

WH Smith Pension Trust

Statement of Investment Principles

October 2022

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1 Introduction

WH Smith Pension Trustees Limited (“the Trustee”) of the WH Smith Pension Trust (“the Trust”) has drawn up this Statement of Investment Principles (“the Statement”) to comply with the requirements of the Pensions Act 2004 and prior legislation (“the Act”).

The Trustee will review this Statement regularly, and no less frequently than every three years (to coincide with the relevant formal triennial actuarial valuation of the Trust) by reference to any material changes to any aspects of the Trust, its liabilities, finances and attitude to risk, which is judged to have a bearing on the stated Investment Policy.

This Statement was previously updated in October 2020 and should be read in conjunction with the Investment Policy Implementation Document (“IPID”).

Between 2006 and February 2022 the Trust was divided into two sections, the News Section and the Retail Section. Following the winding up of the News Section in February 2022, the assets of the Trust related solely to the liabilities of the former Retail Section, sponsored by WHSmith plc (the “Sponsor”). In August 2022, the Trust concluded a full “Buy-in” of these liabilities with Phoenix Life Limited, in the expectation of being able to proceed to a full “Buy-out” at some point in the future.

The investment arrangements are reviewed on a regular basis with the assistance of the Trust’s investment advisor. In August 2022, given the Trust’s full ‘Buy-in’ of the Retail Section with Phoenix Life Limited, the decision was taken to disinvest from the Hermes Absolute Return Credit fund and the M&G Total Return Credit Investment Fund and reallocate the proceeds into the BlackRock Segregated LDI portfolio. The assets in the BlackRock Segregated LDI were then utilised to fund the full buy-in with Phoenix Life Limited. The Trust’s remaining assets held following completion of the full buy-in were residual cash that is currently held within the BlackRock ICS Sterling Government Liquidity Fund and the holding in the Permira Credit Solutions III fund. Northern Trust is the appointed custodian of the Trust’s assets.

The Sponsor maintains Final Salary Rules (FSR) and Money Purchase Rules (MPR).

Final Salary Rules

The Trust is closed to future service accrual. The Section’s FSR liabilities are defined benefit in nature and, as such, are not directly dependent on the investment returns achieved.

Money Purchase Rules

MPR benefits are generally dependent on contributions paid, the investment returns achieved and, for members that decide to purchase an annuity at retirement, the rate of conversion of accumulated capital at the date of retirement to a pension annuity contract with an insurance company.

Members who do not make an explicit choice regarding the investment of their funds are invested in the Cash Lifestyle Fund (“default arrangement”). The objective of the default arrangement is to target investment growth through investing in equities, automatically moving into a mix of equities and cash as the member approaches retirement.

In recognition of the increased member flexibility at retirement, the Trustee also offers members alternative Lifestyle arrangements for those members who wish to purchase an annuity at retirement or would prefer to go into income drawdown.

1.1 Investment Powers

The Trust is governed by the Trust Deed and Rules effective from 1st September 2006 (“the Trust Deed”).

This Statement is consistent with the Trustee’s investment powers set out in Clause 4 (Investment) of the Trust Deed.

The Trustee has overall responsibility for the prudent management of Trust investments. The strategic management of the Trust assets in regard of the Section is the delegated responsibility of the Investment Committee acting on advice from Redington and others as it deems appropriate and is driven by the Trustee’s investment objectives as set out in Sections 2 and 4 below. In addition, the Investment Committee has delegated authority to *“formulate, implement and generally ensure adherence to the strategic investment policy and for recommending the appointment and termination of professional investment management appointees. The Investment Committee also has responsibility for the allocation of that part, if any, of the Trust assets held between the various available Investment Managers, funds and accounts.”* The Investment Committee and Trustee are responsible for overseeing the investment of Trust assets and will do nothing that might prejudice the tax-exempt status of the Trust and its two constituent Sections.

The remaining elements of policy are part of the day-to-day management of the assets that is delegated to professional investment managers, each of whom is authorised and regulated by the Financial Conduct Authority.

1.2 Compliance With Legislative Requirements

In preparing and maintaining this Statement the Trustee is required to set out its policy for securing compliance with the requirements of section 36 of the Pensions Act 1995 (Choosing Investments) which, in summary, requires:

- The Trustee to exercise its powers of investment in accordance with supporting regulations, namely, the Occupational Pension Scheme (Investment) Regulations 2005 (the 2005 Regulations);
- That any fund manager to whom discretion is delegated must exercise that discretion in accordance with the 2005 Regulations; and
- That before investing in any manner the Trustee must obtain and consider proper advice on the question of whether the investment is satisfactory having regard to the requirements of the 2005 Regulations so far as they relate to the suitability of investments.

The Trustee's policy for securing compliance with these requirements is as follows:

- Section 4 of the 2005 Regulations requires that the Trustee must exercise its discretion in accordance with the provisions set out in the said regulation. The Trustee has taken advice and is comfortable that the investments comply with the 2005 Regulations.
- Compliance with this Statement and hence the regulations is covered in Section 8 of this Statement.
- As required under the Act, the Trustee consults suitably qualified people in obtaining written advice relating to the Trust's investments.

The 2005 Regulations require that the Trust's assets must be invested:

- a) In the best interests of the members and beneficiaries; and
- b) In the case of a potential conflict of interest, in the sole interest of members and beneficiaries.

The Trustee's policy for complying with these requirements is to take, where the Trustee considers it appropriate, legal advice to resolve any perceived or actual conflict of interest.

A key requirement of the 2005 Regulations is that the assets held to cover the Trust's technical provisions must be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Trust. The investment arrangements put in place for the FSR as set out in the following sections deal head on with the risks that this requirement was designed to address.

2 Investment Objectives, Risk, and Strategy – FSR

2.1 Investment Objectives

The Trust should at all times have sufficient monies to meet its obligations as and when they occur with respect to the different benefits expected by participants in the FSR.

To guide it in its strategic management of the assets and control of the various risks to which the Trust and its Sections are exposed, the Trustee has considered its objectives which can be summarised as follows:

- To target that assets are sufficient to meet the Trust's liabilities as they arise.
- To maintain security of benefits.
- To reduce volatility in the contributions required.
- To target that, in the event of winding up, the assets of the relevant Section would not fall short of that Section's liabilities.

2.2 Risk and Risk Management

There are various risks to which any pension scheme is exposed. A distinction is drawn between the long-term and short-term risks faced by the Trust. The Trustee has considered the following risks and believes they are appropriately controlled:

- The risk of a material deterioration in the Trust's funding position over the long term and the associated volatility in the overall contributions made by the Sponsor ("*funding level risk*"). The value of the Trust's liabilities is sensitive to changes in the level of yields on UK government bonds ("*gilts*"), as well as to changes in inflation and longevity. This risk is well hedged by the full buy-in contract with Phoenix Life Limited.
- The need to pay pension and lump-sum benefits in the short term ("*cash flow risk*"). If the timing of the benefit payments requires assets to be disinvested during a period of underperformance, this will have a negative impact on the adequacy of the funding plan agreed between the Sponsor and the Trustee. To help manage this risk, the Trust's buy-in and contribution schedule are designed complementarily to generate the cash flows required to meet benefits and expenses.
- The risk that any of the participants fail to meet all or any of their obligations within the investment structure ("*counterparty credit risk*"). In connection with the buy-in of the Retail Section with Phoenix Life Limited, the Trustee and its advisors considered the credit quality of Phoenix Life Limited supported by the Financial Services Compensation Scheme to minimise this risk.
- The failure of any of the investments would jeopardise the Trustee's ability to meet the objectives if they constituted a significant proportion of the assets ("*concentration risk*").

- Actions by the custodian (“*custody risk*”). Custody risk involves any misappropriation of assets, and/or delivery that is not in accordance with the instructions, and/or unauthorised use of assets for the benefits of other customers of the custodian, and/or inadequate segregation of customer assets, and/or failure to collect income, recover tax or respond to corporate events and/or custodian default.

Having received investment advice from Redington, legal advice from the Trustee’s legal advisers, Mayer Brown, buy-in advice from Lane Clark & Peacock and having consulted the Sponsor, in particular on the probability and timing of any additional funding, the Trustee has implemented a full buy-in with Phoenix Life Limited to cover the Trust’s liabilities.

Along with the full buy-in, the Trust holds residual assets surplus to the buy-in premium which are investment with the Permira Direct Lending fund, an illiquid investment in run-off that is expected to return all proceeds to investors by the end of 2023, and also cash invested in the BlackRock ICS Sterling Government Liquidity fund.

Additional Assets

The Trust has certain legacy assets that currently have no value. Although these will be retained by the Trust, they do not form any formal part of the Trust’s investment strategy.

2.3 Summary

The Trustee and the Investment Committee believe the strategy adopted is consistent with the investment objectives and return requirements detailed in Sections 2.1 and is appropriate for controlling the risks identified in Section 2.2.

3 Day to Day Management of the Assets of FSR

3.1 Investment Managers

The Trustee has entered into a full buy-in contract with Phoenix Life Limited in the form of a policy of insurance to cover the Trust's liabilities.

The Trustee reviews the continuing suitability of the Trust's investments regularly, including the appointed managers.

In selecting investment managers the Trustee takes all reasonable steps to satisfy itself that the relevant parties have the appropriate knowledge and experience for managing the Trust's investments and that they are carrying out their work competently and complying with section 36 of the Pensions Act 1995 (as amended by the Pensions Act 2004). To facilitate this, the Investment Committee, on behalf of the Trustee, meets regularly to review the Trust's investments and undertake due diligence with the manager(s) concerned, receiving regular reports from the manager(s) to check that nothing has occurred that would bring into question the continuing suitability of the current investments. The Trustee has also appointed Redington as an independent investment adviser to provide assistance as and when requested by the Investment Committee.

3.2 Permitted assets

The Trustee, having consulted with its advisers, will pursue liability-matching and/or return-seeking activity by providing guidelines within which the appointed investment manager may operate. The investments currently permitted by the Trustee include, but are not restricted to, investment in one or more of the following:

- Asset swaps
- Liability matching swaps
- Repurchase transactions
- Equity call options and call spreads
- High quality fixed and floating rate securities including gilts, index-linked gilts and corporate bonds.
- Credit derivatives
- Cash
- Private debt
- Buy-in Insurance Contracts

3.3 Fees

The fees associated with the Trust's investments relate primarily to investment management, custody and investment advisory services. The fee schedules are negotiated and set out in contracts with the parties concerned.

3.4 Asset Manager Policy

For segregated arrangements, the terms of the long-term relationship between the Trustee and its managers are set out in separate Investment Management Agreements (IMAs). These documents reflect the Trustee's expectations of their managers, alongside the investment guidelines they are required to operate under.

The investment guidelines are based on the policies set out in this document (the SIP). The Trustee and their advisers review all IMAs against the SIP policies and ensure compliance.

For pooled arrangements, The Trust's investments are managed according to standardised fund terms, which are reviewed by the Trust's legal and investment advisors at the point of investment to ensure that they are aligned with the Trust's long-term investment strategy and market best practice. These terms are reviewed at the point of investment and following any material changes notified by the manager.

When relevant, the Trustee requires its investment managers to invest with a medium-to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes. For some asset classes, the Trustee does not expect the respective asset managers to make decisions based only on maximizing long-term performance. These may include investments that provide risk reduction through diversification or through hedging, consistent with the Trustee's strategic asset allocation.

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages consideration of medium to long-term financial and non-financial performance of issuers of debt or equity and active engagement in their management of the Trust's assets. When assessing a manager's performance the focus is on longer-term outcomes subject to a minimum of a three-year period.

The Trustee aims to have in place a range of investment managers whose performance targets and remuneration arrangements, taken as a whole, are consistent with the policies in this SIP. The Trustee would not expect to terminate a manager's appointment based purely on short-term performance unless there are unusual circumstances, such as e.g. severe short-term underperformance that is materially outside expectations and cannot be explained. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

Managers are paid an ad valorem fee for a defined set of services. The Trustee reviews the fees periodically to confirm that they are in line with market practices.

3.5 Investment Manager Monitoring

The Trustee reviews the portfolio transaction costs and managers' portfolio turnover ranges (defined as the frequency within which the assets are expected to be bought or sold) where the data is disclosed and available. The Trustee will then determine along with advice from their investment consultant whether the costs incurred were within reasonable expectations.

The investment managers are asked to supply the following information each quarter (and more frequently on request) in relation to the monies under their management to facilitate a review of activity by the Investment Committee:

- a full valuation of assets;
- a transaction report;
- collateral report
- performance attribution; and
- an estimate of the funding level.

The Investment Committee will consider from time to time, whether the investment managers and the Custodian:

- have achieved any Key Performance Indicators ("KPIs") set;
- are acting competently and have maintained the appropriate knowledge and experience;
- are capable of meeting their return targets and supporting the liability matching swaps;
- have had, and continue to have, regard to the need for diversification and security of investments managed, maintaining adequate diversification and risk controls;
- have managed the Trust's assets in line with agreed investment guidelines;
- have had, and continue to have, regard to the suitability and security of each proposed transaction; and
- are exercising powers of investment and stewardship with a view to giving effect to the principles contained in this Statement, in so far as is reasonably practicable.

The Investment Committee will consider from time to time, and at least every twelve months, through the annual audit process, whether the investment managers and the Custodian:

- have the appropriate knowledge and experience; and
- are acting competently.

If the Investment Committee is not satisfied in respect of any of the above matters, it will require the investment managers and the Custodian to satisfy it in this respect or will replace them. The Investment Committee reports regularly to the Trustee on its conclusions.

3.6 Custody of Investments

At the date of preparing this Statement, with the exception of the monies held in the Trust's bank account, all the Trust's investments are held in a segregated mandate with separate sections for News and Retail. The Trustee monitors the continuing suitability of the appointed custodian. The Trustee will monitor, amongst other things, the custodian's service levels, effective management of operational risks, interest paid on cash accounts, foreign exchange rates, fees and financial strength.

Northern Trust was appointed as the Trust's custodian in December 2013.

4 Investment Objectives, Risk And Strategy - MPR

4.1 Investment Objectives

The investment objectives are as follows:

1. As a default, to invest in assets of appropriate liquidity which will generate income and capital growth which, together with the contributions from the Sponsor, will provide a fund at retirement with which members can, if they wish, take their benefits as cash.
2. To offer members a range of investment funds which recognise that their investment needs change as they progress towards retirement age. Younger members, such as those with more than 5 years to retirement, have a greater need for capital growth which will ensure, over the long term, that the value of their investment accounts keep pace with inflation, and, if possible, with salary escalation. Such an objective is, in the opinion of the Trustee, more likely to be achieved by investing a greater proportion of the member's fund in equities, although the Trustee recognises that the value of such investments may be more volatile than other types of investment and that there can be no guarantee that equities will outperform less risky assets. On the other hand, older members, such as those with 5 years or less to retirement, may require a greater level of consistency in return and security in order to purchase a pension and provide a cash sum from their investment account.
3. To offer members sufficient investment options to reflect the different routes members can take at retirement, the Trustee offers several different Lifestyle arrangements targeting an annuity and tax-free cash, income drawdown and cash.

4.2 Risk

The Trustee has considered risk from a number of perspectives. These are as follows:

- The risk that the investment return over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate pension ("*inflation risk*").
- The risk of deterioration in the rate of exchange of accumulated funds for pension annuities ("*annuity risk*").
- The risk that the investment vehicles in which the monies are invested do not meet the expectations of the members ("*inherent investment risk*"). This applies particularly to falls in the short-term value of these investments.
- Actions by investment managers in the day-to-day management of the assets such that they will not achieve the rate of investment return assumed by the Trustee ("*investment manager risk*"). In aiming to control investment manager risk, the Trustee's attention is focussed on the risk of the investment managers underperforming the objectives set, and the risks inherent in a manager's particular style of management. To minimise this risk the Trustee has appointed an investment manager who manages the investments on an index-tracking basis aimed at providing a return in line with the relevant market index for the asset class concerned.

4.3 Investment Strategy

The Trustee has entered into a contract of insurance with Aegon (“the DC investment platform provider”). Under this contract of insurance there is a range of funds available, managed by BlackRock (“the MPR Investment Manager”). The MPR Investment Manager’s fees, which are expressed as a percentage of the value of the assets under management, are included in the unit price of the funds.

The Trustee has delegated the day-to-day investment management to BlackRock. The IPID contains details of the funds that are available to members.

Members may invest in a Lifestyle arrangement or directly in the underlying funds. Currently three Lifestyle options are offered – targeting either an annuity, income drawdown or a cash lump sum at retirement.

Members have a choice of funds in which to invest their Company contributions.

Under Lifestyle the pattern of this investment is defined by the Trustee. The Lifestyle approach adopts an equity bias for younger members in order to benefit from the expected higher potential long-term returns that the Trustee believes will arise from such investments. Older members’ assets are moved to a Cash Fund whilst retaining a 25% allocation to the equity fund as they approach retirement. The Trustee considers this an appropriate policy towards risk and expected returns. Details of which funds are used under the Lifestyle approach is outlined within the Trust’s IPID.

Under the Lifestyle approach, switching between the four funds happens quarterly over a lifestyle period of either 5 or 10 years up to a member’s selected retirement age or 65 years.

Regulations require that the Trustee nominates a fund as the default arrangement for members who do not specify their own investment choice. Having taken appropriate investment advice, the Trustee has nominated the 5 year Lifestyle approach targeting a cash lump sum at retirement as the default arrangement.

The MPR Investment Manager must exercise the investment powers delegated to it in such a manner as to give effect to this Statement so far as is reasonably practicable.

5 Day to Day Management of the Assets - MPR

5.1 Investment Manager Monitoring

The Trustee receives reports from the MPR Investment Manager. Through this process of regular reporting, the Trustee aims to ensure that the MPR Investment Manager is carrying out its work competently and in compliance with the Act, and that the Trustee's investment objectives are met.

5.2 Realisation of Investments

The members' accounts are held in funds which can easily be realised to provide pension benefits on retirement, or earlier on transfer to another pension arrangement.

5.3 Custody of Investments

The appointment of the custodian for the MPR investments is the responsibility of the MPR Investment Manager. The MPR Investment Manager's fees include fees for custodial services which are included in the unit price of the funds.

6 Additional Voluntary Contributions

The selection and ongoing monitoring of the Additional Voluntary Contribution (“AVC”) arrangements is the duty of the Trustee. The AVC arrangements set out below apply equally to the FSR and MPR unless otherwise stated.

6.1 Investment Objective

The investment objective is to enable members to provide additional pension for themselves in retirement on top of their main pension via appropriate disposal of their accumulated savings under the Trust. The additional nature of this pension means that the Trustee places primary emphasis on protecting the short-term value of members’ accumulated savings in the investment options below. However they also believe it is important for members to have the ability to increase the capital value of their savings over the long-term, albeit that this incurs additional risk.

6.2 Risk

The Trustee has considered risk from a number of perspectives. These are as follows:

- The risk that the investment return over members’ working lives will not keep pace with inflation and does not, therefore, secure an adequate pension (“*inflation risk*”).
- The risk of deterioration in the rate of exchange of accumulated funds for pension (“*annuity risk*”).
- The risk that the investment vehicles in which the monies are invested do not meet the expectations of the members (“*inherent investment risk*”). This applies particularly to falls in the short-term value of these investments.
- Actions by investment managers in the day-to-day management of the assets such that they will not achieve the rate of investment return assumed by the Trustee (“*investment manager risk*”). In aiming to control investment manager risk, the Trustee’s attention is focussed on the risk of the investment managers underperforming the objectives set, and the risks inherent in a manager’s particular style of management. To minimise this risk the Trustee has appointed an investment manager who manages the investments on an index-tracking basis aimed at providing a return in line with the relevant market index for the asset class concerned.

6.3 Investment Strategy

The Trustee believes that the objective outlined in 6.1 is best met by offering members a choice of investment vehicles. The Trustee has delegated the day-to-day investment management to BlackRock. The funds that are available to members are summarised in the IPID.

In addition there is a “Lifestyle” approach that adopts an equity bias for younger members in order to benefit from the higher potential long-term returns that the Trustee believes will arise from such investments. Older members’ assets are moved to a Cash Fund whilst retaining a 25% allocation to the equity fund as they approach retirement. The Trustee considers this an appropriate policy towards risk and expected returns. The Lifestyle approach adopted for the AVCs is identical to that adopted for the MPR and this is set out in Section 4.3.

6.4 Investment Manager Monitoring

The Trustee receives reports from the investment managers. Through this process of regular reporting, the Trustee aims to ensure that the investment managers are carrying out their work competently and in compliance with the Act and that the Trustee’s investment objectives are met.

6.5 Realisation of Investments

The members’ accounts are held in funds which can easily be realised to provide pension and cash benefits on retirement, or earlier on transfer to another pension arrangement.

6.6 FSR – Additional Assets

Within the FSR, the Trust also has a Managed Pension Fund with Utmost (formerly known as Equitable Life). This fund is no longer offered to new AVC payers. The Managed Pension Fund is invested in units of Utmost’s unit trusts or directly in assets and provides a direct link to the performance of a specific investment portfolio.

7 Environmental, Social and Governance (“ESG”) Factors and Stewardship

7.1 Environmental, Social and Governance (“ESG”) Factors

The Trustee incorporates all financially material considerations into decisions on the selection, retention and realisation of investments through strategic asset allocation decisions and the appointment of investment managers, so far as possible. The Trustee believes the investment time horizon to fund all future benefits to be less than ten years.

The Trustee believes that ESG factors (including but not limited to climate risk) may not be financially material over the time horizon of the Scheme and it will have varying levels of importance for different types of assets invested by the Scheme. The Trustee nevertheless expects its investment managers to factor ESG considerations into investment decision making where they have the discretion to do so.

The Trustee requires its investment advisor to review and rate the investment managers' credentials in managing risks arising from ESG and report this to the Trustee.

The Trustee factors ESG considerations into decision-making when setting the strategic asset allocation of the Scheme. It considers how the exposure to risk is managed when selecting asset classes, sub-sectors, and specific investment managers or strategies.

Non-financial matters including views of beneficiaries and members are not ordinarily taken into account in the selection, retention and realisation of investments. This stance is periodically reviewed, and if members express views in the future, the Trustee will consider these.

The Trustee requires its investment advisor and investment managers to communicate new and emerging risks arising from ESG considerations. This will continually inform the Trustee's policy which will be reviewed periodically and kept up to date with industry practice.

The trustee recognises the process of moving ultimately to a full buy-out and winding up of the Trust means that the ESG and Stewardship considerations are essentially delegated to Phoenix Life Limited indefinitely. The Trustee have reviewed Phoenix's capabilities and policies in these areas and have satisfied themselves that they are at least in line with industry best practice.

7.2 Stewardship

Direct engagement with underlying companies (as well as other relevant persons) in respect of shares and debt is carried out by the Trust's investment managers.

This includes monitoring and engaging with issuers of debt or equity on financially material issues concerning strategy, capital structure, management of actual or potential conflicts of interest, risks, environmental impact, social considerations and corporate governance. Where relevant, the Trustee expects its managers to use voting rights to effect the best possible sustainable long-term outcomes.

The Trustee expects all its investment managers to practice good stewardship. When selecting new managers, the Trustee's investment adviser assesses the ability of each investment manager to engage with underlying companies to promote the long-term success of the investments.

While the Trustee chooses managers that align with its beliefs on stewardship, there are instances where the Trustee has less direct influence over the managers' policies on the exercise of investment rights. For example, where assets are held in pooled funds, due to the collective nature of these investments. The Trustee monitors and discloses the voting behaviour carried out on its behalf. If the Trustee deems this behavior inadequate, it will engage with the relevant manager and seek to better align the behaviour of the manager with the Trustee's policy.

The Trustee has a preference for 'engagement' rather than 'exclusion' as a method of incorporating climate change risks into an effective risk management framework. However, this preference is kept under review and may be updated in the future should circumstances change. The Trustee expects its investment managers to independently consider whether exclusion or engagement is more appropriate within their investment process.

When selecting, monitoring and de-selecting asset managers, engagement is factored into the decision-making process to the appropriate level for the specific asset class in question. The Trustee requires its investment adviser to report annually on how the managers have acted in accordance with the Trustee's policy on stewardship and engagement. In addition, the Trustee, when relevant and appropriate, will question the managers on their activities with respect to stewardship and engagement. The Trustee will disclose any relevant forthcoming information annually in its implementation statement.

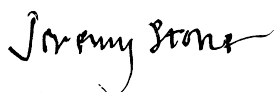
7.3 Monitoring climate-related risks and opportunities

The processes for identifying, assessing, and managing climate-related risks are in line with the overall Risk Management Framework. The ultimate responsibility for identifying, assessing, and monitoring climate-related risks and opportunities sits with the Trustee; however, the Trustee has delegated the day-to-day responsibilities to the Investment Committee ("IC"). In order to effectively carry out their responsibilities, the Trustee board receives sufficient training, from the relevant advisors, on an ongoing basis in respect of climate-related risks and opportunities.

In order to effectively carry out this responsibility, the IC rely on the manager research capabilities of their Investment Advisor in order to effectively assess climate-related risks and opportunities. Finally, active engagement with underlying companies in which the Trust is invested, specifically relating to climate-related risks and opportunities, is delegated to the Trust's investment managers.

8 Compliance with this Statement

The Trustee will monitor compliance with this Statement annually. In particular the Trustee will obtain confirmation from the investment managers that they have complied with this Statement as supplied to them and the Trustee undertakes to advise the investment managers promptly and in writing of any material change to this Statement.



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Signed on behalf of WH Smith Pension Trustees Limited

Jeremy Stone Chairman of Trustee

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Date 17/07/2023

Appendix 1: Investment Restrictions

The following investments are not allowed without approval by the Trustee:

- Direct investment in physical commodities
- Works of art, antiques
- Direct investment in precious metals, stones
- Making a bid to take over a company
- No direct investment in the securities of any appointed investment manager or its Associates. This restriction does not apply to investment in pooled funds that are available for investment by parties other than the Trustee.
- Sub-underwriting over 5% of the portfolio.
- Stock lending.

Further details of the investment restrictions which apply to the management of the Trust's assets can be found in the IPID.

Employer-related investments

Investment managers may not hold direct investments in the Sponsor or any of its affiliates or associated companies. Where the Trust invests through commingled funds and the Trustee cannot constrain the discretion of the Investment Managers then indirect employer-related investment is permitted although such investments will be disclosed and monitored from time to time.

The level of investment by the Trustee in one of the Sponsor, or in associated companies, must not represent more than 5% of the relevant Section's assets.