The Bank of New York Pension Plan ('the Plan')

Chair's Statement of DC Governance for the period from 1 Janaury 2023 to 31 December 2023

Governance requirements apply to defined contribution ('DC') pension arrangements, to help members achieve a good outcome from their pension savings. The Trustee of the Bank of New York Pension Plan ('the Plan') is required to produce a yearly statement (which is signed by the Chair of Trustee) to describe how these governance requirements have been met in relation to:

1. the investment options in which members' funds are invested, including the net return on investments for each default arrangement and self-select fund (including those used historically that still hold assets) and the asset allocation of each default arrangement;
2. the requirements for processing core financial transactions;
3. the charges and transaction costs borne by members;
4. an illustration of the cumulative effect of these costs and charges;
5. assessing the value for members in relation to charges and transaction costs borne by members, and
6. Trustee Knowledge and Understanding (TKU) in relation to individual Trustees and the Board as a whole.

The sponsoring employer of the Plan, The Bank of New York Mellon, decided in 2022 to combine the Trustee Board of the Plan with another pension scheme they sponsor, the Mellon Retirement Benefit Plan. Both pension schemes are now governed by a Joint Trustee Board.

This statement covers The Bank of New York Pension Plan for the period of 1 Janaury 2023 to 31 December 2023.

It is a regulatory requirement to publish certain parts of this statement online and for members' attention to be drawn to it in annual benefit statements. The entire Chair Statement can be found on https://epa.towerswatson.com/doc/BNY/bny-mellon-chairs-statement--.pdf.

1. Default investment arrangements

The Plan's current default investment strategy is designed to be suitable for members who do not actively choose an investment option. The Trustee is responsible for the governance of the default investment strategy which includes setting and monitoring its investment strategy.

The Trustee has decided that the default investment strategy should be a lifestyle strategy, which means that members' contributions are automatically moved between different funds as they approach their selected retirement date.

The main investment aims, objectives and policies governing the default investment strategy are:

- To invest contributions in the best interests of members and their beneficiaries; and
- To provide good member outcomes at retirement while subject to a level of investment risk, which is appropriate to the majority of members who do not make active investment choices.

The latest Statement of Investment Principles ('SIP') for the Plan is attached in Appendix 2 and gives more information about the default investment strategy. The SIP was last updated in July 2024. The updated SIP includes wording on the Trustee's view on the inclusion of illiquid assets within the Plan, in line with regulatory requirements.

Review of the default investment strategy

The Trustee regularly monitors the investment performance of the default investment strategy and formally reviews both the investment performance against the default investment strategy objectives and the suitability of the investment strategy at least every three years. The investment performance of the relevant funds is shown in Appendix 3 below.

The Trustee believes that the default arrangement should ensure that assets are invested in the best interests of the majority of members. The Trustee believes that the Plan's default investment strategy is suitable because it:

- Manages the principal investment risks members face during their membership of the Plan;
- Maximises investment returns relative to inflation while taking an appropriate level of risk during membership of the Plan for the majority of members who do not make investment choices; and
- Reflects members' likely benefit choices at retirement.

No formal review of the performance and suitability of the default investment strategy was undertaken during the Plan year. However, the Trustee monitored the performance of the strategy on a quarterly basis and held two Investment Focussed meetings during the year which examined different stages of the default investment strategy in more detail. These reviews included an analysis of fund performance to check that the risk and return levels continued to meet expectations and concluded that the default investment strategy was performing broadly as expected and was consistent with the aims and objectives of the default as stated in the SIP. The Trustee regularly meets with the investment managers within the Plan to ensure due dilligence is carried out on their decision making process and to query any periods of underperformance.

The last full review of the default arrangement was completed on 31 January 2022 and the next review is due to be completed by 31 January 2025. The Trustee will be completing a formal review of the Plan's default strategy and self-select fund range in the next Plan year.

Following the last review in January 2022, the Trustee agreed to change the retirement outcome that the default investment strategy targets from annuity purchase to income drawdown. The Trustee believes that this target is more consistent with how the Plan members are expected to take their benefits at retirement.

The above change to the default investment strategy was completed on 28 February 2023.

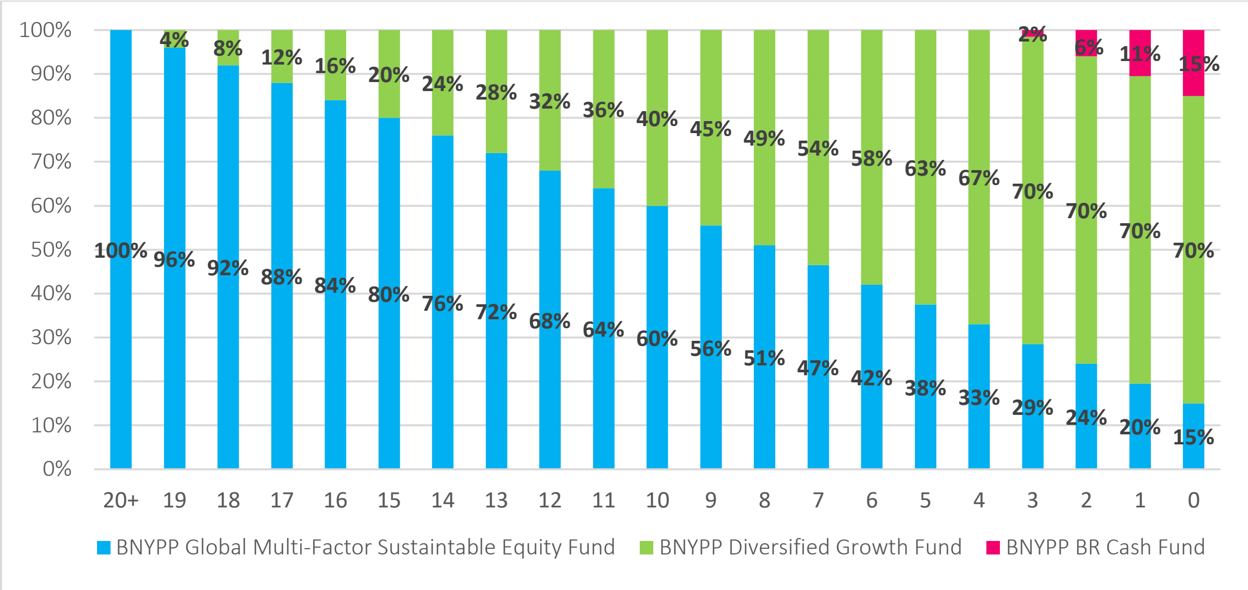
1.1 Plan Lifestyle arrangements

There are three separate lifestyle arrangements which either are, or have in the past been, available to members of the Plan. A lifestyle strategy was available prior to 2019 which we have described below as the "Legacy Default Strategy". A new lifestyle strategy was lauched in 2019 which held a number of different funds (partly to incorporate more by way of ESG integration) but where the strategy still targeted a position at retirement that was consistent with members taking an annuity at the point of retirement. This is referred to below as the "Alternative default arrangement – targeting annuity".

The Plan's current default investment strategy was launched in 2023. This is referred to below as the "Main default arrangement – targeting income drawdown".

1.1.1 The Default Arrangement – Targeting Income Drawdown

The graph and table below show the glidepath of the default investment strategy and the asset allocations at different periods. This is a lifestyle strategy which means the asset allocation for members will depend on the number of years they are away from their selected retirement age. Up to 20 years before a member's selected retirement age, the investment strategy of the lifestyle invests 100% in global equities. From 20 years to a member's selected retirement age, the investment strategy automatically starts to move the member's assets from these higher expected return/risk assets to a range of asset classes with traditionally lower expected volatility. An allocation to cash is introduced from 4 years to retirement. The chart below shows this glidepath.

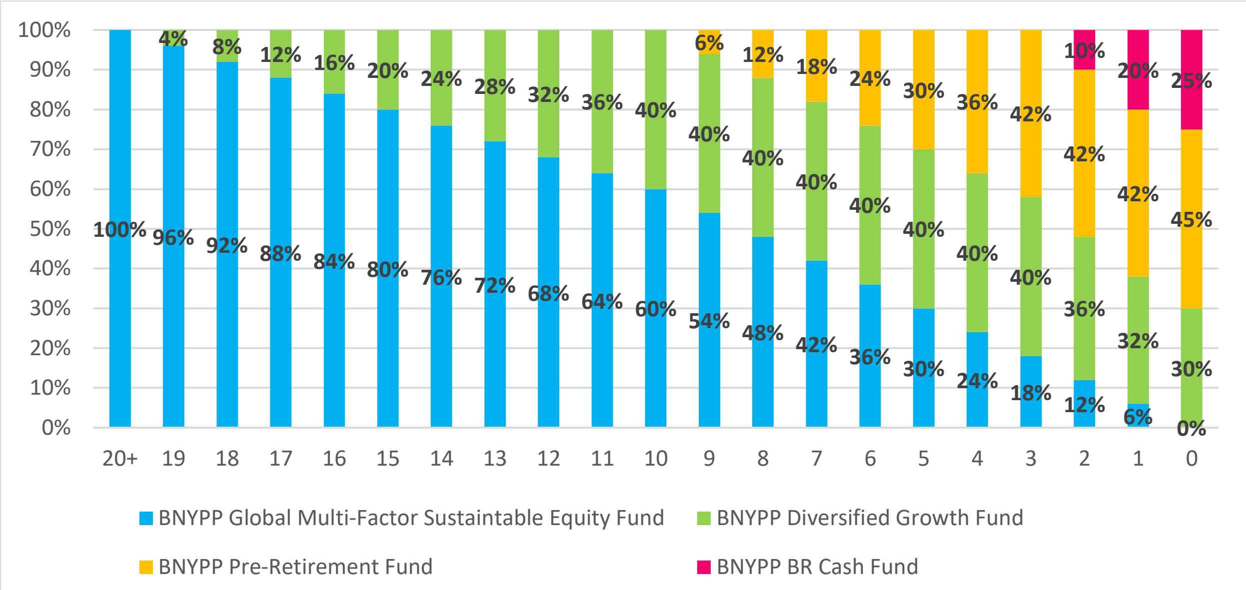


Number of years from retirement	BNYPP Global Multi-Factor Sustainable Equity Fund (%)	BNYPP Diversified Growth Fund (%)	BNYPP BR Cash Fund (%)
20+	100.0	0.0	0.0
10	60.0	40.0	0.0
5	37.5	62.5	0.0
3	28.5	70.0	1.5
0	15.0	70.0	15.0

Source: Hymans Robertson

1.1.2 The Alternative Default Arrangement – Targeting Annuity

In addition to the current default investment strategy, members have the option to invest in the annuity targeting lifestyle strategy. The graph and table below show the glidepath of the alternative lifestyle strategy and the asset allocations at different periods. This is a lifestyle glidepath strategy which means the asset allocation for members will depend on the number of years they are away from their selected retirement age. The allocations for this lifestyle strategy are the same as the default investment strategy until members are 10 years from their selected retirement age. The strategy then de-risks over the remainder of a member's journey to a portfolio which is designed to protect members against changes in annuity rates in the run up to their selected retirement age. This was the default investment strategy before the introduction of the main default investment strategy.

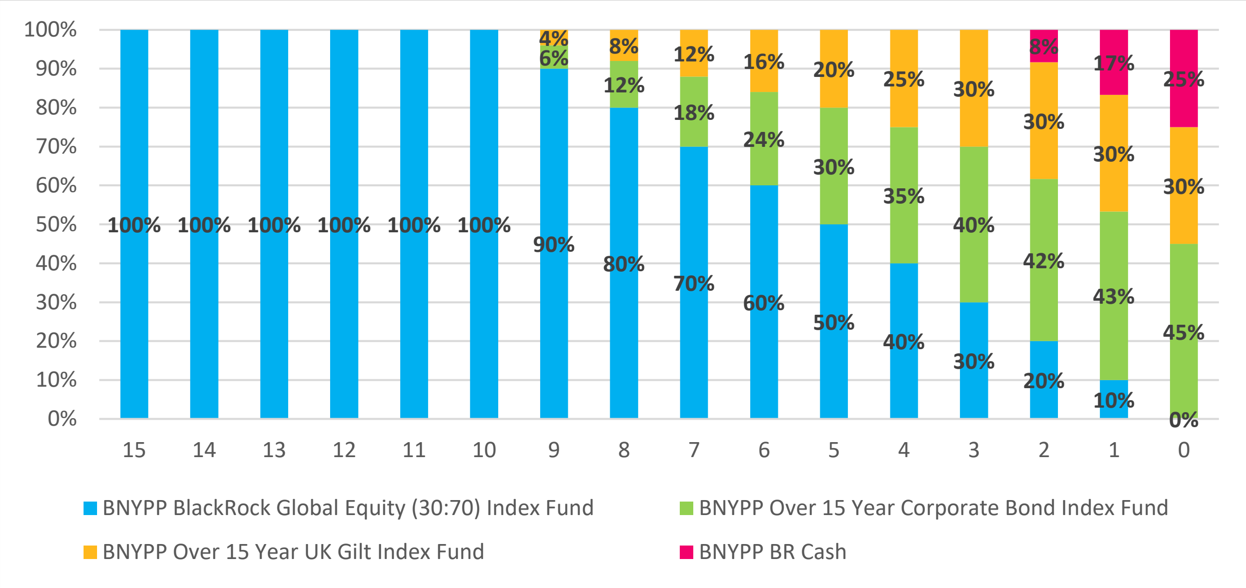


Number of years from retirement	BNYPP Global Multi-Factor Sustainable Equity Fund (%)	BNYPP Diversified Growth Fund (%)	BNYPP Pre-Retirement Bond Fund (%)	BNYPP BR Cash Fund (%)
20+	100.0	0.0	0.0	0.0
10	60.0	40.0	0.0	0.0
5	30.0	40.0	30.0	0.0
3	18.0	40.0	42.0	0.0
0	0.0	30.0	45.0	25.0

Source: Hymans Robertson

1.1.3 The Legacy Default Arrangement

The graph and table below shows the glidepath of the legacy default investment strategy and the asset allocation at different periods. This is a lifestyle glidepath strategy which means the asset allocation for members will depend on the number of years they are away from their selected retirement age. When the new Lifestyle Strategy was introduced in 2019, some members remained in this legacy default investment strategy. The Trustee continues to believe that this strategy is suitable for this small cohort of members but will review this as part of the 2024/25 investment strategy review.



Number of years from retirement	BNYPP BlackRock Global Equity (30:70) Index Fund (%)	BNYPP Over 15 Year Corporate Bond Index Fund (%)	BNYPP Over 15 Year UK Gilt Index Fund (%)	BNYPP BR Cash Fund (%)
20+	100.0	0.0	0.0	0.0
10	100.0	0.0	0.0	0.0
5	50.0	30.0	20.0	0.0
3	30.0	40.0	30.0	0.0
0	0.0	45.0	30.0	25.0

Source: Hymans Robertson

1.1.4 Self-select funds

The Trustee recognises that the default investment strategy may not be suitable for the needs of every member and so the Plan also offers members a range of self-select funds. Members can invest in all of the component funds of the default investment strategy alongside the following funds:

- BNYPP LionTrust UK Equity Fund (the Trustee closed this fund to new members in February 2023 and is in the process of closing the fund entirely – this will be completed in the next Plan year)
- BNYPP Global Multi-Factor Sustainable Equity Fund
- BNYPP Pre-Retirement Bond Fund
- BNYPP BR Cash Fund
- BNYPP BlackRock Global Equity (30:70) Index Fund
- BNYPP BR UK Equity Index Fund
- BNYPP Active UK Equity Fund
- BNYPP MFS Global Equity Fund
- BNYPP M&G Total Return Credit Fund
- BNYPP Corporate Bond Index Over 15 Years Fund
- BNYPP Over 15 Years UK Gilt Index Fund
- BNYPP Over 5 Years Index Linked Gilt Fund

The main objectives of the self-select funds are:

- To cater for the likely needs of a wider range of members;
- To cater for members looking to take different benefits at retirement than those targeted by the main default investment strategy;
- To offer a wider range of asset classes, levels of risk and return and different investment approaches; and
- To support members who want to take a more active part in how their savings are invested.

The Trustee carries out an in-depth review of the suitability of the self-select funds at least every three years. The Trustee also monitors the performance of the funds on a quarterly basis. The Trustee conducted a review of the self-select funds on 31 January 2022 and agreed the changes outlined below. The next review is due to be completed by 31 January 2025.

- The Trustee agreed to restructure the BNYPP UK Equity High Alpha Fund to include a 50% allocation to the BNY Mellon UK Equity Fund and 50% allocation to the Baillie Gifford UK Equity Alpha Fund. These funds replaced the River and Mercentile UK Equity High Alpha Fund. The Trustee believes this new blended UK fund has a better risk and return profile than the previous fund offered to members. The fund name has been updated to the BNYPP Active UK Equity Fund.
- In November 2023, following advice from our investment adviser, the Trustee decided that the LionTrust UK Equity Fund would be closed to all members. Additionally, it was agreed that this fund would be closed to all members during the following Plan year.

1.2 Asset allocation disclosure

The following table shows the asset allocation for the Plan’s current default arrangements for members of different ages, as at 31 December 2023. The asset allocation disclosure meets the DWP’s statutory guidance “Disclose and Explain asset allocation reporting and performance-based fees and the charge cap” as at January 2023.

The Default Arrangement – Targeting Income Drawdown

Asset class	Percentage allocation – average 25 year old (%)	Percentage allocation – average 45 year old (%)	Percentage allocation – average 55 year old (%)	Percentage allocation – average 1 day prior to State Pension Age (%)
Cash	0.00	1.13	3.53	18.96
Bonds	0.00	9.90	30.94	34.65
Listed equities	100.00	85.59	54.97	34.57
Private equity	0.00	0.00	0.00	0.00
Infrastructure	0.00	1.32	4.13	4.62
Property / real estate	0.00	1.27	3.97	4.45
Private debt / credit	0.00	0.00	0.00	0.00
Other assets	0.00	0.79	2.47	2.77
Total	100.00	100.00	100.00	100.00

Source: Hymans Robertson, Fidelity

The Alternative Default Arrangement – Targeting Annuity

Asset class	Percentage allocation – average 25 year old (%)	Percentage allocation – average 45 year old (%)	Percentage allocation – average 55 year old (%)	Percentage allocation – average 1 day prior to State Pension Age (%)
Cash	0.00	1.13	2.26	26.70
Bonds	0.00	9.90	49.80	59.85
Listed equities	100.00	85.59	41.18	8.39
Private equity	0.00	0.00	0.00	0.00
Infrastructure	0.00	1.32	2.64	1.98
Property / real estate	0.00	1.27	2.54	1.91
Private debt / credit	0.00	0.00	0.00	0.00
Other assets	0.00	0.79	1.58	1.19
Total	100.00	100.00	100.00	100.00

Source: Hymans Robertson, Fidelity

The Legacy Default Arrangement

Asset class	Percentage allocation – average 25 year old (%)	Percentage allocation – average 45 year old (%)	Percentage allocation – average 55 year old (%)	Percentage allocation – average 1 day prior to State Pension Age (%)
Cash	0.00	0.00	0.00	25.00
Bonds	0.00	0.00	50.00	75.00
Listed equities	100.00	100.00	50.00	0.00
Private equity	0.00	0.00	0.00	0.00
Infrastructure	0.00	0.00	0.00	0.00
Property / real estate	0.00	0.00	0.00	0.00
Private debt / credit	0.00	0.00	0.00	0.00
Other assets	0.00	0.00	0.00	0.00
Total	100.00	100.00	100.00	100.00

Source: Hymans Robertson, Fidelity

1.3 Investment performance

The presentation of the investment performance takes into account the statutory guidance issued by the Department for Work and Pensions. The Trustee has followed the statutory guidance in all areas.

1.3.1 Investment conditions

The investment performance shown in this section covers the periods to 31 December 2023. There was strong performance within global equities over the period, with rises (as measured by the FTSE All World Index) of 15.7%. There was continued volatility and uncertainty within the bond markets with UK Government bonds rising by 3.7% (as measured by the FTSE Fixed Gilts All Stocks Index) and corporate bonds rising by 9.7% (as measured by the iBoxx Corporates All Investment Grade All Maturities Index). However the rise in value over the year was largely recouping losses part of the losses from the unprecedented falls over the previous period.

1.3.2 The Default Arrangement – Targeting Income Drawdown

Over the year to 31 December 2023 the funds used in the Plan's default arrangement saw investment returns of between a rise in value of 14.8% or, put another way, a gain of £148 for every £1,000 invested for the BNYPP Global Multi-Factor Sustainable Equity Fund to a rise in value of 4.6% or, put another way, a rise of £46 for every £1,000 invested for the BNYPP BR Cash Fund.

Fund	1 year (p.a.)	3 year (p.a.)
BNYPP Global Multi-Factor Sustainable Equity Fund	14.8	10.0
BNYPP Diversified Growth Fund	6.7	0.1
BNYPP BR Cash Fund	4.6	1.9

Source: Fidelity

As the default arrangement uses a lifestyle strategy, the investment return varies depending on a member's age and how far they are from their selected retirement age. The below table shows the approximate returns experienced in the default strategy over a 1 year and a 3-year period at various ages.

Age of member in 2023 (years)	1 year (% p.a.)	3 year (% p.a.)
25	14.8	10.0
45	13.2	8.4
55	9.7	4.3

Source: Fidelity

The Trustee is aware that one of the funds used by the default arrangement has not performed in line with its objective:

- The BNYPP Diversified Growth Fund underperformed against its target over the year to 31 December 2023 by 1.4%. The divergence is largely due to the outperformance target being a composite of 50% Bank of England base rate +3.5% and 50% Consumer Price Index ('CPI') +4.0%. With the Bank of England base rate and inflation (as measured by CPI) still being above their long-term averages, the BNYPP Diversified Growth Fund failed to keep pace with these increases. The Trustee will review this fund, and particularly the Baillie Gifford Diversified Growth Fund, one of the underlying funds, as part of the planned investment strategy review in 2024.

The Trustee is taking the following action in respect to monitoring of the funds used within the Plan's default arrangement:

- Continuing to monitor the funds on a quarterly basis through independent reports from our investment adviser.
- Meeting with its managers on a regular basis. The Trustee met with the following managers throughout the Plan year:
  - Baillie Gifford and Columbia Threadneedle as managers of the BNYPP Diversified Growth Fund
  - Schroders as manager of the BNYPP Global Multi-Factor Sustainable Equity Fund
  - BlackRock as managers of the ACS World Multifactor ESG Equity fund and the Cash fund

1.3.3 The Alternative Default Arrangement – Targeting Annuity

Over the year to 31 December 2023, the funds used in the Plan's alternative annuity targeting lifestyle arrangement saw investment returns of between a rise in value of 14.8% and a rise in value of 4.6%. Put another way, members invested in this strategy saw returns between a gain of £148 for every £1,000 invested for the BNYPP Multi-Factor Sustainable Equity Fund and a rise in value of £46 for every £1,000 invested for the BNYPP BR Cash Fund

The underlying funds are also components of the default and are being regularly reviewed as above and detailed performance can be found in Appendix 3.

1.3.4 The Legacy Default Arrangement

Over the year to 31 December 2023 the funds used in the Plan's legacy default arrangement saw investment returns of between a rise in value of 13.1% or, put another way, a gain of £131 for every £1,000 invested for the BNYPP BlackRock Global Equity (30:70) Index Fund to a rise in value of 1.5% or, put another way, a rise of £15 for every £1,000 invested for the BNYPP Over 15 Years UK Gilt Index Fund.

The Trustee is satisfied that the funds used by the legacy default investment strategy have performed in line with their objectives over the year.

1.3.5 Self-select funds

The self-select funds for the year to 31 December 2023 saw returns ranging between 14.8% or put another way a gain of £148 for every £1,000 invested for the BNYPP Global Multi-Factor Sustainable Equity Fund to 0.1%, or put another way, a gain of £1 on every £1,000 invested in the BNYPP Over 5 Years Index Linked Gilt Fund.

The Trustee is satisfied that most funds used in the self-select range have performed in line with their objectives. However, the following funds have underperformed against their objectives over a 3-year period:

- BNYPP MFS Global Equity Fund (underperformed by 4.2% p.a.)
- BNYPP Diversified Growth Fund (underperformed by 8.1% p.a.)

Both the funds above are actively managed, and it is expected that an active fund will not always perform in line with its benchmark. The Trustee are due to conduct a review of the self-select funds in 2024.

The Trustee will continue to monitor the performance of these funds on a quarterly basis.

More information

Investment returns for all funds over several periods of time to 31 December 2023 are shown in Appendix 3.

Further information on the funds, how they are invested and their investment performance during the year, can be found on the Plan's website at https://epa.towerswatson.com/accounts/bny/.

2. Processing core financial transactions

The Trustee has a specific duty to ensure that core financial transactions in relation to DC benefits are processed promptly and accurately. Core financial transactions include (but are not limited to):

- Receipt and investment of contributions;
- Transfers of member assets into and out of the Plan;
- Transfers of member assets between different investments within the Plan; and
- Payments from the Plan to members and beneficiaries.

Service Level Agreements

The Trustee currently delegates responsibility for the administration of the Plan to WTW and have put in place agreed service level standards. These service levels specify the target number of working days for administration tasks to be completed accurately. The agreed service levels range from 1 to 10 working days depending on the category (e.g. Retirement or Transfer-out payment) of each task, with most tasks having a target of 5 working days.

Some financial transactions are not included in the administration reports. For example, on-line member investment switches and quarterly lifestyle rebalancing transactions are fully automated and processed using 'straight-through processing'. These transactions are processed on the next available dealing day.

WTW's administration team routinely undertake all the checks listed within the DC Code of Practice (now General Code) and accompanying administration how-to guide published by the Pensions Regulator, including ensuring that member records are reconciled regularly and that any discrepancies are resolved promptly.

To help the Trustee monitor whether core transactions are processed promptly and accurately, WTW provides quarterly reports to the Trustee detailing the key information about the Plan's administration, including whether the administration team has met its required service level standards for the period and whether there have been any statutory disclosure breaches over the period. These quarterly reports are reviewed by the Trustee, allowing it to identify any issues.

These quarterly reports include details in two key areas:

1. The Plan's financial position, including:
    - A statement of cash movements in the Trustee's bank account;
    - A schedule of contributions, showing amounts received and dates of investment; and
    - A reconciliation of units held on the administration system against those held by Fidelity (the Plan's investment platform provider).
2. The member experience, including:
    - Changes in the membership profile;
    - A detailed breakdown of financial transactions undertaken and measurement of these against the Plan's agreed Service Level Agreements (SLA);
    - Information on all activities undertaken by members directly on the Plan's administration website;
    - Details on any complaints, errors or breaches.

For the period covered by this statement, performance against SLAs were relatively stable at around the 95% level or higher, however there was a drop in service levels during Q4 2023; 95% in Q1 2023, 96% in Q2 2023, 94% in Q3 2023 and 91% in Q4 2023.

WTW has continued to deliver a consistently higher SLA on the Bank of New York Pension Plan administration. Although the number of cases increased in some quarters, work in progress cases remained at reasonable levels. WTW continue to progress work in preparation for the implementation of Pensions Dashboards and have in place delivery plans to meet the Plan’s staging date.

The Trustee received a copy of WTW's ‘Report on Internal Controls’ (AAF 01/20 Report) available for the period 1 October 2022 to 30 September 2023. This included the Independent Service Auditor’s opinion that, in all material respects, WTW's internal controls were suitably designed and that the controls that were tested, operated effectively throughout the period.

The Plan’s accounts are audited annually by a third party, RSM UK Audit LLP (‘RSM’). RSM attended the June 2023 Trustee meeting to talk through their 31 December 2022 audit report, which confirmed RSM would be issuing an unqualified opinion on the Plan’s contributions and financial statements for 31 December 2022.

Common and Scheme Specific data tests are carried out on a quarterly basis and reported within the quarterly administration reports. The overall data quality score in Q4 2023 for common data and scheme specific data was 88% and 85%, respectively. This represents a very marginal decrease in common data score when compared to the Q4 2022 data test.

The next quarterly data audit is due to be undertaken using WTW’s new data integrity tool which will help the Trustee identify common failure categories.

In consideration of all of the above, the Trustee is satisfied that:

- the administrator was operating appropriate procedures, checks and controls;
- there have been no material administration errors in relation to processing core financial transactions;
- all core financial transactions have been processed promptly and accurately during the Plan year.

3. Investment charges and transaction costs

The Trustee has taken account of statutory guidance in preparing this section of the statement.

The Trustee is required to set out the on-going charges and transaction costs borne by members with DC benefits.

Charges (for example, management charges relating to investments)

The total expense ratio (TER) applied to the funds available for selection by members of the Plan are set out in the table below. TER is a measure of the costs associated with managing and operating an investment fund. These costs consist primarily of annual management charges (AMC) and variable additional expenses such as trading, legal and auditor fees and other operational expenses.

Transaction costs are those incurred by the investment managers as a result of buying, selling, lending or borrowing investments and are usually taken into account via the unit price for each of the funds. Transaction costs are typically categorised as being explicit costs or implicit costs;

- **Explicit costs** are directly observable and include broker commissions and taxes.
- **Implicit costs** cannot be observed in the same way but can also result in a reduction in the value of capital invested. Implicit costs include market impact or delay costs as well as inflows to a fund, both of which can also result in a gain for the fund (i.e. negative transaction cost). As a result of this, it is not expected that transaction costs for these fund(s) will always be negative.

The following data has been provided by Fidelity (the Plan's platform provider) for the period ending 31 December 2023.

Please note that the charges shown in the tables below are the funds' Total Expense Ratio ("TER"), which includes the funds' Annual Management Charge ("AMC") and Operating Costs and Expenses.

The Default Arrangement – Targeting Income Drawdown – fund charges and transaction costs

For the period covered by this Statement, the annualised charges and transaction costs for the default arrangement are:

Table 3.1 – Annualised charges and transaction costs for the Default Arrangement – Targeting Income Drawdown

Period to retirement	Fund Charge (TER)		Transaction costs	
	% p.a.	£ per £1,000	% p.a.	£ per £1,000
20 years+	0.19	1.90	0.21	2.10
15 years	0.26	2.64	0.22	2.24
10 years	0.34	3.38	0.24	2.38
5 years	0.42	4.21	0.25	2.54
At retirement	0.44	4.42	0.23	2.31

Source: Fidelity & Hymans Robertson, 31 December 2023. Charge = the funds' Total Expense Ratio ("TER"), which includes the funds' Annual Management Charge ("AMC") and Operating Costs and Expenses.

The average charge over 40 years would be 0.27% p.a.

For members more than 20 years from their default or selected retirement age, investment charges remain consistent. For those within 20 years of their default or selected retirement age, charges vary. This is due to assets automatically transitioning from the BNYPP Global Multi-Factor Sustainable Equity Fund to the BNYPP Diversified Growth Fund which has a higher TER. The member charge then continues to increase as the allocation to the BNYPP Diversified Growth Fund increases.

The Alternative Default Arrangement – Targeting Annuity

For the period covered by this Statement, the annualised charges and transaction costs for the annuity targeting lifestyle are:

Table 3.2 – Charges and transaction costs for the Alternative Default Arrangement – Targeting Annuity

Period to retirement	**Fund Charge (TER)**		**Transaction costs**	
	% p.a.	**£ per £1,000**	**% p.a.**	**£ per £1,000**
20 years+	0.19	1.90	0.21	2.10
15 years	0.26	2.64	0.22	2.24
10 years	0.34	3.38	0.24	2.38
5 years	0.32	3.23	0.19	1.93
At retirement	0.27	2.66	0.12	1.16

Source: Fidelity & Hymans Robertson, 31 December 2023. Charge = the funds' Total Expense Ratio ("TER"), which includes the funds' Annual Management Charge ("AMC") and Operating Costs and Expenses.

The average charge over 40 years would be 0.24% p.a.

The Legacy Default Arrangement

For the period covered by this Statement, the annual charges for the legacy default arrangement during the period covered by this Statement are:

Table 3.3 – Annualised charges and transaction costs for the Legacy Default Arrangement

Period to retirement	**Fund Charge (TER)**		**Transaction costs**	
	% p.a.	**£ per £1,000**	**% p.a.**	**£ per £1,000**
10 years+	0.12	1.20	0.04	0.40
5 years	0.12	1.15	0.02	0.20
At retirement	0.12	1.18	0.01	0.05

Source: Fidelity & Hymans Robertson, 31 December 2023. Charge = the funds' Total Expense Ratio ("TER"), which includes the funds' Annual Management Charge ("AMC") and Operating Costs and Expenses.

The average charge over 40 years would be 0.12% p.a.

Self-select options – fund charges and transaction costs

The charges and transaction costs for each self-select fund are set out in the following table:

Table 3.4 – Charges and transaction costs for self-select funds

Fund name	**Fund Charge (TER) %**	**Transaction costs* %**
BNYPP Global Multi-Factor Sustainable Equity Fund	0.19	0.21
BNYPP Diversified Growth Fund	0.56	0.28
BNYPP Pre-Retirement Bond Fund	0.14	0.06

Fund name	Fund Charge (TER) %	Transaction costs* %
BNYPP BR Cash Fund	0.14	0.02
BNYPP Corporate Bond Index Over 15 Years Fund	0.11	-0.02
BNYPP BlackRock Global Equity (30:70) Index Fund†	0.12	0.04
BNYPP Over 15 Years UK Gilt Index Fund	0.11	0.03
BNYPP Over 5 Year Index Linked Gilt Fund	0.11	0.03
BNYPP BR UK Equity Index Fund†	0.11	0.09
BNYPP M&G Total Return Credit Fund	0.50	0.17
BNYPP MFS Global Equity Fund	0.67	0.04
BNYPP Liontrust UK Equity Fund	0.70	0.36
BNYPP Active UK Equity Fund	0.57	0.08

* A negative transaction cost indicates that transacting has resulted in a net revenue rather than a net cost for the fund. This can happen when the fund has a swing price mechanism whereby the price depends on the number of buyers/sellers trading on the dealing date or due to other implicit costs.

† Anti-dilution levy data, which forms part of the overall transaction cost, is not available for these funds.

Additional Voluntary Contributions

Some members have investments in the historic Scottish Widows With-Profits Fund. This is a legacy fund and is closed to contributions. The charges and transaction costs for Scottish Widows With-Profits Fund are deducted from the overall fund before bonus rates are set for all policyholders. For the year to 31 December 2023, reported transaction costs were 0.34%. The basis on which charges are made to the Scottish Widows With-Profits Fund are set out in the Principles and Practices of Financial Management (the With-Profits fund is managed according to this document), but the expense deductions are not specified (administration and investment charges should average 0.875% p.a.). The Trustee will continue to seek to obtain this information from Scottish Widows. With-profits funds can provide annual as well as terminal bonuses and, as a result, underlying fund performance is not reflective of the ultimate returns members receive on their policies.

4. Illustration of charges and transaction costs

The Trustee has prepared an illustration showing the impact of the costs and charges, typically paid by a member of the Plan, on their retirement savings outcomes.

The following table gives a summary of the projected fund and the impact of costs and charges up to a normal retirement age of 60. The figures are presented using four-member examples; youngest member, average member, a member approaching retirement and a deferred member. The illustrations have been prepared in accordance with the DWP's statutory guidance on 'Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes'.

Example Member (See note 13)	Projection period (years)	Lifestyle Strategy (Default)		Lifestyle Strategy (Legacy Default)		MFS Global Equity Fund		BlackRock Global Equity (30:70) Index Fund (unhedged)		BlackRock Over 5 Years Index-Linked Gilt Fund	
		Before costs and charges	After costs and charges	Before costs and charges	After costs and charges	Before costs and charges	After costs and charges	Before costs and charges	After costs and charges	Before costs and charges	After costs and charges
Youngest member (aged 32)	1	£66,800	£66,500	£65,500	£65,500	£65,500	£65,100	£65,500	£65,500	£66,800	£66,700
	3	£81,300	£80,300	£77,100	£76,800	£77,100	£75,600	£77,100	£76,800	£81,300	£81,000
	5	£97,100	£95,300	£89,200	£88,600	£89,200	£86,500	£89,200	£88,600	£97,100	£96,500
	10	£142,800	£137,700	£122,200	£120,700	£122,200	£115,400	£122,200	£120,700	£143,400	£141,700
	15	£193,100	£182,400	£159,500	£156,800	£159,500	£146,900	£159,500	£156,800	£201,100	£197,700
	20	£244,500	£225,500	£201,800	£197,400	£201,800	£181,400	£201,800	£197,400	£273,000	£266,900
	25	£295,000	£266,700	£249,600	£243,000	£249,600	£219,100	£249,600	£242,900	£362,600	£352,500
	28	£318,300	£285,300	£275,800	£267,800	£281,200	£243,400	£281,200	£272,900	£426,600	£413,400
Average member (aged 47)	1	£280,600	£279,000	£278,600	£278,300	£278,600	£276,700	£278,600	£278,300	£284,000	£283,600
	3	£322,200	£316,700	£317,400	£316,100	£317,400	£311,100	£317,400	£316,100	£335,200	£333,800
	5	£364,700	£354,700	£358,000	£355,700	£358,000	£346,800	£358,000	£355,700	£391,100	£388,600
	10	£472,000	£449,200	£468,900	£463,300	£468,900	£441,600	£468,900	£463,100	£554,500	£547,700
	13	£526,200	£496,500	£532,100	£524,100	£542,400	£502,600	£542,400	£533,900	£671,300	£660,800
Member approaching retirement (aged 55)	1	£484,200	£481,700	£485,700	£485,000	£485,700	£482,300	£485,700	£485,000	£495,000	£494,300
	3	£530,600	£523,000	£537,300	£535,200	£539,000	£528,200	£539,000	£536,700	£569,800	£567,500
	5	£570,000	£557,800	£583,700	£580,000	£595,000	£575,700	£595,000	£590,900	£651,500	£647,200
Deferred member (aged 48)	1	£61,800	£61,500	£61,500	£61,400	£61,500	£61,100	£61,500	£61,400	£62,700	£62,600
	3	£65,400	£64,200	£64,600	£64,300	£64,600	£63,300	£64,600	£64,300	£68,500	£68,200
	5	£68,800	£66,800	£67,900	£67,400	£67,900	£65,500	£67,900	£67,400	£74,800	£74,200
	10	£76,400	£72,200	£76,600	£75,500	£76,800	£71,600	£76,800	£75,700	£93,200	£91,900
	12	£78,000	£73,200	£79,100	£77,800	£80,700	£74,200	£80,700	£79,300	£101,800	£100,000

Assumptions and notes:

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
2. Contributions and costs/charges that are shown as a monetary amount and reductions are made halfway through the year.
3. Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
4. Charges and costs are deducted before applying investment returns.
5. Switching costs are not considered in the lifestyle strategy.
6. Inflation is assumed to be 2.5% each year.
7. Contributions are assumed to be paid from age 32 to 60 for the youngest member, from 47 to 60 for the average member, and from 55 to 60 for the member approaching retirement. No additional contributions assumed for the deferred member. Contributions of active members increase in line with assumed earnings inflation of 0% per year (in real terms).
8. Values shown are estimates and are not guaranteed.
9. The real projected growth rates for each fund are as follows:
    - Lifestyle Strategy (Default): from 0.9% to 4.5 % (adjusted depending on term to retirement)
    - Lifestyle Strategy (Legacy Default): from 1.5 % to 2.5% (adjusted depending on term to retirement)
    - MFS Global Equity Fund: 2.5%
    - BlackRock Global Equity (30:70) Index Fund (unhedged): 2.5%
    - BlackRock Over 5 Years Index-Linked Gilt Fund: 4.5%
10. Transactions costs and other charges have been provided by Fidelity and cover the period 1 January 2019 to 31 December 2023. When available, transaction costs have been averaged by WTW using a time-based approach.
11. Plan's normal retirement age is 60.
12. Example members:
    - Youngest: age 32, total initial contribution: £4,000, starting fund value: £60,000.
    - Average: age 47, total initial contribution: £12,000, starting fund value: £260,000.
    - Approaching retirement: age 55, total initial contribution: £14,000, starting fund value: £460,000.
    - Deferred: age 48, total initial contribution: nil, starting fund value: £60,000.

5. Value for members assessment

Each year, with the help of its advisers, the Trustee carries out an assessment of whether the charges and transaction costs for the default investment strategy and other investment options, which are borne in full or in part by members, represent good Value for Members. Value is not simply about low cost – the Trustee also consider the quality and scope of provision compared against similar schemes and available external benchmarks.

The Trustee is committed to ensuring that members receive good 'value for members' ('VFM') from the Plan i.e. the services and features that members pay for provide good value. Members meet only the costs associated with the management and delivery of the Plan's investment options. All other Plan costs are met by The Bank of New York Mellon ('the Company').

The assessment focuses on those features of the Plan where costs may be borne by members. Costs borne entirely by the Company were excluded from the assessment.

The assessment concluded that, overall, the Plan offered good Value for Members in the year ended 31 December 2023. The assessment considered the following Plan features:

- Charges and transaction costs relating to the default fund arrangement, as well as non-default Charges and transaction costs relating to the default investment strategy, as well as non-default lifestyle strategies and self-select funds;
- The suitability of the default and other investment options;
- The performance of the Plan's investments over the previous 3- and 5-year periods, relative to their benchmarks;
- The Trustees' investment governance process and actions.

The assessment also assessed the Plan's charges against other similar schemes. The Trustee also offers an alternative lifestyle strategy for members, as well as a number of additional self-select funds, which are considered to enhance value for members.

The rating criteria used in the assessment were:

Rating	Definition
Excellent	The Trustees considers the Plan offers excellent value for members, providing services within a top 20% quality/cost range compared with typical options for similar schemes.
Good	The Trustees considers the Plan offers good value for members, providing services at better quality/cost compared with typical options for similar schemes.
Average	The Trustees considers the Plan offers average value for members, providing similar services at similar quality/cost compared with typical options for similar schemes.
Below average	The Trustees considers the Plan offers below average value for members, providing similar services at higher cost or more limited services for similar cost compared with typical options for similar schemes.
Poor	The Trustees considers the Plan offers poor value for members providing services, within the bottom 20% quality/cost range compared with typical options for similar schemes.

Service and weighting	Rating	Rationale
Investment 100%	**Good**	**Charges** – charges paid by members on the funds within the default arrangement and within the self-select fund range are broadly similar to those of comparable DC schemes for similar funds and assets. A full review of the charges on funds will take place as part of the investment strategy review in 2024. Whilst transaction cost data has been provided by the Plan's investment platform provider, Fidelity, the data is currently being queried by our investment advisers to ensure its accuracy for comparability purposes. **Performance** – performance was above inflation (Consumer Price Index) targets for all phases of the default investment strategy in the 12 months to 31 December. Over the three-year period, all phases underperformed their CPI targets largely due to the significant spike in inflation over 2022 and 2023. The BNYPP Diversified Growth Fund (which forms part of the Consolidation and Pre-Retirement Phases of the default strategy) underperformed its objective over the 12-month and three-year periods to 31 December 2023. Over 3 and 5 years the fund has underperformed its benchmark by 8.1% p.a. and 3.8% p.a. respectively. This was largely due to high inflation and interest rates as well as a disappointing performance from the Baillie Gifford Diversified Growth Fund which makes up 50% of the BNYPP Diversified Growth Fund. The Trustee, along with its investment adviser Hymans Robertson, monitors the performance of all funds offered to members on a quarterly basis and meets with the Plan's fund managers throughout the year. The Trustee will be carrying out a full review of investment strategy during the next Plan year and reviewing the ongoing suitability of the funds currently used in the default strategy and self-select fund range. **Investment governance** – the Trustee has a clear investment governance process in place, including an annual review of its investment advisers. The Statement of Investment Principles was last reviewed in September 2022. This will be reviewed in 2024 to reflect the Trustees' views on private markets and to reflect any changes on the back of the 2024 investment strategy review. **Responsible investment** – the Plan's investment options take responsible investment (including climate change) into account. Within the default arrangement, the growth phase is made up of the Global Multi-Factor Sustainable Equity Fund which has two underlying funds, both of which integrate Environmental, Social and Governance ("ESG") factors. When selecting fund managers, the Trustee considers its approach to integrating ESG considerations and how they engage with the companies in which they invest. The Trustee also meets with its managers at least annually to discuss performance and wider areas such as managers' engagement policies and asks managers to provide examples of engagements with companies.

There were two transitions throughout the year ending 31 December 2023. They were incurred in February 2023 when changes were made to both the lifestyle strategy and the BNYPP Active UK Equity Fund, with a cost of £92,500 and £39,600 respectively. The costs were reviewed and concluded to be reasonable given when the transition took place.

The Trustee reviewed the assessment and agreed with the conclusion reached by Hymans Robertson. The Trustee has also agreed an action plan for the following year to improve value where necessary and obtain any missing information.

The Trustee must agree an action plan for the following year with clear timescales and deliverables where the Trustee believes the Plan is not providing good value for members, information is missing, or where there are areas which should be improved.

During the next 12 months, the Trustee will undertake the following action to improve Value for Members in relation to the investments of the Plan:

- Complete a full triennial review of default investment strategy and self-select funds to ensure that they remain appropriate for the membership. In particular, the Trustee will review the Baillie Gifford Multi-Asset Growth Fund and whether it continues to be suitable as part of the default investment strategy;
- Review the charges on the default lifestyle strategy funds and self-select funds as part of the triennial strategy review. The Trustee reviewed the MFS Global Equity Fund charges post Plan year end and on 1 April 2024 MFS agreed to a 5bps reduction in charges for members;
- Ensure that the Trustee maintains a working knowledge of the asset classes and regulatory/legislative changes through attending training organised by its advisors or external seminars/webinars;
- Complete a review of the Plan's legacy and AVC arrangements to ensure they remain appropriate for the majority of the Plan's members;
- Conduct a review of the platform provider (Fidelity);
- Conduct an updated review of the security of assets of the funds within the Plan; and
- Review the investment reporting services provided by Fidelity.

The Trustee will continue to monitor the value for members on an annual basis.

6. Maintaining the Trustees' knowledge and understanding ('TKU')

The Pensions Act 2004 sets out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of plan assets and other matters to enable them to exercise their functions as trustees properly.

The comments in this section relate to the Trustee as a body in dealing with the whole Plan and are not restricted to the DC elements.

The Trustee has various processes in place to enable them to fulfil its duties and functions as the Trustee of the Plan. During the period from 1 January 2023 to 31 December 2023, the Trustee's approach to meeting the TKU requirements has included:

On appointment

Before attending their first quarterly meeting, each new Trustee Director attends a half-day Introductory Trustee Training session which covers an introduction to the role of a trustee, how pension schemes work, trust law and key pensions law. Each Trustee is also required to complete The Pension Regulator's online trustee toolkit ("TPR's Trustee Toolkit") within six months of appointment. TPR's Trustee Toolkit is an e-learning programme in which trustees complete a number of specific modules and assessments in order to be conversant with scheme specific documents and meet the level of knowledge and understanding required by law. Most Trustee Directors have completed TPR's Trustee Toolkit and the remaining Trustee Directors are in the process of completing the toolkit. Dates of completion range from 2008 to 2020 with relevant updates also having been undertaken. A new optional module (pension scams) was introduced by the Pensions Regulator in 2021. Trustee Directors are expected to complete this module in due course. Following the implementation of the Joint Trustee Board, the Trustee Directors of the Mellon Retirement Benefit Plan were given training on the Bank of New York Pension Plan.

All Trustee Directors have access to an on-line file sharing system 'OnePlace' which provides easy and secure access to the Plan's documents, including all meeting papers, reports, legal documentation and governance and policy documents. Each new Trustee Director receives training on how to access and use 'OnePlace'.

Ongoing training

In order to maintain the Trustees' level of working knowledge of key Plan documents, there is regular reference by the Trustee to the Plan's main documents, including the Plan's Trust Deed and Rules, Statement of Investment Principles, Statement of Funding Principles and other key policy documents. An examples of this include referring to the Trust Deed and Rules when exercising trustee discretion on individual member cases. A review of the Plan's Risk Register takes place on a quarterly basis.

Regular training is also incorporated into planned meetings to support meeting agenda items. Training provided in meetings over the period included:

- Understanding and assessing Value for Members of DC benefits
- Cyber Risks
- BNYPP Introductory Training
- Preparation for Actuarial Valuation at 31 December 2023
- Implications of Spring Budget 2023 on pensions
- TPR's General Code
- Illiquid investments
- Longevity improvements update
- Climate risk
- Regular topical updates to assist the Trustee in keeping up to date with current matters. These included:
    - Pensions dashboards regulations

- Autumn Statement
- 2023 DB/hybrid scheme return
- Deferred connection with pensions dashboards
- Revised PDP dashboard standards
- Update on The Pensions Regulator's and FCA's joint regulatory strategy
- Consultation on the revised DB funding code of practice
- Consultation on a draft compliance and enforcement policy for pensions dashboards
- Statement on maintaining LDI resilience
- A reminder to guard against the risk of pension scams
- The Purple Book 2022
- PPF Levy rules for 2023/24 confirmed
- The Pensions Regulator's Annual DB Funding Statement 2023
- The Pensions Regulator consultation on its new DB Funding Code
- TPR's Equality, Diversity and Inclusion guidance
- New LDI guidance published by The Pensions Regulator
- TPR statement: DC member support in current market conditions
- Increase to PLSA's retirement living standards
- The challenge of deferred DC small pots: DWP call for evidence
- Driving value for money in DC schemes: How can this be achieved?
- Finance (No.2) Act 2023
- Consultation on draft legislation about the abolition of the LTA
- The Chancellor's Mansion House speech
- Call for evidence on trustee skills, capability & culture
- Government response to the consultation on DB superfunds
- Updated DB superfunds guidance
- Call for evidence on options for DB schemes
- Consultation on helping savers understand their pension choices
- The latest on small DC pots
- Consultation response on introducing a new value for money framework
- Update on Collective DC scheme developments
- Pensions Ombudsman factsheet on members provided with incorrect information
- Updated guidance on deferred connection to pensions dashboards
- New PASA guidance on DB benefit accuracy
- Scheme funding analysis 2023
- TPR updates, DWP consultations and other relevant industry, regulatory and legislative developments

The Trustee's professional advisers (covering legal, actuarial and investment advice) also attend the Trustee meetings and provide ongoing support and advice to the Trustee to help it to properly exercise its functions as Trustee Directors.

A rolling programme of bespoke Trustee training is in place, which is delivered during designated training days and within Trustee meetings where appropriate. During the year these included training on Trustee Skills assessment and actuarial factors.

Additionally, individual Trustee Directors have attended numerous professional seminars/events and details are included in Appendix 1. A training log is maintained which records all Trustee Directors training and attendance at appropriate seminars.

Through the regular activity of the Trustee Directors and the training provided, each Trustee Director has a working knowledge of:

- The Trust Deed and Rules of the Plan;
- The Statement of Investment Principles;
- The Statement of Funding Principles; and
- Other documents recording the Plan's policies.

and each Trustee Director has knowledge and understanding of the following matters, appropriate for the purposes of enabling them to properly exercise their function:

- The law relating to pensions and trusts; and
- The principles relating to the funding of occupational pension schemes and investment of scheme assets.

Moreover, at each quarterly meeting, the Trustee Directors review and suggest training to address any knowledge gaps which they have identified. The Trustee Directors completed a skills assessment questionnaire to identify any gaps in knowledge.

In addition to ongoing oversight from the Chair, the Trustee Directors periodically undertake an assessment of their effectiveness. In addition to the Trustee Directors pension training activities, the Trustee benefits from the significant experience and expertise developed through their careers in financial services.

For the period covered by this statement, the TKU requirements were met through a combination of the above methods. Taking account of actions taken individually and as a trustee group, and the professional advice available to them, the Trustee Directors consider that they are enabled to exercise their functions as Trustee Directors properly and effectively.

The Chair's Statement regarding DC governance for the period from 1 January 2023 to 31 December 2023 was approved by the Trustee on 7th June, 2024 and signed on their behalf by:

………………………………………………………. Date: ……………………………..

Barry Halpin
Chair, Mellon Europe Pension (Nominees) Limited, Trustee of The Bank of New York Pension Plan

Appendix 1: Trustee attendance at external events

Date	Event	Attendee(s)
24 Janaury 2023	Top 10 Risks for 2023 – PwC	John Johnston
25 January 2023	Future of Retirement Savings Conference – Hymans Robertson	John Johnston
22 February 2023	Investment Opportunities in a New Market Regime – Mallowstreet	John Johnston
23 February 2023	DC Forum Conference – Baillie Gifford	John Johnston
28 November 2023	DC Retirement Options Dinner – Milliman Inc	John Johnston
29 November 2023	Pensions and Savings Conference – WTW	John Johnston
30 November 2023	Global Investment & Economic Update – Netwealth	John Johnston
4 December 2023	Ending Stagnation - A New Economic Strategy for Britain – Resolution Foundation	John Johnston
7 December 2023	Solving for 2024 Opportunities and Risks – Neuberger	John Johnston
11 December 2023	Net Zero Conference – Net Zero Investor	John Johnston

Appendix 2: Statement of Investment Principles

Statement of Investment Principles

Introduction

The law requires the Trustee to produce formal “Statement of Investment Principles” for the Plan’s default arrangement and its other investment options. These Statements set out what the Trustee aims to achieve with the investment options and their investment policies which guide how members’ money is invested.

This document is a compendium of the Statements of Investment Principles for The Bank of New York Pension Plan (the “Plan”). These Statements must cover a number of technical points to comply with legislation as well as meet the expectations of the Pensions Regulator and needs of the Plan’s Auditors which, as far as possible, are shown separately in “for the record” boxes.

This document also has regard to the Pensions Regulator’s Code of Practice 13 and the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (as modified by subsequent Regulations and section 35 of the 1995 Act) and the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

Statements of Investment Principles

The Trustee’s Statements of Investment Principles contained in this document include the:

- Statement of the aims and objectives for the default arrangement within the DC Assets;
- Statement of the aims and objectives for investment options outside the default arrangement DC Assets;
- Statement of the aims and objectives for the Unallocated Assets within the Plan;
- Statement of investment beliefs, risks and policies.

For the record

The Trustee has taken proper written advice and consulted the Employer in the preparation of these Statements of investment Principles.

These Statements will be reviewed at least every three years or more frequently as required by the Regulations.

Plan Details

The Plan operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries (“members”). The Plan consists of Defined Contribution members who have a defined benefit underpin resulting from contracting-out of the State Second Pension under the terms of the Pension Schemes Act 1993.

A small number of Defined Benefit members were retained by the Plan due to their tax protections. As part of this transaction, some of the Defined Benefit Assets were retained by the Plan to fund the cost of the underpins and the liabilities of the three retained Defined Benefit members. This document sets out the investment strategy for these Unallocated Assets, as well as the investment strategy for the Defined Contribution Assets.

The Plan was contracted-out of the State Second Pension under the Pensions Schemes Act 1993 on the Reference Scheme Test basis prior to 6 April 2016. Contracting-out ceased from 6 April 2016, although benefits in respect of past contracted-out service remain in the Plan.

The Plan is registered with Her Majesty's Revenue and Customs under Chapter 2 of Part 4 of the Finance Act 2004.

The administration of the Plan is managed by the Trustee, but outsourced to WTW.

Plan Specific Funding

The Pensions Act 2004 requires that the Trustee maintain a Statement of Funding Principles, stating the methods and assumptions used in calculating the amount required to make provision for the Plan's liabilities, and the manner and period in which any shortfall will be remedied. The Trustee will consult the Plan Actuary and the Principal Employer when deciding upon the appropriate response to any shortfall.

The Trustee consider that the investment policy described in this document is consistent with the funding plan and objectives agreed at the last valuation of the Plan.

The Trustee will review this investment policy in the light of the results of actuarial valuations (and funding updates undertaken) and certificates and schedules of contributions produced in order to comply with the Pensions Act 2004.

For and on behalf of the Trustee of the Plan

Name	Signed	Date

1 Statement of the aims and objectives for the default arrangement DC Assets

1.1 Reasons for the Default Arrangement

The Trustee has decided that the Plan should have a default investment arrangement because:

- The Plan is a qualifying Plan for auto-enrolment purposes in respect of certain active members of the Plan and so is required to have a default arrangement to fulfil the auto-enrolment requirements; and

- A majority of the Plan's members are expected to have broadly similar investment needs.

1.2 Choosing the default arrangement

The Trustee believes that understanding the Plan membership is essential to designing and maintaining a default arrangement which meets the needs of the majority of members.

In choosing what is felt to be an appropriate default, the Trustee has taken into account a number of factors including: members' projected pot sizes at retirement, the DB underpin, contribution levels, the level of replacement income that members are likely to require and the likely return on investment after the deduction of charges payable on the funds used by the default option.

1.3 Aims and Objectives for the default arrangement

The Trustee's overall objective is to invest contributions in the best interests of members and their beneficiaries.

The main objective of Default Option is to provide good member outcomes at retirement while subject to a level of investment risk which is appropriate to the majority of members who do not make active investment choices.

The Trustee believes that the default option ensures that assets are invested in the best interests of the majority of members because it:

- Manages the principal investment risks members' face during their membership of the Plan;

- Maximises investment returns relative to inflation while taking an appropriate level of risk during membership of the Plan for the majority of members who do not make investment choices; and

- Reflects members' likely benefit choices at retirement.

1.4 The default arrangement

The default arrangement is therefore a lifestyle strategy which:

- Gradually moves investments between different funds to manage the levels of investment returns and principal investment risks at each stage of membership of the Plan;

- Targets a balanced allocation at retirement that gives members flexibility as to how they would like to take their benefits at retirement;

- The expected levels of investment returns (after the deduction of charges) and risks for the funds used are consistent with the Trustee's objectives for the default arrangement. The expected investment returns and approach to managing investment risks including financially material considerations such as climate change are described in Section 4.

Full details of the current default arrangement are given in Appendix A.

2 Statement of the aims and objectives for investment options outside the default arrangement DC Assets

2.1 Reasons for the investment options

In addition to the default arrangement, the DC Assets of the Plan offer members a choice of investment options because:

- While the default arrangement is intended to meet the needs of a majority of the Plan's members, it may not meet the needs of a wider cross-section of members;
- Attitudes to investment risks and the need for investment returns will vary from member to member and will also vary for each member over time and, in particular, as they approach retirement;
- Members have differing investment needs and these needs change during their working lives; and
- Some members will want to be more closely involved in choosing where their contributions are invested.

2.2 Choosing the investment options

2.1.1 Membership analysis

The Trustee believes that understanding the Plan's membership is important to maintaining an appropriate range of investment options and have taken into account a number of aspects including the members' age and salary profile; the likely sizes of members' pension pots at retirement, members' retirement dates and likely range of benefit choices at retirement, the levels of investment risk and return members may be willing to take and the degree to which members are likely to take an interest in where their contributions are invested.

2.1.2 Costs of investment options

The investment costs are borne by members and so a balance needs to be struck between choice and costs.

2.3 Objectives for the investment options

The Plan offers members a choice of investment options as an alternative to the default arrangement. The objectives of the self-select fund range are to:

- Provide a choice of individual funds for members who want to be more closely involved in choosing where their pension pots are invested;
- Complement the objectives of the Default Arrangement;
- Provide a broader choice of levels of investment risk and return;
- Provide a broader choice of investment approaches;
- Help members more closely tailor how their pension pots are invested to their personal needs and attitude to risk;
- Help members more closely tailor how their pension pots are invested to reflect the benefits they intend to take at retirement.
- Nevertheless, the self-select fund range cannot be expected to cover all the investment needs of all members.

2.1.3 Risk and return

- The expected levels of investment returns (after the deduction of charges) and risks for the funds used are consistent with the Trustee's objectives for these investment options. The expected investment returns and approach to managing investment risks including financially material considerations such as climate change are described in Section 4.

- Full details of the current investment options are provided in Appendix B.

3 Statement of the aims and objectives for the Unallocated Assets within the Plan

3.1 Objectives for the Unallocated Assets

The objectives of the Trustee in respect of the Unallocated Assets are:

- The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from the Principal Employer, any ‘shortfalls’ where the value of a member’s underpin is greater than the value of their relevant DC funds.
- To manage the risk of the assets being insufficient to cover any underpin shortfalls over the long term, in particular in relation to Plan specific funding guidelines, or any subsequent regulatory funding requirements.
- To minimise the long-term costs of the Plan by maximising the return on the assets whilst having regard to the objective shown above and to avoid undue volatility in the Company’s annual contributions to the Plan.

3.2 Choosing the investment options

3.2.1 Policy

The Trustee’s policies when choosing the investment options are as follows:

- Investing in suitable assets (such as equities, bonds and cash). They have been advised that the returns on real assets, while expected to be greater over the long term than those on monetary assets, are likely to be more volatile.
- The Trustee will reconsider the asset allocation of the Unallocated Assets in the light of every full triennial valuation of the Plan, and at other times as deemed necessary
- The Trustee’s current policy is not to leverage the portfolio. Some short-term borrowing for settlement is allowed, but is strictly limited and for the purpose of trade settlement only (which is standard practice in investment management).
- Based on the actuarial valuation of the Plan as at 31 March 2015 and advice from the investment consultants, the Trustee has adopted a strategic asset allocation benchmark as set out in Appendix C. The 2018 and 2021 actuarial valuations revealed surpluses and the strategic asset allocation benchmark was reviewed with consideration of this. The Trustee has been advised that an asset allocation policy for the Unallocated Assets which corresponds to this benchmark will ensure that the Unallocated Assets include suitable investments, that those investments are appropriately diversified and that there is a reasonable expectation of meeting the objectives in 3.1

3.2.2 Financial Services and Markets Act 2000

In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers. The investment managers shall provide the skill and expertise necessary to manage the investments of the Plan competently.

3.2.3 Diversification

The choice of benchmarks is designed to ensure that the Plan's Unallocated Assets are adequately diversified. As the Plan invests via pooled funds, the Trustee is not in a position to ensure the assets are diversified within asset classes. However, this issue will feature in the selection criteria for new managers and the monitoring process for ongoing managers.

3.2.4 Suitability

The Trustee has taken advice from the Plan's investment consultants to ensure that the benchmarks for the Unallocated Assets are suitable.

3.2.5 Risk and return

In setting investment strategy, the Trustee endeavours to identify prospective rates of return on the various classes of asset available for investment. In this regard, the Trustee will consider historical data and future return expectations as provided by their investment consultants.

4 Statement of investment beliefs, risks and policies

This Statement sets out the investment beliefs and policies which guide the Trustee’s decision making.

For the record

This Statement of investment beliefs, risks and policies should be read in conjunction with the Statements of the aims and objectives for both the default arrangement and the investment options outside the default arrangement. Collectively, these respectively form the Statements of Investment Principles for the Plan and the default arrangement.

This Statement of investment beliefs has been prepared in accordance with the Occupational Pension Schemes (Investment) Regulations 2005 (as amended)..

4.1 Investment beliefs

The Trustee’s investment decisions are made in the context of their investment beliefs that:

1. Members are best served by the Trustee focusing their time on strategic decision making, including ensuring the default arrangement remains appropriate, and utilising simpler investment solutions.
2. Long-term investors are able to tolerate high levels of investment risk and this should be utilised in pursuit of maximising outcomes for members
3. Diversification of return seeking assets during the growth phase is desirable
4. The Trustee does not believe active managers can consistently deliver outperformance, net of fees, however, it recognises a significant proportion of the membership have a belief in active management
5. Reviewing strategic asset allocation decisions periodically can add value for members
6. Responsible investment factors, including effective stewardship, should be considered when selecting an investment manager / solution for the default strategy or for inclusion in the self-select options
7. A single investment strategy will not effectively meet the needs of all members. A simple and focused selection of investment options will help members to engage with decision making
8. Clear choices that allow members to reflect how they will take their benefit at retirement and/or the level of investment risk they need to take are likely to be most valuable
9. While the Company covenant remains strong, a return-seeking strategy is appropriate for the Unallocated Assets
10. It is important for equity managers to exercise voting rights on shares held
11. Responsible investment should be applied to the selection and design of the default lifestyle strategy

4.2 Risks

4.2.1 Principal investment risks associated with the Defined Contribution assets and how they are addressed

The Trustee believes that the five principal investment risks most members will face are:

1) Inflation risk – investment returns over members' working lives may not keep pace with inflation and, as a result, do not produce adequate retirement benefits.

Further from retirement, this risk should be countered by funds investing in equities and other growth orientated assets which are expected to produce returns well in excess of inflation over the longer term. Approaching retirement, the impact of this risk needs to be balanced against the other main risks members face (see below).

2) Benefit conversion risk – investment conditions just prior to retirement may increase the cost of turning members' fund values into retirement benefits.

For members buying an annuity at retirement, the value of funds investing in longer-dated bonds may be expected to broadly follow changes in annuity rates caused by long-term interest rates. For members taking cash at retirement, funds investing in cash deposits and other short-term interest-bearing investments provide a high degree of (but not complete) capital security. Funds investing in a mix of different assets are expected to be broadly suitable for members planning to transition their assets out of the plan into income drawdown.

3) Volatility/Market risk – falls in fund values prior to retirement lead to a reduction in retirement benefits.

Funds investing in bonds or a mix of assets or investment techniques intended to manage short-term risks may be expected to be subject to lower levels of short-term fluctuations in values - although there may be occasions when this does not hold good.

4) Capital risk – that the capital value of the member's fund is not maintained. This is addressed by funds that seek to manage the absolute value of the assets invested.

5) Shortfall risk – the risk of not meeting members' expectations concerning retirement income. This is addressed through the Trustee's policy of providing information to members concerning investment, and in particular, mismatch and annuity conversion risks.

4.2.2 Principle investment risks associated with the Unallocated Assets

The Trustee believes that the three specific investment risks associated with the Unallocated Assets are:

1) Sponsor/covenant risk – the level of ability and willingness of the sponsor to support the continuation of the Plan and to make good any current or future deficit.

2) Solvency risk and mismatching risk – the extent to which the progress of the actual growth of any underpin shortfalls relative to the current and alternative investment policies.

3) Changing demographics – the risk that longevity improves and other demographic factors change, increasing the cost of the Plan benefits.

4.2.3 Other investment risks to the Plan

The Trustee believes that other investment risks members may face include:

Climate risk – the extent to which climate change causes a material deterioration in asset values as a consequence of factors including, but not limited to: policy change, physical impacts and the expected transition to a low-carbon economy.

Custodial risk – is addressed through investment in pooled vehicles, with the investment managers responsible for selection of suitable custodians. In addition, restrictions are applied as to who can authorise transfers of cash and the accounts to which transfers can be made.

Currency risk – changes in exchange rates will impact the values of investments outside the UK when they are being bought or sold.

Counterparty risk – the financial institutions holding a fund's assets may get into financial difficulties leading to a reduction in a fund's value.

Environmental, Social and Governance (ESG) risks – the extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations.

The Trustee's approach to the consideration of ESG and climate risk is set out in further detail below under 4.6.

Interest rate risk – the value of funds which invest in bonds will be affected by changes in interest rates.

Liquidity risk – funds which invest in assets which cannot be easily bought or sold (such as property) may at times not be able to accept new investments or disinvestments of existing holdings.

Manager risk – expected deviation of the prospective return, as set out in the manager's objectives, relative to the investment policy.

Market risks – shifts in market sentiment (for example, in response to economic news or geopolitical events) or momentum in general market trading can lead to widespread changes and/or volatility in asset values over the short-term.

This can include short-term changes in the normally expected correlations of the behaviour of risks and returns seen between different asset classes, when standard approaches to mitigating risks such as diversification are temporarily ineffective.

Political risk – an adverse influence on investment values arising from political intervention.

4.2.4 Managing risks

The Trustee has developed and maintain a framework for assessing the impact of all investment risks on long-term investment returns. The Trustee receives a quarterly report from the investment consultants and also receive ad hoc advice as and when required.

Time horizon

The Trustee monitors the age profile of the Plan's membership to arrive at an appropriate investment horizon when considering all investment risks:

- The majority of members in the Plan are between the ages of 30 and 50;
- As a result, investment risks need to be considered over a multi-decade time horizon.

Principal investment risks

The lifestyle option manages the main investment risks as members grow older by automatically switching from funds which are expected to give long-term growth relative to inflation into funds whose values should fluctuate less in the short-term relative to the benefits members are expected to take at retirement.

The self-select fund range provides members with a choice of funds with differing risk and return characteristics which are expected to meet the investment needs of a majority of members.

Ability to invest/disinvest promptly

The Trustee recognises that it is important that members' contributions can be invested promptly in selected investment funds, and that these can be sold promptly for example when members wish to change where they are invested, transfer to another arrangement or if they wish to draw on their pension pot. The Trustee manages this risk by selecting pooled investment funds which can be dealt on a daily basis. The platform provider is responsible for monitoring the ability for members to invest and disinvest promptly and is expected to notify the Trustee if a situation develops whereby there is any restriction on the ability for members to do so. For example, this situation could occur in the event of significant economic uncertainty impacting on the ability for fund managers to value the underlying assets.

Other investment risks

The Trustee manages the other investment risks as part of the process for selecting and ongoing monitoring of the funds used by DC Assets of the Plan.

The funds used give a good spread of investments which will help manage risks associated with market conditions, fund manager actions and default.

The Trustee measures and manages asset risks associated with the Unallocated Assets as follows.

- They provide a practical constraint on Plan's investments deviating greatly from the intended approach by setting diversification guidelines and by investing in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, constrain risk within the Trustee's expected parameters.
- By investing across a range of assets, including quoted equities and bonds, the Trustee has recognised the need for some access to liquidity in the short term. In appointing several investment managers, the Trustee has considered the risk of underperformance by any single investment manager.

4.3 Expected returns on investments

The Trustee believes that it is important to balance investment risks with the likely long-term returns from different types of assets used in funds (taking the funds' costs and charges into account).

The expected returns on the principal asset classes and fund types for the DC Assets are:

Equities – should achieve a strong positive return relative to inflation over the longer-term, but tends to be the most volatile asset class over the shorter-term;

Corporate Bonds – should achieve a positive return relative to inflation over the longer-term which is lower than that for equities, but with a lower level of shorter-term volatility than equities;

Cash – should deliver a positive return which may not always keep pace with inflation, while normally providing a minimal level of volatility and high degree of capital security;

Long-dated Government Bonds (Gilts) – values should move broadly in line with the financial factors influencing annuity rates;

Diversified Growth / multi-asset funds – invest in a varying mix of asset classes with an objective of delivering a target level of returns relative to inflation over the longer-term, with a target level of shorter-term volatility lower than equities.

Responsible Investment (i.e. funds selecting assets to mitigate ESG and/or climate change risks) – the strategy of these funds is expected to give a better risk adjusted return over the long-term than the broader market for the type of assets involved (e.g. equities).

4.4 AVC arrangements

The Plan provides a facility for members to pay AVCs to enhance their benefits at retirement. Members are offered a range of funds in which to invest their AVC payments. The Trustee's objective is to provide a range of funds, which will provide a suitable long-term return for members, consistent with members' reasonable expectations and risk preferences. Currently, the AVC range of funds are the same as the investment fund options offered in the Defined Contribution fund range. However, there are also some AVCs inherited through legacy policies. The legacy policies AVC range can be found in Appendix B.

4.5 Types of funds used

4.5.1 Delegation of investment decisions

The DC Assets and a portion of the unallocated assets of the Plan uses funds provided through an investment platform. This investment platform in turn invest its funds in funds provided by a selection of fund managers where investments are pooled with other investors. This enables the Plan to invest in a range of funds giving a good spread of investments in a cost-effective manner. It does mean that the Trustee has delegated all day to day investment decisions including the management of financially material considerations to the fund managers (see section 4.6 below).

4.5.2 Selection of funds

The Trustee will invest in funds on the provider's platform which in turn invest in the investment managers' pooled funds. The details of the agreements for each underlying fund manager are set out in legal agreements between the manager and platform provider. The Trustee does not have any direct arrangements with any of the underlying managers and therefore, further detail of those arrangements have not been provided within the Statement of Investment Principles. However, the Trustee meets and engages with the asset managers and therefore, the Trustee's views on certain matters regarding the arrangements with asset managers have been included in the Statement of Investment Principles.

The objectives of the funds and the policies of the investment managers will be evaluated by the Trustee to ensure that they are appropriate for the needs of the Plan and consistent with the Trustee's policies.

The Trustee's choice of funds, and hence choice of approaches to aspects such as responsible investment and shareholder engagement, are constrained by the choice of funds available on the provider's platform. While the Trustee will endeavour as far as possible to select a platform provider and funds on that provider's platform which are consistent with the Plan's investment objectives and the Trustee's investment beliefs, this needs to be balanced against the wider benefits of access to the other funds on the platform and the other services from the platform provider as well as taking into consideration the costs of change to the Plan and its members.

The Trustee will seek to engage with the platform provider to obtain funds which meet the Trustee's investment beliefs, and are expected to improve outcomes for members, but this is subject to being commercially viable for the provider and consistent with the charge cap for the default arrangement. The Trustee expects the provider to encourage the investment managers to adopt appropriate practices for responsible investment and shareholder engagement.

The Trustee will periodically review the choice of platform provider, at which time the suitability of the provider's fund range and effectiveness of its governance of the investment managers on its platform will be key criteria.

4.5.3 Manager Incentives

The basis of remuneration of the investment managers is determined by the platform provider (not the Trustee) and may be subject to commercial confidentiality, however, the Trustee will seek transparency of all costs and charges borne by members. Nevertheless, the Trustee expects that it will be in the interests of both the platform provider and the investment managers on the provider's platform to produce growth in asset values in line with the funds' investment objectives. For passively managed funds, this should be within an acceptable margin of the index that the fund tracks. For actively managed funds, the investment return should be commensurate with the level of investment risk implied by the fund's objectives.

When selecting funds, the Trustee will ask their investment advisor to consider the investment managers' remuneration strategies and appropriateness of each fund's investment guidelines to ensure that there is no inducement or scope to take an undue level of risk and that the investment managers will act in line with the interests of the Plan's members.

In accordance with the 2015 Regulations, the Trustee conducts an annual Value for Members assessment and will take action should the provider be found to be giving poor value. In addition, in accordance with guidance from the Pensions Regulator, the Trustee will periodically review the Plan's choice of provider to ensure their charges and services remain competitive. The Trustee believes that these steps are the most effective way of incentivising the provider to deliver Value for Members, of which investment management charges and investment performance are key considerations.

4.5.4 Portfolio turnover

The Trustee does not expect investment managers to take excessive short-term risk and are expected to consider the medium and long-term outcomes of decisions on the portfolio; the investment managers are incentivised as such because the Trustee will monitor the investment manager's performance against the benchmarks and objectives on a short, medium and long terms basis.

For passively managed funds, the turnover of holdings is driven by changes in the index that a fund seeks to track and hence is outside the control of the investment manager.

When selecting actively managed funds, the Trustee will consider, with the help of their investment advisers, the expected level of turnover commensurate with a fund's investment objectives, the investment manager's investment processes and the nature of the fund's assets.

Whilst the Trustee expects performance to be delivered net of costs (including the costs of trading within the portfolio), the Trustee will ask the investment platform provider or investment managers on the platform to report on at least an annual basis on the underlying assets held within fund with details of any transactions and turnover costs incurred over the Plan's reporting year.

Where a fund has significantly under or outperformed its benchmark, the Trustee will seek to ascertain where necessary whether higher or lower than normal turnover has been a contributory factor. The Trustee will challenge the platform provider and/or investment managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive. However, it is noted that various factors have an influence in the level of portfolio turnover.

4.5.5 Portfolio duration

The Trustee recognises the long-term nature of defined contribution pension investments and chooses funds which are expected to deliver sustainable returns over the Plan members' investment horizon. The Trustee will carry out necessary due diligence on the underlying investment decision making process, to ensure the manager makes investment decisions over an appropriate time horizon aligned with the objectives for the related investment option.

The Trustee expects that each fund will be used for at least three years, this being the period over which performance of the fund can be appropriately evaluated and the costs of change amortised. However, all funds are subject to ongoing review against various financial and non-financial metrics, in addition to their continued appropriateness within the investment strategy.

4.5.6 Security of assets

The funds are provided through a policy of insurance issued to the Trustee by the platform provider. As a result, the value of the funds may be affected in the event of the provider getting into financial difficulties.

The underlying funds used by the provider's platform are accessed through reassurance agreements/unit purchase agreements/segregated investment mandates. In the event of a fund manager getting into financial difficulties, the values in these underlying funds will depend upon the nature of the contract with the platform provider and the fund vehicles used by the fund managers' funds.

4.5.7 Realisation of investments

The Trustee expects that the investment platform provider and the fund managers will normally be able to sell the funds within a reasonable timescale. There may, however, be occasions where the investment platform or fund managers need to impose restrictions on the timing of sales and purchases of funds (most notably for funds investing in property) in some market conditions to protect the interests of all investors in that fund.

Nevertheless, the Trustee recognises that most members' pots have a long investment timeframe, during which assets which are less easily traded (such as property or infrastructure) can be managed to deliver good long-term returns while avoiding the impact of liquidity issues at retirement.

4.5.8 Balance of investments

Overall, the Trustee believes that the Plan's investment options:

- Provide a balance of investments; and
- Are appropriate for managing the risks typically faced by members.

4.5.9 Policy on Investments into private markets

The Trustee acknowledges the evolution of the investment landscape for DC schemes, which has more recently improved the feasibility of considering an investment in illiquid assets into the Plan's investment strategy. These developments present the potential for diversification and enhanced uncorrelated returns within the Plan's investment strategy. However, the Trustee recognises that the decision to invest in illiquid assets requires careful consideration. The Trustee is mindful of the inherent challenges and risks associated with illiquid investments, emphasising the need for a thorough evaluation before committing assets to such strategies.

The Trustee's conclusion is to exercise patience and prudence by awaiting further evidence of the market's development. The Trustee aims to observe the maturation of the market for illiquid assets and closely monitor the performance of associated products, in conjunction with its Investment Advisors. This cautious stance ensures that any potential investment aligns with the Plan's risk tolerance, objectives, and the fiduciary duty to safeguard the interests of members.

The Trustee sets clear criteria for prospective entry into the illiquid asset market. The decision to invest will be contingent upon the products within this market reaching a level of maturity. This encompasses the establishment of a proven history of success, demonstrating the performance, liquidity, resilience, and reliability of the investment options under consideration. The Trustee maintains a steadfast commitment to prioritising the best interests of the Plan's members. The decision-making framework is centred on prudence, diligence, and a fiduciary responsibility to ensure that any investment into illiquid assets aligns with the Plan's overarching goals and obligations.

4.6 Responsible investment policy

4.6.1 Consideration of financially material factors in investment arrangements

The Trustee recognises that the consideration of financially material factors, including ESG factors and climate change, is relevant at different stages of the investment process. The Trustee further recognises that the financial materiality of any factor, including ESG factors and climate change, is context specific and that whilst some factors may be relevant to certain stocks/assets, they may not be relevant to others.

The Trustee will consider such factors in the development and implementation of their investment arrangements, for the purposes of determining the selection, retention and realisation of investments, where there is sufficient data or evidence to allow them to systematically do so. Where there is not sufficient data or evidence, they will require that their investment managers take such considerations into account within their decision making.

Strategic considerations

The Plan uses standard pooled funds offered by investment platform providers and fund managers. This gives access to a range of funds while keeping down costs to members, but means that the Trustee's ESG approach is constrained by the fund options available.

The Trustee has adopted a default strategy for the DC assets which tilts towards ESG-focused investments through selecting a global equity fund which takes ESG factors (including climate change) into consideration when investing. The Trustee discusses the potential impact of ESG and climate risks with its adviser and managers on a periodic basis and will monitor developments in this area.

The default strategy has an allocation to the BNYPP Global Multi-Factor Sustainable Equity Fund which is an ESG-focused fund. This fund consists of two underlying funds, the funds aim to:

- Target factors, including specific environmental, social and governance ("ESG") score and carbon exposure criteria.
- Maximize exposure to the target "style" factors while improving the ESG profile and reducing the carbon exposure.
- Invest in equity and equity-related securities of companies worldwide that the Investment Manager believes are sustainable investments and which also focus on a range of equity factors.

The Trustee is also cognisant that there are regular developments to ESG and sustainable approaches and monitor developments within these funds.

However, for the other funds within the Plan, the Trustee seeks to manage financially material considerations to protect long-term returns (i.e. in the context of the long-term nature of the Plan's investments) by:

- Considering the extent to which ESG issues including climate risk, where relevant, are integrated into the fund managers' investment processes and/or benchmark indices as appropriate and are satisfied that the fund managers follow an approach which takes account of financially material factors;

- For actively managed funds (where the fund manager decides where to invest), expect the fund managers to take financially material considerations into account when selecting which companies and markets to invest in;
- For passively managed funds, the Trustee recognises that the funds' objectives are to deliver returns in line with its benchmark (which may or may not take into account ESG factors), which the Trustee believes will deliver appropriate risk adjusted returns;
- For all funds, expect fund managers to engage with companies in which the fund invests to encourage business strategies which should improve or protect the value of those investments
- The strategic benchmark for the Unallocated Assets has been determined using appropriate long-term economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors.

The Trustee have made explicit allowances for a fund which tilts towards ESG-focused investments through selecting a global equity fund which takes ESG factors (including climate change) into consideration when setting their strategic benchmark for the Unallocated Assets. However as the Plan's assets are managed and advised by third parties, the Trustee expects its managers to integrate climate risk and opportunities in their investment strategies, and make progress towards understanding and taking action on the climate risks in the Plan's chosen portfolios and provide evidence this through specific examples in manager review meetings and annual reports.

Structural considerations

In passive mandates, the Trustee recognises that the choice of benchmark dictates the assets held by the investment managers and that the managers have minimal freedom to take account of factors that may be deemed to be financially material. The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark and believe this approach is in line with the basis on which their current strategy has been set.

Given the discretion afforded to the active investment managers, the Trustee expects that the investment managers will take account of all financially material factors including the potential impact of ESG factors in the implementation of their mandate. Within active mandates, the Trustee has delegated responsibility for the consideration of stock specific issues to their individual investment managers. The Trustee is satisfied that the investment managers are following an approach which takes account of all financially material factors.

Selecting investment managers

In selecting new investment managers for the Plan, where relevant to the investment mandate, the Trustee explicitly considers potential managers' approach to responsible investment and the extent to which managers integrate ESG issues in the investment process as a factor in their decision making.

4.6.2 Consideration of non-financially material factors in investment arrangements

Given the objectives of the Plan, the Trustee has not considered any non-financially material factors in the development and implementation of their investment strategy. Therefore, the Trustee has not imposed any restrictions or exclusions to the investment arrangements based on non-financially material factors.

The Trustee recognises that some members will have strong personal views or religious convictions that influence where they believe their savings should, or should not, be invested. However, the Trustee notes that a large majority of members have not made active investment choices and so the Trustee believes that most members are unlikely to have strong views on where their savings are invested. The Trustee has therefore decided that it would not be worthwhile surveying members' views on non-financial factors relating to the Plan's investments.

The Trustee notes that non-financial factors can affect various investment risks which are borne by members and may under-perform other funds with broader-based investment approaches.

4.6.3 Stewardship

The Trustee recognises that stewardship encompasses the exercise of voting rights, engagement by and with investment platform and fund managers and the monitoring of compliance with agreed policies to create sustainable value for beneficiaries, the economy and society. Whilst the investment managers own the assets and the corresponding voting rights, the Trustee invests in the pooled arrangements. By doing so, the Trustee has taken the decision and chosen to delegate these responsibilities to the managers. If the Trustee had invested in segregated arrangements, the Trustee could have retained the voting rights. The wording in the SIP has been drafted to highlight this point.

Members' financial interests

The Trustee expects that the investment platform provider and fund managers will have the members' financial interests as their first priority when choosing investments.

Conflicts of interest

When appointing platform providers and choosing investment managers' funds on the provider's platform, the Trustee will seek to establish that the platform provider and each investmeont manager has an appropriate conflicts of interest policy in place. The Trustee have no direct contact with debt or equity issuers, as this falls within the scope of the investment managers. As such, the Trustee would expect the investment managers when monitoring investments to consider the management of any potential or actual conflicts of interest by issuers of debt or equity and for this to be considered in their conflicts of interest policy.

When given notice, the Trustee will consider the impact of any conflicts of interest arising in the management of the funds used by the Plan.

The Trustee will consider any conflicts of interest arising in the management of the funds used by the Plan and will ensure that the platform provider and each investment manager has an appropriate conflicts of interest policy in place.

Voting and engagement

The Trustee believes that engagement with the companies in which the Plan invests, including the proactive use of shareholder voting rights, can improve the longer-term returns on the Plan's investments.

The Trustee has adopted a policy of delegating voting decisions on stocks to the underlying investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The investment managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy.

Where relevant, the Trustee has determined that the voting and engagement policies of the investment managers as well as the approach to governance of the investment platform provider are reasonable. The Trustee is planning to review the voting and engagement policies of the fund managers over the coming year. Going forwards, on an annual basis, the Trustee will request that the investment platform provider and fund managers provide details of any change in their house policy.

Where appropriate, the Trustee will engage with and may seek further information from the investment platform provider and investment managers on how portfolios may be affected by a particular issue.

Responsibility for investment decisions has been delegated to the investment managers, which includes consideration of the capital structure of investments and the appropriateness of any investment made. Where managers are investing in new issuance, the Trustee expects the investment manager to engage with the issuer about the terms on which capital is issued and the potential impact on the rights of new and existing investors.

The Trustee does not engage directly but believe it is sometimes appropriate for the fund managers to engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to improve corporate behaviours, improve performance and mitigate financial risks. The Trustee aims to review engagement activity undertaken by the fund managers as part of its broader monitoring activity.

The Trustee expects the investment platform provider to adopt similar practices with regards to the inclusion and ongoing oversight of fund managers on their platform. The Trustee also expects the platform provider to be able to evidence their own governance practices on request.

Monitoring

The Trustee expects the platform provider to monitor adherence of their investment managers to stated voting and engagement policies, engage with managers where concerns are identified and to report on these issues. The Trustee will request reports from the investment platform provider on the fund managers' voting activity on a periodic basis.

Going forwards, the Trustee plans to review the fund managers' voting activity on a periodic basis in conjunction with their investment adviser and use this information as a basis for discussion with the investment platform provider and fund managers. Where the Trustee deems it appropriate, any issues of concern will be raised with the manager for further explanation. The Trustee will also periodically review the fund managers voting patterns and may also monitor voting on particular companies or issues affecting more than one company.

The Trustee will continue to meet with all major fund managers over the coming year. The Trustee will provide the fund managers with an agenda for discussion, including ESG issues. Managers are challenged both directly by the Trustee and by its investment advisers on the impact of any significant issues including, where appropriate, ESG issues that may affect the prospects for return from the portfolio.

The Trustee will periodically review the range of funds offered to Defined Contribution members and the investment strategy of any lifecycle arrangements.

The Trustee will reconsider the asset allocation of the Unallocated Assets in the light of every full triennial valuation of the Plan, and at other times as deemed necessary.

Appendix A - Investment implementation for the default arrangements

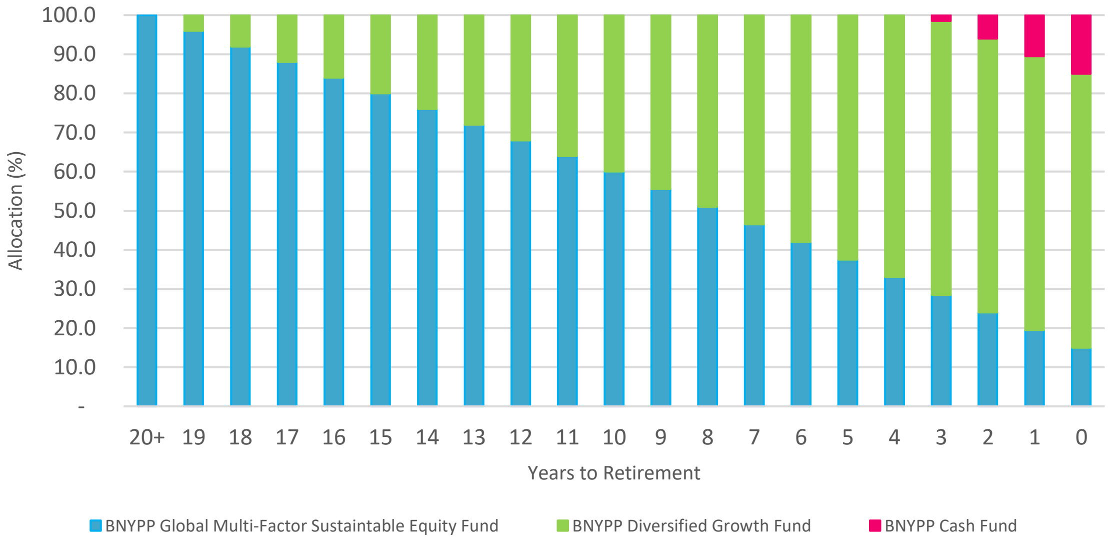
The Drawdown Lifestyle

The default arrangement, the Drawdown Lifestyle, is a lifestyle strategy which targets income drawdown at retirement.

Members are invested in funds expected to give higher returns relative to inflation up to 20 years before their selected retirement date.

Members are gradually switched into funds which are expected to give good returns relative to inflation while consolidating past investment gains between 20 and 3 years before their selected retirement date.

Finally, members are automatically switched into funds that align to their expected retirement choices during the last 3 years up to their selected retirement date.



Fund allocation

The allocation to each fund in the Drawdown Lifestyle at yearly intervals up to a member's selected retirement date is:

Years to retirement	BNYPP Global Multi Factor Sustainable Equity Fund (%)	BNYPP Diversified Growth Fund (%)	BNYPP Cash Fund (%)
20+	100.0	0.0	0.0
19	96.0	4.0	0.0
18	92.0	8.0	0.0
17	88.0	12.0	0.0
16	84.0	16.0	0.0
15	80.0	20.0	0.0
14	76.0	24.0	0.0
13	72.0	28.0	0.0
12	68.0	32.0	0.0
11	64.0	36.0	0.0
10	60.0	40.0	0.0
9	55.5	44.5	0.0
8	51.0	49.0	0.0
7	46.5	53.5	0.0
6	42.0	58.0	0.0
5	37.5	62.5	0.0
4	33.0	67.0	0.0
3	28.5	70.0	1.5
2	24.0	70.0	6.0
1	19.5	70.0	10.5
0	15.0	70.0	15.0

Rebalancing between these funds takes place on a quarterly basis. "Reverse switching" in the event of marked relative movements between funds causing an overshoot of the target asset allocation is undertaken.

Funds and charges

The funds used by the default arrangement, their benchmarks and their Total Expense Ratio ("TER") as at 31 December 2022 are:

Platform Fund	Underlying fund	Benchmark	TER %
BNYPP Global Multi Factor Sustainable Equity Fund	50% BlackRock Multiple Factor + ESG Fund	MSCI World Select Multiple Factor ESG Low Carbon Target Index	0.185%
	50% Schroder Sustainable Multi-Factor Equity Fund	MSCI All Country World Index	
BNYPP Diversified Growth Fund	50% Baillie Gifford Diversified Growth Fund	Bank of England Base rate +3.5%	0.56%
	50% Columbia Threadneedle Dynamic Real Return Fund	UK CPI + 4%	
BNYPP Cash Fund	BlackRock Cash Fund	GBP OverNight Index Average	0.135%

Members in the Drawdown Lifestyle will see an average TER over 40 years of 0.26% p.a..

Investment costs

Fund charges

The investment platform provider's and fund managers' charges for the investment options are borne by the members.

The Plan is a "qualifying Plan" for auto-enrolment purposes, which means that the Drawdown Lifestyle is subject to the charge cap introduced by the government from April 2015.

Transaction costs

Transaction costs arise when the fund managers buy and sell the assets held by each fund. Costs may also be incurred when units in the funds are bought and sold. These costs are taken into account when calculating the funds' unit prices and members' fund values.

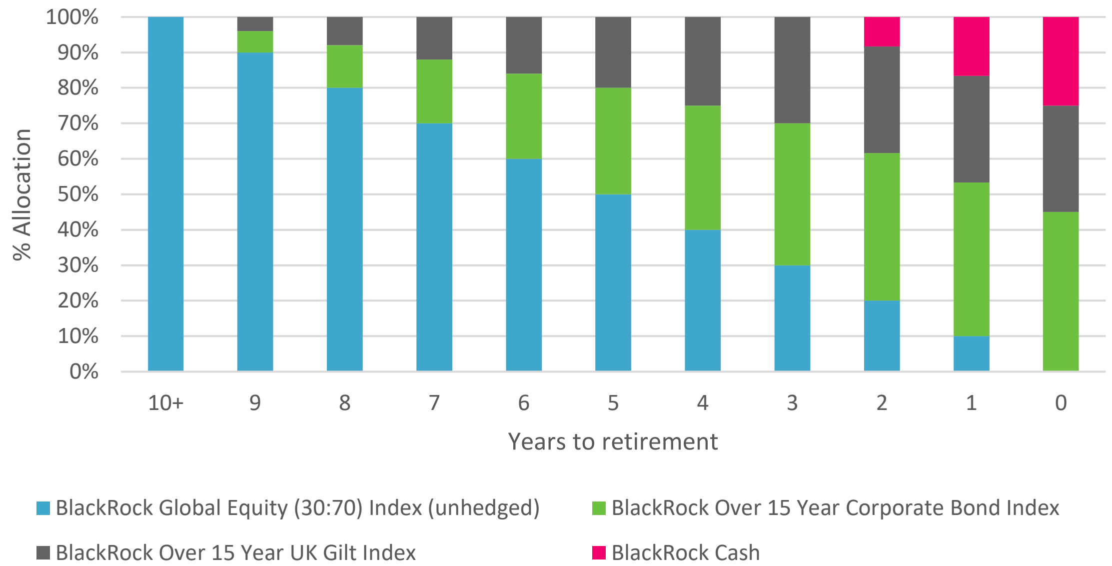
Review

The last review of the default arrangement was completed on 31 January 2022, this review commenced during Q4 2021 and was presented and discussed at the 31 January 2022 Trustee meeting. Following the review and analysis of the Plan's membership the Trustees made the decision to amend the Plan's default arrangement to target income drawdown, rather than targeting an annuity purchase. The Trustees believe that targeting income drawdown better reflects the way in which they expect members to take their retirement benefits. The Annuity Lifestyle will remain as a self-select option for members to choose from. This change was implemented in February 2023 and the next full review of the default arrangement is due to be undertaken on 31 January 2025.

The Legacy default arrangement

Following the move to the Annuity Lifestyle in 2019, the Trustees allowed members within 3 years to retirement to remain invested in the Legacy default arrangement.

This strategy also invests contributions in different funds according to how far each member is from retirement. The charges borne by each member can also vary from one year to the next.



Fund allocation

The allocation to each fund in the Legacy default arrangement at yearly intervals up to a member's selected retirement date is:

Years to retirement	BNYPP BlackRock Global Equity (30:70) Index (unhedged) Fund (%)	BNYPP Corporate Bond Index Over 15 Years Fund (%)	BNYPP Over 15 Years UK Gilt Index Fund (%)	BNYPP Cash Fund (%)
10+	100%	0%	0%	0%
9	90%	6%	4%	0%
8	80%	12%	8%	0%
7	70%	18%	12%	0%
6	60%	24%	16%	0%
5	50%	30%	20%	0%
4	40%	36%	24%	0%
3	30%	40%	30%	0%
2	20%	42%	30%	8%
1	10%	43%	30%	17%
0	0%	45%	30%	25%

Rebalancing between these funds takes place on a quarterly basis. “Reverse switching” in the event of marked relative movements between funds causing an overshoot of the target asset allocation is undertaken.

The annual charges for the Legacy default arrangement during the period covered by this Statement are:

Platform Fund	Underlying fund	Benchmark	TER %
BNYPP BlackRock Global Equity (30:70) Index (unhedged) Fund	BlackRock Global Equity (30:70) Index (unhedged)	Composite Benchmark: 60% FTSE Custom Developed ex UK ESG; 30% FTSE Custom All-Share ESG; 10% MSCI Global Emerging Markets Index (Blackrock)	0.12%
BNYPP Corporate Bond Index Over 15 Years Fund	BlackRock Corporate Bond Index Over 15 Years	iBoxx Over 15 Years Sterling Non-Gilts Index	0.11%
BNYPP Over 15 Years UK Gilt Index Fund	BlackRock Over 15 Years UK Gilt Index	FTSE UK Gilts Over 15 Years Index	0.10%
BNYPP Cash Fund	BlackRock Cash Fund	GBP OverNight Index Average	0.14%

Appendix B -Investment implementation for investment options outside the default arrangements

Lifestyle options

The Plan offers members an alternative lifestyle option, the Annuity Lifestyle.

Objective

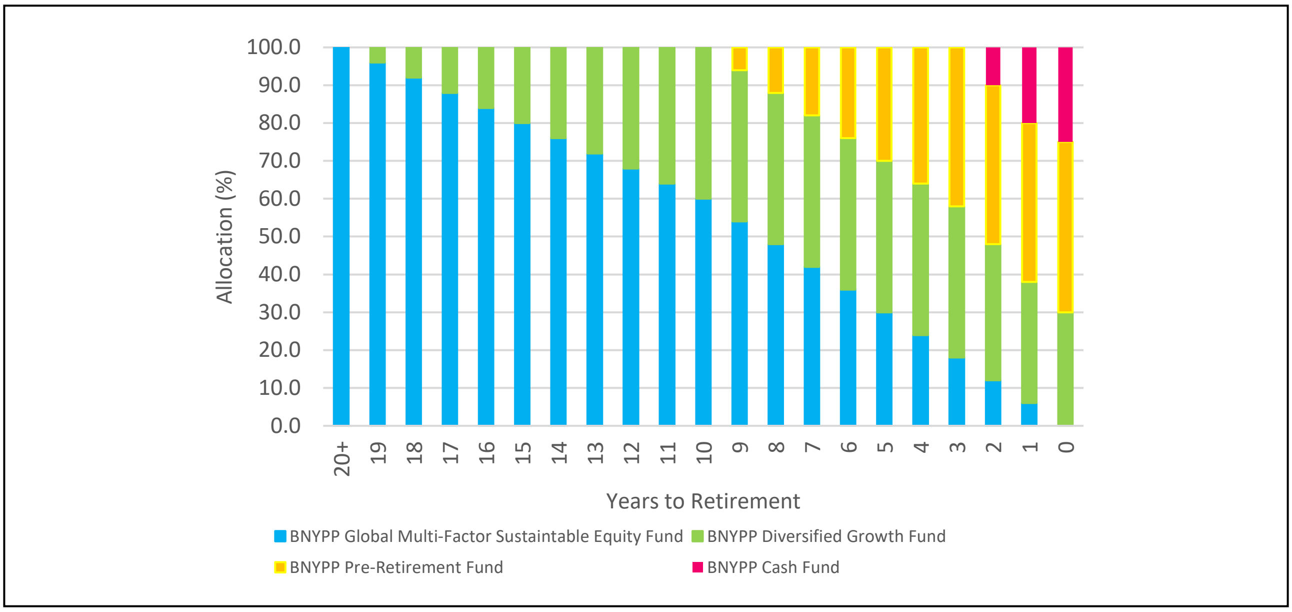
While the default arrangement’s lifestyle strategy targets income drawdown at retirement; the alternative lifestyle targets annuity at retirement. The return profile of the Annuity Lifestyle aims to reflect changes in annuity prices as members approach retirement and therefore suitable for members who intend to purchase an annuity at retirement.

Approach

Members are invested in funds expected to give higher returns relative to inflation up to 20 years before their selected retirement date.

Members are gradually switched into funds which are expected to give good returns relative to inflation while consolidating past investment gains between 20 and 10 years before their selected retirement date.

Finally, members are automatically switched into funds aligned to their expected benefit choices at retirement during the last 10 years up to their selected retirement date.



Fund allocation

The allocation to each fund in the Annuity Lifestyle at yearly intervals up to a member's selected retirement date are:

Years to retirement	BNYPP Global Multi Factor Sustainable Equity Fund (%)	BNYPP Diversified Growth Fund (%)	BNYPP Pre-Retirement Fund (%)	BNYPP Cash Fund (%)
20 or more	100.0	0.0	0.0	0.0
19	96.0	4.0	0.0	0.0
18	92.0	8.0	0.0	0.0
17	88.0	12.0	0.0	0.0
16	84.0	16.0	0.0	0.0
15	80.0	20.0	0.0	0.0
14	76.0	24.0	0.0	0.0
13	72.0	28.0	0.0	0.0
12	68.0	32.0	0.0	0.0
11	64.0	36.0	0.0	0.0
10	60.0	40.0	0.0	0.0
9	54.0	40.0	6.0	0.0
8	48.0	40.0	12.0	0.0
7	42.0	40.0	18.0	0.0
6	36.0	40.0	24.0	0.0
5	30.0	40.0	30.0	0.0

Years to retirement	BNYPP Global Multi Factor Sustainable Equity Fund (%)	BNYPP Diversified Growth Fund (%)	BNYPP Pre-Retirement Fund (%)	BNYPP Cash Fund (%)
4	24.0	40.0	36.0	0.0
3	18.0	40.0	42.0	0.0
2	12.0	36.0	42.0	10.0
1	6.0	32.0	42.0	20.0
0	0.0	30.0	45.0	25.0

Rebalancing between these funds takes place on a quarterly basis. “Reverse switching” in the event of marked relative movements between funds causing an overshoot of the target asset allocation is undertaken.

Self-select fund range

The Plan offers members a choice of self-select funds options as an alternative to the default option and alternative lifestyle option.

Fund range

Members are able to invest in all of the funds as part of the default arrangements (4 funds shown in Appendix A) in addition to the funds in the table below. Total Expense Ratio (“TER”) as at 31 March 2023 are:

Platform Fund	Underlying fund	Benchmark	TER %
BNYPP BlackRock Global Equity (30:70) Index (unhedged) Fund	BlackRock Global Equity (30:70) Index (unhedged)	Composite Benchmark: 60% FTSE Custom Developed ex UK ESG; 30% FTSE Custom All-Share ESG; 10% MSCI Global Emerging Markets Index (Blackrock)	0.12%
BNYPP Global Multi Factor Sustainable Equity Fund	50% BlackRock Multiple Factor + ESG Fund	MSCI World Select Multiple Factor ESG Low Carbon Target Index	0.19%
	50% Schroder Sustainable Multi-Factor Equity Fund	MSCI All Country World Index	
BNYPP Diversified Growth Fund	50% Baillie Gifford Diversified Growth Fund	Bank of England Base rate +3.5%	0.56%
	50% Columbia Threadneedle Dynamic Real Return Fund	UK CPI + 4%	
BNYPP Pre-Retirement Fund	LGIM Pre-Retirement Inflation Linked Fund	Bespoke Benchmark	0.14%

BNYPP M&G Total Return Credit Fund	M&G Total Return Credit	GBP OverNight Index Average +3.5%	0.50%
BNYPP UK Equity Index Fund	BlackRock UK Equity Index	FTSE All-Share ESG Index	0.10%
BNYPP Over 5 Year Index Linked Gilt Fund	BlackRock Over 5 Year Index-Linked Index	FTSE UK Gilts Index-Linked Over 5 Years Index	0.10%
BNYPP LionTrust UK Equity Fund*	LionTrust UK Equity	FTSE All Share Index	0.70%
BNYPP Active UK Equity Fund	50% BNY Mellon UK Equity Fund	FTSE All Share Index	0.56%
	50% Baillie Gifford UK Equity Alpha Fund	FTSE All Share Index	
BNYPP MFS Global Equity Fund	MFS Global Equity	MSCI World Index	0.712%
BNYPP Corporate Bond Index Over 15 Years Fund	BlackRock Corporate Bond Index Over 15 Years	iBoxx Over 15 Years Sterling Non-Gilts Index	0.11%
BNYPP Over 15 Years UK Gilt Index Fund	BlackRock Over 15 Years UK Gilt Index	FTSE UK Gilts Over 15 Years Index	0.10%
BNYPP Cash Fund	BlackRock Cash Fund	GBP OverNight Index Average	0.14%

* BNYPP LionTrust UK Equity Fund was closed to new investment on the 28th February 2023.

Use of options

It is possible for members to contribute to the alternative lifestyle option and self-select funds at the same time.

Members can have investments from previous contributions in the alternative lifestyle option and self-select funds at the same time.

Investment costs

The investment platform provider’s and fund managers’ charges for the investment options are borne by the members.

Transaction costs arise when the fund managers buy and sell the assets held by each fund. Costs may also be incurred when units in the funds are bought and sold. These costs are taken into account when calculating the funds’ unit prices and members’ fund values and are borne by members.

Review

Following the previous review of the default arrangement on 31 January 2022, the Trustee conducted a review of the self-select funds, including an in-depth review of the UK Equity funds that were being offered to members. Following this review, the Trustee closed the BNYPP LionTrust UK Equity Fund (formerly Majedie) to new investment and restructured the BNYPP UK Active Equity Fund to 50% BNY Mellon UK Equity Fund, 50% Baillie Gifford UK Equity Alpha Fund. The Trustee believes this new blended UK fund has a better risk and return profile than the previous funds offered to members.

Additional Voluntary Contributions

Legacy investment options

There are Additional Voluntary Contribution funds held with Scottish Widows. The information regarding these funds is currently being investigated and remains outstanding. The information will be considered by the Trustee when it has been received.

Fund	TER (%)
Scottish Widows With Profits Fund	-

Appendix C - Investment implementation for the Unallocated Assets

Unallocated assets

Several investment managers are employed to manage a multi-asset portfolio. The Plan currently invests via a range of pooled funds managed by Legal & General Investment Management ("Legal & General"), via the Fidelity platform and directly with M&G Plc.

The following table sets out the current strategic asset allocation benchmark for the Plan's Unallocated Assets and their charges (expressed as a percentage Total Expense Ratio ("TER"):

LGIM	**Benchmark**	**Strategic allocation (%)**	**TER (%)** As at 31 March 2023
AAA-AA-A Corporate Bond All Stocks	iBoxx £ Non-Gilt (ex-BBB) All Stocks Index	15.0	0.15
Over 15 Year Gilts	FTSE-A UK Gilts (Over 15 Years) Index	7.0	0.10
Over 15 Year Index Linked Gilts	FTSE-A UK IL Gilts (Over 15 Years) Index	13.0	0.10
Fidelity	**Benchmark**	**Strategic allocation (%)**	**TER (%)** As at 31 March 2023
BNYPP Global Multi-Factor Sustainable Equity Fund (DB)	50% MSCI ACWI Index (Net) 50% MSCI World Select Multiple Factor ESG Low Carbon Target Index (BAWM)	50.0	0.185
M&G Plc	**Benchmark**	**Strategic allocation (%)**	**TER (%)** As at 31 March 2023
M&G Total Return Credit Fund	The fund aims to provide a higher total return (the combination of income and capital growth and net of fees) than that of the 1-Month EURIBOR over any five-year period.	15.0	0.45%

Objective

The performance objective of the unallocated asset portfolio is to track the return of the market index for each of the underlying asset classes approach.

Review

Following the Unallocated Strategy review assets review in 2020, the Trustee sold £13m in the LGIM regional equity funds and invested them into the Global Multi-Factor Sustainable Equity Fund and increased the allocation within each of the Corporate bond, 15 Year Gilts and 15 Year Index-Linked Gilt Funds in July 2022. There was also a follow-up rebalancing trade in August 2022 to keep ensure the strategic allocation is closely followed.

Appendix D - Summary of the approach to investment governance

For the record

The Trustees' approach to investment governance complies with the provisions of the Plan's Trust Deed and Rules as well as legislative requirements.

The Plan's investment governance is also intended to meet the expectations set out in the Pensions Regulator's 2016 Code of Practice 13.

Exercising the Trustee's Investment Powers

The Trustee will always act in the best interests of the members. The Trustee and the investment managers (to the extent powers are delegated to them) are required to have regard to the principles set out in this SIP and Regulation 4 of the Occupational Pension Schemes (Investment) Regulations 2005 when choosing investments, Before making any decision to acquire, retain or realise any particular investments the Trustee take appropriate professional independent investment advice, under section 36 of the Pensions Act 1995,

The Trustee has delegated day-to-day work on the Plan's administration and investments. The current service providers to the Plan together with how they are paid is set out in Appendix E.

The administration of the Plan is managed by the Trustee, but outsourced to WTW.

The Trustee's advisers are paid fees calculated by reference to the time spent on a particular assignment multiplied by the relevant charge out rates applying to the associates who provided the service in question. For certain pieces of work, project-based fees might apply which reflect the value of the work undertaken.

Conflicts of interest

In the event of a conflict of interests, the Trustee will ensure that contributions are invested in the sole interests of members and beneficiaries.

Monitoring

The Trustee regularly monitors and reviews:

Investment Performance – The performance of the funds in which the Plan invests against both the funds' stated performance objectives and the investment objectives of the Plan. This will also include monitoring the levels of portfolio turnover in the event of significant under/out-performance.

Value for members – The member borne charges for the default option against the charge cap for auto-enrolment purposes and the funds' charges and transaction costs to ensure that they represent value for members.

Suitability – The suitability of the default option and investment options outside the default arrangement at least every three years and without delay after any significant change in investment policy or the demographic profile of the Plan's membership.

The Statements of Investment Principles – at least every three years and without delay after any significant change in investment policy or the demographic profile of the Plan's membership. The Trustee will consult the Employer on any changes.

Investment process – The processes for investing contributions and taking money from the investment options to pay benefits to ensure that they are carried out promptly and accurately.

Security of assets – The security of funds' assets when choosing a fund provider/manager and thereafter.

Voting – The fund managers' records of exercising shareholder voting rights and engaging with equity and bond issuers on matters which may materially affect the value of investments.

Conflicts of Interest – Instances where the actions of the platform provider or fund managers may conflict with the best interests of the Plan's members.

Reporting

The Trustee arranges for the preparation of:

- The Plan's audited Annual Report and Accounts (which includes the Annual Governance Statement and Implementation Statement);
- The Annual Governance Statement by the Chair of Trustee describing the Plan's investment costs, value for members and governance during the previous year;
- Publication of an extract from the Annual Governance Statement by the Chair of Trustee in a publicly searchable location on-line.
- An annual return to the Pensions Regulator.

Appendix E - Summary of the Plan’s service providers.

The Plan’s current service providers are as follows:

Service	Provider
Investment platform provider	Fidelity
Fund managers	As shown in Appendices A, B and C
Custodians	Selected by the fund managers
Pension administrator	WTW
Scheme Actuary	WTW
Auditor	RSM UK Audit LLP
Investment Consultant	Hymans Robertson LLP
Legal advisers	Travers Smith LLP

Appendix 3: Investment performance

This appendix shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options that members are able, or were previously able, to select and in which members were invested during the Plan year.

The presentation of the investment performance takes into account the statutory guidance issued by the Department for Work and Pensions. The Trustees have followed the statutory guidance in all areas.

For the investment strategies where returns vary with age, such as for the default strategy, returns are shown over various periods for a member aged 25, 45 and 55 at the start of the period.

These net returns make an approximate allowance for the basis on which Fidelity collects its charges specific to our Plan.

The investment performance shown in this section covers the periods to 31 December 2023. When looking at the performance, please note that there has been strong performance within global equities over the period, with rises (as measured by the FTSE All World Index) of 15.7%. There was continued volatility and uncertainty within the bond markets with UK Index Linked Government bonds or 'Gilts' rising by 0.9% (as measured by the FTSE Index-Linked Gilts All Maturities Index) and corporate bonds rising by 9.7% (as measured by the iBoxx Corporates All Investment Grade All Maturities Index), however the rise in value over the year is largely re-cooping losses from the unprecedented falls over the previous period.

The Default Arrangement – Targeting Income Drawdown

As the default investment strategy uses a lifestyle strategy, the investment return varies depending on your age and how far you are from your selected retirement age.

The below table shows the approximate returns experienced in the default strategy over a 1 year and a 3 year period at various ages. The default strategy changed in July 2019, so longer periods of returns are not able to be illustrated for the current default strategy. The investment performance of the funds used in the default investment strategy during periods up to 31 December 2023 net of all costs and charges expressed as an annual geometric compound percentage were:

Age of member in 2023 (years)	1 year (% p.a.)	3 year (% p.a.)
25	14.80	10.00
45	13.18	8.42
55	9.74	4.26

Source: Fidelity

The Alternative Default Arrangement – Targeting Annuity

As the alternative default arrangement uses a lifestyle strategy, the investment return varies depending on your age and how far you are from your selected retirement age.

The below table shows the approximate returns experienced in the alternative default arrangement-targeting annuity over a 1 year and a 3 year period at various ages. The lifestyle strategy changed in July 2019, so longer periods of returns are not available. The investment performance of the funds used in the strategy during periods up to 31 December 2023 net of all costs and charges expressed as an annual geometric compound percentage were:

Age of member in 2023 (years)	1 year (% p.a.)	3 year (% p.a.)
25	14.80	10.00
45	13.18	8.42
55	9.31	1.17

Source: Fidelity

The Legacy Default Arrangement

As the legacy default arrangement uses a lifestyle strategy, the investment return varies depending on your age and how far you are from your selected retirement age.

The below table shows the approximate returns experienced in the legacy default arrangement over a 1 year and a 3 year period at various ages. The investment performance of the funds used in the legacy default arrangement during periods up to 31 December 2023 net of all costs and charges expressed as an annual geometric compound percentage were:

Age of member in 2023 (years)	1 year (% p.a.)	3 year (% p.a.)
25	13.10	7.80
45	13.10	7.80
55	10.27	-0.86

Source: Fidelity

The table below sets out the returns from the funds in the Plan (for certain time periods prior to 31 December 2023)

Fund	Last 12 Months (%)	Last 3 Years (% p.a.)	Last 5 Years (% p.a.)
Lifestyle funds			
BNYPP Global Multi-Factor Sustainable Equity Fund	14.8	10.0	–
BNYPP Diversified Growth Fund	6.7	0.1	3.1
BNYPP BR Cash Fund	4.6	1.9	1.3
Self-select funds			
BNYPP BlackRock Global Equity (30:70) Index Fund (unhedged)	13.1	7.8	10.1
BNYPP LionTrust UK Equity Fund	11.3	5.8	4.7
BNYPP UK Equity Index Fund	6.5	7.7	6.0
BNYPP Active UK Equity Fund	8.8	7.4	6.9
BNYPP MFS Global Equity Fund	7.6	5.6	10.5
BNYPP M&G Total Return Credit Fund	9.9	4.1	-
BNYPP Corporate Bond Index Over 15 Years Fund	11.4	-11.4	-1.4
BNYPP Over 15 Years UK Gilt Index Fund	1.5	-17.5	-6.5
BNYPP Over 5 Years Index Linked Gilt Fund	0.1	-13.6	-5.0

BNYPP Pre-Retirement Bond Fund	7.3	-10.3	–
Scottish Widows With-Profits Fund*	*See ‘Additional Voluntary Contributions’ under Section 3*		

Source: Fidelity, 31 December 2023. Performance is shown net of fees. Where performance is not shown, data is not available.

* This is a legacy fund and members cannot pay contributions into it.