The ISS Platinum Pension Plan (the "Plan")
Statement of Investment Principles (the "Statement")

Scope of Statement

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004, and the Occupational Pension Plan (Investment) Regulations 2005).

The effective date of this Statement is 29 September 2020. The Trustee will review this Statement and the Plan's investment strategy no later than three years after the effective date of this statement and without delay after any significant change in investment policy.

Consultations Made

The Trustee has consulted with the employer, ISS UK Limited, prior to writing this Statement and will take the employer's comments into account when they believe it is appropriate to do so.

The Trustee is responsible for the investment strategy of the ISS Platinum Pension Plan. They have obtained written advice on the investment strategy appropriate for the Plan and on the preparation of this Statement. This advice was provided by Aon Solutions UK Limited, who are authorised and regulated by the Financial Conduct Authority.

The day to day management of the Plan's assets has been delegated to investment managers who are appropriately authorised and regulated as required under the Financial Services and Markets Act 2000 (amended by the Financial Services Act 2012). Their regulatory status can be verified on the Financial Services Register at www.fca.org.uk/register/. A copy of this Statement is available to the investment managers appointed and to the members of the Plan.

Objectives and Policy for Securing Objectives

The Trustee objectives for setting the investment strategy of the Plan have been set with regard to the Plan's Statutory Funding Objectives as set out in the Statement of Funding Principles.

The Trustee primary objectives are:

- "funding objective" - to ensure that the Plan is fully funded using assumptions that contain a modest margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the employer;

- "stability objective" – to have due regard to the likely level and volatility of required contributions when setting the Plan's investment strategy; and,

- "security objective" – to ensure that the solvency position of the Plan (as assessed on a gilt basis) is expected to improve. The Trustee will take into account the strength of the employer's covenant when determining the expected improvement in the solvency position of the Plan.

Choosing Investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Plan, its cashflow requirements, the funding level of the Plan and the Trustee objectives.

The assets of the Plan are invested in the best interests of the members and beneficiaries.

The Trustee exercises powers of investment (or delegation where these powers have been delegated to a fund manager) in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk, a spread of assets is held. The diversification is both within and across the major asset classes.

Assets held to cover the Plan's technical provisions (the liabilities of the Plan) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan.

The assets of the Plan are invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

The Trustee acknowledges that derivatives may be used by investment managers in order to reduce investment risks or facilitate efficient portfolio management. These are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

The Balance Between Different Kinds of Investments

The Trustee recognises that the key source of financial risk (in relation to meeting their objectives) arises from asset allocation and therefore retains responsibility for setting asset allocation and take expert advice as required from professional advisers.

The Trustee reviews its investment strategy following each formal actuarial valuation of the Plan (or more frequently should the circumstances of the Plan change in a material way). The Trustee takes written advice from their professional advisers regarding an appropriate investment strategy for the Plan.

The asset allocation of each section of the Plan is set out in the Appendix.

Investment Risk Measurement and Management

Risks associated with changes in the employer covenant are assessed by various means, including the Failure Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy) and taking advice from external specialist advisors. The Trustee also has an agreement with the employer to receive notification of any events which have the potential to alter the creditworthiness of the sponsoring employers. In particular, the Trustee will be informed of Type A events, as defined in appropriate guidance issued by the Pensions Regulator and employer-related Notifiable Events. On receipt of such notification, the Trustee will re-consider the continued appropriateness of the Plan's existing investment strategy.

Expected deviation from the benchmark (for a passive manager) or out-performance target (for an active manager) is detailed in a supplementary Investment Manager Arrangements document. The Trustee has appointed Aon Solutions UK Limited to alert them on any matters of material significance that might affect the ability of each fund manager to achieve its objectives.

The Trustee acknowledges that investment returns achieved in excess of the expected deviation (positive or negative) may be an indication that the investment manager is taking a higher level of risk than indicated.

Custody

Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The managers of each pooled fund are responsible for the appointment and monitoring of the custodian of the fund's assets.

The custodians are all independent of the employer.

Realisation of Investments/Liquidity

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are realisable at short notice (either through the sale of direct holdings of stocks, bonds etc. or the sale of units in pooled funds).

Arrangements with Investment Managers

The Trustee regularly monitors the Plan’s investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies. This includes monitoring the extent to which investment managers:

- make decisions based on assessments about medium- to long-term financial and non-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.

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 investment manager, but could ultimately replace the investment manager where this is deemed necessary.

The Trustee is supported in this monitoring activity by their investment consultant, Aon Solutions UK Limited.

The Trustee receives quarterly reports and verbal updates from the investment consultant on various items, including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan objectives and assess the investment managers over 3-year periods.

The Trustee also receives information on stewardship, including the monitoring and engagement activities carried out by their investment managers, which supports the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year.

The Trustee shares the policies, as set out in this Statement with the Plan’s investment managers, and requests that the investment managers review and confirm whether their approach is in alignment with the Trustee's policies.

Before appointing a new investment manager, the Trustee reviews 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 Plan 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 and non-financial performance.

There is typically no set duration for arrangements with investment managers, although the continued appointment all for investment managers will be reviewed periodically, and at least every three years.

Environmental, Social or Governance Considerations

In setting the Plan's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes 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 their investment adviser when setting the Plan'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 promoting corporate responsibility in the underlying companies in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Plan and its beneficiaries.

The Trustee expects the Plan's investment managers to use their influence as major institutional investors to carry out the Trustee's rights and duties as a shareholder including voting, along with, where relevant and appropriate, engaging with underlying investee companies, to promote good corporate governance, accountability, and positive change.

The Trustee is aware of their responsibility to review the stewardship of their investment managers, covering both engagement and voting actions, on an annual basis and is assisted by their investment adviser to carry out this review. The Trustee will review the alignment of the Trustee's policies to those of the Plan's investment managers and ensure its managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner.

The Trustee regularly 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.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

If an incumbent investment manager is found to be falling short of the standards the Trustee has set out in its policy, the Trustee undertakes to engage with the manager and seek a more sustainable position, but may look to replace the investment manager.

Members' Views and Non-Financial Factors

In setting and implementing the Plan's investment strategy, the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

Costs and Performance

<u>Cost Monitoring</u>

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

The Trustee collects annual cost transparency reports covering all of its investments and ask 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 Plan is paying the investment managers. The Trustee works with their investment consultant and investment managers to understand these costs in more detail where required.

<u>Evaluation of Investment Managers Performance and Remuneration</u>

The Trustee assesses the performance of their investment managers on a quarterly basis and the remuneration of their investment managers on at least an annual basis, via collecting cost data in line with the CTI templates.

<u>Portfolio Turnover Costs</u>

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 the Plan's underlying investments through the information provided by its investment managers. The portfolio turnover is monitored annually with the assistance of the Plan's investment consultant.

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. In both cases, transaction costs are acceptable, as long as they are consistent with the asset class characteristics, manager's style and historic trends. The Trustee does not define a targeted portfolio turnover range, but where the Trustee's monitoring identifies a lack of consistency, the mandate will be reviewed.

Additional Voluntary Contributions ("AVCs") Arrangements

Some members hold further benefits in relation to AVCs within the Plan. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions.

From time to time the Trustee reviews investments available to members to ensure that they remain appropriate to the members' needs.

Approved by: Melanie Cusack (on behalf of PTL Governance Ltd)	29 September 2020
On behalf of the Trustee of the ISS Platinum Pension Plan	Date

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

Appendix to Statement of Investment Principles

Asset Allocation Strategy & Actuarial Assumptions

This Appendix sets out the current Trustee asset allocation strategy and actuarial assumptions for each section and is supplementary to the Trustee Statement of Investment Principles (the “attached Statement”).

The Trustee's asset allocation strategy and actuarial assumptions have been established in order to maximise the likelihood of achieving the primary objectives set out in the attached Statement. The details of each section are laid out below:

Asset Allocation Strategy

1. The ISS Section Asset Allocation Strategy

Asset Class	Weight	Range
Equities	35%	30%-40%
Diversified Growth Funds	35%	30%-40%
LDI	30%	25%-35%

2. The Bali (Mitchell & Struthers) Section Asset Allocation Strategy

Asset Class	Weight	Range
Equities	37.5%	32.5%-42.5%
Diversified Growth Funds	37.5%	32.5%-42.5%
LDI	25%	20%-30%

3. The Bali (Waterers Landscape) Section Asset Allocation Strategy

Asset Class	Weight	Range
Equities	37.5%	32.5%-42.5%
Diversified Growth Funds	37.5%	32.5%-42.5%
LDI	25%	20%-30%

4. The Pegasus Section Asset Allocation Strategy

Asset Class	Weight	Range
Equities	30%	25%-35%
Diversified Growth Funds	30%	25%-35%
LDI	40%	35%-45%

5. The Genesis Section Asset Allocation Strategy

Asset Class	Weight	Range
Equities	45%	40%-50%
Diversified Growth Funds	45%	40%-50%
LDI	10%	5%-15%

6. The ISS Transferred Section Asset Allocation Strategy

Asset Class	Weight	Range
Equities	37.5%	32.5%-42.5%
Diversified Growth Funds	37.5%	32.5%-42.5%
LDI	25%	20%-30%

Re-balancing arrangements

In order to ensure the assets are re-balanced in line with the Asset Allocation Strategy, the Trustee reviews the balance of the assets on a regular basis, following which appropriate corrective action is taken, if it is deemed appropriate. The Trustee reserves the right to make tactical decisions on the asset allocations, allowing the SIP ranges to be extended, if it is deemed appropriate.

Actuarial Assumptions

Over the long-term the Trustee expectations are:

- for the "growth" assets (equities and diversified growth funds), to achieve a return which at least keeps pace with the increase in national average earnings over the same period. The Trustee is willing to incur short-term volatility in asset price behaviour with the expectation that over the long term these assets will outperform asset classes which maybe regarded as matching the liabilities;

- for the "matching" assets;
  for fixed interest assets to achieve a rate of return which is at least in line with changes in the cost of providing fixed income annuities;

The projected investment returns for the asset classes taken from the actuarial valuation is 3.6% for pre-retirement (active/deferreds) and 2.4% for post-retirement (current pensioners).

Returns achieved by the fund managers are assessed against performance benchmarks set by the Trustee in consultation with their advisers and fund managers.