Spirit (Legacy) Pension Scheme ("Scheme")
Statement of Investment Principles ("SIP")
February 2022

Scheme Investment Objective

For the Defined Benefit Section, the Trustee aims to invest the assets of the Scheme 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 Scheme'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 Scheme's liabilities.

For the Defined Contribution Section, the Trustee's key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives, in order for the investing of the assets to be done in a prudent manner. It has taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement.

STRATEGY

The Scheme has both a Defined Benefit Section and a Defined Contribution section.

Defined Benefit Section

In the Defined Benefit Section, the current planned asset allocation strategy is set out in the table below.

The Trustee has also adopted a flightplan, which is designed to reduce investment risk and protect the funding level as it improves. Following the breach of a trigger the Scheme's asset allocation will change in order to achieve these objectives. Further details of this strategy can be found within the 'Flightplan Parameters' section of this report.

In order to secure the benefits that are promised to members, the Trustee will consider whether opportunities to enter into buy-in arrangements with an insurance company are appropriate.

Following consultation with the Company, the Trustee agreed to reduce investment risk and the Trustee entered into a buy-in policy with Scottish Widows during March 2018. This policy remains an asset of the Scheme and, at inception, was valued at c. £50m.

In January 2022, following similar consultation with the Company, the Trustee agreed to further reduce investment risk and entered into a second buy-in policy with Scottish Widows. This policy remains an asset of the Scheme and, at inception, was valued at c. £110m.

As the buy-in policies held by the Trustee are illiquid assets which will be held until the windup of the Scheme, these have been excluded from the target asset allocation strategy outlined below.

The current target 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 weight set out in the table below. The Trustee acknowledges that due to factors such as market movements, investment views, governance constraints and implementation issues the Scheme's strategic asset allocation may deviate significantly from the target. The Trustee does however monitor this regularly.

Asset Class	SLPS (%)
Growth Assets	**25.0**
Global Equities	15.0
Property	10.0
Credit Assets	**25.0**
Credit	25.0
Matching Assets	**50.0**
Liability Driven Investment and Cash	50.0

This strategy was set on advice from the Trustee's investment adviser and following consultation with the sponsoring employer. The strategy has been set on the assumption that growth assets such as equities would outperform gilts over the longer term and assumes that active fund management can be expected to add value. However, the Trustee recognises the potential volatility in equity returns, particularly relative to the Scheme's liabilities, and the risk that the fund managers do not achieve the targets set.

In combination with the Trustee's corporate bond holdings, the Liability Driven Investment portfolio is also designed to protect the Scheme's self-sufficiency funding level against adverse movements in interest rates and inflation expectations of the Scheme's uninsured liabilities.

In choosing the Defined Benefit Section's planned asset allocation strategy, it is the Trustee's policy to consider:

- A full range of asset classes.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

Defined Contribution Section

The overall investment objective in respect of the Defined Contribution Section is implemented using the range of investment options set out in **Table 1**. Details of the Trustee's aims and objectives for the default investment strategies and other investment options are provided below.

Default Strategies – For members invested through Standard Life and who were contributing to the Scheme in November 2019, the default strategy is the Drawdown Targeting Lifestyle Strategy. For members invested through Standard Life and who had ceased contributing to the Scheme by November 2019, the default strategy is the Cash Targeting Lifestyle Strategy.

The Trustee has also determined that the Drawdown Targeting Lifestyle Strategy should be used as the default strategy for members currently invested through Prudential and Utmost Life & Pensions.

The Trustee's objectives for the default strategies are as follows:

- Aim for significant long-term real growth while members are further away from retirement.
- Manage down volatility in fund values as members near retirement.
- Target an end point portfolio that is appropriate and consistent with how members may take their benefits when they retire.

The objectives of the fund managers in respect of the underlying funds used within the default strategies are set out in **Table 1**, which also details the kinds of investments held and the balance between them.

Other investment polices relating to the default strategies are set out in the sections below.

Following analysis of the membership, the objectives and policies the Trustee has adopted for the default strategies are expected to meet the needs of members by providing the following:

- The opportunity to increase the value of their benefits with investment growth.
- An investment which manages risk in an appropriate and considered way.
- A portfolio commensurate with how members may take their benefits when they retire.

Other Investment Options – It is the Trustee's policy to provide suitable information for members so that they can make the appropriate investment decisions. The range of funds was chosen by the Trustee after taking advice from its investment adviser. In choosing the Scheme'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.
- The suitability of each asset class.
- The need for appropriate diversification.

The overall balance of assets held within the Defined Contribution Section will depend on the choices made by members for the investment of their pension accounts.

The Trustee expects the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long-term returns on the bond and cash options are expected to be lower than the options which are predominantly equities. However, bond funds are expected to broadly match the price of annuities. Cash funds are expected to be stable in terms of nominal capital values.

Environmental, Social and Governance considerations

In setting the Scheme's Defined Benefit and Defined Contribution investment strategies, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustee believes that incorporating appropriate consideration of environmental, social and governance factors including climate change can lead to better returns and lower risk, and therefore the Trustee believes these factors should be understood and evaluated. The Trustee considers these issues by taking advice from its investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to encourage high standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately creates long-term financial value for the Scheme and its beneficiaries.

As part of their delegated responsibilities, the Trustee expects the Scheme's investment managers to:

- Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee's voting rights in relation to the Scheme's assets.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from its investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee has set out in its policy, the Trustee undertakes to engage with the manager, either verbally or in writing, to understand the rationale and seek a more sustainable position but may look to replace the manager. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact, corporate governance, the capital structure, and management of actual or potential conflicts of interest.

The Trustee reviews the stewardship activities of its asset managers on an annual basis, covering both engagement and voting actions.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's Defined Benefit and Defined Contribution investment strategies the Trustee does not explicitly take into account the views of Scheme 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"[1]).

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

RISK

Defined Benefit Section

The Trustee maintains a 'Statement of Funding Principles' which specifies that the funding objective is to have sufficient assets so as to make provision for 100% of the Scheme's liabilities as determined by an actuarial calculation.

The Trustee recognises that the key risk to the Scheme 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 Scheme'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"). 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 Scheme's immediate liabilities ("cash flow risk"). The Trustee and its advisers will manage the Scheme's cash flows, taking into account the timing of future payments, in order to minimise the probability that this occurs.
- The failure by the fund 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 fund 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 Scheme's investment strategy.
- The possibility of failure of the Scheme's sponsoring employer[s] ("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.
- The risk of a default by a bulk annuity provider (buy-in insurer) ("insurer default/credit risk"). The Trustee and its advisers considered the strength of the insurer before entering into the policy, whilst considering the wider regulatory framework within which they are required to operate.

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. In particular, the mismatching risk was modelled explicitly as part of the most recent investment strategy review.

Having set an investment objective which relates directly to the Scheme's liabilities and implemented it using a range of fund managers, the Trustee's policy is to monitor, where possible, these risks quarterly. The Trustee receives quarterly reports showing:

- Actual funding level versus the Scheme's specific funding objective.
- Performance versus the Scheme's investment objective.
- Performance of individual fund managers versus their respective targets.
- Any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

Defined Contribution Section

The Trustee has taken into consideration on behalf of the members the following aspects of risk:

1. The risk that low investment returns over members' working lives secures an inadequate retirement outcome.
2. The risk that unfavourable market movements in the years just prior to retirement lead to a substantial reduction in a member's account and hence in retirement outcome.
3. The risk of the chosen investment manager underperforming.
4. The risk that investment specific risks such as credit risk and market risk have an adverse impact on returns.

The first two risks identified above are managed by providing members with a choice of funds they can use to meet their requirements.

In addition, the default strategies are designed to be appropriate for a typical member with a predictable retirement date. The default strategies manage risk automatically by moving from higher to lower risk funds as members approach their selected retirement age.

To manage the third risk identified above, the Trustee regularly reviews the performance of the funds offered, as well as offering a range of index tracking funds to minimise the risk of underperformance.

The Trustee measures and manages investment specific risks, including market and credit risk, on a regular basis. All investments are subject to specific price risks that arise from factors peculiar to that asset class or individual investment, in addition to credit risk, currency risk and interest rate risk.

Before making any change to the default strategies or other investment options, the Trustee takes advice from its investment consultant. The decision as to whether to invest in a particular security is delegated to the investment managers of the underlying funds used.

The purpose of accepting these risks is to ensure that the default investment strategies offer members access to a suitably diversified portfolio, in terms of the type of risk taken over a member's lifecycle and the sources of expected future returns. In addition, members are able to construct a portfolio to meet their specific risk and return requirements using funds from the available range.

Within the default investment strategies, these risks are managed by ensuring that there is an appropriate balance between different asset classes at each stage of a member's working lifetime and that it is suitably diversified within each asset class. In addition, the Trustee takes advice from its investment consultant as to the continuing suitability of the default investment strategy, the available fund range, and underlying managers used.

Due to the complex and interrelated nature of all these risks, the Trustee generally considers them in a qualitative rather than quantitative manner as part of an ongoing review process. However, some aspects of the risks may be modelled more explicitly. In particular, the Trustee periodically commissions analysis of various demographic variables of the Scheme's members to ensure the default strategies and other investment options are sufficient to meet members' needs.

FLIGHTPLAN PARAMETERS

The aim of a formal flightplan for the Scheme is to create a more structured method of implementing the long-term move from "growth" to "matching" assets, as and when the Scheme's funding level improves.

The Trustee has agreed to monitor the flightplan against the Scheme's funding level, measured on a self-sufficiency basis. This is a measure of the Scheme's funding level which would permit it to be run independent of the Sponsoring Employer.

The Trustee has also adopted a flightplan which is designed to reduce investment risk and protect the funding level as it improves. The flightplan does not serve to re-risk the Scheme if the funding level deteriorates, falling below a previous trigger level.

Triggers are monitored by the Trustee at a minimum on a quarterly basis (during regular Trustee meetings) and if a funding level trigger is breached a corresponding increase in the matching component allocation would be proposed at the meeting, or as soon as is reasonably practical thereafter.

The target allocations exclude the buy-in policies due to the illiquid nature of the assets, with the target allocations for the flightplan shown below.

Self-sufficiency funding level	**95% (current)**	**100% (under review)**	**105% (under review)**
Growth Assets	**25.0**	**22.2**	**16.7**
Global equities	15.0	5.6	-
Property	10.0	-	-
Diversified Growth Fund	-	16.7	16.7
Credit Assets	**25.0**	**33.3**	**33.3**
Credit	25.0	33.3	33.3
Matching Assets	**50.0**	**44.4**	**50.0**
LDI (assets, inc cash)	50.0	44.4	50.0

The Scheme has recently breached the 95% trigger. The Trustee is in the process of agreeing future flightplan triggers to reflect market conditions and recent changes to the investment strategy.

IMPLEMENTATION

Aon has been selected as the investment adviser to the Trustee. Aon provides the Trustee with any training that it requests in order to ensure directors have sufficient knowledge and experience to take decisions themselves and to monitor those it delegates. Aon is paid on a either a fixed fee or time cost basis, dependent upon the nature of the work undertaken by Aon. This structure has been chosen to ensure that cost-effective, independent advice is received.

Arrangements with asset managers

The Trustee regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term 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 its investment consultant.

The Trustee shares the policies, as set out in this SIP, with the Scheme'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 Trustee's policies.

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.

There is typically no set duration for arrangements with asset managers, although the continued appointment for all asset managers will be reviewed periodically, and at least every three years.

Costs, transparency and the monitoring of performance and remuneration

The Trustee is aware of the importance of monitoring its asset managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by its asset managers that can increase the overall cost incurred by its investments.

The Trustee collects annual cost transparency reports covering all of its investments and ask that the investment 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 it is paying its investment managers.

The Trustee will only appoint investment managers who offer full cost transparency. This will be reviewed before the appointment of any new managers and includes the existing managers held by the Scheme.

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, manager's style, and historic trends. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year. The Scheme's investment consultant monitors this on behalf of the Trustee as part of the manager monitoring it provides to the Trustee, and flags to the Trustee where there are concerns.

The Trustee undertakes analysis of the Scheme's costs and performance, on at least a triennial basis, by receiving benchmarking analysis comparing the Scheme's specific costs and performance of the underlying managers relative to those of the wider market. This is in line with the Trustee's policies on reviewing the kinds and balance of investments to be held. The benchmarking analysis can be used to assess the value for money received from the Scheme's assets on a regular basis and challenge the Scheme's investment managers where appropriate. The Trustee will review the investment managers relative to its objectives to ensure that the net of fees performance has met its requirements.
The Trustee is open to managers implementing performance related fees if these are suitable for the Scheme and are aligned with the objectives of the Scheme.

For the Defined Benefits Section the following pooled funds are used:

Growth Assets

Multi Factor Equity – LGIM Developed Balanced Factor Equity Index
This is passively-managed with the objective to achieve index returns in line with the SciBeta Developed Low-Carbon & ESG High-Factor-Intensity Multi-Beta (vol, val, mom, pro/inv) Maximum Deconcentration Index. The Trustee targets an equal split between the currency unhedged and sterling hedged funds.

Credit Assets

Diversified Liquid Credit – Adept
This credit fund invests in diverse, high-quality and low risk credit assets and targets a net return of SONIA + 1.5% p.a. over a market cycle.

Matching Assets

Liability Driven Investment – BlackRock
The Trustee is the sole investor in a bespoke pooled fund that has an objective to match the movement of a portion of the Scheme's liabilities for changes in interest rates and inflation, therefore providing interest rate and inflation protection.

BlackRock – ICS Institutional Sterling Liquidity Fund
This is a cash fund that provides a low-risk investment and the objective is to perform in line with 7 Day Sterling LIBID.

Bulk annuity policies

Scottish Widows
The Trustee holds two bulk annuity policies which insurers the Scheme's pensioner liabilities. This Trustee entered into the first policy in March 2018 and, at inception, was valued at c. £50m. This Trustee entered into the second policy in January 2022 and, at inception, was valued at c. £110m.

The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate to the relevant fund manager through a written contract. When choosing investments, the Trustee and the fund 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).

Defined Contribution Section
The Trustee has made available various investment options for members. These fall into two categories:

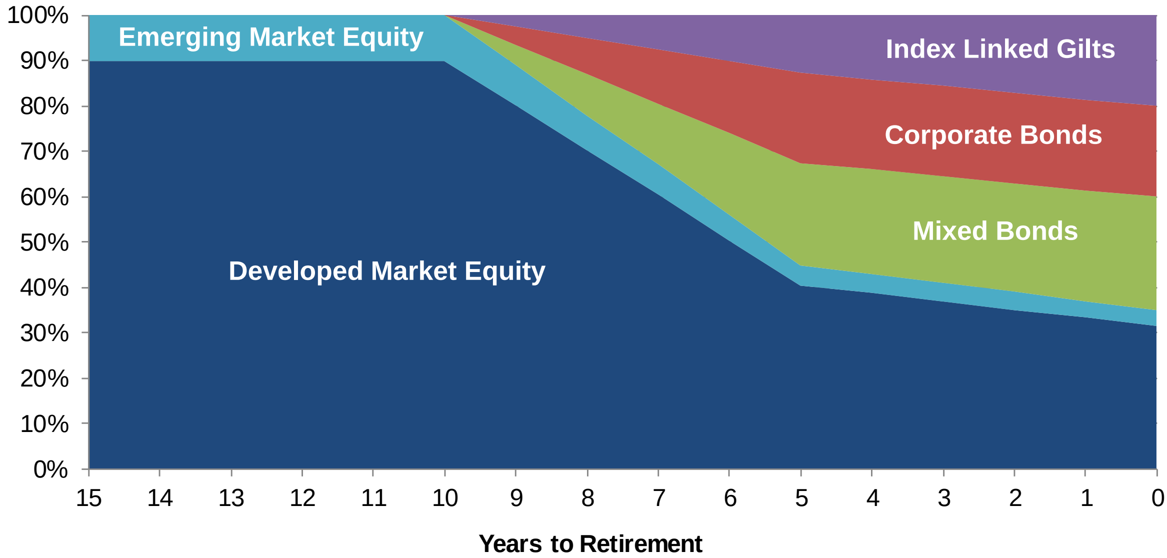
- Lifestyle – with this option, the member's account is invested according to a fixed investment pattern, based on the number of years to the member's retirement date.
- Freestyle – with this option, the member has the freedom to choose how their account is invested from the funds provided; what funds to invest in; and how much to invest in each fund.

Lifestyle Strategies

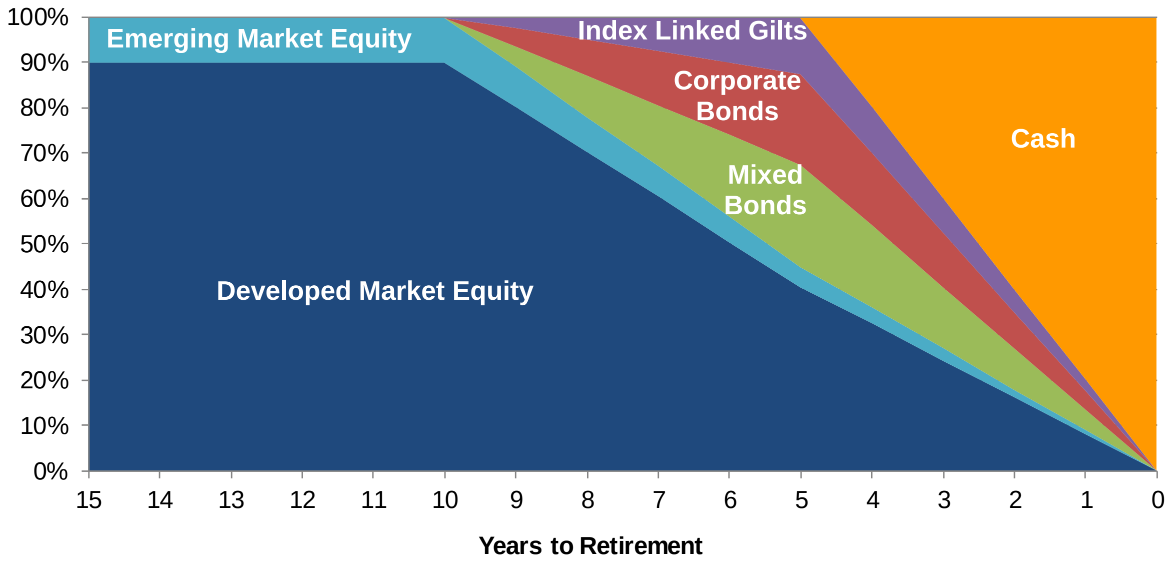
The Trustee offers three lifestyle strategies for members to choose from. These strategies are:

- Drawdown Targeting Lifestyle Strategy (Default for active members)
- Cash Targeting Lifestyle Strategy (Default for deferred members)
- Annuity Targeting Lifestyle Strategy

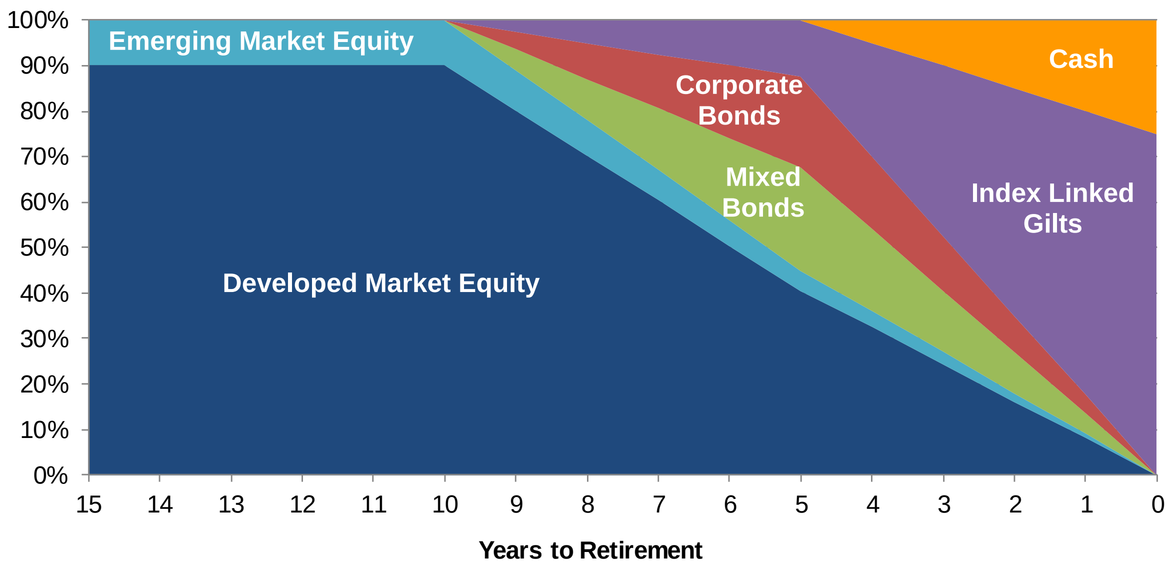
The Drawdown Targeting Lifestyle Strategy is the default strategy for those who were contributing to the Scheme in November 2019 and for members currently invested through Prudential. It is designed to be suitable for members who are considering income drawdown at retirement (i.e. those members who plan to withdraw money as a regular or series of one-off amounts, leaving the rest invested), while also recognising it will need to provide appropriately for those who do not know in what form they will be drawing their benefits. A chart setting out the asset allocation of the Drawdown Targeting Lifestyle Strategy is shown below:



The Cash Targeting Lifestyle Strategy is the default strategy for members invested through Standard Life and who had ceased contributing to the Scheme by November 2019. It is designed to be suitable for members who are considering taking their DC benefits as a cash lump sum at retirement. A chart setting out the asset allocation of the Cash Targeting Lifestyle Strategy is shown below:



Members can opt to invest in the Annuity Cash Targeting Lifestyle Strategy. It is designed to be suitable for members who are considering using their DC funds to purchase an annuity at retirement. A chart setting out the asset allocation of the Cash Targeting Lifestyle Strategy is shown below:



Freestyle Options

The table below provides details of the funds that are used in the lifestyle strategy (shown in bold) and are available on a standalone basis for members who wish the make their own investment choices.

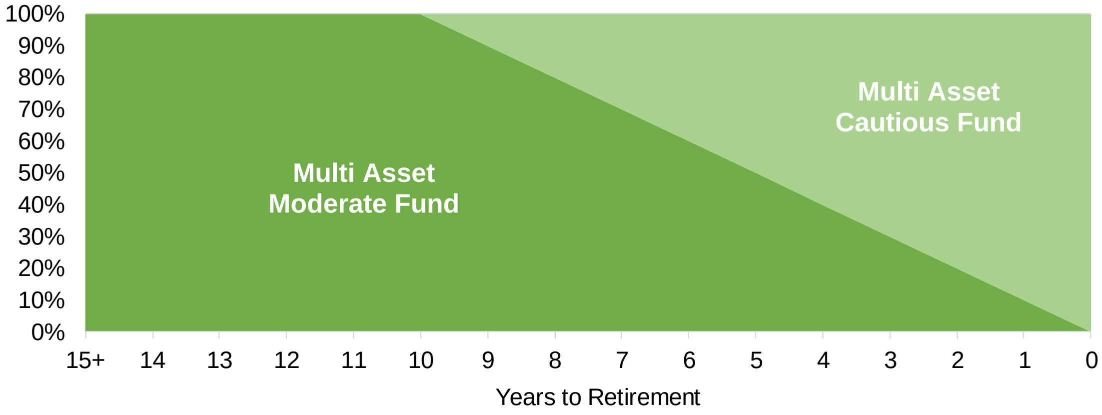
Table 1 - Fund Details

Asset Class	Passive/ Active	Fund	Benchmark	Objective
UK Equity	**Passive**	**SL Vanguard FTSE UK All Share Index Pension Fund**	**FTSE All-Share Total Return GBP index**	**To track the benchmark**
Global Equity	**Passive**	**SL Vanguard FTSE Developed World ex UK Pension Fund**	**FTSE Developed ex-U.K. Index**	**To track the benchmark**
Emerging Markets Equity	**Passive**	**SL Vanguard Emerging Markets Stock Index Pension Fund**	**MSCI Emerging Markets Total Return (net) GBP index**	**To track the benchmark**
Corporate Bonds	**Passive**	**SL Vanguard UK Investment Grade Bond Index Pension Fund**	**Bloomberg Barclays GBP Non-Government Float Adjusted Bond Total Return GBP index**	**To track the benchmark**
Index Linked Gilts	**Passive**	**SL Vanguard UK Inflation Linked Gilt Index Pension Fund**	**Bloomberg Barclays U.K. Government Inflation-Linked Bond Float Adjusted Total Return GBP index**	**To track the benchmark**
Mixed Bonds	**Active**	**SL SLI Absolute Return Global Bond Strategies Pension Fund**	**3 month LIBOR**	**To achieve 3 month LIBOR + 3% pa**
Cash	**Active**	**Standard Life Deposit and Treasury Pension Fund**	**SONIA**	**To outperform the benchmark**
Fixed Interest Gilts	Passive	SL Vanguard UK Long Duration Gilt Index Pension Fund	Bloomberg Barclays U.K. Government 15+ Years Float Adjusted Total Return GBP index	To track the benchmark

Members invested through Prudential are currently invested in the following funds:

- Prudential Long-Term Bond Fund with a benchmark of 50% FTSE Actuaries UK Conventional Gilts Over 15 Years Index and 50% iBoxx Sterling Over 15 Years Non-Gilts Index and objective to track its benchmark.
- Prudential With Profits Fund which has an objective to achieve competitive long-term returns.

Members invested through Utmost Life & Pensions are currently invested in the Investing By Age Strategy which is a lifestyle strategy invested as follows:



The investment objective of the Multi Asset Moderate Fund is to provide capital growth in the long term by investing in a combination of asset classes including equities, fixed income, property and cash, with the potential for moderate to high levels of price fluctuations.

The investment objective of the Multi Asset Cautious Fund is to provide capital growth in the long term by investing in a combination of asset classes including equities, fixed income and cash, with the potential for low to moderate levels of price fluctuations.

Further considerations

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

BlackRock, Russell, Aviva, Invesco, Vanguard and Standard Life are responsible for appointing a custodian for the pooled funds in which the Scheme's funds are invested. The custodian provides safekeeping for all the funds' assets and performs the administrative duties attached, such as the collection of interest and dividends and dealing with corporate actions. The Trustee has also appointed BNY Mellon in order to hold the pooled funds managed by BlackRock.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy or breach of funding level trigger. The Trustee will take investment advice and consult with the sponsoring employer over any changes to the SIP.

GOVERNANCE

The Trustee is responsible for the investment of the Scheme’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 it has the appropriate training and expert advice in order to make an informed decision. The Trustee has established the following decision-making structure:

Trustee	**Investment Committee**
• Sets structures and processes for carrying out its role • Selects and monitors planned asset allocation strategy for Defined Benefits Section • Selects and monitors type and range of units on offer in Defined Contribution Section • Appoints Investment Committee • Selects direct investments (see below) • Considers recommendations from the Investment Committee	• Makes recommendations to the Trustee on: – selection of investment advisers and fund managers – structure for implementing investment strategy • Monitors investment advisers and fund managers • Monitors direct investments • Makes ongoing decisions relevant to the operational principles of the Scheme’s Defined Benefits Section’s investment strategy
Investment Adviser	**Fund Managers**
• Advises on all aspects of the investment of the Scheme's assets, including implementation • Advises on this statement • Provides required training	• Operate within the terms of this statement and their written contracts • Select individual investments with regard to their suitability and diversification • Advise the Trustee on suitability of the indices in their benchmark • Provide pooled funds for the Defined Contribution Section

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with 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 its direct investments and to obtain written advice about them at regular intervals (normally annually). These include vehicles available for members' AVCs and the Defined Contribution Section pooled funds. 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 fund 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 fund 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

The Trustee’s investment adviser has the knowledge and experience required under the Pensions Act 1995.

Amendment Log	Date
Initial draft	June 2015
Version 2	August 2016
Version 3 – post buy-in	April 2018
Version 4 – new ESG regulations	July 2019
Version 5 – stewardship and cost transparency regulations and change in Defined Contributions strategy	September 2020
Version 5.1 – minor typographical changes	October 2020
Version 6 – change in DB investment strategy	August 2021
Version 7 – post second buy-in and changes in DB investment strategy and implementation	February 2022