

Primark Pension Plan

Statement of Investment Policy Principles

1 Introduction

Purpose

This Statement of Investment Policy Principles (the "SIPP") sets out the guiding principles that the Trustees of the Primark Pension Plan (the "Plan") have determined should apply to the investment of the resources of the Plan. The SIPP sets out the main investment objectives and investment strategies being pursued by the Trustees, in relation to both the defined benefit ("DB") and defined contribution ("DC") section of the Plan.

Goals

The goals of this SIPP are to ensure:

- i. A policy is developed so assets are invested in line with a clear investment strategy and set of investment objectives;
- ii. The Plan's resources are managed and invested to prudent standards and with appropriate oversight; and
- iii. That a clear risk management framework is in place.

Legal Standing

This SIPP is the Statement of Investment Policy Principles required under Section 59 (1B) of the Pensions Act 1990. It is not intended to override the Trust Deed and Rules of the Plan.

The Trustees retain flexibility to vary its investment approach as it sees fit; for example, to accommodate a particular set of circumstances or a changing of views.

Scope

This SIPP covers the principles which the Trustees have adopted for the investment management of the resources of the Plan. It should be used in tandem with the Plan's Statement of Investment Governance (the "SIG") which outlines the investment governance processes that are implemented by the Trustees.

Background

The Plan operates for the exclusive purpose of providing retirement benefits to eligible participants and beneficiaries. The Plan has both defined benefit and defined contribution sections. The assets of the Plan are vested in and held by the Trustees in line with the Trust Deed & Rules.

High Level Summary

- This Policy sets out at the principles that apply to the investment of the Plan's assets (including the investment objectives and the investment strategy related to those assets).
- The Policy also addresses how investment risk is measured and monitored.

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2 Investment Objectives

The primary objective of the Plan is to meet its benefit obligations to members.

The Trustees recognise the interconnection between investment objectives and the funding of the DB section of the Plan. An investment strategy based on largely matching the Plan's liabilities with high quality bonds and cash investments may closely track the liabilities but might also have a lower expected investment return. The Trustees must therefore hold assets which are expected to generate sufficient investment returns which, in combination with the anticipated funding from the Sponsoring Employer and members, can meet the Plan's obligations with an acceptable level of investment risk. Given this interdependence, the Trustees consult with the Sponsoring Employer in agreeing the investment objectives / investment strategy.

The investment objectives of the Trustees (in relation to the DB section of the Plan) can be summarised as follows:

- To acquire suitable assets that, together with any contributions received, can generate a sufficient return in order to meet the Plan's liabilities.
- To maintain an acceptable level of risk of the assets failing to meet liabilities over the long-term and to maintain an acceptable level of short-term volatility relative to the key measures of the funding level, most notably the Funding Standard and ongoing liability measures; and
- To ensure that the Plan meets its funding obligations under the Pensions Act.

The investment objectives of the Trustees (in relation to the DC section of the Plan) can be summarised as set out below. These investment objectives also apply to the additional voluntary contribution assets linked to the DB section of the Plan. References throughout this document to the DC section of the Plan can be considered to also apply to the additional voluntary contribution assets linked to the DB section of the Plan.

- To provide members with a default investment strategy and an appropriate range of funds for investment, having regard to the varying nature and duration of members' liabilities generally under the Plan and
- To enable members to make appropriate investment choices through the provision of appropriate information on the default investment strategy and the range of funds available for investment.

3 Strategic Asset Allocation

The Trustees have adopted a strategic asset allocation for the DB section of the Plan. This is set out in Appendix A of this document. The strategic asset allocation is driven by the financial characteristics of the liabilities of the Plan and the investment objectives, in particular:

- The average term to payment of the benefits;
- The extent to which the benefits are linked to inflation;

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- The agreed return objective and the risk appetite of the Trustees.

In relation to the DC section of the Plan, the Trustees have selected a default investment strategy and a range of funds to make available to members. The default investment strategy will invest members' assets based on the number of years until retirement. A younger member will have their funds invested in higher risk assets to generate a higher level of returns. Assets will be somewhat de-risked over time, in order to somewhat reduce the volatility of returns as a member approaches retirement. Alternatively, members can choose how their assets are allocated across the range of funds available for investment.

Further information in relation to the default investment strategy and range of funds available for investment can be found in Appendix B.

4 Risk Measurement and Management

The Trustees recognise the importance of risk measurement as a key part of the process of understanding and mitigating the key risks to the achievement of the Plan's objectives. In relation to the DB section of the Plan, the Trustees measure, monitor and seek to manage the investment risks in the following key areas:

- Funding level volatility / risk – The risk of underperformance of the Plan's assets in aggregate versus the liabilities. The Trustees use a downside risk measure called Value at Risk ("VaR") to measure and monitor this risk. This measure estimates the minimum fall in the funding position over one year in a 1-in-20 downside scenario.
- Liability risks – The risk of changes in the present value of the liabilities from changes in interest rates and inflation. The Trustees use PV01 / IE01 interest rate and inflation liability hedge ratios to measure and monitor this risk.
- Investment manager risk – The risk of underperformance of the Plan's managers relative to their benchmarks, or long-term return objectives. Investment managers are reviewed through independent third-party assessments provided by the Investment Advisor.

In relation to the DC section of the Plan, the following investment risks have been taken into consideration in determining the default investment strategy and the range of funds to make available for investment:

- Capital growth risk - The risk of members achieving insufficient capital growth over time, leading to an overall return which is lower than inflation.
- Volatility risk - The risk of a significant fall in the value of a member's retirement account due to investment market volatility as they approach retirement.
- Selection of funds – The risk that a member invests in inappropriate funds as a result of uninformed decisions or lack of understanding.
- Investment manager risk – The risk of underperformance of the Plan's investment managers relative to their benchmarks or long-term return objectives.

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The Plan's SIG further describes the Trustees' approach to the measurement and management of investment risk.

5 Arrangements with Investment Managers

The majority of the Plan assets (related to both the DB and DC section) are currently invested in a number of pooled funds. A minority portion of the DB section assets are invested in private partnership arrangements.

When investing in a pooled investment vehicle, the Trustees will ensure the investment objectives and guidelines of the vehicle are consistent with their own objectives. The appointment of an investment manager will be governed by the documentation and legal structure of the relevant pooled fund. The manager selection process is further outlined in the Plan's SIG.

The Trustees are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. The Trustees ensure that performance is assessed on a regular basis, including triennial critical reviews, against a measurable objective for each fund.

Investment managers are compensated by paying a percentage fee based on the size of the assets invested, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

The Trustees review the fees they pay the investment managers, with the support of their Investment Advisor, against those paid by other pension funds for similar mandates and / or the fees that would be charged by other investment managers.

The Trustees review the costs incurred in managing the Plan's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustees will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

6 Sustainable Investment

The Trustees recognise the financial importance of considering ESG related factors in determining investment policy for the Plan. The Trustees recognise the risk that companies or governments in which the Plan invests may fail to appropriately manage environmental, social and governance risks. Such failure may lead to a permanent loss of value in the Plan's underlying investments. Such considerations will be incorporated within the investment governance framework to the extent that any actions arising therefrom are consistent with the primary objective of the Plan, namely ensuring that it can meet its long-term obligations to members.

The Trustees have delegated the implementation of sustainable investment to the investment managers employed.

The Trustees are committed to ensuring that the Plan is an active, long-term asset owner and are also conscious of, but will not be bound by, the wishes of other stakeholders, such as the Sponsoring Employer, in this regard.

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The Trustees have not developed an engagement policy for the Plan. However, the Trustees have sought confirmation from the Plan's investment managers that they comply with the Second Shareholder Rights Directive.

The Trustees recognise the obligation under the Sustainable Financial Disclosure Regulations to publish on a website if principle adverse impacts of investment decisions are considered. The Trustees await further clarification from the relevant authority on this requirement.

7 Policy Review

It is the intention of the Trustees to review this document at least every three years or sooner following any change in investment policy which is inconsistent with this SIPP.

Signed on behalf of the Trustees

Date

A handwritten signature in black ink, appearing to be 'JEM', is written over a horizontal line. Below this line is another horizontal line, possibly representing a signature line or a separator.

5 December 2022

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Appendix A – Strategic Asset Allocation (DB section of the Plan)

Strategic Asset Allocation

Fund name	Investment manager	Strategic asset allocation	Benchmark or Target
Growth Assets		70%	
Global Equity Fund	Irish Life Investment Managers	27.5%	MSCI World Index
Global Growth Fund	Sustainable Growth Advisers LP	27.5%	MSCI All Country World Index
European Property Fund	M&G Investments	5.0%	INREV Continental European Funds Index
Special Opportunities Fund II LP	Hayfin	5.0%	Cash + 3% p.a.
Fund IV Fund V	MV Credit	5.0%	3-month ESTR
Bonds		30%	
Euro Bond Fund	BlackRock	5.0%	BBG Barclays Euro Aggregate 500+ Index
Fixed Income Strategies Fund	BlackRock	25.0%	Cash + 3% p.a.

The actual allocations will deviate from the strategic asset allocation due to market movements

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Appendix B – Default investment strategy and range of funds (DC section of the Plan)

Fund	Benchmark
Passive Long Bond Fund	Bank of America Merrill Lynch EMU Government Bond > 10 Year Index
Pension Consensus Fund	Average managed fund
Pension Cash Fund	3 Month Euribid Rate
Pension Active Fund	Cash + 4% p.a. over rolling five year periods

Irish Life Investment Managers manage all the above funds

In addition there is a default investment strategy under which a member's account is automatically invested in the Consensus Fund until five years prior to a member's anticipated retirement date. The member's account is then transferred automatically to a combination of the bond and cash funds during the last five years prior to the anticipated retirement date.

The Trustees have decided to adopt target date funds (where the underlying holdings will automatically change as a member approaches retirement) as the default investment strategy. This change in investment strategy will be implemented in 2023.

