

UCAS Pension and Life Assurance Scheme (1993)

Statement of Investment Principles

Barnett Waddingham LLP

December 2025

Contents

1. Introduction	3
2. Choosing investments.....	3
3. Investment objectives	4
4. Kinds of investments to be held	4
5. The balance between different kinds of investments.....	4
6. Risks.....	5
7. Expected return on investments	7
8. Realisation of investments	7
9. Financially material considerations, non-financial matters, the exercise of voting rights, and engagement activities	7
10. Agreement.....	7
Appendix 1 – Note on investment policy of the Scheme	8
Appendix 2 – Objectives for the investment consultant	12
Appendix 3 - Financially material considerations, non-financial matters, the exercise of voting rights, and engagement activities	15

1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees of the UCAS Pension and Life Assurance Scheme (1993) (the "Scheme"). This statement sets down the principles governing decisions about investments for the Scheme to meet the requirements of:
- the Pensions Act 1995, as amended by the Pensions Act 2004;
 - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010;
 - the Occupational Pension Schemes (Charges and Governance) Regulations 2015;
 - the Occupational Pension Schemes (Investment) (Amendment) Regulations 2018; and
 - The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustees have consulted the Principal Employer, UCAS, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4. The Trustees will review this statement at least every three years or if there is a significant change in the Scheme's circumstances.
- 1.5. The investment powers of the Trustees are set out in Clause 3.10 of the Definitive Trust Deed & Rules, dated 8 January 1996. This statement is consistent with those powers.

2. Choosing investments

- 2.1. The Trustees' policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in Appendix 1 to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.
- 2.3. The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the Employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustees' overall investment objective is to provide the benefits described in the Scheme's Trust Deed & Rules at an acceptable cost to the Employer.
- 3.2. This latter constraint means that the Trustees are unable to adopt a minimum risk investment strategy. Therefore, the Trustees must take some investment risk in order to maximise the return on the assets whilst managing the expected volatility of the returns achieved in order to control the level of volatility in the Scheme's required contribution levels.
- 3.3. The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities at any time. The Trustees have obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

4. Kinds of investments to be held

- 4.1. The Scheme is permitted to invest in a wide range of assets including:
 - Equities;
 - Bonds;
 - Cash;
 - Property;
 - Alternatives, including private equity, commodities, hedge funds, infrastructure, currency, high yield debt, loans and derivatives;
 - Target return / diversified growth funds;
 - Pooled liability driven investment funds that make use of instruments such as gilt repurchase agreements and swap contracts;
 - Annuity policies.
- 4.2. Any investment in derivative instruments is only made to contribute to a reduction in the overall level of risks in the portfolio or for the purposes of efficient portfolio management.
- 4.3. There is no Employer related investment and never has been.

5. The balance between different kinds of investments

- 5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within Appendix 1 to this Statement.
- 5.2. The Trustees consider the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1 to this Statement.
- 5.3. From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected items.

- 5.4. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and therefore the Scheme's asset allocation will be expected to change as the Scheme's liability profile matures.

6. Risks

The Trustees have considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities, and have considered ways of managing/monitoring these risks:

Risk versus the liabilities	The Trustees will monitor and review the investment strategy with respect to the liabilities in conjunction with each Actuarial Valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.
Asset allocation risk	The asset allocation is detailed in Appendix 1 to this Statement and is monitored on a regular basis by the Trustees.
Investment manager risk	The Trustees monitor the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor these and will report on managers' practices in their annual Implementation Statement.
Environmental, Social and Governance (ESG) risk	The Trustees have considered the long-term financial risks to the Scheme and ESG factors, including climate risk, are potentially financially material. The Trustees will continue to develop their policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustees. Each manager monitors counterparty credit risk and evaluates counterparty credit quality on a continuous basis.
Liquidity risk	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
Covenant risk	The creditworthiness of the Employer and the size of the pension liability relative to the Employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.

Solvency and mismatching	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustees are aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.

7. Expected return on investments

- 7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.
- 7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.
- 7.3. In considering the expected return from investments, the Trustees recognise that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.

8. Realisation of investments

- 8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment managers. The Trustees have considered the risk of liquidity as referred to above.
- 8.2. Ultimately, the investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustees are aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

9. Financially material considerations, non-financial matters, the exercise of voting rights, and engagement activities

- 9.1. The Trustees' policy on financially material considerations is set out in Appendix 3.
- 9.2. The Trustees' policy on taking into account non-financial matters is set out in Appendix 3.
- 9.3. The Trustees' policy on voting rights and engagement activities is set out in Appendix 3.

10. Agreement

- 10.1. This Statement was agreed by the Trustees, and replaces any previous statements. Copies of this statement and any subsequent amendments will be published on a publicly accessible website and thereby be available to the Principal Employer, the investment managers, the Scheme Auditor and Scheme members.

Signed:.....

Date:.....

On behalf of the UCAS Pension and Life Assurance Scheme (1993)

Appendix 1 – Note on investment policy of the Scheme

Choosing investments

The Trustees have appointed the following investment managers to carry out the day-to-day investment of the Scheme's assets:

- State Street Investment Management ("SSIM") (formerly State Street Global Advisors);
- Columbia Threadneedle ("CT");
- Troy Asset Management Limited ("Troy");
- M&G Investments ("M&G").

The investment managers are authorised and regulated by the Financial Conduct Authority.

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters in addition to advice received from the fund managers on suitability of investments.

The Trustees recognise that the needs of members with Defined Contribution Additional Voluntary Contributions ("AVC") will vary according to their attitude to risk, investment sophistication and time to retirement. As a result, members have access to a range of AVC funds with Clerical Medical and Equitable Life. These arrangements are reviewed from time to time.

Kinds of investments to be held

The Trustees have considered a wide range of asset classes and has gained exposure to the following asset classes:

- UK equities;
- Overseas equities;
- Target Return / Diversified Growth Funds;
- Absolute Return Bond Funds;
- Money Market Funds; and
- Leveraged Liability Driven Investment ("LDI") Funds.

The balance between different kinds of investment and rebalancing

The asset allocation has been agreed after considering the Scheme's liability profile, funding position, expected return of the various asset classes and the need for diversification.

The table below sets out the target strategic asset allocation:

Fund	Benchmark Allocation
SSIM All World Climate Paris Aligned ex-Fossil Fuel Index Equity Sub-Fund	12.5%
Troy Trojan Ethical Fund	6.25%
M&G Sustainable Multi Asset Fund	6.25%
CT	75.0%
<i>Nominal and Real Dynamic LDI</i>	34.0%
<i>Global Absolute Return Bond Fund</i>	16.0%
<i>Sterling Liquidity Fund</i>	25.0%
Total	100.0%

The Trustees recognise that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The Scheme does not rebalance between investment managers on a predetermined basis; however, the Trustees monitor the allocation between investment managers on a quarterly basis.

The allocation to the CT LDI funds, the Nominal and Real Dynamic LDI funds, is structured in a manner which targets a hedge ratio of 90% of Technical Provisions liabilities for both interest rates and inflation.

Manager benchmarks and fees

The investment benchmarks and objectives for each fund manager are given below:

Manager	Fund	Benchmark	Objective(s)
SSIM	All World Climate Paris Aligned ex-Fossil Fuel Index Equity Sub-Fund	MSCI ACWI Climate Paris Aligned Ex Fossil Fuel & BISR Custom Index	Track the benchmark
Troy	Trojan Ethical Fund	UK Retail Price Index (RPI)	Outperform the benchmark over 5 to 7 years (net of fees).
M&G	Sustainable Multi Asset Fund	No Benchmark	Total return of 4%-8% p.a. over 5 years (net of fees). Achieve annualised volatility of 4%-7% over 5 years.
CT	Nominal Dynamic LDI Fund	Tracking a set of liability cashflows resembling a typical defined benefit pension scheme	Outperform the benchmark
	Real Dynamic LDI Fund		
	Global Absolute Return Bond Fund	SONIA	Benchmark +3.0% p.a. gross of fees
	Sterling Liquidity Fund	SONIA	Maintain high levels of liquidity and generate a return in line with money market rates

The performance of fund managers will be monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

The annual management charges for Scheme's investments are summarised in the following table:

Fund manager	Annual Management Charge (p.a.)	Ongoing charges (p.a.)
Growth Portfolio		
State Street All World Climate Paris Aligned ex-Fossil Fuel Index Equity Sub-Fund	0.085%	0.145%
Troy Trojan Ethical Fund	0.85%	0.87%
M&G Sustainable Multi Asset Growth Fund	0.45%	0.45%
Protection Portfolio		
CT Nominal Dynamic LDI Fund	0.28%	0.33%
CT Real Dynamic LDI Fund	0.28%	0.33%
CT Sterling Liquidity Fund	0.08%	0.08%
CT Global Absolute Return Bond Fund	0.30%	0.51%

Barnett Waddingham LLP is remunerated on a time cost basis.

Investment of new money

New money is generally invested to rebalance the overall asset allocation towards its target benchmark, however, the Trustees retain discretion to review this depending upon market conditions and liquidity requirements.

Realisation of investments

The Scheme's cashflow requirements are expected to be met by the Scheme. This will typically be done in a manner which moves the overall asset allocation in line with the target benchmark.

Appendix 2 – Objectives for the investment consultant

Introduction

The purpose of this appendix is to set out the objectives agreed between the Trustees of the UCAS Pension and Life Assurance Scheme (1993) ("the Trustees") and Barnett Waddingham LLP ("BW") for the purposes of the provision of Investment Consultancy Services to be provided by BW to the Trustees in respect of the Scheme.

This appendix gives consideration to the requirements of The Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022 (the "Regulations"), which bring into pensions legislation the requirements of the Investment Consultancy and Fiduciary Management Market Investigation Order 2019 (made by the Competition and Markets Authority on 10 June 2019).

Review

The Trustees acknowledge that they are required under the Regulations and the Order to review the Investment Consultancy Services provided by BW at least annually against these objectives and must review and, if appropriate, revise the objectives every three years (or without delay after any significant change in investment policy).

Agreed objectives for investment consultancy services

Investment strategy design		
Objective	Timescale/Frequency	Importance
Help the Trustees to define appropriate Aims for the investments, including risk and performance objectives for the Scheme (e.g. VaR less than £Xm or return of liabilities + x %) over a time-frame appropriate to the Scheme's funding targets and covenant evaluation.	As part of each strategy review	High
Help the Trustees to develop and document their investment Beliefs and Constraints (for the avoidance of doubt, Beliefs will include ESG and Climate Change considerations)	On an ongoing basis	High
Advise on the design of an investment strategy consistent with the Trustees Aims, Beliefs and Constraints.	As part of each strategy review	High
Advise on the design of a cashflow management and asset rebalancing policy, suitable for the Scheme's circumstances	As part of each strategy review, with ad hoc amendments	High

Investment strategy implementation

Objective	Timescale/Frequency	Importance
Recommend appropriate investment managers and/or funds/vehicles/platforms to implement the investment strategy that are consistent with the Trustees' agreed strategy and their Aims, Beliefs and Constraints.	As required	High
Assist the Trustees to implement their strategy efficiently through manager fee negotiations and periodic benchmarking of fees	As required	Medium
Help the Trustees to transition any assets between investment managers on a cost-effective and risk-managed basis	As required	High
Arrange the implementation of asset transitions in a timely manner following advice, ensuring Trustees are given sufficient notice of their responsibilities	To be agreed following receipt of strategic advice	Medium
Advise on the appropriate construction/design of the Scheme's LDI portfolio/benchmark	As required, but at least once every three years	High

Monitoring the investment strategy and investment managers

Objective	Timescale	Importance
Help the Trustees to design an appropriate framework to track progress against their strategic objectives	As required	High
Provide reports monitoring the performance of the Scheme's investments relative to the strategic objectives and also the performance of the Scheme's investment managers and any direct investment relative to their own benchmarks/targets.	Quarterly	Medium
Produce investment monitoring reports on a timely basis	At least one week before scheduled meeting (or as agreed)	Medium
Make the Trustees aware promptly of any significant changes at an investment manager or fund that result in a change of manager rating for that investment manager or fund	As required	Medium

Ongoing service standards

Objective	Timescale	Importance
Governance		
Review and update as appropriate the Scheme's Statement of Investment Principles	As required (at least every 3 years)	Medium
Advise the Trustees of any actions they need to take to ensure compliance of the Scheme's investment arrangements with developments in legislation, regulation and guidance	As required	High
Provide input into, and draft, investment commentary for the Scheme's annual report & accounts	Annually	Low
Training		
Provide training to enable the Trustees to take sufficiently informed investment decisions	As required or requested	Medium
Proactivity		
Advise the Trustees promptly on new investment opportunities or emerging risks	As required	Medium
Advise the Trustees on opportunities to mitigate or transfer risks	As required	Medium
Relationship management		
Communicate advice clearly using plain English	Ongoing	High
Produce investment advice and any other briefing papers in advance of Trustee meetings and on a timely basis, wherever possible – it is noted that sometimes ad hoc investment advice may be tabled at a	At least a week in advance of each trustee meeting	Medium

meeting, or delivered shortly before		
Charge fees only in line with agreements	Ongoing	High
Maintain appropriate quality and accuracy of work to meet the needs and requirements of the Scheme	Ongoing	High
Work collaboratively with other advisers and provide effective support to Trustees when engaging with other stakeholders	Ongoing	Medium
Appropriate management and mitigation of any conflicts of interest	Conflicts to be declared as and when they emerge	Low
Provide reasonable support to the Trustees in reviewing BW's performance versus these objectives.	Annually	Medium
Provide the calculations and data necessary for the scheme to submit its Scheme Return and PPF levy calculation	Annually	Medium

Appendix 3 - Financially material considerations, non-financial matters, the exercise of voting rights, and engagement activities

Policy on financially material considerations

The Trustees have received training from their investment advisors on the financial materiality of environmental, social and governance ("ESG") issues, including climate change, within their investment strategy. The Trustees considered the research findings presented when forming their views on the financial materiality of ESG factors as they apply to the Scheme's current investments.

The Trustees believe that ESG factors, including but not limited to climate change, are financially material – that is, they have the potential to impact the value of the Scheme's investments over the lifetime of the Scheme (which is expected to be greater than ten years). The Trustees appreciate that the extent and method of incorporating ESG within an investment strategy and process will differ between asset classes.

The views of the Trustees on ESG factors are considered separately for each asset class the Scheme is invested in as follows:

Passive equities – The Trustees believe that ESG factors will be financially material to the risk-adjusted returns of the Scheme's passive equity portfolio. The Scheme's passive equity holdings with SSIM track the MSCI ACWI Climate Paris Aligned Ex Fossil Fuel & BISR Custom Index. This index takes into account the current ESG score (based on MSCI scoring methodology) and the ESG trend of underlying companies (i.e. whether the ESG score of the underlying company increased, decreased or remained unchanged). The index is weighted towards companies with higher ESG scores and/or companies with an increasing ESG score. The Scheme's current passive manager, SSIM, is a large and long-term investor, and engages with companies (including those in the indices that the Scheme invests in) on matters including wider ESG factors and climate change on a regular basis.

LDI and money market – the Trustees believe there is minimal scope for ESG issues to improve risk-adjusted returns in these asset classes because of the high level of exposure to government bonds and swaps within the LDI holdings; and the short-term nature of the assets within money market funds.

Multi asset growth funds – the Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's multi-asset growth fund managers. The investment managers should take ESG into account in the selection, retention, and realisation of investments.

The Trustees have elected to invest the Scheme's assets through pooled funds. The choice of underlying funds is made by the Trustees after taking advice from their investment consultant. The Trustees, and the managers of the underlying funds, take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

The Trustees take those factors into account in the selection, retention and realisation of investments as follows:

- The Trustees will assess the investment managers' ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels. When selecting new investments, an investment manager's excellence in relation to these considerations will not take precedence over other factors, including (but not limited to) historical performance or fees.

The Trustees will monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.

The Trustees will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme's investments.

The Trustees will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustees will obtain training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees may use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- the Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.

Policy on non-financially material considerations

The Trustees have a desire to minimize exposure to companies involved in armaments, tobacco, gambling and pornography. The use of pooled funds limits the extent to which exposure to armaments, tobacco, gambling and/or pornography is avoidable, but the pooled funds have been chosen to help limit this exposure. Within the funds currently held, the estimated exposures (as at 30 September 2023) were as follows:

Fund	Armaments	Tobacco	Gambling	Pornography
State Street All World Climate Paris Aligned ex-Fossil Fuel Index Equity Sub-Fund	1.10%	0.44%	0.28%	0.00%
Troy Trojan Ethical Fund	0.00%	0.00%	0.00%	0.00%
M&G Sustainable Multi Asset Fund	0.00%	0.00%	0.00%	0.00%
CT Global Absolute Return Bond Fund	0.24%	0.05%	0.83%	0.02%

Whilst the Trustees have not set any constraints when setting investment strategy and/or when selecting or reviewing fund managers, the Trustees have agreed to keep these areas under review and may amend their policy further in due course.

Other than this, the Trustees do not take into account non-financial matters such as the Scheme members' and beneficiaries' views on ethical considerations, social and environmental impact, or present and future quality of life of members and beneficiaries of the Scheme in the selection, retention and realization of investments. The Trustees will review this policy periodically.

Policy on engagement and voting rights

The Trustees believe that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns.

As an investor in pooled funds, the Trustees delegate responsibility for engagement activities attaching to the Scheme's investments to its investment managers. Managers are expected to exercise voting powers with the objective of preserving and enhancing long-term stakeholder value. The Trustees will monitor how these delegated powers are exercised by the managers.

The Trustees will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant.

The Trustees also expect managers to engage with key stakeholders (which may include issuers of debt or equity, corporate management, regulators, and governance bodies) relating to their investments in order to improve corporate behaviours and governance, improve performance and social and environmental impact and to mitigate financial risks. Investment managers will be asked to provide details of their stewardship policy and engagement activities at least on an annual basis.

In selecting and reviewing their investment managers, where appropriate and applicable, the Trustees will consider the investment managers' policies on stewardship and engagement and how those policies have been

implemented. However, an investment manager's excellence in this area will not take precedence over other factors, including (but not limited to) historical performance and fees.

The Trustees acknowledge the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

Given the nature of the Employer, the possibility of an investment manager investing into the Employer on the Scheme's behalf, does not arise.

Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustees have made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

Conflicts of interest

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflict of interest.

The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees/investment manager and the investee companies.

Aligning the investment strategy and decisions of the asset manager with the Trustee's investment policies

Prior to appointing an investment manager, the Trustees consider the investment manager's approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how their policies are aligned with the Trustees' own investment beliefs.

When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

The Trustees carry out an investment strategy review periodically where they assess the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.

In the event that an investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be reviewed. The investment managers have been informed of this by the Trustees.

Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments about medium to long-term financial and non-financial considerations

The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, the Trustees recognise that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustees acknowledge this in their investment management arrangements.

When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over a rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

The Trustees expect investment managers to be voting and engaging on behalf of the Scheme's holdings and the Trustees monitor this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

The Trustees monitor the performance of their investment managers over medium to long term periods that are consistent with the Trustees' investment aims, beliefs and constraints.

The Scheme invests exclusively in pooled funds. The investment managers are remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less. Details of the fee structures for the Scheme's investment managers are contained in the Fee arrangements section in Appendix 1.

The Trustees believe that this fee structure enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

The Trustees ask the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered regularly as part of the review of the Statement of Investment Principles.

How the Trustees monitor portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range

The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.

During the investment manager appointment process, the Trustees may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

The Trustees acknowledge that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

The duration of the arrangement with the investment manager

For the open-ended pooled funds in which the Scheme, there are no predetermined durations for of the agreements with the investment managers. The Scheme first invested with SSIM in July 2011, with CT in March 2018, and with both Troy and M&G in December 2023.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed periodically, or when a change in circumstances makes it appropriate to do so. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

UN Principles of Responsible Investment and UK Stewardship Code

Before considering any new mandate, the Trustees will require the manager to be a signatory to the United Nations supported Principles for Responsible Investment (PRI). At time of writing, all of the Scheme's investment managers are PRI signatories where applicable.

The Trustees are supportive of the UK Stewardship Code published by the Financial Reporting Council and expects the Scheme's investment managers to have corporate governance policies in place which comply with these principles.