Statement of Investment Principles for the Citi (UK) Pension Plan (the "Plan")

1. Introduction

This Statement of Investment Principles ("SIP") sets out the policy of the Trustee of the Citi (UK) Pension Plan (the "Plan") on various matters governing decisions about the investments of the Plan. This SIP replaces the previous SIP dated 21 October 2020.

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005 (as amended).

This SIP has been prepared after obtaining and considering written professional advice from LCP, the Plan's investment adviser, whom the Trustee believe to be suitably qualified and experienced to provide such advice. The advice considers the suitability of investments including the need for diversification, given the circumstances of the Plan, and the principles contained in this SIP. The Trustee has consulted with the relevant employer in producing this SIP.

The Trustee will review this SIP from time to time and, with the help of its advisers, will amend it as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, or in the demographic profile of the relevant members in respect of the Plan, and at least once every three years.

- **Appendix 1** sets out details of the Plan's investment governance structure, including the key responsibilities of the Trustee, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers.

- **Appendix 2** sets out the Trustee's policy towards risk appetite, capacity, measurement and management.

2. Investment objectives

The Trustee's primary objectives for the Plan are to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile of the Plan and the variety of ways that members can draw their benefits in retirement; and
- a main default investment option that the Trustee believes to be reasonable for those members that do not make their own investment decisions. The objective of the default option is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually into lower risk investments to improve diversification and reduce volatility as members near retirement, maintaining the potential for a modest level of growth in excess of inflation.

3. Investment strategy

The Defined Contribution Committee ("DCC") of the Trustee, with advice from its DC investment consultant, started a review of the Plan's lifestyle strategies and self-select fund range (including the default arrangements that existed at the time) at the end of 2017. This review continued during 2018 and was concluded in the first half of the Plan year in 2019. In particular, decisions were made in relation to the existing default arrangements at meetings of the DCC on 8 March 2019 and 14 June 2019. Further decisions relating to the implementation of the changes following the review were made at a meeting of the DCC on 24 September 2019, considering the objectives described in Section 2 above. Changes to the lifestyle strategies and self-select funds were implemented in three stages starting in the last quarter of 2019 and were concluded by the second quarter of 2020.

For the Plan, the Trustee offers members a range of investment funds. Each member is responsible for specifying one or more funds for the investment of their account, having regard to their attitude to the risks involved. The Plan's main default option was originally designed based on a review of the membership's demographic details in 2016. Following a review of the membership base in 2019, it was concluded the demographic details had remained consistent, which supported the ongoing suitability of the Plan's main default option. Therefore, the changes to the default lifestyle strategy that were implemented and concluded by the second quarter of 2020 continued to follow the same long-term strategic approach.

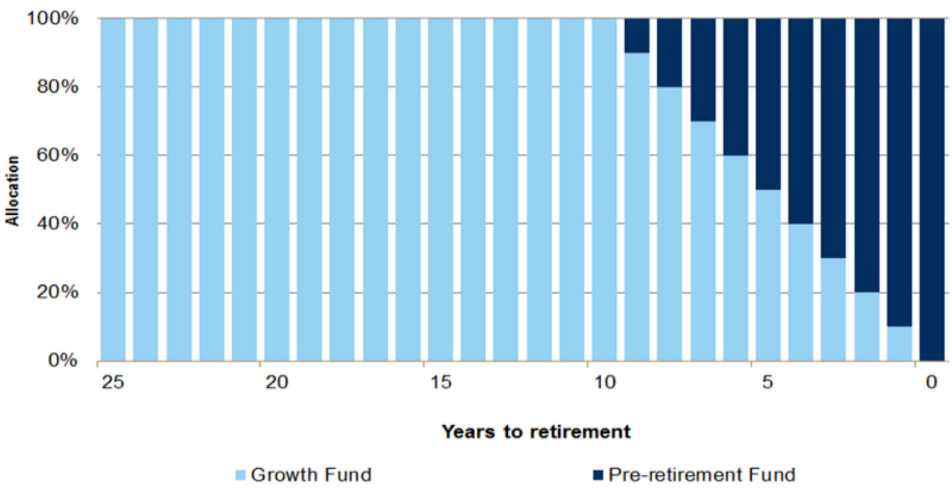
The Plan's main default arrangement is the Drawdown Lifestyle; this will be the default option if a member has not made an active investment choice.

3.1. The Plan's Main Default arrangement

3.1.1. The Drawdown Lifestyle

The default option targets income drawdown at retirement, so if a member has not chosen an investment option, their account will be invested into the default option, which is managed as a "lifestyle" strategy (ie it automatically combines investments in proportions that vary according to the time to retirement – known as Target Access Age or ("TAA")).

In the initial growth phase, the default option is invested in the Growth Fund which targets an expected return significantly above inflation (making use of equity based funds). In the 10 years before a member's intended TAA, the default option starts to switch gradually into the Pre-Retirement Fund whose asset allocation is designed to be appropriate for members who wish to access their benefits via drawdown. The chart below show how the default option's asset allocation changes as a member approaches retirement.



3.2. Other default arrangements

The Trustee has identified six other arrangements which could be considered to be additional default arrangements and consequently these are being treated as default arrangements:

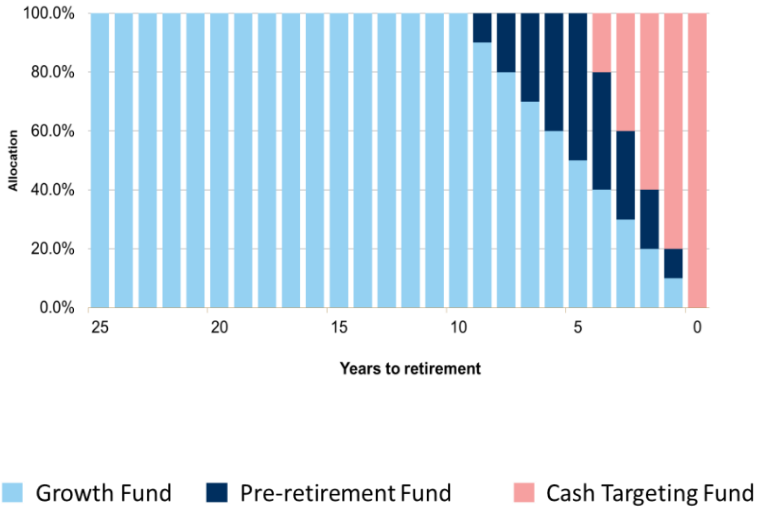
- the Cash Lifestyle;
- the Sterling Liquidity Fund – Active;
- Annuity Targeting Fund;
- Growth Fund;
- Pre-Retirement Fund; and
- Diversified Growth Fund – Semi Passive.

The Cash Lifestyle and Sterling Liquidity Fund – Active are considered to be defaults for governance purposes and must also meet charge cap restrictions. The Growth Fund, Annuity Targeting Fund, Pre-Retirement Fund and Diversified Growth Fund – Semi Passive are considered default arrangements for governance purposes only and therefore do not need to meet the charge cap restrictions.

3.2.1. The Cash Lifestyle

The default was set to the Cash Lifestyle for deferred members who in 2016 were projected to have relatively small pots at retirement.

In the initial growth phase this default option is invested in the Growth Fund which targets an expected return significantly above inflation (making use of equity based funds). In the 10 years before a member's intended TAA, the default option starts to switch gradually into the Pre-Retirement Fund and then from 5 years before a member's intended TAA it will switch 100% into the Cash Targeting Fund. This lifestyle is designed to be appropriate for members wishing to take 100% cash at retirement.



3.2.2. Sterling Liquidity Fund - Active

The Sterling Liquidity Fund – Active invests in the BlackRock Institutional Sterling Government Liquidity Fund with no lifestyling. The Fund became a default option as contributions that would have been invested in the Property Fund – Active were redirected to the Sterling Liquidity Fund – Active following suspension of the underlying funds of the Property Fund - Active during March 2020.

The Fund is designed to maintain capital by investing in one or more Sterling liquidity funds. These funds will predominantly invest in a range of short-term money market instruments and government securities.

3.2.3. Annuity Targeting Fund

The Fund is designed for members who wish to purchase an annuity at retirement by broadly aiming to track annuity prices.

3.2.4. Growth Fund

The Growth Fund is designed to provide members with long term growth by investing in one or more appropriate asset classes.

3.2.5. Pre-Retirement Fund

The Pre-retirement Fund is designed to contain an appropriate balance between risk and return for members approaching their target access age who are expecting to draw down income.

3.2.6. Diversified Growth Fund – Semi Passive

The Diversified Growth Fund – Semi Passive is designed to deliver positive growth over the long term by investing passively across various asset classes and adjusting the amounts held within different asset classes over time to strategically manage risk and reduce volatility.

The Trustee believes that the aims and objectives of the default arrangements as explained above and their policies in respect of all investments (including the default arrangements) as outlined in the rest of this Statement, are intended to ensure that assets are invested in the best interests of the majority of members invested in each of the default arrangements, taking into account the demographics of those members and the reasons why members are invested in these arrangements.

4. Other lifestyle strategies

An Annuity Lifestyle which is designed for members wishing to purchase an annuity at retirement, has also been made available to members.

5. Trustee's policy to reviewing the investment arrangements

The Trustee will review the default options and the other investment options at least every three years and as soon as practicable after any significant change in investment policy, or the demographic profile of relevant members.

The Trustee will also review periodically the relevant members' use of their options at retirement or on taking benefits from the Plan to check whether assumptions made about how members access their benefits are borne out in practice.

The Trustee has ensured that each of the default options is below the cap on member-borne charges of 0.75% per annum. This does not apply to the defaults that have been categorised as defaults for governance purposes only. These are the Growth Fund, Annuity Targeting Fund, Pre-Retirement Fund and Diversified Growth Fund – Semi Passive. The Trustee will ensure that the cap on all member-borne charges will continue to apply to members' funds which remain invested in the other default arrangements, which are the Drawdown Lifestyle, The Cash Lifestyle and Sterling Liquidity Fund. This will be the case even if the member leaves their employer or stops making contributions and becomes a non-contributing, or 'deferred' member.

6. Considerations made in determining the investment arrangements

When deciding how to invest the Plan's assets, the Trustee considers several risks, including, but not limited to, those set out in Appendix 2. Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk.

The Trustee considered a wide range of asset classes for investment, taking account of the expected returns and key individual risks associated with those asset classes as well as how these risks can be mitigated where appropriate.

In determining the investment arrangements for the Plan the Trustee also took into account:

- the best interests of all members and beneficiaries;
- the profile of the membership and what this was likely to mean for the choices members might make upon reaching retirement;
- the risks, rewards and suitability of a number of possible asset classes and lifestyle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification within the default strategy and between the other investment options offered to members;
- any other considerations which the Trustee considers financially material over the periods until members' retirement, or any other timeframe which the Trustee believes to be appropriate; and
- the Trustee's investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

7. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

Details of the investment managers and their objectives are set out in the separate Investment Policy Implementation Document.

The Trustee has entered into a contract with a platform provider, who makes available the range of investment options to members. There is no direct relationship between the Plan and the underlying investment managers of the DC investment funds.

The Trustee and investment managers to whom discretion has been delegated exercise their powers to giving effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

The Trustee has limited influence over managers' investment practices because all the Plan's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial (eg firm stability, remuneration, staff turnover) performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. The Trustee selects investment managers with the expectation of a longer-term appointment. The nature of the DC funds is that the Trustee can move away from a given manager on short notice, but the Trustee would not expect to do so on short term performance grounds alone. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates. Portfolio turnover is monitored regularly via quarterly investment reviews and portfolio transaction costs are monitored on an annual basis by the Trustee as part of the annual Chair's Statement.

8. Realisation of investments

The investment managers have discretion over the timing of realisation of investments of the fund they manage and in considerations relating to the liquidity of investments. For the Plan, the Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments.

9. Financially material considerations and non-financial matters

The Trustee has considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of its members.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) where permissible within applicable guidelines and restrictions. The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice.

The Trustee has delegated responsibility for the selection, retention and realisation of investments within all investment funds to the underlying investment managers (within certain guidelines and restrictions).

In pooled funds, the Trustee has limited influence over managers' investment practices, particularly in relation to those pooled funds which are designed to track an index (passive funds) where the choice of index dictates the assets held by the manager. The Trustee accepts that the role of the passive manager is to deliver returns in line with the index and this approach is in line with the basis on which their current strategy has been set. However, the Trustee will periodically review the indices employed for this purpose and encourages its managers to improve their practices where appropriate. In relation to funds where the manager is permitted to make active decisions about the selection, retention and realisation of investments, the Trustee expects the managers to consider all financially material factors, including ESG-related issues where permissible within applicable guidelines and restrictions.

The Trustee will review how ESG-related issues are taken into account in the investment processes adopted by their investment managers within the main default option on a regular basis. The Trustee will challenge these approaches where appropriate and will report on ESG-related issues in relation to the main default option as part of their implementation policy that will be produced annually.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments. However, the Trustee recognises that some members may wish to invest specifically in ethical or Shariah compliant funds and offers members appropriate funds to achieve this.

10. Stewardship

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking in to account the long-term financial interests of the beneficiaries. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice.

For on behalf of the Trustee of the Citi (UK) Pension Plan:

Date: 16 June 2021

Investment governance, responsibilities, decision-making and fees

The Trustee has decided on the following division of responsibilities and decision-making for the Plan. This division is based upon the Trustee's understanding of the various legal requirements placed upon it, and its view that this division allows for efficient operation of the Plan overall, with access to an appropriate level of expert advice and service. The Trustee's investment powers are set out within the Plan's governing documentation.

1. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- formulating a policy on socially responsible investment issues;
- formulating a policy on voting rights;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer(s) when reviewing the SIP.

The Trustee has set up a DC Committee and delegated certain tasks to this Committee.

2. DC Committee

In broad terms, the DC Committee is responsible in respect of investment matters for:

- setting the investment strategy, in consultation with the employers;
- reviewing the investment policy as part of any review of the investment strategy;
- setting the policy for rebalancing between asset classes;
- selecting (and, when necessary, reviewing) investment managers;
- appointing (and, when necessary, dismissing) platform providers, custodians and investment advisers;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- the reconciliation of the units within the DC arrangements and any other matters raised within the Committee as to the proper administration of those arrangements;
- the preparation and monitoring of the budgets for all aspects of the Plan's DC arrangements;
- communicating with members as appropriate on investment matters;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change); and
- Compliance with any Code of Practice (or similar guidance) issues by the Pensions Regulator or any legislative provisions relating, in each case, to the governance of DC arrangements.

3. Investment platform provider

In broad terms, the investment platform provider will be responsible for:

- providing access to a range of funds managed by various investment managers;
- providing the Trustee, through the platform, with regular information concerning the management and performance of the assets; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

4. Investment managers

In broad terms, the investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and with in the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation, as agreed with the Trustee;
- providing the Trustee with regular information concerning the management and performance of their respective portfolios;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing their respective portfolios where permissible within applicable guidelines and restrictions; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

5. Custodians

The custodians of the Plan funds (whether there is a direct relationship between the custodian and the Trustee or not) are responsible for safe keeping of those assets and for facilitating all transactions within the funds.

6. Investment consultant

In broad terms, the investment adviser will be responsible, in respect of investment matters, as requested by the Trustee, for:

- for the Plan, advising on a suitable fund range and default strategy for the Plan, and how material changes to legislation or within the Plan’s benefits and membership may impact this;
- advising on the selection, and review, of the investment managers; and
- participating with the Trustee in reviews of this SIP.

7. Fee structures

The Trustee recognises that the provision of investment management and advisory services to the Plan results in a range of charges to be met, directly or indirectly, by deduction from the Plan’s assets.

The Trustee has agreed Terms of Business with the Plan’s investment advisers, under which work undertaken is charged for by an agreed fixed fee or on a “time-cost” basis.

The investment managers and platform provider receive fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent with the managers' general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee's view as to the most appropriate arrangements for the Plan. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.

8. Performance assessment

The Trustee is satisfied, taking into account the external expertise available, that there are sufficient resources to support its investment responsibilities. The Trustee believes that it has sufficient expertise and appropriate training to carry out its role effectively.

It is the Trustee's policy to assess the performance of the Plan's investments, investment providers and professional advisers from time to time. The Trustee will also carry out periodically an assessment of its own effectiveness as a decision-making body and will decide how this may then be reported to members.

Policy towards risk

The Trustee considers that there are a number of different types of investment risk that are important for the Plan. These include, but are not limited to:

1. Risk of inadequate returns

In the Plan, as members' benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the default strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustee has made the default option a "lifestyle" strategy.

2. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Plan's assets. The Trustee believes that the Plan's DC default strategy is adequately diversified between different asset classes and within each asset class, and the DC options provide a suitably diversified range for members to choose from. This was a key consideration when determining the Plan's investment arrangements.

3. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustee receives written advice from a suitably qualified individual and will typically undertake an investment manager selection exercise. The Trustee monitors the investment managers on a regular basis.

4. Liquidity/marketability risk

For the Plan, this is the risk that core financial transactions, such as investing and disinvesting members' contributions, are not processed promptly due to lack of liquidity in the investments. The Trustee manages this risk by only using pooled funds with daily dealing within the default strategy and diversifying the strategy across different types of investment.

5. Risk from excessive charges

Within the Plan, if the investment management charges together with other charges levied on, for example, transfers or early retirement are excessive, then the value of a member's account will be reduced unnecessarily. The Trustee is comfortable that the charges applicable to the Plan are in line with market practice and assesses regularly whether these represent good value for members.

6. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Plan is subject to credit risk because it invests in bonds via pooled funds. The Trustee manages its exposure to credit risk by only investing in pooled funds that have a diversified exposure to different credit issuers.

7. Currency risk

The Plan is subject to currency risk because some of the Plan's investments are held in overseas markets.

For the Plan's lifestyle investment strategies, the Trustee believes that the currency exposure is managed in an appropriate manner given the objective of each of those strategies.

Within the Plan's self-select fund range some funds will be subject to currency risk where the underlying investments are held in overseas markets which the Trustee considers reasonable.

8. Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Plan's investments, some of which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks investment options that address these risks and to appoint investment managers who will manage these risks appropriately on their behalf where permissible within applicable guidelines and restrictions.

9. Other non-investment risks

The Trustee recognises that there are other, non-investment, risks faced by the Plan, and takes these into consideration as far as practical in setting the Plan's investment arrangement.