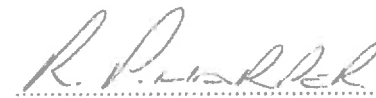


By resolution of the Trustees

**This Statement of Investment Principles is hereby recognised and adopted for
the governance of the**

Ashtead Group plc Retirement Benefits Plan

Robert Harper
Trustee


Signature

25.9.2020
Date

Philip Lovegrove
Trustee


Signature

24 September 2020
Date

Michael Pratt
Trustee


Signature

25/9/20
Date

Ashtead Group plc Retirement 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 Schemes (Investment) Regulations 2005).

The effective date of this Statement is 18 September 2020. 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

As required by the Act, the Trustees have consulted with the employer, Ashtead Group plc, and prior to writing this Statement have considered their recommendations, and will take the employer's comments into account when they believe it is appropriate to do so.

The Trustees are responsible for the investment strategy of the Ashtead Group plc Retirement Benefits Plan (the “Plan”). They have obtained written advice on the investment strategy appropriate for the Plan and on the preparation of this Statement. This advice was provided by Aon Solutions UK Limited (“Aon”) who are authorised and regulated by the Financial Conduct Authority.

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 has been provided to the investment managers appointed and is available to the members of the Plan.

Plan objectives

The Trustees' primary objectives are:

- “funding objective” - to ensure that the Plan is fully funded using assumptions that contain a modest 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 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 is expected to improve. The Trustees will take into account the strength of 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 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 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 on regulated markets (with investments not on 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.

Day to day selection of stocks is delegated to fund managers appointed by the Trustees. As regards the review and selection of their fund managers, the Trustees take expert advice. The Trustees do not directly hold any investments in derivatives.

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 asset allocation, and take expert advice as required from their professional advisers.

The Trustees believe the most appropriate means of determining asset allocation is by asset and liability modelling, which is carried out following each formal actuarial valuation of the Plan (or more frequently should the circumstances of the Plan change in a material way). Therefore, as a minimum, the asset allocation is reviewed once every three years. A broad range of available asset classes has been considered. This includes consideration of so called "alternative" asset classes (including property, private equity, and hedge funds).

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 monitoring the Pension Protection Fund ("PPF") Score (as defined for the purposes of calculating the risk-based element of the PPF levy). The Trustees also have an agreement with the employer to receive notification of any events which have the potential to alter the creditworthiness of the sponsoring employer in particular, the Trustees will be informed of Type A events, as defined in appropriate guidance issued by the Pensions Regulator, and employer-related Notifiable Events. Type A events are typically those events which affect a s75 debt being paid to the Plan, or which weaken the employer's covenant. Type A events can be 'employer-related events' or 'scheme-related events'. 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 fund managers on a quarterly basis via investment monitoring reports prepared by their professional advisors. Expected deviation from the benchmark (for a passive manager) or out-performance target (for an active manager) is assessed regularly. The Trustees have appointed Aon to alert them on any matters of material significance that might affect the ability of each fund manager to achieve its objectives.

The Trustees acknowledge that investment returns achieved outwith the expected deviation (positive or negative) may be an indication that the investment manager is taking a higher level of risk than indicated.

Custody

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

The custodians are independent of the employer.

Expected returns on assets

Over the long-term the Trustees' expectations are:

- For the "growth" assets to generate a future investment return in excess of inflation and national average earnings over the long term. The Trustees are willing to incur short-term volatility in asset price behaviour with the expectation that over the long term the growth assets will outperform those asset classes which may be regarded as matching the liabilities.
- For the "matching" assets to move in a way that matches the sensitivity of the liabilities to interest rates and inflation.

Projected 10 year investment returns for asset classes based on Aon's Capital Market Assumptions as at 31 March 2020 were 7.2% pa for UK equities, 6.4% pa for US equities, 6.7% pa for European equities, 1.4% pa for 10-year UK investment grade corporate bonds, 0.5% pa 15-year UK government bonds and 5.4% pa for UK property. Consumer Price Inflation is expected to average 2.0% pa over the same period.

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

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.

Social, environmental or ethical considerations

The Trustees' primary concern when setting the investment strategy is to act in the best financial interests of the beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustees believe that, in order to fulfil this commitment and to protect and enhance the value of the Scheme's investments, they must act as responsible stewards of the investments.

The Trustees acknowledge that financially material considerations include environmental, social and corporate governance (ESG) factors, such as climate change. Understanding these factors can help identify investment opportunities and financially material risks.

As part of their delegated responsibilities, the Trustees expect the investment managers to include ESG considerations in the selection, retention and realisation of investments. Such decisions should consider, amongst other things, the sustainability of business models and not be influenced by personal, ethical or moral judgments.

The Trustees are taking the following steps to monitor and assess ESG related risks and opportunities:

- The Trustees undertake periodic training on Responsible Investment to understand how ESG factors, including climate change, may impact on the Scheme's assets and liabilities.
- As part of ongoing monitoring, the Trustees periodically use information, where available, provided by Aon of their assessment of the investment managers against ESG factors.
- Periodically, the Trustees ask the investment managers to provide their policy on Responsible Investment to include details of how they integrate ESG in their investment decision making process. Should the Trustees look to appoint a new manager, they request this information as part of the selection process. All responses are reviewed and monitored.

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 receive.

The Trustees believe that given the size of the Plan and the small number of Trustees, a separate investment sub-committee would not be appropriate. Therefore, all investment decisions are discussed by all Trustees before decisions are taken. The Trustees seek assistance from their investment consultant where they deem it necessary.

Stewardship - voting and engagement

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

The Trustees regularly review the suitability of the appointed investment managers and take advice from their investment consultant regarding any changes. Where applicable, this advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustees expect, the Trustees undertake to engage with the manager and seek a more sustainable position and may look to replace the manager.

The Trustees review the stewardship activities of their investment managers on an annual basis, covering both engagement and voting actions, and will include this information within the Engagement Policy Implementation Statement ("EPIS") (to be produced from 30 April 2021). The Trustees will review whether the investment managers' policies are in line with those of the Trustees and endeavour to ensure that their managers, or other third parties, use their influence as major institutional investors to carry out the Trustees' rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

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.

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. Where a concern is identified, the Trustees will engage with their investment consultant to consider the methods by which, and the circumstances under which, they would monitor and engage an investment manager and other stakeholders.

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 investment 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 receive quarterly reports and verbal updates from the investment consultant on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan's objectives, and assess the investment managers over the long term.

In line with the required actions from the Pensions Regulator, on an annual basis the Trustees will produce an EPIS which will be included in the annual report and accounts.

Before appointment of a new investment 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 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 investment managers' performance and investment strategy, is in most cases sufficient to incentivise the investment 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.

Members' views and non-financial factors

The Trustees do not explicitly take the views of members and beneficiaries of the Plan into account in relation to ESG factors nor the present and future quality of life of the members and beneficiaries of the Plan (defined as 'non-financial factors' in the 2018 Regulations). The Trustees will review this policy periodically.

Cost monitoring

The Trustees are aware of the importance of monitoring their investment 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, other costs may be incurred by their asset managers in relation to their investments.

The Trustees collect annual cost transparency reports covering all of their investments and ask that the investment managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustees to understand exactly what they are paying their investment managers. The Trustees work with their investment consultant and investment managers to understand these costs in more detail where required.

The Trustees assess the performance of their investment managers on a quarterly basis and the remuneration of their investment managers on at least an annual basis via collecting cost data in line with the CTI templates.

The Trustees are aware of portfolio turnover costs (portfolio turnover costs are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated with their underlying investments through the information provided by their investment managers. The level of portfolio turnover and the turnover range is monitored annually.

The Trustees accept that transaction costs will be incurred to deliver 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 so long as it is consistent with the asset class characteristics, manager's style, and historic trends. Where the Trustees' monitoring identifies a lack of consistency the mandate will be reviewed.

The Trustees are supported in their cost transparency monitoring activity by their investment consultant.

The Trustees will provide reporting on the implementation of the Plan's cost transparency policy to the Plan's members via the annual engagement statements. This will include:

1. A comprehensive breakdown of the Plan's costs by investment manager and cost type.
2. A review of any changes in cost trends over the last year and an explanation for any changes.
3. An update on any changes to the Trustees' cost transparency policy.

Additional voluntary contributions (“AVC’s”) arrangements

Some members historically sought to obtain further benefits by paying AVC’s to the Plan however, the ability to do so was removed from 31 August 2014. The liabilities in respect of these AVC’s are equal to the value of the investments bought by the contributions.

From time to time, the Trustees issue communications to members with AVCs regarding their options.

Timing of periodic review

The Trustees will review this Statement and the Plan’s investment strategy each year and additionally whenever they believe there to be a significant change in the Plan’s circumstances.