Dictaphone Retirement & Death Benefits Plan ("the Plan")

Statement of Investment Principles ("the Statement")

Scope of Statement

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004, and the Occupational Pension Plans (Investment) Regulations 2005).

The effective date of this Statement is April 2024. The Trustees will review this Statement and the Plan's investment strategy no later than three years after the effective date of this statement and without delay after any significant change in investment policy.

Consultations made

The Trustees have consulted with the employer, Nuance Communications UK Ltd (referred to as the "Sponsoring Employer"), prior to writing this Statement and will take the Sponsoring Employer's comments into account when they believe it is appropriate to do so.

The Trustees are responsible for the investment strategy of the Dictaphone Retirement & Death Benefits Plan ("the Plan"). The Trustees have obtained written advice on the future investment strategy appropriate for the Plan from their investment consultant Aon who are authorised and regulated by the Financial Services Authority. The Trustees have also obtained advice on the preparation of this Statement of Investment Principles from Aon.

The day-to-day management of the Plan's assets has been delegated to investment managers who are authorised and regulated by the Financial Conduct Authority. A copy of this Statement is available to the members of the Plan.

Objectives and policy for securing objectives

The Trustees' objectives for setting the investment strategy of the Plan have been set with regard to the Plan's Statutory Funding Objectives as set out in the Statement of Funding Principles.

The Trustees' primary objectives are:

- "funding objective" - to ensure that the Plan is fully funded using assumptions that contain a margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the Sponsoring Employer;
- "stability objective" – to have due regard to the likely level and volatility of required contributions when setting the Plan's investment strategy; and
- "security objective" – to ensure that the solvency position of the Plan (as assessed on a gilt basis) is expected to improve. The Trustees will take into account the strength of the Sponsoring Employer's covenant when determining the expected improvement in the solvency position of the Plan.

The Trustees recognise that these objectives may conflict. For example, a greater allocation to more defensive assets may give greater security but may result in a level of contributions which the Sponsoring Employer may find too difficult to support. The Trustees also recognise that in resolving this conflict, it is necessary to accept some risk.

Choosing investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Plan, its cashflow requirements, the funding level of the Plan and the Trustees' objectives.

The assets of the Plan are invested in the best interests of the members and beneficiaries.

The Trustees exercise their powers of investment (or delegation where these powers have been delegated to an investment manager) in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk, a spread of assets is held. The diversification is both within and across the major asset classes.

Assets held to cover the Plan's technical provisions (the liabilities of the Plan) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan.

The assets of the Plan are invested predominantly in regulated markets (with investments not in regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Investment in derivatives is made only in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

No investment is permitted in securities issued by the Plan's Sponsoring Employer or any affiliated companies (other than any such securities held within a pooled fund in which the Trustees invest).

No investment is permitted by an appointed investment manager in securities issued by the relevant manager's company or any affiliated companies (other than any such securities held within a pooled fund in which the Trustees invest).

The balance between different kinds of investments

The Trustees recognise that the key source of financial risk (in relation to meeting their objectives) arises from asset allocation. They therefore retain responsibility for setting the Plan's overall asset allocation and take expert advice as required from their professional advisers.

The Trustees review their investment strategy in conjunction with each formal actuarial valuation of the Plan (or more frequently should the circumstances of the Plan change in a material way). The Trustees take written advice from their professional advisers regarding an appropriate investment strategy for the Plan.

A broad range of available asset classes in which to invest has been considered by the Trustees. This includes consideration of so called "alternative" asset classes, for example, property, private equity and hedge funds, accessed through a 'diversified growth fund'. The Trustees have decided that at the current time, a bond-based investment strategy remains appropriate for the Plan. However, this is kept under review by the Trustees.

Investment risk measurement and management

The key investment risks are recognised as arising from asset allocation. These are assessed triennially in conjunction with the actuarial valuation of the Plan, following which the Trustees take advice on the continued appropriateness of the existing investment strategy.

Risks associated with changes in the employer covenant are assessed by various means. The Trustees have an agreement with the Sponsoring Employer to receive notification of events that have the potential to affect the creditworthiness of the sponsoring employer – in particular, the trustees will be informed of Type A events, as defined in appropriate guidance from the Pensions Regulator, and employer-related Notifiable Events. The Trustees also monitor the failure score (as defined for the purposes of calculating the risk-based Pension Protection Fund levy). On receipt of such notification, the Trustees will re-consider the continued appropriateness of the Plan's existing investment strategy.

The Trustees monitor the risks arising through the selection or appointment of their investment manager on a quarterly basis via investment reports prepared by their investment manager.

The Trustees acknowledge that investment returns that deviate excessively from the benchmark (either positive or negative) maybe an indication that the investment manager is taking a higher level of risk than indicated.

For due diligence purposes the Trustees will review the need to see their investment manager on a regular basis.

Custody

Investment in pooled funds gives the Trustees a right to the cash value of the units rather than to the underlying assets. The manager of the pooled funds is responsible for the appointment and monitoring of the custodian of the funds' assets.

The custodian is independent of the Sponsoring Employer.

Expected returns on assets

Over the long-term the Trustees' expectations are for the monetary assets (UK and overseas bonds and cash) to achieve a rate of return which is at least in line with changes in the cost of providing fixed income annuities.

Returns achieved by the fund manager are assessed against performance benchmarks set by the Trustees in consultation with their advisers and fund manager.

Realisation of Investments/Liquidity

The Trustees recognise that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are realisable at short notice through the sale of units in pooled funds.

Effective decision making

The Trustees recognise that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

The Trustees believe that given the scale of the Plan and the relatively small number of Trustees, a separate investment sub-committee may be appropriate. However, all investment decisions are discussed by the whole Trustee body before decisions are taken. The Trustees seek assistance from the Plan's advisers where they deem it to be necessary.

Social, Environmental or Ethical Considerations

In setting the Plan's investment strategy, the Trustees' primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustees consider this risk by taking advice from their investment adviser when setting the Plan's asset allocation, when selecting managers and when monitoring their performance.

Stewardship – Voting and Engagement

The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the plan invests, as this ultimately this creates long-term financial value for the Plan and its beneficiaries.

The Trustee delegates all stewardship activities, including voting and engagement, to its appointed investment managers. The Trustee accepts responsibility for how the investment managers steward assets on its behalf, including the casting of votes in line with each manager's individual voting policies.As part of their delegated responsibilities, the Trustees expect the Plan's investment managers to:

- Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets;
- exercise the Trustees' voting rights in relation to the Plan's assets;and
- other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

The Trustees regularly review the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

The Trustees will engage with their investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. This will take the form of annual reporting which will be made available to plan members on request.

Where possible, the transparency for voting should include voting actions and rationale with relevance to the plan, in particular, where: votes were cast against management; votes against management generally were significant, votes were abstained; voting differed from the voting policy of either the trustees or the asset manager.

Where voting is concerned, the Trustees expect their asset managers to recall stock lending as necessary in order to carry out voting actions.

From time to time, the trustees will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The trustees may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors In setting and implementing the Plan's investment strategy the Trustees do not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"

1). Activism and the Exercise of the Rights Attaching to Investments

The Trustees do not currently have a specific policy in relation to the exercise of the rights (including voting rights) attaching to investments. These matters are however kept under review and the Trustees are aware of the policy towards corporate governance adopted by its investment managers and receive regular reports on their activity.

Arrangements with asset managers

The trustees regularly monitor the plan's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the trustees' policies, including those on non-financial matters. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The trustees are supported in this monitoring activity by their investment consultant.

The trustees share the policies, as set out in this SIP, with the plan's asset managers, and request that the asset managers review and confirm whether their approach is in alignment with the trustees' policies.

Before appointment of a new asset manager, the trustees review the governing documentation associated with the investment and will consider the extent to which it aligns with the trustees' policies. Where possible, the trustees will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the plan invests in a collective vehicle, then the trustees will express their expectations to the asset managers in by other means (such as through a side letter, in writing, or verbally at trustee meetings).

The trustees believe that having appropriate governing documentation, setting clear expectations to the asset managers by other means (where necessary), and regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the trustees' policies and are based on assessments of medium- and long-term financial and non-financial performance.

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[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

Where asset managers are considered to make decisions that are not in line with the trustees' policies, expectations, or the other considerations set out above, the trustees will typically first engage with the manager but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with asset managers, although the continued appointment all for asset managers will be reviewed periodically, and at least every three years.

Policy on assessing performance and monitoring costs

The Trustees are aware of the importance of monitoring their asset managers' total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustees recognise that in addition to annual management charges, there are a number of other costs incurred by their asset managers including turnover costs (i.e. the costs incurred when the assets managers buy and sell underlying investments).

The Trustees evaluate the performance of their asset managers relative to their respective objectives on a regular basis via their updates from the asset managers. The Trustees also review the remuneration of the Plan's asset managers on at least a triennial basis to ensure that these costs are reasonable in the context of the kind and balance of investments held.

The Trustees accept that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends. Where the Trustees' monitoring identifies a lack of consistency, the mandate will be reviewed.

Additional Voluntary Contributions ("AVCs") Arrangements

Some members obtain further benefits by previously paying AVCs to the Plan. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. Details of the AVC providers are included in the Appendix to this Statement. From time to time the Trustees review the choice of investments available to members to ensure that they remain appropriate to the members' needs.

....	....	....
Name (Print)	Signature	Date

For and on behalf of the Trustees of the Dictaphone Retirement & Death Benefits Plan

Agreed by the Trustees in April 2024.

Dictaphone Retirement and Death Benefits Plan (“the Plan”)

Appendix to the Statement of Investment Principles

This Appendix sets out the Trustees’ current investment strategy and is supplementary to the Trustees’ Statement of Investment Principles (“the attached Statement”).

The Trustees’ investment strategy has been established in order to maximise the likelihood of achieving the primary objectives set out in the attached Statement. The details are laid out below:

1. Asset Allocation Strategy

The Trustees’ long-term asset allocation strategy is set out below:

Proposed Fund/Asset Class	Target Weight (%)
Fixed-Interest Gilts	15.0
Index Linked Gilts	40.0
Corporate Bonds (All Stocks)	30.0
Cash	15.0
Total	**100.0**

2. Investment Management Arrangements

The Plan's assets are invested with State Street Global Advisors ("State Street"). The following describes the mandates given to the investment manager:

2.1 State Street Investment Management

State Street has been appointed to passively manage the Plan's assets. The following describes the mandates given to the investment manager within each asset class.

Fund	Performance Measurement Benchmark	Benchmark Outperformance Target	Benchmark Target Weights	Ranges
MPF Sterling Non-Gilts Bond All Stocks Index Sub-Fund	Bloomberg Sterling Aggregate 100 MM Non Gilts	Track Index	30.0%	10% - 50%
MPF UK Conventional Gilts Over 15 Years Index Sub-Fund	FTSE Actuaries UK Conventional Gilts Over 15 Years Index	Track Index	15.0%	1% - 30%
MPF Index Linked Gilts Over 5 Years Index Sub-Fund	FTSE Actuaries UK Index Linked Gilts British Government Over 5 Years Index	Track Index	40.0%	20% - 60%
MPF Sterling Liquidity Sub-Fund	SONIA Compounded Index	Track Index	15.0%	1% - 30%
Total			100.0%	

State Street does not quote tracking error targets for their passive funds.

2.2 Cash Balances

A working balance of cash is held for the imminent payment of benefits, expenses, etc. Under normal circumstances it is not the Trustees' intention to hold a significant cash balance and this is carefully monitored by the Plan's administrator.

3 Fee Structure for Advisers and Managers

3.1 Advisers

The Trustees' investment advisers are paid for advice received based on the time spent by the adviser. For significant areas of advice (e.g. one off special jobs, or large jobs, such as asset and liability modelling), the Trustees will endeavour to agree a project budget.

These arrangements recognise the bespoke nature of the advice given and that no investment decisions have been delegated to the adviser.

3.2 Investment Manager

The investment manager is remunerated as a set percentage of the assets under management. This is in keeping with market practice.

3.3 Summary of Investment Management Fee Arrangements

Manager	Fund	Fee Scale
State Street Global Advisors	MPF Sterling Non-Gilts Bond All Stocks Index Sub-Fund	0.11% pa on the first £30 million 0.10% pa on the next £30 million
	MPF UK Conventional Gilts Over 15 Years Index Sub-Fund	0.07% pa on the first £30 million 0.06% pa on the next £30 million
	MPF Index Linked Gilts Over 5 Years Index Sub-Fund	0.07% pa on the first £30 million 0.06% pa on the next £30 million
	MPF Sterling Liquidity Sub-Fund	0.13% pa

The annual management charge payable is subject to a minimum charge of £5,000 pa.

4. Additional Voluntary Contributions

The Trustees have chosen the following providers, Phoenix Life, Scottish Friendly and Utmost in which members can invest Additional Voluntary Contributions ("AVCs"). The current with-profits provider is Utmost.