The Dr Martens Airwair Group Pension Plan ("the Plan")

Statement of Investment Principles

September 2020

Introduction

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 (as amended) for the Dr Martens Airwair Group Pension Plan ("the Plan"). The Plan has 2 sections: a defined benefit section and a defined contribution section. This document describes the investment policy being pursued by the Trustees of the Plan and is in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK ('the Myners Principles') and TPR's Investment Guidance for defined benefit and defined contribution pension schemes. This SIP also reflects the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

Detail on how the Plan's investment strategy is implemented is set out in a separate Statement of Investment Implementation ('SII') document (which is maintained by the Trustees).

The Plan Actuary is John Prior of XPS Pensions Group and the Investment Adviser is River and Mercantile Solutions (collectively termed 'the Advisers').

The Trustees confirm that, before preparing this SIP, they have consulted with Dr Martens Airwair Group Limited ('the Sponsoring Employer') and the Plan Actuary and have obtained and considered written advice from the Investment Adviser.

The Trustees are responsible for the investment of the Plan's assets and where they are required to make an investment decision, the Trustees always receive advice from the relevant Advisers first. They believe that this ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000 ('FSMA'), the Trustees set general investment policy, but have delegated day-to-day investment of the Plan's assets to be undertaken , in the case of the defined benefit section, through the fiduciary management service of River and Mercantile Investments Limited ('R&M Solutions'), hereafter referred to as the ' DB Investment Manager' and, in the case of the defined contribution section, to Legal & General Investment Management Limited, hereafter referred to as the "DC Investment Manager" (the "DB Investment Manager and the DC Investment Manager" are hereafter referred to as the "Relevant Investment Manager" as appropriate) .

Plan Governance

The Trustees are responsible for the governance and investment of the Plan's assets. The Trustees consider that the governance structure is appropriate for the Plan as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the Relevant Investment Manager or the Advisers as appropriate. The responsibilities of each of the parties involved in the Plan's governance are detailed in the SII.

The Trustees will review this SIP at least every three years, or following any changes to the investment strategy, and modify it having consulted with the Advisers and the Sponsoring Employer if deemed appropriate. There will be no obligation to change this SIP, the Relevant Investment Manager or Adviser as part of such a review.

Defined Benefits Section ("DB Section")

Suitability

The Trustees have defined the investment objective and investment strategy with due regard to the Plan's liabilities.

The Trustees have taken advice from the Advisers to ensure that the proposed strategy, and the assets held by the DB Section of the Plan through that strategy, are suitable given its liability profile, the Trustees' objectives, legislative requirements, regulatory guidance and specifications in the trust deed and rules governing the Plan (the Trust Deed).

Statutory Funding Requirement

The Trustees will obtain and consider proper advice on the question of whether the investments and investment strategy are satisfactory having regard to both the investment objectives and the requirement to meet any statutory funding requirements. The funding position is reviewed periodically by the Plan Actuary, with a full actuarial valuation at least every three years.

The Trustees will consider with the DB Investment Adviser and the Plan Actuary whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement.

Investment Objectives

The overall objective of the Plan is to meet the benefit payments promised as they fall due. The Trustees have set the following qualitative objectives:

1. The acquisition of suitable assets, having due regard to the risks set out in this Statement, which will generate income and capital growth to pay, together with contributions from members and the Sponsoring Employer, the benefits which the Plan provides as they fall due.
2. To limit the risk of the assets being assessed as failing to meet the liabilities over the long term having regard to any statutory funding requirement.
3. To achieve a return on investments which is expected to at least meet the Plan Actuary's assumptions over the long term.

In quantitative terms, the Trustees' current long-term objective for the Plan is to target an investment return objective of approximately 1.5% per annum (net of fees) in excess of the Liability Related Objective ("LRO").

The LRO of the Plan's liabilities is defined as the combination of the Plans' Matching Assets and the instruments used within the Liability Hedging portfolio and are designed to reflect the inflation and interest rate sensitivity of the section's Technical Provisions liabilities. Further details on the composition of the LRO can be found in the SII.

Implementation of investment strategy

The Trustees have delegated the investment of the DB Section Plan assets to the DB Investment Manager, which has discretion to invest the Plan assets in underlying securities and funds, either directly or through the use of other investment managers of pooled funds (hereafter referred to as the 'Underlying Managers') (within guidelines as set out in the SII) to run the portfolio on a day-to-day basis. The Trustees have acknowledged and considered with sufficient diligence the potential conflict that may arise from the DB Investment Manager and the Investment Adviser being the same organisation.

Realisation of Investments

The majority of assets are held in underlying pooled funds, most of which can be realised easily if the Trustees so require. The Investment Manager is permitted to hold up to 10% of Growth Assets in specified illiquid investments (as defined in the Investment Management Agreement), which the Trustees acknowledge can take additional time to realise. The Trustees have considered this risk against the possibility of needing to realise these assets and are comfortable it is a reasonable approach to take.

Derivatives

The Trustees may enter into contracts with counterparties, including investment banks, in order to execute derivative transactions. The Trustees have taken advice on the suitability of the contracts and have delegated responsibility to the DB Investment Manager to implement these instruments on its behalf. Derivative instruments are typically used for risk management purposes in the portfolio.

Risks

The Trustees recognise a number of risks involved in the investment of the assets of the DB Section of the Plan. These risks, and how they are measured and managed, include:

- **Funding and asset/liability mismatch risk** – the risk that the funding level is adversely affected due to a mismatch between the assets and liabilities. This risk is managed in the following ways:
    - A Liability Related Objective or 'LRO' is designed to broadly match the movement in liabilities in order to measure the approximate changes in the liabilities (due to changes in interest rates and inflation expectations). The Trustees monitor this change relative to the change in asset values on a quarterly basis.
    - The Trustees also recognise the risk of a negative impact on the funding level due to changes in the actuarial assumptions used to calculate the liabilities and variation in experience. This is managed by aiming for a higher overall investment return than implied by the liability discount rate.
    - When setting and reviewing investment strategy, the Trustees examine how the investment strategy impacts on downside risk. Downside risk of the investment strategy is also measured by reference to the LRO and can therefore also be assessed as part of the quarterly review process.
    - This risk is also monitored through regular actuarial and investment reviews including monthly portfolio updates.
- **Underperformance risk** – the risk of underperforming the benchmarks and objectives set by the Trustees. This risk is minimised using the following techniques:
    - Appropriate diversification across asset classes, within sectors and between individual stocks to minimise the effect of a particular stock or sector performing badly.
    - The use of instruments and strategies designed to control the extent of downside exposure.
    - The selective use of active management when appropriate given market conditions, the asset class considered and where the benefits (risk and/or return) are expected to outweigh the additional costs/fees.
    - Regular monitoring of the managers' performance, processes and capabilities with respect to their mandate and by the diversification across multiple Underlying Managers by the Investment Manager.
- **Cash flow risk –** addressed through the monitoring of the cash flow requirement of the Plan to control the timing of any investment/disinvestment of assets.
- **Concentration risk** – the risk of an adverse influence on investment values from the concentration of holdings is reduced by the diversification of the assets.
- **Counterparty risk** – the risk of a counterparty to an agreement not carrying out his side of the deal. Where derivatives are used, the risk of counterparty default is reduced through the requirement in the relevant documentation that regular

collateral or margin payments be made. It is also considered in the selection of counterparties and the incorporation of protection mechanisms in the documentation in the event of a downgrade in credit quality of an existing counterparty.

- **Country risk** – the risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.

- **Currency risk –** the risk that fluctuations in the value of overseas currencies affect the total return of the Plan's investments when compared to a Sterling benchmark. The Trustees mitigate this risk by electing to allow the DB Investment Manager to use currency hedging.

- **Default risk** – the risk of income from assets not being paid when promised. This is addressed through restrictions for the DB Investment Manager and Underlying Managers, e.g. a minimum credit rating of the bonds they are allowed to buy and also a high proportion of the bonds held are government bonds which have little default risk.
- **ESG risk** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by the DB Investment Manager's ESG assessment at the point of investment with Underlying Managers. A summary of the overall ESG characteristics in the portfolio is set out in the quarterly governance report.
- **Mismanagement risk** – the risk of unsuitable investment activity by the DB Investment Manager. This is addressed in the agreement with the DB Investment Manager, and in turn by the DB Investment Manager with the Underlying Managers, which contain restrictions on the proportion and type of asset classes that the DB Investment Manager or Underlying Managers may invest in.
- **Organisational risk** – the risk of inadequate internal processes leading to problems for the Plan. This is addressed through regular monitoring of the DB Investment Manager and Advisers by the Trustees, and of the Underlying Managers by the DB Investment Manager.
- **Sponsor risk** – the risk of the Sponsoring Employer ceasing to exist which, for reasons of prudence, has been taken into account when setting the asset allocation strategy. The Trustees regularly review the covenant of the Sponsoring Employer.

The Trustees will keep these risks, and how they are measured and managed, under regular review.

Defined Contribution Section ("DC Section")

Investment objectives

The Trustees' objectives are to:

- Offer suitable funds for the members so that they have a range of options available from which they may be able to maximise, so far as is reasonable, the rate of return earned on the assets over the long term within an acceptable degree of variation in asset values relative to the cost of securing the benefits near retirement.

  The member's retirement benefits depend on:

  i. The level of contributions made by or in respect of the member.

  ii. Investment returns achieved.

  iii. Annuity terms prevailing at retirement, if an annuity is purchased.

  iv. The retirement options decided upon by the member.

- Review, in conjunction with the Investment Adviser, by means of discussion with the DC Investment Manager any fund option offered to members that either underperforms its benchmark over a significant timeframe or carries a level of risk to the security of the investment which may be thought to be unreasonable in the context of the Plan's investment objectives. There will be no obligation to make any changes to the range of funds offered to members as part of such a review.

Investment strategy

Having considered advice from the Investment Adviser, and also having due regard for the objectives and the members of the Plan, the Trustees have made available a number of passive funds with the DC Investment Manager. Members can choose to invest their contributions in one or more of the investment options.

The Trustees will ensure that each member's investments are invested in accordance with the fund options selected by the member.

- **Investment options** – a range of alternative funds has been made available to provide individual members with a choice of asset classes and regions.
- **Lifestyling and Default Strategy** – members may choose to have their funds "lifestyled" or, in the event that members do not wish to choose their own funds, this is also the default option where no active investment choice is made. Members' investments are automatically switched between one or more of the funds as the member approaches retirement to reflect the changing nature of the risks faced as retirement nears, as appropriate and/or in accordance with each member's instructions. The lifestyle arrangements are constructed using global equity, index-linked gilts and cash funds.
- **Diversification** – the choice of investment options for members is designed to ensure that they are able to choose investments that are adequately diversified and suitable for their profile. The Trustees monitor the strategy regularly to ensure that they are comfortable with the choice of funds offered to members.
- **Active and passive management** – the choice of whether to offer active and/or passive fund options is dictated by the funds offered by the DC Investment Manager and the Trustees have taken this into account when selecting the DC Investment Managers for the Plan.
- **Suitability** – the Trustees have taken advice from the Investment Adviser that the range of investment options offered to members is suitable. Members are responsible for choosing which of the funds is most appropriate for the investment of their own and their employer's contributions, based on their own individual circumstances.

Strategy implementation

- **DC Investment Managers** – following advice from the Investment Adviser, the Trustees have appointed Legal & General to provide the pooled funds that make up the Plan's fund options.
- **DC fund options** – the range of funds offered to members was chosen from those offered by the DC Investment Manager to give members a diversified range of pooled investments from which they can select according to their individual circumstances.
- **Investment of contributions for DC Section members** – each member's contributions will be invested in line with his or her selected choice of funds.
- **Performance Objectives –** the funds are managed passively by the DC Investment Manager and, as such, performance is expected to be in line with the relevant index benchmark.

Default investment strategy (the "Default Strategy")

- **Aims and objectives of the Default Strategy** – The Trustees' aims and objectives in relation to the Default Strategy are to support members' investment needs where members do not choose any option. Broader aims and objectives in relation to the Default Strategy are set out in the earlier "Investment objectives" section.
- **The kinds of investments to be held –** the Default Strategy is constructed using global equity, index-linked gilts and cash funds.
- **The balance between different kinds of investments –** further from retirement, where members have a higher tolerance to risk, higher expected risk/return investments are held in the form of equities. Closer to retirement, as derisking occurs, a greater proportion of gilts and cash are held.

Risks applicable to the Default Strategy

The Trustees recognise a number of risks for the members of the DC Section. DC investors face the following main risks:

- **Inflation risk** – the risk that the purchasing power of their investment account is not maintained. To try and manage this risk, the Investment Managers will aim to achieve a return above the rate of inflation.
- **Pension conversion risk** – the risk that the value of pension benefits that can be purchased by or drawn from a given defined contribution amount is not maintained. This risk cannot be mitigated fully as it depends on market conditions for annuity rates at retirement and the member's retirement income decision.
- **Capital risk** – the risk that the value of the element to provide a tax-free cash sum is not maintained. This could be due to the impact of any of the risks above and is addressed where possible in the same ways.
- **Communication risk** – the risk that communication to members is misleading or unclear and leads to inappropriate decisions being made. This is addressed through the Trustees receiving advice from the Investment Adviser and regular monitoring and updates, where appropriate, of member communications.
- **Inappropriate member decision** – the risk that members make inappropriate decisions regarding their investments. This is addressed where possible through communication to members and the recommendation that members seek independent financial advice.

There are also other risks in addition to the above, for example, mismatching risk, manager risk, liquidity risk and concentration risk.

The importance of each risk varies with time. Inflation is important throughout the whole period to retirement whereas pension purchase risk and capital risk become significant as retirement approaches.

There is no single investment option that best manages all of these risks. Fixed interest and index-linked securities are most effective for managing pension purchase risk. Cash is effective at managing capital risk.

The varying nature of the risks faced by a defined contribution investor through time means that no single investment product will adequately meet the needs of the investor throughout the investing period. Therefore, suitable funds will need to be sought for effective management of the risks faced by defined contribution investors.

The Trustees' policy on risk is to provide members with a range of investment options into which they may direct their contributions so as to allow each member to determine the appropriate mix of investments based on their own attitude to risk, term to retirement and investment objective.

For this purpose, the Trustees, in conjunction with the Relevant Investment Adviser, have chosen a range of investment options designed to provide members with a sufficient level of flexibility in their fund choices.

The Trustees will keep these risks, and how they are measured and managed, under regular review.

Expected return on investments

The funds are managed passively by the DC Investment Manager and, as such, performance is expected to be in line with the relevant index benchmarks as set out below:

Manager	Brief	Fund	Proportion	Benchmark
Legal & General	Passive	Consensus Index Fund	As required by individual instruction	The average Balanced Fund, excluding Property as published in the CAPS Pooled Pension Fund Update – Balanced Section.
		Global Equity Fixed Weights (60:40) Index Fund	As required by life-styling or individual instruction (as appropriate)	60% FTSE All Share 14% FTSE All World USA 14% FTSE All World Europe (ex UK) Index (Dev) 7% FTSE All World Japan 5% FTSE All World Asia Pacific (ex Japan) Index (Dev)
		UK Equity Index Fund	As required by individual instruction	FTSE All Share
		Over 5 Years Index-Linked Gilts Index Fund	As required by life-styling or individual instruction (as appropriate)	FTSE Actuaries Index-Linked Gilt (Over 5 years) Index
		AAA-AA Fixed Interest Over 15 Year Targeted Duration Fund	As required by individual instruction	FTSE Actuaries Government (Over 15 Year) Index
		Cash Fund	As required by life-styling or individual instruction (as appropriate)	LIBID 7 Day Notice Rate

Note: The Consensus Index Fund was re-named the Multi-Asset Fund on 31 July 2017.

- The equity investments are expected to produce long term returns above price inflation. The objectives of including the cash and gilt funds are to provide for the payment of the tax-free lump sum on retirement and to reduce volatility relative to the cost of purchasing an annuity, rather than to achieve a specified 'real' or 'nominal' return.
- Realisation of investments – Funds used within the Default Strategy are unitised, pooled funds which are dealt daily.

AVCs

The Plan provides a facility for members to pay AVCs to enhance their benefits at retirement. Members are offered a range of funds with Legal & General in which to invest their AVC payments. The Trustees' objective is to provide a range of funds which will provide a suitable long term return for members, consistent with members' reasonable expectations. There are some legacy AVCs held with Utmost Life and Pensions.

General Section

Monitoring

The Trustees will monitor the performance of the Relevant Investment Manager against the agreed performance objectives.

The Trustees, or any other suitably qualified Adviser on behalf of the Trustees, will regularly review the activities of the Relevant Investment Manager to satisfy themselves that the Relevant Investment Manager continues to carry out their work competently and has the appropriate knowledge and experience to manage the assets of the Plan.

As part of this review, the Trustees will consider whether or not the Relevant Investment Manager:

- Is carrying out their function competently.
- Has regard to the need for diversification of investments.
- Has regard to the suitability of each investment and each category of investment.
- Has been exercising their powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.

If the Trustees are not satisfied with the Relevant Investment Manager, they will ask the Relevant Investment Manager to take steps to rectify the situation. If the Relevant Investment Manager still does not meet the Trustees' requirements, the Trustees will remove the Relevant Investment Manager and appoint another.

Corporate Governance and Stewardship

DB Section

The Trustees and DB Investment Manager have agreed, and will maintain, formal agreements setting out the scope of the DB Investment Manager's activities, charging basis and other relevant matters. The Investment Manager has been provided with a copy of this SIP and is required to exercise its powers with a view to giving effect to the principles contained herein and in accordance with subsection (2) of Section 36 of the Pensions Act 1995.

The Trustees have appointed the DB Investment Manager to implement the Plan's investment strategy. The DB Investment Manager manages assets directly on behalf of the Trustees as well as having delegated authority to appoint, monitor and change the Underlying Managers.

The DB Investment Manager is appointed to carry out its role on an ongoing basis. The Trustees periodically review the overall value-for-money of using R&M Solutions as the DB Investment Manager, and information in relation to costs associated with investing is included in the quarterly monitoring report. The Trustees are satisfied that these arrangements incentivise the DB Investment Manager:

- to align its investment strategy and decisions with the Trustees' investment policies, such as their return target and the restrictions detailed in the Investment Management Agreement, and
- to assess and make decisions based on the medium to long-term financial and non-financial performance of issuers of debt or equity, and to engage with such issuers to improve this medium to long-term performance. The success of such engagement will contribute to the Plan's performance, which is measured relative to the Trustees' long-term performance objectives.

The Plan's investments are generally made via pooled investment funds, in which the Plan's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue these securities, whether for corporate governance purposes (such as capital structure) or other financially material considerations, is delegated to the Underlying Managers.

The Trustees have delegated responsibility for monitoring and voting on decisions relating to their Underlying Manager holdings to the DB Investment Manager. The DB Investment Manager has in place a voting policy which sets out how it will aim to vote at a general meeting of a pooled fund. For any special resolutions or extraordinary general meetings, the proposed votes of the DB Investment Manager are subject to additional sign-off by the appropriate representative from the DB Investment Manager.

The DB Investment Manager undertakes regular reviews of all Underlying Managers. These reviews incorporate benchmarking of performance and fees, with some managers on performance-related fees as well as performance reviews (including understanding key drivers of performance), investment due diligence meetings and operational due diligence reviews. The DB Investment Manager reviews the governance structures of Underlying Managers, as well as assessing whether their fees, expenses (and any other charges) are in line with industry peers at inception and from time to time whilst invested. The Trustees acknowledge investments in internal funds managed by the DB Investment Manager and the Trustees require these internal funds to be subject to the same investment and operational due diligence process as applied to all Underlying Managers. In addition, the Trustee conduct performance and fee benchmarking reviews of the DB Investment Manager using independent advisers.

Where it can be determined, the DB Investment Manager assesses whether Underlying Manager remuneration arrangements are aligned with the Trustees' objectives. The method and time horizon for evaluating and remunerating Underlying Managers is determined by criteria set by the DB Investment Manager, as detailed above.

The Trustees acknowledge the inherent potential for conflicts of interest which exist as part of ongoing investment management business activities. As an FCA regulated firm, the DB Investment Manager is required to prevent or manage conflicts of interest. Where Underlying Managers are also regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of incorporation or operations. The DB Investment Manager directly monitors these as part of their regulatory filings (where available). The DB Investment Manager also monitors this as part of its ongoing review. The DB Investment Manager's Conflict of Interest policy is available publicly here: https://riverandmercantile.com/Asp/uploadedFiles/file/Corporate_Governance/RMG_Conflicts_of_Interest_Policy.pdf

The DB Investment Manager oversees the turnover costs incurred by Underlying Managers as part of its ongoing monitoring process and evaluates such costs to determine if they are in line with peer groups and the DB Investment Manager's expectations. Where there are material deviations the DB Investment Manager engages with Underlying Managers to understand the rationale for such deviations and take appropriate action.

DC Section

The Trustees and the DC Investment Manager have agreed, and will maintain, formal Manager Agreements and fund documentation setting out the scope of the DC Investment Manager's activities, its charging basis and other relevant matters.

As part of the appointment of the DC Investment Manager to the DC Section, the Trustees have accepted the terms of pooled investment vehicles, setting out the scope of each pooled fund vehicle's activities, their charging basis and other relevant matters. The appointment of the DC Investment Manager is ongoing. The Trustees periodically review the overall value-for-money of using the DC Investment Manager.

The DC Section's investments are made via pooled investment funds, in which the DC Section's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes or other financially material considerations, is delegated to the DC Investment Manager.

The DC Investment Manager where appropriate adopts an active approach to corporate governance. The Trustees are aware of the policy of the DC Investment Manager regarding corporate governance and have delegated the responsibility for activity in this area to the DC Investment Manager.

The Trustees undertake regular reviews of the DC Investment Manager. These reviews incorporate benchmarking of performance and fees as well as performance reviews (including understanding key drivers of performance). The Trustees review the governance structures of the DC Investment Manager, as well as assessing whether its fees, expenses and any other charges are in line with industry peers at inception and from time to time whilst invested.

Where it can be determined, the Trustees assess whether the DC Investment Manager's remuneration arrangements are aligned with the Trustees' objectives. The Trustees expect the DC Investment Manager:

- to align its investment strategy and decisions with the Trustees' investment policies, such as its return target and any restrictions detailed in the Trustees' policy documentation with the DC Investment Manager.
- to assess and make decisions based on the medium to long-term financial and non-financial performance of an issuer of debt or equity, and to engage with the issuers to improve this medium to long-term performance. The success of such engagement will contribute to the DC Section's performance, which is reflected and measured relative to the Trustees' long-term performance objectives.

The Trustees acknowledge the inherent potential for conflicts of interest which exist as part of ongoing investment management business activities. Where investment managers are regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of incorporation or operations. The Trustees monitor this as part of ongoing review.

The Trustees oversee the transaction costs, including turnover costs (where available) incurred by the DC Investment Manager as part of its ongoing monitoring process and evaluates such costs to determine if they are in line with peer groups. Where there are material deviations the Trustees engage with the DC Investment Manager to understand the rationale for such deviations and take appropriate action.

Financially material investment considerations

These considerations, which include the "Risks" set out earlier in this document, can affect the long-term financial performance of investments and can include environmental, social and governance factors (otherwise known as "ESG") where relevant. All references to ESG also include climate change.

The Trustees policy is to delegate consideration of financially material factors, including ESG to the Relevant Investment Manager who considers these when constructing the portfolio, including (for the DB Section) looking at Underlying Managers. All references to ESG relate to financial factors only. As part of their ongoing monitoring, the Trustee reviews some key metrics on a regular basis that are provided by the Relevant Investment Manager covering ESG which enable them to engage with the Investment Manager and understand the impact of ESG on the portfolio.

For the DB Section, ESG factors and stewardship are considered, in the context of long term performance, by the DB Investment Manager as part of the manager selection criteria. This review occurs before they are approved for investment in the portfolio. Once an Underlying Manager is appointed, the DB Investment Manager monitors the ESG implementation and on-going compliance with other factors, like stewardship as a part of overall engagement.

For the DC Section, the underlying funds used by the DC Investment Manager are passively-managed; therefore the extent to which the DC Investment Manager can account for these factors as part of portfolio construction is limited. However ESG factors and stewardship are considered, in the context of long term performance, by the DC Investment Manager as part of ongoing stewardship and engagement with underlying companies. The Trustee monitors the DC Investment Manager's stewardship and engagement activities as an asset owner with the underlying companies held.

Non-financial matters

The Trustees do not at present take into account non-financially material factors (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold. At this time the Trustees have no plans to seek the views of the membership on ethical considerations.

Signed: [redacted] ....

Date: September 2020 ....

For and on behalf of the Trustees of the Dr Martens Airwair Group Pension Plan.