

Iron Trades Insurance Staff Trust

Statement of Investment Principles

August 2025

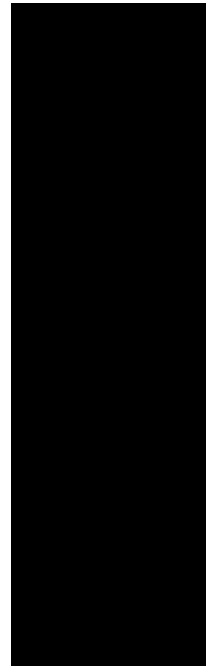
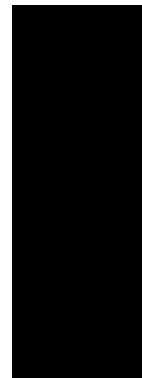
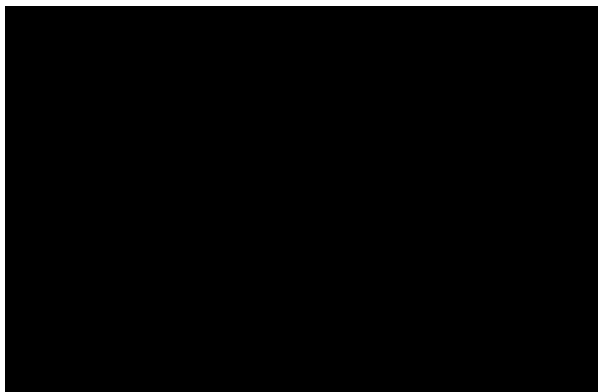


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This document is the Statement of Investment Principles for the Iron Trades Insurance Staff Trust (the Trust). The requirement for the Trustees of the Trust to have such a Statement in place was introduced by the Pensions Act 1995. The Statement comprises the following sections and appendix:

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Throughout this document:

- “Trust” refers to the Iron Trades Insurance Staff Trust
- “Trustees” refers to the Trustees of the Iron Trades Insurance Staff Trust
- “Company” refers to QBE Management Services (UK) Limited



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Section 1: Introduction

Pensions Act

- 1.1 Under the Pensions Act 1995 (as amended by the Pensions Act 2004), the Trustees are required to prepare a statement of the principles governing investment decisions. This document contains that statement and describes the investment policy pursued by the Trustees of the Trust.

Background

- 1.2 Before preparing this document, the Trustees have consulted the Company and will also consult the Company before revising this document, in particular, if it relates to changes in investment policy. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustees.
- 1.3 Before preparing this document, the Trustees have sought advice from the Trust's investment consultants, WTW. The Trustees have also provided a copy to the Trust's investment managers. The Trustees will review this document, in consultation with the investment consultant and the Scheme Actuary, at least once a year, or sooner following an unscheduled actuarial valuation, or without delay following a significant change in investment policy. Before preparing this document the Trustees have had regard to the latest relevant legislation concerning diversification of investments and suitability of investments and the Trustees will consider those requirements on any review of this document or any change in their investment policy. The Trustees will refer to this document where necessary to ensure that they exercise their powers of investment so as to give effect to the principles set out in it as far as is reasonable.
- 1.4 This document has been drafted in the light of the updated Myners' Review issued October 2008 and specifically Myners' recommendations relating to the content of Statements of Investment Principles.

Trust details

- 1.5 The Trust operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries.
- 1.6 Members of the Trust were contracted-out of the State Second Pension under the Pensions Schemes Act 1993 until the scheme ceased to include any active members on 31 May 2006.
- 1.7 Since 6 April 2006, the Trust has been treated by HM Revenue and Customs (HMRC) as a registered pension scheme, in accordance with Schedule 36 of the Finance Act 2004.

Financial Services and Markets Act

- 1.8 In accordance with the Financial Services and Markets Act 2000, the Trustees will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers, which may include an insurance company or companies. The investment manager shall provide the skill and expertise necessary to manage the investments of the Trust competently.

AVC arrangement

- 1.9 The Trust's AVC arrangement provides for benefits to be accrued on a money purchase basis, with the value of members' funds being determined by the value of accumulated contributions adjusted for investment returns net of charges. In selecting appropriate investments, the Trustee is aware of the need to provide a range of investment options, which broadly satisfy the risk profiles of all members, given that members' benefits will be directly determined by the value of the underlying investments.

Section 2: Governance

- 2.1 The Trustees have ultimate responsibility for decision-making on investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustees delegate some of these responsibilities. The Trustees believe that this structure is appropriate for the efficient running of the Trust and is consistent with industry practice.
- 2.2 Responsibility for all day-to-day investment decisions is delegated to the Trust's investment managers. The Trustees retain direct responsibility for other investment matters which include:
- Reviewing annually, or following any significant change in investment policy, the content of this Statement of Investment Principles and for modifying it if deemed appropriate, in consultation with the investment consultant and Scheme Actuary.
 - Reviewing the investment policy following the results of each actuarial review, in consultation with the investment consultant and Scheme Actuary.
 - Appointing (and dismissing) investment managers.
 - Assessing the quality of the performance and processes of the investment manager by means of regular, but not less than annual, reviews of the investment results and other information, in consultation with the investment consultant and Scheme Actuary.
 - Consulting with the Company before amending either this statement or the investment strategy.
 - Strategically allocating the assets and the cash flow of the Trust between investment mandates and making periodic adjustments to the portfolio allocations.
 - Monitoring compliance with this Statement on an ongoing basis.
 - Having regard to the need for diversification of investments so far as appropriate and to the suitability of investments.
 - Directing assets and cashflow to the investment manager.
 - To provide managers with the most recent version of the Trust's Statement of Investment Principles on an annual basis.
- 2.3 Decisions affecting the Trust's investment strategy should be taken with appropriate advice from the Scheme Actuary and investment consultant and the Trustees' other advisers as appropriate.

- 2.4 The Trustees are satisfied that they have sufficient expertise and appropriate training to evaluate critically the advice they receive. The Trustees are also satisfied that they have an appropriate set of skills individually and collectively, and the right structures and processes, to carry out their role effectively.
- 2.5 Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Trust. The Trustees draw on the skills and expertise of external advisers including the investment managers, custodians, investment consultant and Scheme Actuary.
- 2.6 The Trustees are aware that they have the flexibility to open the contracts for actuarial services and investment advice to separate competition.

Section 3: Division of responsibilities

Investment manager

3.1 The investment manager will be responsible for:

- Tracking the relevant benchmark returns within an appropriate tracking error.
- Providing the Trustees with quarterly statements of the asset distribution, performance relative to the benchmark, actions taken together with future intentions and any changes to the processes applied to their portfolios.
- Informing the Trustees of any changes in the internal performance objective and guidelines of any pooled fund used by the Trust as and when they occur.
- To confirm on an annual basis that the management of the assets is consistent with the Statement of Investment Principles.

3.2 Based on the assets under management, State Street Global Advisors are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

Investment consultant

3.3.1 The investment consultant will be responsible for:

- Participating with the Trustees in annual reviews of this Statement
- Undertaking project work as required including:
 - reviews of asset allocation policy.
 - research reviews of investment managers.
 - advising on the selection of new managers and/or custodians.

Scheme Actuary

3.4 The Scheme Actuary's responsibilities include:

- Performing the triennial (or more frequently, as required) valuations of the Trust and advising on the appropriate contribution levels for the future.
- Assessing the funding level of the Trust against the Trust's Statutory Funding Objective and advising on the appropriate response to any shortfall.

- Liaising with the investment consultant on the suitability of the Trust's investment strategy given the financial characteristics of the Trust.

3.5 In accordance with industry practice, the investment consultant's and Scheme Actuary's fees will be determined by reference to the time spent, the level of staff involved and the value derived by the Trustees from the services.

Section 4: Objectives and long term policy

Objectives

- 4.1 The Trustees have the following investment objectives:
- a The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from the Company, the cost of benefits which the Trust provides.
 - b To limit the risk of the assets failing to meet the liabilities over the long term, in particular in relation to the Trust's Statutory Funding Objective.
 - c To minimise the long term costs of the Trust by maximising the return on the assets whilst having regard to the objective shown under b.
 - d To maintain an inflation and interest rate hedge ratio of around 100% of the Trust's assets.

Policy

- 4.2 The Trustees' policy is to seek to achieve the objectives through investing in a suitable mixture of return seeking and liability matching assets. They recognise that the returns on return seeking assets, while expected to be greater over the long term than those on liability matching assets, are likely to be more volatile. A mixture across asset classes is targeted to provide the level of returns required by the Trust to meet its liabilities at an acceptable level of risk for the Trustees and a reasonable level of cost to the Company.
- 4.3 Having taken appropriate actuarial advice, the Trustees are of the opinion that the asset allocation detailed in 5.1 is appropriate in the current circumstances, but will be reviewed at least annually.
- 4.4 For most of the Trust's investments, the Trustees expect the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods.

Expected return on investments

- 4.5 In setting the Trust's asset allocation policy, the Trustees' aim is that the returns on investment enable the Trust to fund the benefit provisions to members. For this purpose the Trustees have had regard to the actuarial valuation approach which is used to determine Company contributions, including in particular an expected higher return on equity investments than on bonds, and to the historical rates of return earned on the various classes of assets available for investment.
- 4.6 The relative risks and returns of different classes of investment are reviewed at intervals by the Trustees.

Socially responsible investments

- 4.7 The Trustees take account of all financially material risks and opportunities in consultation with their advisers. All risks and opportunities are considered for materiality and impact within a risk management framework, which takes account of members' investment time horizons and objectives. The Trustees' time horizon reflects the time horizon of the Sponsor's business and the Trust's maturing liability profile. The Trustees consider sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, in the context of this broader risk management framework.
- 4.8 The Trustees' policy is that day-to-day decisions relating to the investment of Trust assets is left to the discretion of its investment managers. This includes consideration of all financially materially factors, including ESG-related issues where relevant. The Trustees explore these issues with its managers to understand how they exercise these duties in practice and receives reports on how these issues are addressed.
- 4.9 When considering the appointment of new managers, and reviewing existing managers, the Trustees, together with their investment consultant, looks to take account of the approach taken by managers with respect to sustainable investing including voting policies and engagement where relevant.
- 4.10 The Trustees policy is to delegate responsibility for the exercising of ownership rights (including voting rights) attaching to investments to the investment managers. The Trustees recognise the UK Stewardship Code as best practice and encourages their investment managers to comply with the UK Stewardship Code or explain where they do not adhere to this policy. This policy should apply with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings.
- 4.11 The Trustees have delegated responsibility for the selection, retention and realization of investments to the investment manager.
- 4.12 The majority of the Trust's assets are invested in passively managed pooled funds. The use of these investments means that the Trustees are unable to influence direct social, environmental and ethical considerations.

Rights attaching to investments

- 4.13 The Trustees invest in pooled funds and so the Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. Although the Trustees have no voting rights, they have reviewed the manager's corporate governance policies. The Trustees receive regular reports on how the manager has voted.

Realisation of assets

- 4.14 The pooled funds in which the Trust invests consist predominantly of stocks quoted on major stock markets and may be realised quickly if required.

Leverage

- 4.15 The Trustees' 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).

Diversification

- 4.16 The Trust's strategic asset allocation is designed to ensure that the Trust's investments are adequately diversified by asset class. Since the Trust is invested in pooled funds, the Trustees cannot influence directly the concentration of investments at a stock selection level.

Liquidity

- 4.17 The Trustees, together with the Trust's administrators, will ensure that they hold sufficient cash to meet the likely benefit outflows from time to time. The Trustees' policy is that there should be sufficient investments in liquid or readily realisable assets to meet cashflow requirements in the majority of foreseeable circumstances so that realisation of assets will not disrupt the Trust's overall investment policy.

Section 5: Asset allocation guidelines

Asset allocation

5.1 Under normal market conditions the Trustees believe that the following strategic scheme-specific asset allocation is appropriate for the Trust.

Asset Class	Weight %	Lower limit %	Upper Limit %
Equities	15.0	0.0	20.0
Smart Beta	33.3	0.0	35.0
UK Equity	5.5	0.0	6.5
International Equities	61.2	0.0	63.5
Bonds	85.0	80.0	100.0
Sterling Corporate Bond (Over 15 Years)	18.8	-	-
Index Linked Gilts (Over 15 Years)	6.5	-	-
Index Linked Gilts (All Stocks)	46.4	-	-
Conventional Gilts (Over 15 Years)	12.5	-	-
Conventional Gilts (All Stocks)	15.8	-	-

5.2 The asset allocation to the sub-funds shall be reviewed against the Benchmark on a regular basis. In the event that the asset allocation breaches the Band widths as set out above the SSGA will, unless the Trustees decide otherwise, rebalance the portfolio as follows:

- If the band widths within the equity or bond parts of the portfolio are breached, SSGA will rebalance within that part of the portfolio only to the weights set out above.
- If the overall bond/equity band widths above are breached (ie equities exceed 20% of the total assets), SSGA will rebalance between the equities and bonds, using the resulting cashflows to move the allocation within the bond and equity parts of the portfolio towards the weights set out above.

For performance measurement purposes, the Benchmark shall be reset quarterly.

5.3 Asset categories not included here may only be used following a revision of these restrictions which specifically permits their inclusion.

Suitability

- 5.4 The Trustees have taken advice from the Scheme Actuary and the investment consultant to ensure that the asset allocation specified above is suitable for the Trust given its liability profile.

Section 6: Investment manager arrangements

- 6.1 The Trustees considered the use of both passive and active investment management when reviewing the Trust's strategy. The resultant use of fully passive management for all invested assets was determined following consideration of the relative levels of risk involved, set against the efficiency, liquidity and level of transaction costs likely to prevail within each market, allowing for investment manager fees. In coming to the decision to use passive management the Trustees' expertise and governance arrangements were also a consideration.
- 6.2 The Trust employs a single investment manager, State Street Global Advisors on a passive (index tracking) multi asset management mandate.
- 6.3 The Trustees have agreed the following benchmarks for manager performance selection.

Manager structure

Asset Class	Performance Benchmark
Smart Beta	
Smart Beta	FTSE RAFI All World 3000 Index
UK Equities	
UK Equities	FTSE All-Share Index ex Controversies ex CW Index
International equities	
International equities	FTSE World ex UK ex Controversies ex CW Index with 75% of the non Sterling currency exposure hedged backed to Sterling
Bonds	
Sterling Corporate Bond (over 15 years)	Barclays Sterling Non-Gilts Over 15 years ESG Screened Index
Index-linked Gilts (over 15 Years)	FTSE-A Over 15 years Index Index-linked Gilts Index
Index-linked Gilts (All Stocks)	FTSE-A All Stocks Index Index-linked Gilts Index
Conventional Gilts (Over 15 Years)	FTSE Actuaries UK Conventional Gilts Over 15 Years Index
Conventional Gilts (All Stocks)	FTSE Actuaries UK Conventional Gilts All Stocks Index

Manager monitoring

- 6.4 The appointment of the investment managers will be reviewed by the Trustees from time to time, based on the results of their monitoring of performance and investment process, the Trustees' confidence that the manager can continue to fulfil their mandate in the future and of the managers' compliance with the requirement in the Pensions Act concerning diversification and suitability, where relevant. The managers have been provided with a copy of this Statement and the Trustees will monitor the extent to which the managers give effect to the policies set out in it.
- 6.5 The Trustees' objective is to achieve performance in line with the benchmark net of fees over a rolling three year period.
- 6.6 It is expected that a review meeting will be held with the passive manager around once each year, as appropriate.
- 6.7 The Trustees ensure that the portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustees will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with their policies, where relevant to the mandate in question.
- 6.8 Should the Trustees' monitoring process reveal that a manager's portfolio is not aligned with the Trustees' policies, the Trustees will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustees that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.
- 6.9 The Trustees appoints their investment managers with an expectation of a long-term partnership, which encourages active ownership of the Trust's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustees would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.
- 6.10 The Trustee's review the costs incurred in managing the Trust's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustees will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Section 7: Risk management

7.1 The Trustees recognise a number of risks involved in the investment of the assets of the Trust and will continue to monitor these risks, making investment adjustments as appropriate.

- Solvency risk, mismatching risk
 - Are measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies.
 - Are managed through assessing the progress of the actual growth of the liabilities relative to the selected investment policy.
- Manager risk
 - Is measured by the expected deviation of the prospective risk and return, as set out in the manager's objectives, relative to the investment policy.
 - Is managed by the selection of a passive manager and by monitoring the actual deviation of returns relative to the objective and factors supporting the manager's investment process.
- Liquidity risk
 - Is measured by the level of cashflow required by the Trust over a specified period
 - Is managed by the Trust's administrators assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy and by investing in pooled fund assets that can be sold for equivalent values of cash.
- Currency risk:
 - Is measured by the level of exposure to non-Sterling denominated assets.
 - Is managed by the implementation of a currency hedging programme which reduces the high impact of exchange rate movements on the Trust's asset value.
- Interest rate and inflation risk:
 - Is measured by comparing the likely movement in the Trust's liabilities and assets due to movements in inflation and interest rates.
 - Is managed by holding a portfolio of broadly matching assets (physical bonds and/or derivatives) that enable the Trust's assets to better match movements in the value of the liabilities due to inflation and interest rate changes.

- Custodial risk
 - Is measured by assessing the credit-worthiness of the custodian and the ability of the organization to settle trades on time and provide secure safekeeping of the assets under custody.
 - Is measured by monitoring the custodian’s activities and discussing the performance of the custodian with the investment managers when appropriate.
- Political risk
 - Is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.
 - Is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.
- Sponsor risk
 - Is measured by the level of ability and willingness of the sponsor to support the continuation of the Trust and to make good any current or future deficit.
 - Is managed by assessing the interaction between the Trust and the sponsor’s business, as measured by the number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the financial strength of the sponsor.
- Climate risk
 - Is measured by assessing the long-term financial risks to the Trust as a result and climate change and climate-related issues.
 - Is managed by regular reviews of the investments within the Trust. Further details can be found in the Trustees socially responsible investment policy (sections 4.7 to 4.12).

7.2 These measures do not render the investment policy free of risk. Rather, the measures endeavour to balance the need for risk control and the need for assets which are likely to achieve the required performance target.

7.3 The Trustees continue to monitor these risks.

Appendix A: Current advisers

Scheme Actuary	Laura Amerasekera, Towers Watson Limited
Investment consultants:	Charles Smith, Towers Watson Limited
Investment manager:	State Street Global Advisors Limited
Administrator:	Aptia UK Limited
Solicitors:	CMS Cameron McKenna Nabarro Olswang LLP
Scheme auditors:	Ernst & Young LLP
