Jabil Circuit Pension Scheme (the "Scheme")

Statement of Investment Principles – April 2023

1. Introduction

Jabil Pension Trustees Limited, the Trustee of the Jabil Circuit Pension Scheme (the "Scheme") have drawn up this Statement of Investment Principles (the "Statement") to comply with the requirements of the Pensions Act 1995 (the "Act") and associated legislation including the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). The Statement is intended to affirm the investment principles that govern decisions about the Scheme's investments. The Trustee's investment responsibilities are governed by the Scheme's Trust Deed and Rules, of which this Statement takes full regard.

In preparing this Statement, the Trustee has consulted a suitably qualified person by obtaining written advice from Mercer Limited ("Mercer"). In addition, consultation has been undertaken with Jabil Circuit Limited (the "Sponsor") to ascertain whether there are any material issues of which the Trustee should be aware in agreeing the Scheme's investment arrangements and, in particular on the Trustee's objectives.

2. Process For Choosing Investments

The Trustee has appointed Mercer to act as discretionary investment manager to implement a Cashflow Driven Investment ("CDI") solution whereby the Scheme invests in such a way that expected asset cashflows should broadly match a proportion of the Scheme's expected liability cashflow profile whilst still targeting a return in excess of gilts (noting that the intention is to match as high a proportion as possible, subject to the level of expected return required).

In this capacity, and subject to agreed restrictions, the Scheme's assets are invested in multi-client collective investment schemes ("Mercer Funds") managed by a management company (Mercer Global Investments Management Limited ("MGIM")). MGIM has appointed Mercer Global Investments Europe Limited ("MGIE")) as investment manager of the Mercer Funds. In practice, MGIE delegates the discretionary investment management for the Mercer Funds to third party investment managers based in countries such as Ireland, UK and USA and those sub-investment managers will manage either a sub-fund or certain segments of a sub-fund. Mercer has expertise in identifying, selecting and combining highly rated fund managers who are best placed and resourced to manage the Scheme's assets on a day to day basis. All of the Scheme's assets are invested with Mercer as part of the CDI strategy. This document refers to all sub-investment managers appointed by Mercer as part of the CDI strategy throughout the remainder of this document.

In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of Mercer, whom the Trustee believes to be suitably qualified to provide such advice. 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).

3. Investment Objective

The Trustee’s objective is to invest the Scheme’s assets in the best interest of the members and beneficiaries and in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries. Within this framework, the Trustee has agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed. The Trustee’s primary objectives are set out below:

- To ensure the Scheme’s obligations to its beneficiaries can be met;
- To achieve an asset return above the return from gilts over the longer term, whilst recognising the need to balance risk control and return generation;
- To ensure consistency between the Scheme’s investment strategy and the return assumptions used by the Scheme Actuary;
- To pay due regard to the Company’s interests in the size and incidence of employer contribution payments.

The objectives set out above and the risks and other factors referenced in Section 4 of this Statement are those that the Trustee determines to be financially material considerations. Non-financial considerations are discussed in Section 11.

4. Risk Management and Measurement

There are various risks to which any pension scheme is exposed. The Trustee’s policy on risk management over the Scheme’s anticipated lifetime is as follows:

- The primary risk upon which the Trustee focus is that arising through a mismatch between the Scheme’s assets and its liabilities.
- The Trustee recognises that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Scheme’s liabilities as well as producing more short-term volatility in the Scheme’s funding position. The Trustee has taken advice on the matter and (in the light of the objectives noted previously) considered carefully the implications of adopting different levels of risk.
- The Trustee recognises the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustee aim to ensure the asset allocation policy in place results in an adequately diversified portfolio. Due to the size of the Scheme’s assets and recognising the need to diversify, investment exposure is obtained via pooled vehicles.
- Arrangements are in place to monitor the Scheme’s investments to help the Trustee check that nothing has occurred that would bring into question the continuing suitability of the current investments.
- The safe custody of the Scheme’s assets is delegated to professional custodians (via the use of pooled funds). State Street Custodial Services (Ireland) Limited is the custodian appointed by MGIM of the assets invested in the Mercer pooled funds and MGIM is responsible for keeping the suitability of State Street under ongoing review.

- The Trustee recognises that environmental, social and corporate governance concerns, including climate change, may have a financially material impact on return. Section 11 sets out how these risks are managed.

Should there be a material change in the Scheme's circumstances, the Trustee will review whether and to what extent the investment arrangements should be altered; in particular whether the current risk profile remains appropriate.

5. Investment Strategy

The Trustees, with advice from the Scheme's Investment Consultant and the Scheme Actuary, reviewed the Scheme's CDI investment strategy in consultation with the Company during 2019. This review considered the Trustee's investment objectives, their ability and willingness to take risk (the risk budget) and how this risk budget should be allocated and implemented.

The CDI strategy aims to:

- Match a high proportion of the Scheme's expected liability cashflows
- Generate an expected return of approximately gilts + c.0.5% p.a. (net of fees)*
- Initially support a discount rate of approximately gilts + 0.68% p.a plus 30% of credit spread movement, according to a suitable index chosen by Mercer

*The expected return will be reviewed periodically as its subject to change due to market conditions

Following the review, the key decision was to adopt a CDI strategy. The Scheme's initial target allocation is set out in the table below:

Portfolio	**Target Asset Allocation (%)**	**Implementation Range (%)**
Hedge Management	29.1	+/-10.0%
Non-Hedge Management	70.9	+/-10.0%
Total	**100.0**	**-**

There is no automatic re-balancing between the Hedge Management portfolio and the Non-Hedge Management portfolio and the asset allocation will vary over time as asset performance and market conditions vary. The Hedge Management Portfolio will comprise investments in a portfolio of liability driven investment funds, ("Mercer LDI Funds"), Mercer fixed income, index-linked funds, swap funds, cash funds and any other Mercer Funds and in such proportions as determined by Mercer in its discretion.

With this in mind, the Trustee has agreed that the Scheme's investment portfolio should be constructed so that it provides a broad liability hedge through a range of diversified investments managed by Mercer rather than accumulate exposure in any single part of the interest rate or inflation curve (i.e. to avoid "curve" risk). The Trustee has delegated the responsibility for constructing, managing and monitoring the scheme's liability hedging arrangements and further information on target hedge ratios for interest rate and inflation hedging is included in the SIA.

The Trustees believe that the Scheme's investment strategy is consistent with the investment policy, objectives and risk management decisions set out in Sections 3, 4 and 5.

Responsibility for monitoring the Scheme's asset allocation is delegated to Mercer. Mercer will report quarterly to the Trustees on rebalancing activities.

6. Realisation of Investments

The Trustees on behalf of the Scheme hold shares in the Mercer Funds. In its capacity as investment manager to the Mercer Funds, MGIE, and the underlying third party asset managers appointed by MGIE, within parameters stipulated in the relevant appointment documentation, have discretion in the timing of the realisation of investments and in considerations relating to the liquidity of those investments.

7. Cash flow and cash flow management

In the event of cashflows into, or out of, the Scheme, Mercer will invest or disinvest these as soon as reasonably practicable from the underlying funds at Mercer's discretion. Further detail on this process is set out in the Statement of Investment Arrangements.

8. Rebalancing

There is no pre-defined or automatic rebalancing between the Hedge Management and Non-Hedge Management portfolio, nor between the funds within the Hedge Management Portfolio and Non-Hedge Management Portfolio, where required for liability hedge management portfolios.

If a recapitalisation event occurs (where the Hedge Management Portfolio requires additional capital in order to maintain leverage), Mercer will review the Scheme's overall asset allocation and has discretion to implement any trades/rebalancing deemed to be appropriate. Mercer will seek to notify the Trustee as soon as practicable, ideally prior to implementation of the relevant trades (if this is possible).

9. Environmental, Social, and Corporate Governance, Stewardship, and Climate Change

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 Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

As noted above, the Trustee has appointed Mercer to act as discretionary investment manager in respect of the Scheme's assets and such assets are invested in a range of Mercer Funds managed by MGIE as the Trustee believes that the delegation of portfolio construction to Mercer will lead to ESG considerations that are in the best interests of the Scheme as a whole. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise 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 consider how ESG, climate change and stewardship is integrated within Mercer's and MGIE's investment processes and those of the underlying asset managers in the monitoring process. Mercer and MGIE are expected to provide reporting to the Trustee on regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon footprinting for equities and/or climate scenario analysis for diversified portfolios.

Member views are not taken into account in the selection, retention and realisation of investments.

10. Trustee's policies with respect to arrangements with, and evaluation of the performance and remuneration of, asset managers and portfolio turnover costs

When engaging Mercer as discretionary investment manager to implement the Trustee's investment strategy outlined in section 5, the Trustee is concerned that, as appropriate and to the extent applicable, Mercer is incentivised to align its strategy and decisions with the profile and duration of the liabilities of the Scheme, in particular, long-term liabilities.

As Mercer manages the Scheme's assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, the Trustee accepts that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds but the Trustee expects Mercer to manage the assets in a manner that is consistent with the Trustee's overall investment strategy as outlined in section 5. The Trustee has taken steps to satisfy themselves that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review.

Should Mercer fail to align its investment strategies and decisions with the Trustee's policies, it is open to the Trustee to disinvest some or all of the assets invested managed by Mercer, to seek to renegotiate commercial terms or to terminate Mercer's appointment.

To evaluate performance, the Trustee receives, and consider, investment performance reports produced on a quarterly basis, which presents performance information and commentary in respect of the Scheme's funding level and the Mercer Funds in which the Trustee invests. Such reports have information covering fund performance for the previous three months, one-year, three years and since inception. The Trustee reviews the absolute performance and relative performance against a portfolio's and underlying investment manager's benchmark (over the relevant time period) on a net of fees basis. The Trustee's focus is on the medium to long-term financial and non-financial performance of Mercer and the Mercer Funds.

Neither Mercer nor MGIE make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by MGIE to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustee is, however, able to consider Mercer's and MGIE's assessment of how each underlying third party asset manager embeds ESG into their investment process and how the manager's responsible investment philosophy aligns with the Trustee's own responsible investment policy. This includes the asset managers' policies on voting and engagement.

Section 9 provides further details of the steps taken, and information available, to review the decisions made by managers, including voting history and the engagement activities of managers to identify decisions that appear out of line with a Mercer Fund's investment objectives or the objectives/policies of the Scheme.

The asset managers are incentivised as they will be aware that their continued appointment by MGIE will be based on their success in meeting MGIE's expectations. If MGIE is dissatisfied then it will, where appropriate, seek to replace the manager.

The Trustee is a long-term investor and is not looking to change their investment arrangements on an unduly frequent basis. However, the Trustee does keep those arrangements under review, including the continued engagement of Mercer using, among other things, the reporting described above.

The Trustee monitors, and evaluates, the fees it pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives as outlined in section 5. Mercer's, and MGIE's, fees are based on a percentage of the value of the Scheme's assets under management which covers the design and annual review of the de-risking strategy, and investment management of the assets. In addition, the underlying third party asset managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance.

MGIE reviews the fees payable to third party asset managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Scheme. Mercer's, MGIE's, and the third party asset managers', fees are outlined in a quarterly investment strategy report prepared for the Trustee, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.

Details of all costs and expenses are included in the Mercer Funds' Supplements, the Report & Accounts and within the Scheme's annualized, MiFID II compliant Personalised Cost & Charges statement. The Scheme's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds.

The Trustee does not have an explicit targeted portfolio turnover range. Performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.

11. Additional Assets

Under the terms of the trust deed the Trustee is responsible for the investment of any Additional Voluntary Contributions paid by members which are subject to a guaranteed return of at least 2.5% per annum. This guaranteed return may be increased at the discretion of the Board having taken advice from the Actuary, which the Board does on an annual basis. AVCs are co-mingled with the assets of the Scheme and invested accordingly.

12. Review of this Statement

The Trustee will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.