation that could be adopted in relation to the Plan's liabilities. The asset allocation strategy it has selected is designed to provide cashflow on a monthly basis in order to meet the Plan's payroll requirements.

STRATEGY

During December 2019 the Plan purchased a bulk annuity policy from the Pension Insurance Corporation ("PIC"). This insures the pensioner members' liabilities. PIC pays the Plan an amount equal to the pension payment of the members underlying the policy. These insurance contracts are assets of the Plan and the pension liability remains within the Plan. With the exception of cash (or cash-like/liquidity fund) balances, this is the sole asset of the Plan.

When choosing the Plan'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;
- 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 employers when setting this strategy.

Having taken advice from its advisors prior to entering into the bulk annuity policy, the Trustee believed that by investing in a policy of this nature it would achieve its Investment Objective in a lower risk manner than other asset allocations available at the time.

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

RISK

As the Plan's sole asset is a bulk annuity policy with PIC, the Plan is exposed to risk of the insurer defaulting. The Trustee considered the credit strength of the insurer as part of its due diligence process. Having considered this, in addition to a number of factors such as the regulatory environment and other protections available (e.g. the Financial Services Compensation Scheme), the Trustee considered this to be an appropriate investment for the Plan.

GOVERNANCE

The Trustee is responsible for the investment of the Plan'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:

Trustee

- Set structures and processes for carrying out its role.
- Select and monitor strategy and insurance contracts.

Investment Adviser

- Advise on all aspects of the investment of the Plan assets, including implementation.
- Advise on this statement.
- Provide required training.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with 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**.

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 Schemes (Investment) Regulations 2005 (regulation 4). The 2005 Regulations replace existing Occupational Pension Schemes (Investment) Regulations 1996 and extend the provisions of the Pensions Acts 1995 and 2004.

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 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 Employers over any changes to the SIP.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to purchase an annuity and cannot therefore directly influence the Environmental, Social and Governance ("ESG") integration nor stewardship policies and practices of PIC.

Stewardship – Voting and Engagement

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

As far as is applicable to the Scheme the Trustee regularly reviews the suitability of the Scheme's appointed investment managers and takes advice from their investment advisor with regard to any changes.

Arrangements with Investment Managers

All of the Scheme's assets are invested with PIC in the form of a bulk annuity policy, with the exception of any excess cash. The aim of the bulk annuity policy is to wholly insure the benefits to all members of the Scheme.

Given the nature of the agreements which the Trustee has with its investment managers, the Trustee believes it has a limited ability to incentivise its investment managers to align its investment strategy and decisions with the Trustee's policies in relation to stewardship, corporate governance and responsible investment.

Given the long term nature of the Scheme's sole investment and the bulk annuity policy the Trustee believes that its investment managers are appropriately incentivised to make decisions relating to the medium and long term financial and non financial factors which may influence performance.

Should the Trustee be provided with any opportunity which it deems appropriate to incentivise its managers in relation to these areas it will consider this and will take steps as it deems appropriate.

Given the nature of a bulk annuity policy, the Trustee does not believe it is appropriate to monitor the performance of its insurer. Furthermore, given the nature of the agreement it does not remunerate the insurer and therefore it does not evaluate these factors.

The Trustee is aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. Given the nature of a bulk annuity policy, the Trustee does not believe that it is appropriate for the Trustee to monitor portfolio turnover and its associated costs.

There is typically no set duration for arrangements with investment managers, although the continued appointment all for investment managers will be reviewed should the Trustee believe this to be necessary.

INVESTMENT ADVISERS

Aon Solutions UK Limited ("Aon") has been selected as investment adviser to the Trustee. It has a mandate to provide the Trustee with a full service designed to ensure that the Trustee is fully briefed on the decisions it needs to take itself and those it needs to delegate. Aon also provides advice on the decision-making structure.