

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 reinsurance 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 investment 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

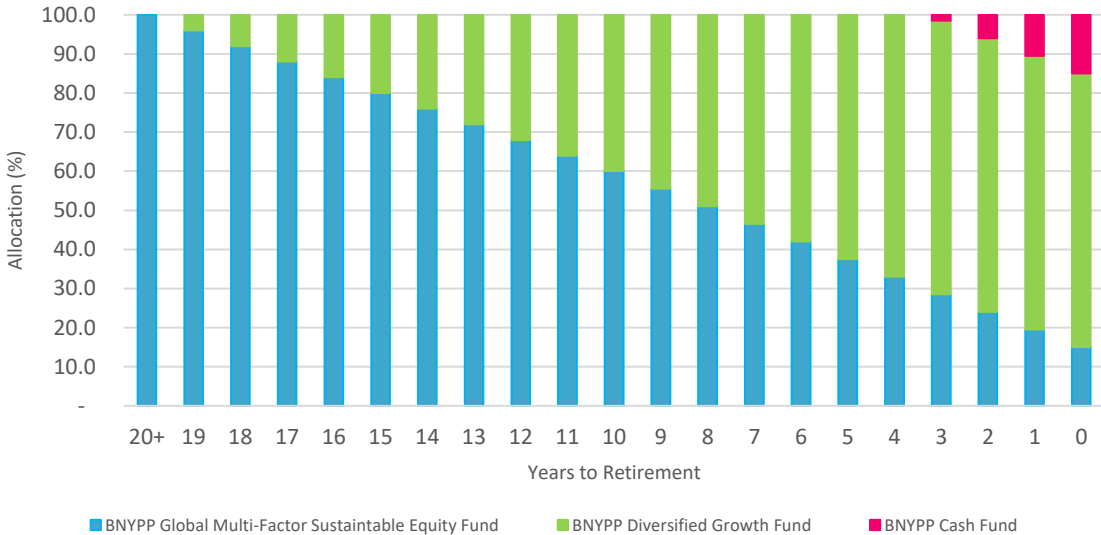
The Drawdown Lifestyle

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.

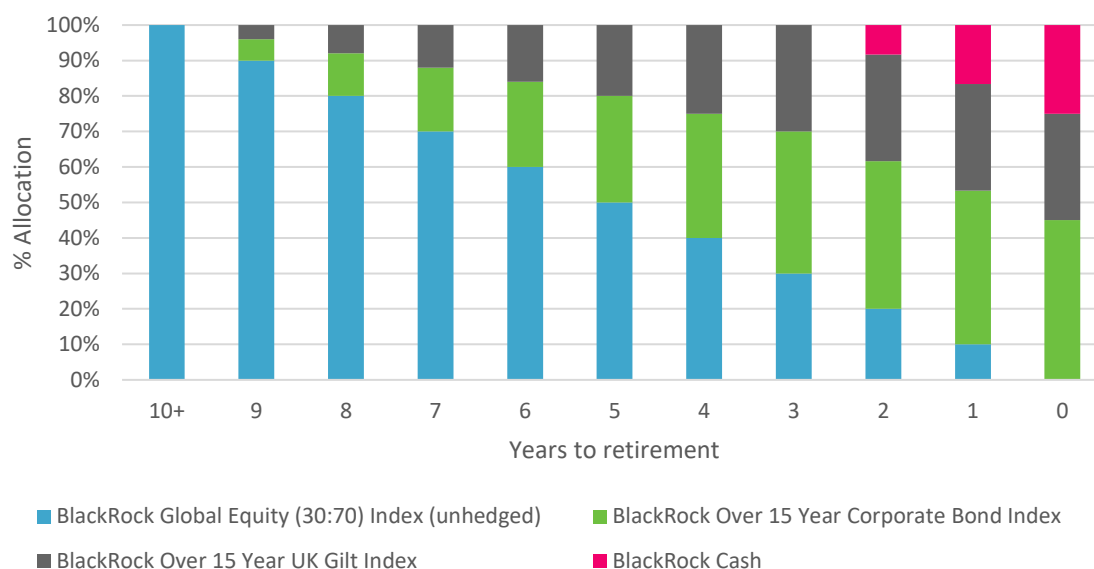
Review

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

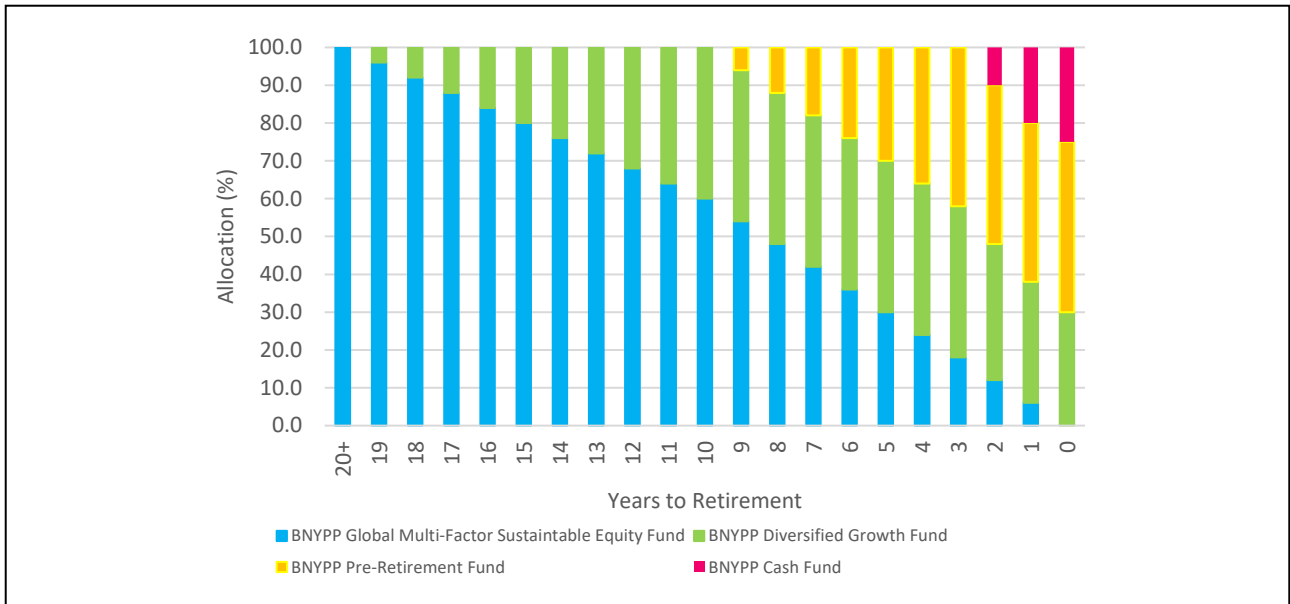
While the default arrangement’s lifestyle strategy targets income drawdown at retirement; the alternative lifestyle targets annuity at retirement. The return profile of the Annuity Lifestyle aims to reflect changes in annuity prices as members approach retirement and therefore suitable for members who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