

# Piramal Healthcare UK Pension Fund ('the Fund')

## Statement of Investment Principles

This Statement of Investment Principles covers the defined benefit and the defined contribution sections of the Fund. It is set out in three parts, first the objectives and implementation of the defined benefit section, secondly those of the defined contribution section, and finally the Trustee's overall policy on issues that apply equally to the defined benefit and defined contribution sections.

### **Defined Benefit Section**

#### **1. INVESTMENT OBJECTIVE**

The Trustee aims to invest the assets of the Fund prudently to ensure that the benefits promised to members are provided. In setting investment strategy, the Trustee first considered the lowest risk asset allocation that it could adopt in relation to the Fund's liabilities. The asset allocation strategy it has selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Fund's liabilities.

Details of the appointed managers can be found in a separate document produced by the Trustee entitled "Summary of Investment Arrangements".

#### **2. STRATEGY**

The long-term asset allocation strategy chosen to meet the objective above is set out in the table below. The Trustee will monitor the actual asset allocation versus the target weightings. The Trustee plan to implement the below outlined strategy at the earliest possible opportunity, once the illiquid assets in the Return seeking asset portfolio have been redeemed.

Asset Class	Target Weighting %	Range %
<b>Return seeking assets</b>	<b>0.0</b>	<b>0.0 – 15.0</b>
Multi-strategy Growth Fund	0.0	0.0 – 15.0
<b>Income producing assets</b>	<b>15.0</b>	<b>0.0 – 30.0</b>
Direct Lending	15.0	0.0 – 30.0
<b>Risk reducing assets</b>	<b>85.0</b>	<b>60.0 – 100.0</b>
LDI	77.5	50.0 – 85.0
Synthetic Leveraged Credit Fund*	7.5	0.0 – 15.0

\*The Synthetic Leveraged Credit mandate the Fund is invested with, is four times leveraged, therefore the Fund has a target exposure of 30%.

Income producing assets can offer a higher level of expected return, compared to risk reducing assets, relative to the liabilities, but can be more illiquid and provide higher levels of income generation. Asset classes in the income producing section may include direct lending, real estate debt, infrastructure, private equity and property funds. As of the date of this SIP, all of the capital has been called for the Direct Lending funds within the Fund. As such, the allocation to these assets is at its highest and will reduce over time as the funds repay capital to the Fund, and pay out income distributions from the underlying investments.

"Risk-reducing" (or matching) assets have characteristics that are either;

- Designed to match the sensitivity of the Fund's liabilities due to movements in interest rate and inflation expectations, or;
- Achieve better 'tracking' of the Fund's assets, including the LDI assets, to insurer market pricing prior to the Trustee formally selecting an insurer to enable 'buy-out' of the Fund.

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These assets are predominantly bonds and could also possibly include other financial instruments such as interest rate and inflation swaps (e.g. so-called 'Liability Driven Investment' pooled funds.), and credit default swaps.

The LDI assets are invested in LGIM's Enhanced Service Agreement Lite, that allows LGIM increased flexibility to manage the interest rate and inflation hedging relative to the liabilities, which the LDI portfolio provides.

The allocations to income producing and risk reducing assets can move considerably from the target weightings shown above over time. In setting the ranges above, the Trustee gave consideration to the risk and return characteristics of different asset allocations.

The Trustee may make the active decision to alter the actual weightings, within the stated ranges, where it is felt that value can be added and in line with medium term asset allocation views.

The planned asset allocation strategy was determined with regard to the actuarial characteristics of the Fund, in particular the strength of the funding position and the liability profile. To assist in setting the strategy an asset-liability modelling exercise was carried out and advice provided from the Trustee's Investment Advisers.

The Trustee recognises the potential volatility in equity returns, particularly relative to the Fund's liabilities, and the risk that the fund managers do not achieve the targets set. When choosing the Fund's planned asset allocation strategy, the Trustee considered advice from its investment advisers and, in doing so, addressed the following:

- The need to consider a full range of asset classes including alternative assets such as private equity, property and hedge funds.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

### **3. RISK**

The Trustee recognises that the key risk to the Fund is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustee has identified a number of risks which have the potential to cause a deterioration in the Fund's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). For example, changes in the values of both the assets and liabilities as a result of movements in interest rate and inflation expectations. The Trustee and its advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Fund's immediate liabilities ("cash flow risk"). The Trustee and its advisers will manage the Fund's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the asset managers to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and its advisers both upon the initial appointment of the asset managers and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Fund's investment strategy.

- The possibility of failure of the Fund's sponsoring employers ("covenant risk"). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received. Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

Having set an investment objective which relates directly to the Fund's liabilities and implemented it using a range of asset managers, The Trustee's policy is to monitor, where possible, these risks periodically. The Trustee receives periodic information relating to:

- Actual funding level versus the Fund specific funding objective, including monitoring of funding level relative to target.
- Performance of individual asset managers versus their respective targets.
- Any significant issues with the asset managers that may impact their ability to meet the performance targets set by the Trustees.

## **Defined Contribution Section**

### **1. INVESTMENT OBJECTIVE**

The Trustee is responsible for investing the Fund's assets in a prudent manner. Its key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. When selecting the fund range, the Trustee took account of the range of circumstances that they thought might reasonably apply to the Fund's membership, while recognising that it was not possible to deal with every eventuality. The fund range is designed to suit a range of possible attitudes to risk and terms to retirement, and also to provide a lifestyle option suitable for members targeting different forms of benefit at retirement. However, it was accepted that only the members themselves are in a position to fully consider their situation (e.g. financial circumstances) and use the fund options appropriately.

### **2. STRATEGY**

The Trustee's policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking advice from their advisors. In choosing the Fund's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a defined contribution scheme.
- The need for appropriate diversification of asset classes.
- An appropriate size of fund range, bearing in mind both member needs and governance requirements.

The Trustee expects the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. Multi-asset funds are also expected to have long-term returns that exceed price inflation and general salary growth, however these funds also have wider aims, such as increasing diversification, reducing volatility, or facilitating the move to a drawdown arrangement, post retirement.

The long-term returns on bond and cash options are expected to be lower than returns on equity options. However, bond fund volatility and price movements (particularly of longer dated bonds) are expected to broadly match those of annuities, giving some protection in the amount of secured pension for members closer to retirement, and who are likely to take all or part of their retirement benefits in the form of an annuity. Cash funds aim to provide protection against changes in short-term capital values and may be appropriate for members choosing to take all or part of their retirement benefits in the form of cash.

The Trustee has an insurance contract with Mobius Life Limited, which in turn invests the Fund's assets in a range of pooled funds. Members have a choice of one "lifestyle" strategy or six "self-select" funds.

#### **2.1 LIFESTYLE STRATEGY**

To assist members who do not wish to make an active decision about where to invest their account, the Fund offers a lifestyle strategy which manages risks when saving for retirement. This strategy consists of an accumulation phase, a consolidation phase (running from ten years to five years before a member's planned retirement age) and a pre-retirement phase (beginning five years from a member's planned retirement age).

The primary aim of the accumulation phase is to grow a member's assets, while maintaining a suitable level of diversification and taking an appropriate level of risk. The primary aim of the

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consolidation phase is to introduce a higher level of diversification, providing a more stable asset value, while still maintaining growth potential.

The pre-retirement phase then switches to funds suitable for members approaching retirement. The assets used here are intended to be suitable for use for a range of different purposes (such as annuity purchase at fixed or market related rates, cash withdrawal or drawdown), with the asset mix chosen to take into account the most likely ways in which members may choose to withdraw their benefits, bearing in mind the characteristics of the membership and the options available to members within the Fund.

The lifestyle strategy is designed to be appropriate for a member with a predictable retirement date, however, the lifestyle strategy is not necessarily suitable for members who unexpectedly retire early or retire later than planned.

## 2.2 SELF-SELECT FUNDS

After taking advice, the Trustee decided to offer the following self-select funds to members:

- LGIM Future World Fund
- LGIM Future World Emerging Markets Equity Index Fund
- LGIM Retirement Income Multi-Asset Fund
- LGIM Investment Grade Corporate Bond – All Stocks – Index Fund
- LGIM Future World Annuity Aware Fund
- BlackRock Aquila Connect Cash Fund

All of these funds are made available through the Mobius Life investment platform.

## 2.3 ILLIQUID ASSETS

The Trustee's policy is not to hold direct investments in illiquid assets for the purposes of the Fund's default arrangement or self-select fund range.

The Trustee has taken this decision based primarily on the following:

- likely short timescale of the Defined Contribution Section.

A small amount of illiquid assets can, however, be included within the default investment strategy through holdings in the following collective investment scheme:

Fund	Illiquid assets held*
LGIM Retirement Income Multi-Asset Fund	Property 2.7% Illiquid debt 4.6%

\*The investment manager has the discretion to decide on the allocation to each illiquid asset.  
Percentages as at 31 March 2025 and sourced from LGIM.

Due to the nature of the default investment strategy, members' holdings in this fund will vary over the 10-year period preceding retirement as shown in the Summary of Investment Arrangements. The Trustee has chosen a collective investment scheme that holds illiquid assets to provide diversification, which is expected to provide better risk adjusted returns and to help reduce volatility. The Trustee expects that including these illiquid assets within the default arrangement will provide better value for members over the long term, net of fees. However, the Trustee recognises that the inclusion of illiquid assets does not guarantee better future results.

The Trustee has no current plans to increase its investment in illiquid assets in the future, however it reviews the default strategy from time to time, and future reviews will include a review of its decision not to hold illiquid assets.

Illiquid assets are defined as assets of a type which cannot easily or quickly be sold or exchanged for cash and where assets are invested in a collective investment scheme, includes any such assets held by the collective investment scheme.

### **3. RISK MEASUREMENT AND MANAGEMENT**

The Trustee recognises the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the investment options and strategy for the Fund, accepting that overall annual contribution rate – a major factor in the accumulation of members' funds – is outside of the Trustee's control. The Trustee also recognises that the extent to which members are able to rely in retirement on other savings, which sit outside of the Fund, is outside of the Trustee's visibility and control.

Several relevant risks and the Trustee's policy in respect of risk measurement methods and risk management processes are set out below.

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices. This may be due either to poor returns during the accumulation phase, or due to market movements in the period just prior to retirement leading to a substantial reduction in anticipated benefit levels.
- Risk of asset managers not meeting their objectives ("manager risk"). This risk is considered by the Trustee and its advisers both upon the initial appointment of the asset manager and on an ongoing basis thereafter.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.
- The risk of the default option being unsuitable for the members who invest in it.
- The risk that fees and transaction costs reduce the return achieved by members by an inappropriate extent.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustee's policy is to periodically review the range of funds offered and the suitability of the lifestyle strategy.

These risks are considered as part of each normal strategy review. In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks on a regular basis, along with monitoring any significant issues with the asset managers that may impact their ability to meet the performance targets in place.

### **4. DEFAULT INVESTMENT**

The Trustee has in place a default investment arrangement into which contributions are invested unless the member chooses a self-select fund option. The Lifestyle Strategy is the default.

The aim of the chosen default investment strategy is set out in section 2.1 above. This has been chosen as the default following analysis of the membership of the Fund, recognising that the appropriate investment strategy for members at various stages in their working lives may be different. The analysis took into account factors such as age, accumulated fund values, term to retirement and likely behaviour

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at retirement to identify a suitable default investment strategy. A member survey was also undertaken to gauge member views and preferences with regards to their investments.

The asset allocation throughout the lifestyle strategy and the phasing of the gradual switching of investments takes into account members' greater capacity for volatility early on and reduced capacity for volatility in later years.

The choice of default option and composition of the lifestyle strategy will be reviewed at least every 3 years to ensure this remains appropriate to the membership, and that assumptions made regarding the manner in which members take their benefits from the Fund continue to be valid. This periodic review will also take into account any significant changes in the demographic profile of the relevant members.

The Trustee's policies in relation to the default arrangement in respect of matters set out in Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005, as amended, are those set out in the other sections of this Statement.

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## **Defined Benefit Section and Defined Contribution Sections**

### **1. IMPLEMENTATION**

Aon (DB) and Gallagher (DC) have been selected as investment advisers to the Trustee. They operate under agreements to provide a service which ensures the Trustee is fully briefed to take decisions themselves and to monitor those they delegate.

The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to a range of carefully selected and monitored asset managers through written contracts. When choosing investments, the Trustee and the asset managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4).

The Trustee consulted with the sponsoring employer when setting the strategies for both the defined benefit and defined contribution sections.

In setting the Fund's investment strategy, including the default investment strategy of the Defined Contribution section, the Trustee's primary concern is to act in the best financial interests of the Fund and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes:

- The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Fund's asset allocation, when selecting managers and when monitoring their performance.

#### **Members' Views and Non-Financial Factors**

In setting and implementing the Fund's DB investment strategy the Trustee does not take into account the views of Fund members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"<sup>2</sup>).

For the DC investment strategy, member views on these matters were invited as part of a member survey, however response rates were low. The responses received were considered as part of setting the investment strategy for the default option and the self-select range.

<sup>2</sup> The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

## 2. GOVERNANCE

The Trustee is responsible for the investment of the Fund's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustee has established the following decision-making structure:

Trustee	Investment Advisers
<ul style="list-style-type: none"><li>• Set structures and processes for carrying out their role.</li><li>• Agree its investment strategy.</li><li>• Select and monitor its investment advisers.</li><li>• Select and monitor planned asset allocation strategy and fund managers.</li><li>• Select and monitor direct investments</li><li>• Consult with the sponsoring employer.</li><li>• Make ongoing decisions relevant to the operational principles of the Fund's investment strategy.</li><li>• Review of DC fund range and lifestyle options.</li></ul>	<p><b>Investment Advisers</b></p> <ul style="list-style-type: none"><li>• Advise on all agreed aspects of the investment of the Fund assets, including implementation.</li><li>• Advise on this statement.</li><li>• Provide any required training.</li></ul> <p><b>Asset Managers</b></p> <ul style="list-style-type: none"><li>• Operate within the terms of this statement and their written contracts.</li><li>• Select individual investments with regard to their suitability and diversification.</li><li>• Advise Trustee on the suitability of the indices in their benchmarks.</li></ul>

The Pensions Act 1995 distinguishes between investments where the management is delegated to an asset manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments**.

The Trustee's policy is to review their direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members' DC contributions and AVCs. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the asset managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the asset managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

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The Trustee's investment advisers have the knowledge and experience required under the Pensions Act 1995.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustees will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

### **3. ARRANGEMENTS WITH ASSET MANAGERS**

The Trustee regularly monitors the Fund's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies, including those on non-financial matters. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by their investment consultants.

- The Trustee receives quarterly reports on its DB assets and six-monthly reports on its DC assets as well as verbal updates from the investment consultants on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focusses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Fund objectives.
- The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by their asset manager, which supports the Trustee in determining the extent to which the Trustee's engagement policy has been followed throughout the year.
- The Trustee shares the policies, as set out in this SIP, with the Fund's asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.
- Before appointment of a new asset manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustees' policies.
- Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Fund invests in a collective vehicle, then the Trustee will express their expectations to the asset managers by other means (such as through a side letter, in writing, or verbally at Trustee meetings).
- The Trustee believes that having appropriate governing documentation, setting clear expectations to the asset managers by other means (where necessary), and regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.
- Where asset managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the asset manager where this is deemed necessary.
- There is typically no set duration for arrangements with asset managers, although the continued appointment for all asset managers will be informally reviewed periodically, and at

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least every three years. For certain closed ended vehicles, the duration may be defined by the nature of the underlying investments.

- The Trustee regularly monitors DB asset managers against non-financial criteria of the investments made on their behalf.

## 4. UNDERSTANDING COSTS

- The Trustee is aware of the importance of monitoring their asset managers' total costs and the impact these costs can have on the overall value of the Fund's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by their asset managers that can increase the overall cost incurred by their investments.
- The Trustee collects annual cost transparency reports covering all of their DB investments and ask that the asset managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustee to understand exactly what they're paying their asset managers. The Trustee works with their investment consultants and asset managers to understand these costs in more detail where required. The Trustee gathers and reviews information on DC charges and transaction costs as part of its annual work in preparing the Chair's Statement, which it judges to be appropriate given the low investment values involved.

### Evaluation of performance and remuneration:

- The Trustee assesses the performance of their DB asset managers on a quarterly basis and their DC asset managers on a six-monthly basis and the remuneration of their DB asset managers on an annual basis via collecting cost data in line with the CTI templates.

### Portfolio turnover costs:

- The Trustee is aware of the portfolio turnover costs (portfolio turnover costs are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated to their underlying investments through the information provided by their asset managers. The monitoring of the DB Section's target portfolio turnover and turnover range is monitored annually with the assistance of the Fund's investment consultant. For the funds used within the DC Section, no specific turnover targets are set, with the Trustee instead focusing on the risk and net return achieved by the funds.
- The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.
- The Trustee is supported in its cost transparency monitoring activity by their investment consultants.

### Ongoing reporting:

The Trustee will provide reporting on the implementation of the Fund's cost transparency policy to the Fund's members via the annual engagement statements. This will include:

- A comprehensive breakdown of the Fund's costs by asset manager and cost type.
- A review of any changes in cost trends over the last year and an explanation for any changes.
- An update on any changes to the Trustee's cost transparency policy.

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## 5. STEWARDSHIP – VOTING AND ENGAGEMENT

- The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Fund and its beneficiaries.
- The Trustee delegates all stewardship activities, including voting and engagement, to its appointed asset managers. The Trustee accepts responsibility for how the asset managers steward assets on its behalf, including the casting of votes in line with each manager's individual voting policies.
- The Trustee expects the Fund's asset managers to use their influence as major institutional investors to carry out the rights and duties as a shareholder, including exercising voting rights along with – where relevant and appropriate – engaging with underlying investee companies on ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).
- The Trustee reviews its managers' voting and engagement policies and activities on an annual basis. The Trustee reviews these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustee's, and therefore the members', best interests. The Trustee expects that their asset managers will provide details of their stewardship activities on at least an annual basis and will monitor this with input from its investment advisers. The Trustee will engage with its asset managers where necessary for more information. Prospective managers are required to provide this information in advance of their appointment.
- The Trustee expect its managers to be transparent in its reporting of its stewardship activities. Reporting on engagements should include methods of engagement, progress and perspectives around shortcomings as well as escalation procedures for unsuccessful engagements.
- Reporting for voting activity should include how the manager voted (for/against etc) and the rationale with relevance to the Fund. In particular, where votes were cast against management; votes against management were significant, votes were abstained, or the voting differed from the voting policy of the manager.
- If the Trustee's monitoring reveals that an asset manager's voting or engagement policies, or its stewardship actions are not aligned with the Trustee's expectations, the Trustee will engage with the manager, via different medium such as emails and meetings, to seek a more sustainable position, but it may look to replace the manager.
- From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.
- The Trustee has identified the following stewardship priorities:
  - climate change risk; and
  - poor corporate governance.
- These themes have been identified as financially material ESG issues that have the potential to significantly impact the value of the Fund's investments, and so the Trustee believes it is in members' best interests to consider these risks.

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- The Trustee keeps its asset managers informed of its stewardship priorities and expectations, and levels scrutiny on its asset managers accordingly. It is the expectation of the Trustee that the Fund's asset managers will prioritise and actively monitor for these risks within their investment portfolios, providing transparency on engagement and voting actions with respect to mitigating these risks.
- The Trustee recognises that collaborative behaviours can further work to mitigate the risks identified above, for the Fund. To this end, the Trustee expects the Fund's asset managers to consider collaboration with others, as permitted by relevant legal and regulatory codes, where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed.

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