William Hill Pension Scheme

Statement of Investment Principles – September 2022

Introduction

This Statement of Investment Principles (the "Statement") sets out the principles governing investment decisions for the William Hill Pension Scheme (the "Scheme"). This Statement is designed to comply with the requirements of the following legislation:

- The Pensions Act 1995, as amended by subsequent legislation; and
- The Occupational Pension Schemes (Investment) Regulations 2005, as amended by subsequent legislation.

Additionally, the Trustee seeks to adopt investment arrangements that are in keeping with best practice.

As required under the Act, the Trustee has consulted a suitably qualified person in obtaining appropriate written advice from its investment adviser, Mercer. As with all significant investment matters the Trustee has consulted William Hill PLC as employer of the Scheme (the "Employer"). Mercer has provided advice to the Trustee in relation to the appropriateness of the asset allocation, manager structure and investment products. Mercer has confirmed to the Trustee that the benchmarks for each of the investment funds are suitable to meet the objectives of the Trustee outlined in this Statement.

The Trustee Board is responsible for all decisions and also for all operational arrangements.

The Trustee's investment responsibilities are governed by the Scheme's trust deed and this Statement takes full regard of its provisions. A copy of the Scheme's trust deed is available for inspection upon request.

The Trustee will review this Statement every Scheme year to ensure that it remains accurate. The Statement will be amended more frequently should any significant changes be made to the Scheme's investment arrangements.

The Trustee's policy on funding the Scheme is set out in a separate document, the Statement of Funding Principles.

1. Defined Benefit (DB) section

1.1 Investment policy

The Trustee’s investment policy is guided by the following objective: The purpose of the Scheme is to enable benefits to be paid as and when they fall due, and to do this the Trustee takes steps where appropriate to ensure that:

- dependency on the covenant of the Employer will be significantly reduced;
- other material risks (e.g. longevity) will be reduced.

To this end, all of the DB section assets were used to fund the purchase of bulk annuity contracts (“buy-ins”) with JUST Group Plc (“JUST”) and Rothesay Life Plc (“Rothesay”). The Trustee entered into the buy-in with JUST in May 2018 to secure 75% of the Scheme’s pensioner liabilities as at November 2017. The Trustee entered into the buy-in with Rothesay in June 2021 to secure the remaining uninsured liabilities. Under the buy-in contracts the insurers are obligated to make payments to the Trustee in order to meet the Scheme’s liabilities to those beneficiaries insured under the policies.

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). The Trustee selected JUST and Rothesay as the Scheme’s annuity providers having obtained and considered the written advice of KPMG and Mercer respectively whom the Trustee considered to be suitably qualified to provide such advice at the time of entering into the contacts.

The objective set out above and the risks and other factors referenced in this Statement are those that the Trustee determines to be financially material considerations in relation to the DB section of the Scheme.

1.2 Investment Strategy

The Trustee has adopted the following investment strategy for the DB section assets and has been effective since 28th June 2021:

Portfolio	Benchmark Weight	Description
Bulk Annuities	**100.0**	Buy-in contracts under which the insurers are obligated to make payments to the Trustee to meet the Scheme’s liabilities.

The Trustee holds buy-in contracts with JUST and Rothesay which were purchased in May 2018 and June 2021 respectively. Together the contracts cover all liabilities in the DB section. The longevity and investment risk associated with the liabilities has therefore been transferred to the insurers.

In addition to the above, there is a residual cash balance held in the Trustee Bank Account in order to meet expenses.

1.3 Risk Measurement and Management

The Trustee is aware of, and pays close attention to, a range of risks inherent in investing the assets of the Scheme. The Trustee has sought to mitigate key risks by the purchase of the buy-in contracts. The Trustee believes the following risks may be financially material over the future lifetime of the DB section (i.e. before completing buy-out and wind-up).

Failure of the bulk-annuity provider (counterparty risk): the risk that, between now and the completion of the buy-out, JUST or Rothesay may default on their obligations under the buy-in contracts. To mitigate this risk, before entering into the buy-in contracts the Trustee took appropriate advice and paid close attention to the financial strength, security and operational soundness of the chosen annuity providers at the point of purchase.

Illiquidity: The Trustee does not expect to be able to obtain cash from the buy-in policies other than to meet promised benefits as agreed with the provider. The Trustee has considered this and has set aside cash, held in the Trustee Bank Account, in order to meet expenses and other potential liquidity needs.

1.4 Day-to-day management of assets

The Scheme has buy-in contracts with JUST and Rothesay which account for the vast majority of the DB section's assets. The residual assets within the DB section are held in cash in the Trustee Bank Account with National Westminster Bank, which is managed by the Scheme's appointed administrator, Capita.

1.5 Investments/disinvestments

The DB section's liabilities are met by the buy-in contracts with JUST and Rothesay. JUST and Rothesay are responsible for the realisation of assets within the bulk annuity contracts in order to make the payments due under the contracts.

Any further investments and disinvestments from the Scheme will be at the discretion of the Trustee.

The current disinvestment framework for the Scheme uses the Trustee Bank Account as a reserve to meet the Scheme's cashflow requirements.

1.6 Investment manager terms and conditions

The Scheme holds insurance policies written by JUST and Rothesay, both insurance companies are authorised by the Prudential Regulation Authority ("PRA") and regulated by the PRA and the Financial Conduct Authority ("FCA"). Under the policies, JUST and Rothesay are obligated to make payments to the Trustee in order to meet the Trustee's liabilities to the Scheme's beneficiaries, in respect of the benefits insured under the respective policies. JUST and Rothesay's liabilities are to the Trustee and not to the underlying beneficiaries at the present time.

2. Defined Contribution (DC) section

2.1 Introduction

The Trustee's main aim is to provide a range of fund options which serve to meet the various investment needs and risk tolerances of the Scheme's members, in a cost effective manner.

The DC section of the Scheme, the Pension Savings Plan, was originally set up in April 1997. With effect from 1 July 2001, the terms of the Pension Savings Plan were amended to comply with Stakeholder regulations and to avoid confusion it was re-named the 'Pension Savings Plan 2001' ("PSP").

With effect from 31 March 2013 the Employee Pension Plan ("EPP") has been made available for auto enrolment.

2.2 Investment Objectives and Policies

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards their duty as making available a range of investment options and lifestyle strategies sufficient to enable members to tailor their investment strategy to their own needs.

The Trustee’s most recent default investment strategy review took place on 13 September 2021 and considered performance in line with the Trustee’s aims and objectives as outlined in this SIP, recent industry retirement trends and member demographics including age and pot size. Following this review, the Trustee agreed to make the following changes to the PSP from 1 July 2022:

- New PSP members and PSP members in the growth phase of the default investment strategy (more than 8 years from their target retirement age) will be switched to the Drawdown Lifestyle Strategy.

- PSP members less than eight years from their target retirement age will continue to target annuity purchase at retirement, remaining in the Annuity Lifestyle Strategy.

Some DB members have chosen to contribute into AVCs which are also managed under the DC Section of the Scheme. Members made their own investment decisions on these AVCs assets. Whilst the Trustee monitors the suitability and the performance of these assets regularly, members are responsible for the selection of investment options from the range available.

The Default Investment Strategies place the emphasis on aiming to deliver a good level of real return over members’ working lifetimes (whilst mitigating risk through diversification) and also encompasses de-risking in the years approaching a member’s selected target retirement age into asset classes designed to be appropriate for how a member expects to withdraw their benefits in retirement. These are set out in more detail in section 2.5 of this Statement.

These objectives translate to the following principles:

a. Offering members a ‘Lifestyle’ approach to the Default Investment Strategies and ensuring that the other investment strategy options including additional lifestyle strategies allow members to plan for retirement;

b. Making available a range of pooled investment funds (asset classes to include equities, bond and alternatives which serve to meet the varying investment needs and risk tolerances of Scheme members wishing to manage their own investments;

c. Actively managed funds will only be included to the extent that the Trustee has a high level of confidence in the respective investment managers achieving their performance objectives, net of active investment management fees;

d. The range of pooled investment funds will have strategies including additional lifestyle strategies that are highly rated by the Trustee’s investment adviser unless the Trustee decides there is good reason not to;

e. Providing general guidance as to the purpose of each investment option;

f. Encouraging members to seek financial advice from an appropriate party in determining the most suitable option for their individual circumstances;

g. In determining an appropriate balance between providing flexibility and choice, as well as simplicity and cost control, the Trustee aims to make available a range of options which satisfy the needs of the majority of members.

h. The Trustee regularly reviews the suitability of the options including additional lifestyle strategies provided and from time to time will change or introduce additional fund choices as appropriate.

In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of a suitability qualified investment advisor. The advice received and the arrangements implemented are, in the Trustee's opinion consistent with the requirements of Section 36 of the Pensions act 1995 (as amended).

The self-select fund range allows members some flexibility in their selection of funds.

Members determine the balance between the different kinds of investments they hold. This balance will determine the expected return on member's assets and should be related to the member's own risk appetite and tolerances.

The funds are pooled investment funds which are daily-dealt, with assets mainly invested in regulated markets and therefore should be realisable at short notice, based on either Trustee or member demand.

The table below shows the list of the non-lifestyle self-select funds offered to members:

Fund Option	**Investment Brief**
Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged	The Fund invests passively in global equities to target higher capital growth. The Fund aims to capture the total returns of the UK and overseas equity markets as represented by the FTSE All-Share Index in the UK and the FTSE AW - All World (ex UK) Index overseas while maintaining a fixed 30/70 weighting between the UK and the overseas assets. A total of 75% of the overseas assets (excluding emerging markets) will be currency hedged to sterling, exposure to emerging market currencies will be left unhedged.
Diversified Fund	The Fund will hold between 20% and 50% in bonds, and the remaining 50% to 80% will be held in a range of assets which may include equities, property, commodities and the shares of infrastructure companies. Exposure to each asset class will primarily be through investing in passively managed funds, although active management may be used for some asset classes. The asset allocation will be reviewed periodically (typically annually). The expected annual return for this Fund is broadly similar to that of a developed market equity fund but with lower volatility than developed equity markets.
UK Equity Fund	The Fund invests passively in UK equities, with a maximum exposure limit of 5% to a single company. The Fund aims to track the performance of the FTSE All Share (5% Capped) Index.
Overseas Consensus Equity Fund	The Fund invests passively in overseas equities, to produce a return broadly comparable with the FTSE All-World (ex UK) Index (gross of fees).
Emerging Markets Equity Fund	The Fund invests passively in emerging market equities. It aims to track the performance of the performance of the FTSE AW – All Emerging Markets Index.
LGIM Future World Annuity Aware Fund (previously Pre-Retirement Fund)	The Fund aims to provide diversified exposure to fixed interest assets, incorporating Environmental, Social and Governance ("ESG") considerations as part of the investment strategy, that reflect the investments underlying a typical traditional level annuity product. The Fund, however, cannot provide full protection against changes in annuity rates for individual members. The asset allocation is reviewed quarterly and the Fund will not take short-term asset allocation positions. Features within the underlying index methodology, including the L&G Future World Protection and LGIM ESG scores, may evolve over time.
AAA-AA-A Corporate Bond All Stocks Fund	The Fund invests passively in sterling denominated non-government bonds. It aims to track the performance of the iBoxx £ Non-Gilts (ex-BBB) Index.
Sterling Liquidity Fund	The Fund invests in high quality short term fixed income and variable rate securities across a range of financial institutions, sovereign and corporate issuers. It aims to provide returns in line with the 7 Day LIBID over rolling three year periods.
Property Fund	The Fund is 'actively managed' and invests directly in UK commercial property. It may also invest in shares of property companies from time to time. The Fund aims to outperform the AREF/IPD UK Quarterly All Balanced Property Funds Index over three and five year periods.

LGIM Future World Inflation Linked Annuity Aware Fund (previously Pre-Retirement Inflation Linked Fund)	The Fund aims to improve potential outcomes for investors likely to purchase inflation-linked annuities, by providing diversified exposure to fixed interest and inflation-linked bonds while incorporating Environmental, Social and Governance ("ESG") considerations as part of the investment strategy. The Fund, however, cannot provide full protection against changes in inflation-linked annuity rates for individual members. The asset allocation is reviewed quarterly and the Fund will not take short-term asset allocation positions. Features within the underlying index methodology, including the L&G Future World Protection and LGIM ESG scores, may evolve over time.

The Scheme's existing lifestyle strategies have been in place since 2014. The Trustee has implemented a total of three lifestyle strategies (targeting cash, annuity and drawdown at retirement). Eight years prior to retirement, members will be asked to choose one of the following three pre-retirement phase strategies that best reflects how they intend to take benefits in retirement.

Members who do not indicate a preference will be invested in the applicable Default Investment Strategy. For new PSP members or PSP members in the growth phase of the default investment option as at 1 July 2022, the default investment option is a lifestyle strategy targeting drawdown. For PSP members in the de-risking phase of the lifestyle strategy as at 1 July 2022, the Default Investment Strategy is a lifestyle strategy targeting the purchase of an annuity. For EPP members the Default Investment Strategy is a lifestyle strategy targeting cash. These are set out in Section 2.5 of this Statement.

These lifestyle strategies allocate to the self-select fund range, as described above, the size of these allocations is provided in further detail below. The Trustee took advice from investment consultants when determining the balance of investments within the lifestyle strategies.

Lifestyle Strategy	Funds
Drawdown (new PSP members or PSP members in the growth phase as at 1 July 2022)	***Growth phase:*** 50% LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged 50% LGIM Diversified Fund ***De-risking phase (final allocation):*** 50% LGIM Diversified Fund 25% LGIM Sterling Liquidity Fund 25% LGIM Future World Annuity Aware Fund (previously Pre-Retirement Fund)

Annuity (default strategy for PSP members in de-risking phase as at 1 July 2022)	***Growth phase:*** 50% LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged 50% LGIM Diversified Fund ***De-risking phase (final allocation):*** 75% LGIM Future World Annuity Aware Fund (previously Pre-Retirement Fund) 25% LGIM Sterling Liquidity Fund
Cash (default strategy for EPP members)	***Growth phase:*** 50% LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged 50% LGIM Diversified Fund ***De-risking phase (interim allocation):*** Funds are gradually switched to the LGIM Future World Annuity Aware Fund (previously Pre-Retirement Fund) before being gradually switched to the LGIM Sterling Liquidity Fund. ***De-risking phase (final allocation):*** 100% LGIM Sterling Liquidity Fund

2.3 Risk Measurement and Management

The Trustee has considered risk from a number of perspectives in the DC section. The Trustee believes that the following risks may be financially material to the Scheme:

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market risks	Inflation risk	The risk that returns over the members' working lives does not keep pace with inflation.	The Trustee makes available a range of funds, across various asset classes. The Trustee expects the long-term return on those investment options that invest predominately in equities and other growth-seeking assets (e.g. diversified growth funds) to exceed price inflation and general salary growth.
	Currency risk	The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.	
	Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	

	Equity, property and other price risk	The risk that market movements lead to a substantial reduction in the value of a member's savings.	Members are able to set their own investment allocations, in line with their risk tolerances. Within active funds, management of many of these market risks is the responsibility of the investment manager. Lifestyle strategies automatically and gradually reduce the level of investment risk members are exposed to as they approach retirement. The asset allocations for the Default Investment Strategies are set with the intention of diversifying these risk to reach a level of risk deemed appropriate.
Liquidity risk		The risk that the pooled funds do not provide the required level of liquidity. Under extreme conditions, investment manager may impose trading suspensions to certain funds.	The Scheme is invested in daily dealt and daily priced pooled funds. Any trading suspension is reported to the Trustee and members as soon as is practical, and asset allocations may be changed temporarily to ensure the liquidity of the funds.
Investment Manager risk		The risk that the appointed investment managers do not meet their objectives, fail to carry out operational tasks, do not ensure safe-keeping of assets or breach agreed guidelines.	The Trustee regularly reviews the performance of the investment managers.

Pension Conversion risk	The risk that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	The Trustee makes available lifestyle strategies targeting annuities, cash lump sum and drawdown which help members invest more appropriately for how they wish to take their benefits. Lifestyle strategies automatically switch member assets into investments whose value is expected to be less volatile relative to how the member wishes to access their pension savings as they approach retirement age. The Default Investment Strategies are lifestyle strategies. The default retirement destination differs for different sections of members (EPP and PSP members). The appropriateness of the retirement destinations is reviewed as part of the triennial strategy review.
Environmental, Social and Corporate Governance ("ESG") risk	The risk that ESG concerns, including climate change, have a financially material impact on the return of the Scheme's assets.	The management of ESG related risks is delegated to investment managers. See Section 6 of this Statement for the Trustee's responsible investment and corporate governance statement.

The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustee considers to be financially material considerations in relation to the DC section. The financially material considerations in relation to the Default Investment Strategies are provided in more detail in Section 2.5 below. The Trustee believes that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on the member's age and when they expect to retire.

2.5 Default Investment Strategies

Typically, a proportion of DC section members will actively choose the Default Investment Strategy because they feel it is most appropriate for them. However, the vast majority of Scheme members do not make an active investment decision and are invested in the Investment Strategy appropriate to the specific section in which they are invested.

The aims of the Default Investment Strategies

The Trustee believes that:

- The growth phase structure, that invests in equities and other growth-seeking assets, will provide potential for long-term growth with some downside protection and some protection against inflation erosion.

- As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that it is appropriate for the Default Investment Strategies to seek to reduce investment risk as the member approaches retirement. This is achieved by automated switches over an eight-year period prior to the member's retirement date. Member's savings are gradually switched into funds that are invested to target the different ways a member can take benefits (i.e. cash, annuity or income drawdown).

Policies in relation to the Default Investment Strategies

The Default Investment Strategies manage investment and other risks through a diversified strategic asset allocation consisting of traditional and alternative assets.

- In designing the Default Investment Strategies, the Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The balance between different kinds of investments is decided accordingly. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management.

- If members wish to, they can opt to choose their own investment strategy on joining but also at any other future date.

- Assets in the Default Investment Strategies are invested in the best interests of members and beneficiaries, taking into account the profile of members.

- Assets in the Default Investment Strategies are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.

- Assets are invested mainly on regulated markets (those that are not are kept to prudent levels).

- In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of a suitability qualified investment advisor. The advice received and the arrangements implemented are, in the Trustee's opinion consistent with the requirements of Section 36 of the Pensions act 1995 (as amended).

- The funds are pooled investment vehicles which are daily-dealt, with assets mainly invested in regulated markets and therefore should be realisable at short notice, based on either Trustee or member demand.

Based on member analysis undertaken in 2021 and the Trustee's understanding of the Scheme's membership, a default investment strategy that targets drawdown and a tax-free cash lump sum (up to 25% of a member's pot) was chosen for new PSP members and PSP members in the growth phase as at 1 July 2022. For PSP members in the de-risking phase as at 1 July 2022, a default investment strategy that targets an annuity purchase and a tax-free cash lump sum (up to 25% of a member's pot) was chosen. Separately, a default investment strategy that targets taking cash at retirement was chosen as the for EPP members. The Trustee will review the appropriateness of the Drawdown Lifestyle Strategy, Annuity Lifestyle Strategy and the Cash Lifestyle Strategy as the default investment options for PSP and EPP members, respectively, on a periodic basis.

2.6 Investment manager fees

The investment manager fees for assets within the DC section are set out in an Appendix to this Statement.

3. Transfers In

Further DC monies are invested with Legal & General representing transfers in from the William Hill Investment Plan which operated from 1990 to 1997, and was subsequently wound up; and from the Pension Savings Plan. Any individual transfer which the Trustee agrees to accept may also utilise these funds.

The arrangement with Legal & General utilises the same funds as those offered for main contributions to the Pension Savings Plan 2001.

4. Additional Voluntary Contributions

Certain DB Section members have Additional Voluntary Contributions (AVCs) with Standard Life and Utmost. All Scheme members can invest AVCs with Legal & General. The arrangement with Legal & General utilises the same funds as those offered for main contributions to the Pension Savings Plan 2001. These arrangements are reviewed from time to time to ensure that the investment performance achieved is acceptable and the investment profile of the Scheme remains consistent with the objectives of the Trustee and needs of the members.

5. Buying and selling investments

The responsibility for buying and selling the underlying investments has been delegated to the investment managers. However, both the Trustee and Administrator (Capita) are involved in the process behind the buying and selling of investments. The day-to-day activities that the investment managers carry out are reviewed from time to time to ensure that the operating instructions, guidelines and restrictions remain appropriate. The safe custody of the Scheme's assets is delegated via the investment managers to professional custodians (via the use of pooled vehicles).

6. Responsible Investment and Corporate Governance

The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustee has taken into account the expected time horizon of the Scheme when considering how to integrate these issues into the investment decision making process.

The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee will periodically review the investment managers' policies and engagement activities (where applicable).

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. This includes the investment managers' policy on voting and engagement. Monitoring is undertaken on a regular basis and is documented at least annually.

Equity managers who are FCA registered are expected to report on their adherence to the UK Stewardship Code on an annual basis.

Member views are not taken into account in the selection, retention and realisation of investments, but members have a variety of methods by which they can make their views known to the Trustee. This position will be reviewed periodically. The Trustee engages with the Scheme's investment managers on issues including, but not limited to, matters concerning an issuer of debt or equity, a manager's performance, strategy, risks, environmental impact and corporate governance. The Trustee also expects the investment managers to engage with investee companies on the capital structure and management of conflicts of interest.

The Trustee have not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

7. Investment Manager Appointments

7.1. Aligning manager appointments with investment strategy

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class or classes they are selected to manage.

The Trustee looks to its investment consultant for their forward looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Scheme invests in. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee and are used in decisions around selection, retention and realisation of manager appointments.

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

When selecting and appointing investment managers, the Trustee will take into account how ESG factors, including climate change and stewardship, are integrated within the managers' investment processes. This will be balanced against other manager selection criteria such as (but not limited to) idea generation, portfolio construction, implementation, business management and fees and charges.

As the Scheme invests in pooled investment vehicles, the Trustee accepts that it has no direct ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

The Trustee believes the annual fee paid to the investment managers incentivises them to follow the fund's objective, which is aligned to the Trustee's policies.

7.2. Monitoring manager appointments

The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over a variety of periods. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and/or against the managers' stated target performance (over the relevant time period).

The Trustee will also consider the investment consultant's assessment of how each manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's views. This includes investment managers' policy on voting and engagement. The Trustee meets with each investment manager on a regular basis and challenges their decisions in these areas.

The Trustee's focus is on long term performance but, as noted above, may review a manager's appointment if:

- There are sustained periods of underperformance;
- There is a change in the portfolio manager or portfolio management team;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to the investment consultant's rating of the manager.

The Trustee believes that ESG and stewardship policies can improve fund performance over the longer term. The investment managers are remunerated by way of a fee calculated as a percentage of assets under management. The Trustee believes that the remuneration policy of the investment managers is aligned to the Trustee's policy. The fund manager's remuneration is considered as part of the manager selection process and is also monitored regularly by the Trustee with the help of its investment consultant to ensure it is in line with the Trustee's policies.

The Trustee considers that the method of remunerating the investment 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 securities held within their fund. By encouraging a long-term view, they will in turn encourage the investment managers to engage with the issuers of debt or equity in order to improve their performance in the medium to long term.

If managers are not meeting performance objectives, or investment objectives for mandates have changed, the Trustee may ask managers to review the Annual Management Charge.

The Trustee undertakes an annual review of the DC investment options, including LGIM as investment manager, and the Default Investment Strategies to assess their performance and ensure they continue to meet the Trustee's objectives. As part of the annual Value for Members ("VfM") assessment, the Trustee also reviews the investment manager fees.

7.3. Portfolio turnover costs

The Trustee does not analyse portfolio turnover costs in detail. However, in future the Trustee may ask managers to report on portfolio turnover costs. The Trustee may assess this by comparing portfolio turnover across the same asset class, on a year-on-year basis for the same manager fund, or relative to the manager's specific portfolio turnover range in the investment guidelines or prospectus.

The Trustee considers portfolio turnover costs indirectly through consideration of transaction cost data as part of the annual VfM assessment. Though the Trustee does not currently define target portfolio turnover ranges for funds, they will engage with managers if the portfolio turnover is higher than expected as a result of the monitoring undertaken.

7.4. Manager turnover

The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis. The Scheme is invested in open-ended funds, for which there is no set duration for the manager appointments. The Trustee will therefore retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointed has been reviewed and the Trustee has decided to terminate the mandate.

Within the Defined Contribution section, all the funds are open-ended with no set end date for the arrangement. The self-select fund range and Default Investment Strategies are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal.

8. Investment consultant fees

Mercer fees are either based on fixed quotes for particular projects or are on a time-cost basis.

9. Compliance with Statement

We, William Hill Trustee Limited, the investment managers and Mercer, our consultant each have duties to perform to ensure compliance with this Statement. These are:

The Trustee will review this Statement every year on the advice of Mercer.

Mercer, our consultants, will provide the advice needed to allow us to review and update this statement annually (or more frequently if required). In addition, they will provide all the investment managers with a copy of the signed Statement.

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Signed

(William Hill Trustee Limited)

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Date

Appendix

Lifestyle Strategies

Drawdown Lifestyle Strategy (Default Investment Strategy for new PSP members and PSP members in the growth phase as at 1 July 2022)

This default investment strategy is designed for those members who intend to make use of drawdown in retirement and were in the growth phase as at 1 July 2022. Members will be invested in a 50% allocation to the LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged and 50% allocation to the LGIM Diversified Fund, as part of the growth element of the Drawdown Lifestyle Strategy.

Once a member is eight years from retirement the strategy gradually de-risks the member's growth phase assets into a final asset allocation of 50% LGIM Diversified Fund, 25% LGIM Sterling Liquidity Fund and 25% LGIM Future World Annuity Aware Fund (previously Pre-Retirement Fund). This is illustrated in the table below:

Years to Retirement	LGIM Diversified Fund (%)	LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged (%)	LGIM Future World Annuity Aware Fund (%)	LGIM Sterling Liquidity Fund (%)
10	50.00	50.00	0.00	0.00
9	50.00	50.00	0.00	0.00
8	50.00	50.00	0.00	0.00
7	50.00	43.75	6.25	0.00
6	50.00	37.50	12.50	0.00
5	50.00	31.25	18.75	0.00
4	50.00	25.00	25.00	0.00
3	50.00	18.75	25.00	6.25
2	50.00	12.50	25.00	12.50
1	50.00	6.25	25.00	18.75
0	50.00	0.00	25.00	25.00

Annuity Lifestyle Strategy (Default Investment Strategy for PSP members in the de-risking phase as at 1 July 2022)

This default investment strategy is for those planning to buy an annuity (a pension income for life) at their target retirement date and were in the de-risking phase of the default investment strategy as at 1 July 2022. Members will be invested in a 50% allocation to the LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged and 50% allocation to the LGIM Diversified Fund, as part of the growth element of the Annuity Lifestyle Strategy.

Once a member is eight years from retirement the strategy gradually de-risks the member's growth phase assets into a final asset allocation of 75% LGIM Future World Annuity Aware Fund (previously Pre-Retirement Fund) and 25% LGIM Sterling Liquidity Fund. This is illustrated in the table below:

Years to Retirement	LGIM Diversified Fund (%)	LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged (%)	LGIM Future World Annuity Aware Fund (%)	LGIM Sterling Liquidity Fund (%)
10	50.00	50.00	0.00	0.00
9	50.00	50.00	0.00	0.00
8	50.00	50.00	0.00	0.00
7	50.00	37.50	12.50	0.00
6	50.00	25.00	25.00	0.00
5	50.00	12.50	37.50	0.00
4	50.00	0.00	50.00	0.00
3	37.50	0.00	56.25	6.25
2	25.00	0.00	62.50	12.50
1	12.50	0.00	68.75	18.75
0	0.00	0.00	75.00	25.00

Cash Lifestyle Strategy (Default Investment Strategy for EPP members)

The main objective of the at-retirement allocation of the Cash Lifestyle Strategy is capital preservation; as such the best match for taking cash at retirement is to invest in cash/money market instruments in the lead up to retirement. Members will be invested in a 50% allocation to the LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged and 50% allocation to the LGIM Diversified Fund, as part of the growth element of the Cash Lifestyle Strategy.

Once a member is eight years from retirement, the strategy gradually de-risks the member's growth phase assets to the LGIM Future World Annuity Aware Fund (previously Pre-Retirement Fund) and the LGIM Sterling Liquidity Fund before being allocated 100% to the LGIM Sterling Liquidity Fund. This is illustrated in the table below:

Years to Retirement	LGIM Diversified Fund (%)	LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged (%)	LGIM Future World Annuity Aware Fund (%)	LGIM Sterling Liquidity Fund (%)
10	50.0	50.0	0.0	0.0
9	50.0	50.0	0.0	0.0
8	50.0	50.0	0.0	0.0
7	50.0	37.5	12.5	0.0
6	50.0	25.0	25.0	0.0
5	50.0	12.5	37.5	0.0
4	50.0	0.0	50.0	0.0
3	37.5	0.0	37.5	25.0
2	25.0	0.0	25.0	50.0
1	12.5	0.0	12.5	75.0
0	0.0	0.0	0.0	100.0

DC Section fees

The table below shows the Total Expense Ratio ("TER") of the funds (the annual management charge plus additional expenses). Note that expenses are a function of the size of the fund and will change over time. The TERs shown below are correct as at September 2021.

Fund	**TER* (%)**
Global Equity Market Weights 30:70 Index Fund - 75% GBP Currency Hedged	0.12
Diversified	0.20
Future World Annuity Aware Fund (previously Pre-Retirement Fund)	0.15
Sterling Liquidity	0.13
UK Equity (5% capped) Passive	0.17
Overseas Equity Consensus Index	0.15
World Emerging Markets Equity Index	0.47
AAA-AA-A Corporate Bond All Stocks Index	0.15
Pre-Retirement Inflation Linked	0.13
Property	0.88

Source: LGIM.
*TERs may vary over time.