

Triumph International Pension Scheme

Statement of Investment Principles

March 2025

Triumph International Pension Scheme

March 2025Contents

1	Introduction	3
2	Scheme Governance	4
3	Defined Benefit (DB) Investment Objectives	4
4	Defined Benefit Investment Strategy	4
5	Defined Benefit Strategy Implementation	5
6	Defined Contribution and AVC Investment Objectives	5
7	Defined Contribution and AVC Investment Strategy	6
8	Defined Contribution - default arrangement	7
9	Defined Contribution and AVC Strategy Implementation	8
10	Monitoring	8
11	Fees	9
12	Risks	10
13	Other Issues	12
	Appendix A - Responsibilities	15
	Appendix B - Defined Contribution and AVC Fund Options	17

1 Introduction

This document constitutes the Statement of Investment Principles (the 'SIP') required under Section 35 of the Pensions Act 1995 for the Triumph International Pension Scheme (the 'Scheme'). It describes the investment policy being pursued by the Trustees of the Scheme (the 'Trustees') and is in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK (the 'Myners Principles') and TPR's Investment Guidance for defined benefit schemes. This SIP also reflects the requirements of Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Code of Practice in relation to governance of DC pension schemes issued by the Pensions Regulator in July 2016.

The Scheme Actuary is William Wolfenden of XPS Pensions, the Investment Adviser is Schroders Solutions (a division of Schroders IS Limited (SISL)) and the Legal Adviser is Burges Salmon (collectively termed the 'Advisers').

The Trustees confirm that, before preparing this SIP, they have consulted with Triumph International Limited (the 'Sponsoring Employer') and the Scheme Actuary and have obtained and considered written advice from the Investment Adviser. The Trustees believe the Advisers to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the Scheme requires.

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

In accordance with the Financial Services & Markets Act 2000 ('FSMA'), the Trustees set general investment policy, but have delegated the day-to-day investment of the Scheme's Defined Benefit ('DB') assets to the Fiduciary Management service of Schroders Solutions, hereafter referred to as the 'DB Investment Manager'.

The Trustees have delegated the day-to-day investment of the Scheme's Defined Contribution ('DC') assets to Legal & General Investment Management ('LGIM'), hereafter referred to as the 'DC Investment Manager' and the Scheme's Additional Voluntary Contributions ('AVCs') to LGIM and Standard Life Assurance Limited, hereafter referred to as the 'AVC Investment Managers'. The DC and AVC Sections closed to new contributions in 2005. The DB, DC and AVC Investment Managers are hereafter referred to as the 'Investment Managers'.

The Investment Managers are authorised under the FSMA and provide the expertise necessary to manage the investments of the Scheme.

Declaration

The Trustees confirm that this Statement of Investment Principles reflects the investment strategy they have implemented for the Scheme. The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.

SignedDate

For and on behalf of the Trustees of the Triumph International Pension Scheme.

2 Scheme Governance

The Trustees are responsible for the governance and investment of the Scheme's assets. The Trustees consider that the governance structure set out in this SIP is appropriate for the Scheme as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Managers or the Advisers as appropriate. The responsibilities of each of the parties involved in the Scheme's governance are detailed in Appendix A.

The Trustees believe that they should be collectively involved in the investment decision-making and have therefore decided not to appoint an Investment Sub-Committee to deal with investment matters.

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

3 Defined Benefit (DB) Investment Objectives

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

1. The acquisition of suitable assets, having due regard to the risks set out in Section 12 of this statement, which will generate income and capital growth to pay, together with contributions from members and the Sponsoring Employer, the benefits which the Scheme provides as they fall due.
2. To limit the risk of the assets being assessed as failing to meet the liabilities over the long term having regard to any statutory funding requirement.

In September 2021 the Trustees took the opportunity to fully insure members' DB Section benefits with L&G thereby transferring all investment risk away from the Sponsoring Employer. As such, there are limited remaining investment assets and those that do remain are illiquid and are in the process of being sold down. As such there is currently no return-related objective set by the Trustees.

The objectives of the Scheme are not framed relative to the performance of any other pension funds.

4 Defined Benefit Investment Strategy

4.1 General Policies

The Trustees have delegated the investment of the Scheme assets to the Investment Manager, which has discretion to invest the Scheme assets in underlying securities and funds, either directly or through the use of other investment managers (hereafter referred to as the 'Underlying Managers') to run the portfolio on a day-to-day basis.

The DB Investment Manager shall not be deemed to have breached the restrictions set out in the formal Investment Management Agreement (IMA) if the price or value of any part of the portfolio changes solely as a result of market movements but in such circumstances the DB Investment Manager shall take reasonable steps to bring the portfolio back within the restrictions set out in the IMA, unless otherwise agreed with the Trustees.

In September 2021 the Trustees took the opportunity to fully insure members' DB Section benefits with L&G thereby transferring all investment risk away from the Sponsoring Employer. As such, there are limited remaining investment assets and those that do remain are illiquid and are in the process of being sold down.

4.2 Diversification, Mandate Definition and Constraints

In September 2021 the Trustees took the opportunity to fully insure members' DB Section benefits with L&G. As such, there are limited remaining investment assets and those that do remain are illiquid and are in the process of being sold down.

The Trustees are clear about the importance of diversification, however this will be impacted by the order in which the remaining illiquid assets can be sold.

4.3 Suitability

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

5 Defined Benefit Strategy Implementation

The Trustees employ the DB Investment Manager to manage the DB assets of the Scheme. In September 2021 the Trustees took the opportunity to fully insure members' DB Section benefits with L&G. As such, there are limited remaining investment assets and those that do remain are illiquid and are in the process of being sold down.

5.1 Mandates and Performance Targets

The Trustees have received advice on the appropriateness of the DB Investment Manager's targets, benchmarks and risk tolerances from the Advisers and believe them to be suitable to meet the Scheme's investment objectives. The DB Investment Manager has been mandated by the Trustees to manage the investments in a particular way, and details of these mandates are given in the IMA.

5.2 Derivatives

Derivative instruments are no longer permitted in the DB Section's asset portfolio following the decision to insure members' DB Section benefits.

6 Defined Contribution and AVC Investment Objectives

The Trustees' objectives are to:

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

The member's retirement benefits depend on:

- i. The level of contributions made by or in respect of the member
 - ii. Investment returns achieved.
 - iii. The choice of pension taken at retirement.
- Review, in conjunction with the Investment Advisers, by means of discussion with the DC and AVC Investment Managers, any fund option offered to members that either underperforms its benchmark over a significant timeframe or carries a level of risk to the security of the investment which may be thought to be unreasonable in the context of the Scheme's investment objectives. There will be no obligation to make any changes to the range of funds offered to members as part of such a review.

7 Defined Contribution and AVC Investment Strategy

Having considered advice from the Advisers, and also having due regard for the objectives and the members of the Scheme, the Trustees have made available a number of funds and a default arrangement managed by LGIM for members of the DC Section.

In addition a number of funds are available for AVC members managed by LGIM and Standard Life Assurance Limited. Members can choose to invest their existing contributions in one or more of the investment options. However, the DC and AVC Sections are closed to new contributions. The Trustees will ensure that each member's investments are invested within the required timescales in accordance with the fund options selected by the member.

7.1 Investment Options

A range of funds has been made available to provide individual members with a choice of asset classes and regions. The Scheme assets are all on regulated markets and restrict investment in the employer's business to 5%. Further details of the investment options available are shown in Appendix B.

7.2 Expected Return

The Trustee considered the expected returns of the investment strategy (including the default) in constructing a number of benchmarks to assess performance against. These benchmarks may change from time to time. More details are set out in Appendix B.

7.3 Diversification

The choice of investment options for members is designed to ensure that they are able to choose investments that are adequately diversified and suitable for their profile. The Trustees monitor the strategy regularly to ensure that they are comfortable with the choice of funds offered to members.

7.4 Active and Passive Management

The Trustees have considered the use of both active and passive management in both the DC Section and AVC Section. The funds offered are all actively managed.

7.5 Suitability

The Trustees have taken advice from the Advisers that the range of investment options offered to members is suitable. Members are responsible for choosing which of the funds is most appropriate, based on their own individual circumstances.

7.6 Security of assets

The Trustees ensure that the Scheme's assets are held securely on behalf of members.

8 Defined Contribution - default arrangement

8.1 Aims and objectives of the default strategy

The Trustees' aims and objectives in relation to the default strategy are to support members' investment needs where members before the closure of the DC Section, did not specify where they would like their contributions to be invested. The Trustees recognise that these investment needs may change during the course of members' working lives and therefore a key objective for the default strategy is to provide a pension plan which is designed to deliver valuable benefits in retirement.

The default arrangement is "lifestyled". A lifestyled arrangement automatically switches the members' investment between one or more of the funds as the member approaches retirement to reflect the changing nature of the risks faced as retirement nears. A description of the funds used in the default arrangement can be found in Appendix B.

8.2 Trustee policies in relation to the default strategy

i. The kinds of investment to be held

ii. The balance between different kinds of investments

The kinds of investments within the default strategy and balance between them are designed to be adequately diversified and suitable. See sections 7.3, "Diversification" and 7.5, "Suitability", which cover both the default and the scheme as a whole, for more details.

iii. Risks (including the ways in which risks are to be measured and managed)

Risks applicable to the Scheme as a whole are shown in section 12, "Risks". All of the risks shown, including how they are measured and managed, are relevant to the default strategy.

iv. Expected return on investments

The Trustee's policy on expected return is considered in section 7.2 "Expected Return", which covers both the default strategy and the investment strategy as a whole. Target objectives for each fund used within the default strategy can be found in Appendix B.

v. Realisation of investments

Liquidity is considered in section 12, "Risks", which covers both the default strategy and the investment strategy as a whole.

vi. Environmental, Social and Governance ("ESG" considerations)

The extent to which the Trustees consider ESG issues within the default strategy is shown in Section 13 "Other Risks", which covers both the default strategy and the investment strategy as a whole.

vii. Exercise of rights (including voting rights) attaching to the investments

The extent to which the Trustees consider the exercise of rights within the default strategy is shown in Section 13 "Other Risks", which covers both the default strategy and the investment strategy as a whole.

8.3 Best interests of members and beneficiaries

In designing the default strategy, the Trustee carried out a comprehensive review of the previous default strategy and alternatives (in conjunction with the Investment Adviser), with a key focus on member needs and outcomes. The Trustee believes the default strategy is in the best interest of members and beneficiaries, and undertakes periodic reviews on the suitability of the strategy.

9 Defined Contribution and AVC Strategy Implementation

9.1 DC and AVC Investment Managers

Following advice from the Advisers, the Trustees have appointed LGIM to provide the pooled funds that make up the Scheme's fund options for the DC Section. Pooled funds managed by LGIM and Standard Life Assurance Limited are used for the Scheme's AVC options.

9.2 Defined Contribution and AVC Fund Options

The range of funds offered to members was chosen from those offered by the DC Investment Manager and AVC Investment Managers to give members a diversified range of pooled investments from which they can select according to their individual circumstances. The funds available to members are detailed in Appendix B.

9.3 Investment of Contributions for Defined Contribution and AVC Section Members

No contributions are permitted under the AVC and the DC Sections.

9.4 Performance Objectives

The funds' benchmarks are detailed in Appendix B.

9.5 Communication with members

The Trustees provide ongoing communications throughout the membership period, when a member takes benefits from the scheme or when changes are made to investment options.

10 Monitoring

10.1 Investment Managers

The Trustees, or Advisers on behalf of the Trustees, will monitor the performance of the Investment Managers against the agreed performance objectives.

The Trustees, or the Advisers on behalf of the Trustees, will regularly review the activities of the Investment Managers to satisfy themselves that the Investment Managers continue to carry out their work competently and have the appropriate knowledge and experience to manage the assets of the Scheme.

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

- In a manner to ensure the security, quality, liquidity and profitability of the fund
- In a manner appropriate to the nature and duration of the expected future retirement benefits of the scheme
- Having regard to the need for diversification in the choice of investments for the scheme
- Making sure that the scheme assets are invested mainly in regulated markets.
- Have been exercising their powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.

The Investment Managers are appointed to carry out their roles on an ongoing basis. The Trustees plan to retain its Investment Managers for the long term but will keep this under review. Changes in investment strategy or changes in the view of the Investment Managers can lead to the duration of the arrangement being shorter than expected. If the Trustees are not satisfied with an Investment Manager they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustees' requirements, the Trustees will remove that Investment Manager and appoint another.

10.2 Advisers

The Trustees will monitor the advice given by the Advisers on a regular basis.

10.3 Trustees

The Trustees maintain a record of all decisions taken, together with the rationale in each case.

11 Fees

11.1 Investment Managers

The Trustees will ensure that the fees paid to the Investment Managers are consistent with levels typically available in the industry and the nature of services provided.

Defined Benefit – Schroders Solutions

The current fee basis for the DB Investment Manager is specified in the IMA.

Defined Contribution Section – LGIM

The current fee basis for the DC Section is specified in an advice letter produced by the Schroders Solutions for the Trustees in August 2017.

AVC Section – LGIM and Standard Life Assurance Limited

The current fee basis for the AVC Section is specified in an advice letter produced by the Schroders Solutions for the Trustees in August 2017.

11.2 Advisers

Fees paid to the Advisers are based on actual time spent and hourly rates for relevant individuals, unless the Trustees and the Advisers agree alternative arrangements in advance.

11.3 Trustees

The Sponsoring Employer meets the costs for the appointed professional trustee. No other Trustees are paid for their role.

12 Risks

The Trustees recognise a number of risks involved in the investment of the DB assets of the Scheme. Given the Trustees have taken the opportunity to fully insure members' DB Section benefits with L&G, there are limited residual holdings within the DB Section. The remaining assets are illiquid and are being redeemed as quickly as possible. The Trustee has limited further ability to manage this risk as a result, but these assets are expected to be in excess of the required premium paid to L&G to insure the benefits. These risks, and how they are measured and managed, include:

- i. **Country risk** – the risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across a number of countries. However, this will be impacted by the order in which the remaining illiquid assets can be sold.
- ii. **Concentration risk** – the risk of an adverse influence on investment values from the concentration of holdings. This is an unavoidable risk given all the Scheme's assets are being redeemed for cash as soon as is possible given their liquidity terms.
- iii. **Mismanagement risk** – the risk of unsuitable investment activity by the Investment Managers. This is addressed in the agreement with the DB Investment Manager, and in turn by the DB Investment Manager with the Underlying Managers, which contain restrictions on the proportion and type of asset classes that the DB Investment Manager or Underlying Managers may invest in.
- iv. **Default risk** – the risk of income from assets not being paid when promised. This is addressed through restrictions for the Investment Managers and Underlying Managers, e.g. a minimum credit rating of the bonds they are allowed to buy and also a high proportion of the bonds held are government bonds which have little default risk.
- v. **Organisational risk** – the risk of inadequate internal processes leading to problems for the Scheme. This is addressed through regular monitoring of the Investment Managers and Advisers by the Trustees, and of the Underlying Managers by the Investment Managers.
- vi. **Sponsor risk** – the risk of the Sponsoring Employer ceasing to exist. However, this risk is reduced and mitigated following the decision to insure member benefits with L&G while a monetary guarantee remains in place with the parent of the Sponsoring Employer. The Trustees regularly review the covenant of the Sponsoring Employer.
- vii. **ESG risk** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by the DB Investment Manager's ESG assessment at the point of investment with Underlying Managers.

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

- i. **Inflation risk** – the risk that the purchasing power of their investment accounts is not maintained. To try and manage this risk, the Trustees have made available in both the DC Section and the AVC Section a fund which will aim to achieve a return above the rate of inflation.
- ii. **Conversion risk** – the risk that the value of pension benefits that can be purchased by or drawn from a given defined contribution amount is not maintained. This risk cannot easily be mitigated as it depends on market conditions ahead of retirement, and the member's retirement income decisions (i.e. annuity purchase, income drawdown and encashment). Relative to the higher expected risk/return options, these options reduce the risk of large asset value falls adversely impacting the size of pension afforded by those close to retirement.
- iii. **Capital risk** – the risk that the value of the assets taken as cash is not maintained. This could be due to the impact of any of the risks above and is addressed within the default which transitions into cash 3 years from retirement such that members are fully invested in cash at retirement.

- iv. Retirement asset mismatch risk** - the risk that members close to retirement are invested in assets not best suited to the way they intend to use their pension pot at retirement. For example, longer dated gilts might be suitable for a member intending to buy an annuity but, with the potential to be a fairly volatile asset class, might not be suitable for a member intended to take their pot as a lump sum. Similarly, investing in cash would be the best way to seek capital protection but would expose a member intending to buy an annuity to annuity purchase risk. The at retirement asset mix (i.e. funds chosen at retirement which most suitably meet member objectives) within the default arrangement in the DC Section has been chosen by the Trustees and is considered to be appropriate for member needs.
- v. Communication risk** – the risk that communication to members is misleading or unclear and leads to inappropriate decisions being made. This is addressed through the Trustees receiving advice from the Advisers and regular monitoring and updates, where appropriate, of member communications.
- vi. Inappropriate member decision** – the risk that members make inappropriate decisions regarding their investments. This is addressed where possible through communication to members and the recommendation that members seek independent financial advice.
- vii. Value for member risk** – the risk that the Scheme fails to offer value for members.
- viii. Liquidity risk** – the risk that members are not able to realise the value of their funds when required. The Trustee has addressed this risk by not offering funds which are considered illiquid.
- ix. ESG risks** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by ESG assessment at the point of investment with the Managers where applicable, or by requesting information on the ESG policies, adopted by the Managers.

There are also other risks in addition to the above which are considered by the Trustees, for example, mismatching risk, manager risk and concentration risk.

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

There is no single investment option that best manages all of these risks. For example, fixed interest and index-linked securities are useful for managing pension purchase risk, while cash is useful for managing capital risk.

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

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

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

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

13 Other Issues

13.1 Defined Benefit Statutory Funding Requirement

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

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

13.2 Corporate Governance and Stewardship Policy

DB Scheme

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

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

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

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

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

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

The DB Investment Manager undertakes regular reviews of all Underlying Managers. These reviews incorporate benchmarking of performance and fees, with some managers on performance-related fees as well as performance reviews (including understanding key drivers of performance), investment due diligence meetings and operational due diligence reviews. The DB Investment Manager reviews the governance structures of Underlying Managers, as well as assessing

whether their fees, expenses (and any other charges) are in line with industry peers at inception and from time to time whilst invested.

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

The Trustees acknowledge the inherent potential for conflicts of interest which exist as part of ongoing Investment management business activities. As an FCA regulated firm, the DB Investment Manager is required to prevent or manage conflicts of interest. Where Underlying Managers are also regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of incorporation or operations. The DB Investment Manager directly monitors these as part of their regulatory filings (where available), the DB Investment Manager also monitors this as part of ongoing review. The DB Investment Manager's Conflict of Interest policy has been shared with the Trustees.

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

DC Section

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

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

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

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

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

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

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

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

The Trustees do not monitor portfolio turnover cost in detail. However, in future the Trustees may ask managers to report on portfolio turnover costs.

The Trustees consider portfolio turnover costs indirectly through consideration of transaction cost data as part of the annual Value for Members' ("VFM") assessment. Though the Trustees do not currently define target portfolio turnover ranges for funds, they will engage with managers if the portfolio turnover is higher than expected as a result of the monitoring undertaken.

13.3 Financially material investment considerations

These considerations which include the "Risks" outlined in Section 12 can affect the long-term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as "ESG") where relevant. The Trustees delegate consideration of financially material factors to the Investment Managers who consider these when constructing the portfolio, including looking at Underlying Managers. All references to ESG relate to financial factors only. All references to ESG also include climate change.

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

13.4 Non-financial matters

The Trustees do not at present take into account non-financial matters (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions. This is because of the challenges in creating a single definition on any specific ethical matter that is aligned to all members. However, the Trustees review the exposure of Scheme assets to several ethical risks on a quarterly basis and will review their policy periodically.

13.5 Realisation of Assets

In September 2021 the Trustees took the opportunity to fully insure members' DB Section benefits with L&G. However, prior to this the DB Investment Manager was restricted to only hold up to 20% of on-risk assets in illiquid investments (as defined in the Investment Management Agreement), which the Trustees acknowledge can take additional time to realise. The Trustees considered this risk against the possibility of needing to realise these assets and were comfortable it is a reasonable approach to take. Following the transaction with L&G, there are limited remaining investment assets and those that do remain are illiquid and are in the process of being sold down.

13.6 Custody

Through the Schroders Solutions fiduciary management service, the Scheme's assets are held on behalf of the Trustees by a Custodian, currently CACEIS Bank. Although the Trustees have a direct contractual relationship with the Custodian, the appointment and monitoring of the Custodian is delegated to the DB Investment Manager through the bespoke fiduciary management service.

13.7 Illiquid Assets

The Trustee does not at present invest in illiquid assets in the default arrangement. The Trustee does not believe it is appropriate to invest in illiquid assets, given the Scheme is closed to new members. Currently, the Trustee does not plan to invest in illiquid assets but will keep this policy under review.

Appendix A - Responsibilities

Trustees

The Trustees of the Scheme are responsible for, amongst other things:

- i. Determining the investment objectives of the Scheme and reviewing these from time to time.
- ii. Agreeing an investment strategy designed to meet the investment objectives of the Scheme.
- iii. Reviewing regularly the content of this SIP and modifying it if deemed appropriate, in consultation with the Advisers and the Sponsoring Employer.
- iv. Reviewing the suitability of the investment policy following the results of each actuarial or investment review, in consultation with the Advisers.
- v. Reviewing, at least triennially, the investment policy for the Defined Contribution Section and the AVC Section including assessing the continued appropriateness of the range of funds (and structuring of funds) from which members may choose to invest.
- vi. Reviewing the extent to which the return on investments relating to the default arrangement (after deduction of any charges and transaction costs relating to those investments) is consistent with their aims and objectives for the default arrangement.
- vii. Assessing the quality of the performance and process of the Investment Managers by means of regular reviews of the investment results and other information, by way of meetings and written reports, in consultation with the Advisers.
- viii. Appointing and dismissing the Investment Managers and custodians in consultation with the Advisers.
- ix. Assessing the ongoing effectiveness of the Advisers.
- x. Consulting with the Sponsoring Employer when reviewing investment policy issues.
- xi. Monitoring compliance of the investment arrangements within this SIP on an ongoing basis.
- xii. Advising the Advisers of any changes to Scheme benefits and significant changes in membership.

Investment Managers

The Investment Managers will be responsible for, amongst other things:

- i. At their discretion, but within any guidelines given by the Trustees, implementing changes in the asset mix and selecting and undertaking transactions in specific investments within each asset class to achieve the stated objective.
- ii. For the Defined Contribution Section and AVC Section, providing administration on behalf of the Trustees, including investment in members' chosen funds, implementation of any lifestyle option and providing information to members and the Trustees in the agreed format.
- iii. Providing the Trustees with sufficient information each quarter to facilitate the review of its activities, including:
 - A report of the strategy followed during the quarter.
 - The rationale behind past and future strategy.
 - A full valuation of the assets and a performance summary.
 - A transaction report and a cash reconciliation report (if requested).
- iv. Informing the Trustees immediately of:
 - Any breach of this SIP that has come to their attention.
 - Any serious breach of internal operating procedures.
 - Any material change in the knowledge and experience of those involved in managing the Scheme's investments.

- Any breach of investment restrictions agreed between the Trustees and the Investment Managers from time to time.

Investment Adviser

The Investment Adviser will be responsible for, amongst other things:

- i. Participating with the Trustees in reviews of this SIP.
- ii. Advising the Trustees how any changes within the Scheme's benefits, membership and funding position may affect the manner in which the assets should be invested.
- iii. Advising the Trustees of any changes in the Scheme's Investment Managers that could affect the interests of the Scheme.
- iv. Advising the Trustees of any changes in the investment environment that could either present opportunities or problems for the Scheme.
- v. Undertaking reviews of the Scheme's investment arrangements including reviews of the asset allocation policy and the current Investment Managers, and selection of new managers, as appropriate.

Scheme Actuary

The Scheme Actuary will be responsible for, amongst other things:

- i. Liaising with the Investment Adviser on the suitability of the Scheme's investment strategy.
- ii. Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.
- iii. Commenting on the appropriateness of the investment strategy relative to the liabilities of the Scheme at the triennial valuations.
- iv. Advising the Trustees and Investment Adviser of any changes to contribution levels and funding level.

Custodian

The Custodian will be responsible for, amongst other things:

- i. Safe-keeping and administration of all the directly held assets.
- ii. Collecting income from assets and transferring it to the Trustees.
- iii. Processing all tax reclaims in a timely manner.
- iv. Reconciling records of assets held with those of the Investment Managers.

Legal Adviser

The Legal Adviser will be responsible for, amongst other things:

- i. Liaising with the Trustees to ensure legal compliance including those in respect of investment matters.

Appendix B - Defined Contribution and AVC Fund Options

Defined Contribution Fund Options

The specific investment funds available to members who wish to construct their own portfolio of funds are set out in the table below.

Manager	Brief	Fund	Proportion	Benchmark	Tracking Error
LGIM	Active	Multi Asset Fund	As required by lifestyling or individual instruction (as appropriate)	No explicit benchmark. Comparator is the ABI Mixed Investment 40-85% Shares Sector	Non prescribed but see below*
	Active	Cash Fund	As required by lifestyling or individual instruction (as appropriate)	SONIA	Non prescribed

*This fund does not have an explicit tracking error but relies on the tracking errors applicable to its underlying funds in the proportions in which they make up the Fund.

AVC Fund Options

The specific investment funds available to members who wish to construct their own portfolio of funds are set out in the table below.

Manager	Brief	Fund	Proportion	Benchmark	Tracking Error
LGIM	Active	Multi Asset Fund	As instructed by individual	No explicit benchmark. Comparator is the ABI Mixed Investment 40-85% Shares Sector	Non prescribed but see below*
	Active	Cash Fund	As instructed by individual	SONIA	Non prescribed
Standard Life Assurance Limited	Active	Pension Millennium With Profits Fund	As instructed by individual	Not stated	Non prescribed
	-	Pension With Profits Fund	As instructed by individual	Not stated	Non prescribed
	-	Pension Inflation Plus Fund	As instructed by individual	Retail Price Index (RPI)	Prices typically lagged by 3 months

*This fund does not have an explicit tracking error but relies on the tracking errors applicable to its underlying funds in the proportions in which they make up the Fund.