

The Macfarlane Group plc Pension & Life Assurance Scheme (1974)

Statement of Investment Principles

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1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees of the Macfarlane Group plc Pension & Life Assurance Scheme (1974) (the Scheme). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:
 - the Pensions Act 1995, as amended by the Pensions Act 2004; and
 - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustees have consulted Macfarlane Group plc, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority for a range of investment business activities.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.5. The investment powers of the Trustees are set out in third Clause of the Supplemental Trust Deed & Rules, dated 1 November 1996. This statement is consistent with those powers.

2. Choosing investments

- 2.1. The Trustees' policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in the Appendix to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.
- 2.3. The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustees have discussed key investment objectives in light of an analysis of the Scheme's liability profile as well as the constraints the Trustees face in achieving these objectives. As a result, the Trustees' main investment objectives are:
 - Funding objective – to ensure that the Scheme has sufficient assets available to pay members' benefits as and when they arise, calculated using a discount rate that is set out in the Scheme Actuaries 1 May

2023 Actuarial Valuation Report. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will seek to remove the deficit, taking into account the expected future outperformance (over bonds) of growth investments and the financial covenant of the employer. However, it is currently anticipated that the Scheme is in a surplus position;

- Security objective – to ensure the solvency position of the Scheme (as assessed on a gilt basis) is expected to improve. The Trustees will also take into account the strength of the Company's ability and willingness to continue making contributions when determining their required expected improvement in the solvency position of the Scheme; and
- Stability objective – to have due regard to the Company's ability in meeting its contribution payments given their size and incidence, and have due regard to the volatility measures of funding and security.

3.2. The investment strategy chosen by the Trustees aims to maximise the likelihood of achieving these objectives. The Trustees recognise that these objectives may conflict. For example, a greater allocation to more defensive assets may give more security, but may result in a level of contributions, which the employer may find too difficult to support. The Trustees also recognise that in resolving this conflict, it is necessary to accept some risk.

4. Kinds of investments to be held

- 4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives.
- 4.2. The Trustees monitor from time-to-time the employer-related investment content of their portfolio as a whole and will take steps to alter this should they discover this to be more than 5% of the portfolio. Typically this check is carried out annually by the Scheme's auditors.

5. The balance between different kinds of investments

- 5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within the Appendix to this Statement.
- 5.2. The Trustees consider the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in the Appendix to this Statement.
- 5.3. From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected items.
- 5.4. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and therefore the Scheme's asset allocation will be expected to change as the Scheme's liability profile matures.

6. Risks

- 6.1. The Trustees have considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities, and considered ways of managing/monitoring these risks:

Risk versus the liabilities	The Trustees will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.
Covenant risk	The creditworthiness of the employers and the size of the pension liability relative to the employers' earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustees are aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
Asset allocation risk	The asset allocation is detailed in the Appendix to this Statement and is monitored on a regular basis by the Trustees.
Investment manager risk	The Trustees monitor the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees will monitor these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustees have considered long-term financial risks to the Scheme and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. Currency hedging is employed with regard to some of the Scheme's investments to manage the impact of exchange rate fluctuations.

Loss of investment

The risk of loss of investment by each investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). The Trustees undertake an annual review of the internal controls and processes of each of the investment managers.

7. Expected return on investments

- 7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.
- 7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.
- 7.3. In considering the expected return from investments, the Trustees recognise that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.
- 7.4. Having established the investment strategy, the Trustees monitor the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Scheme's funding position. The Trustees meet the Scheme's investment managers as frequently as is appropriate in order to review performance.
- 7.5. Over the **long-term** the Trustees expectations are:
 - To target an expected return of 1.0% above UK gilts at the outset and to reduce this through de-risking steps when opportunities arise as the Scheme nears buy-out with an insurer.
 - This will be achieved through the following asset classes:
 - For the 'matching assets' : Liability Driven Investment (LDI) portfolio, Securitised Credit and Buy & Maintain Credit.
 - For the 'growth assets': Diversified Growth Funds and Multi-Asset Credit Funds. In using these assets, the Trustees are willing to incur short –term volatility in growth asset price behaviour. However, the allocation to these assets will reduce as the Scheme de-risks further. It is also noted that annuity pricing is influenced by the movement in credit assets and this will be taken into account in the eventual de-risked asset strategy.

8. Realisation of investments

- 8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment managers. The Trustees have considered the risk of liquidity as referred to above.
- 8.2. Ultimately, the investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustees are aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

9. Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities

9.1. The Trustees have a policy on these matters which is set out in Appendix 2 of this Statement.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment policies

- 10.1. Prior to appointing an investment manager, the Trustees discuss the investment manager's approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how their policies are aligned with the Trustees' own investment beliefs.
- 10.2. When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.
- 10.3. The Trustees carry out a strategy review at least every three years where they assess the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.
- 10.4. In the event that an investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated. The investment managers have been informed of this by the Trustees.
- 10.5. Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

- 10.6. The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, the Trustees recognise that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustees acknowledge this in their investment management arrangements.
- 10.7. When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over a rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.
- 10.8. The Trustees expect investment managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

- 10.9. The Trustees monitor the performance of their investment managers over medium to long-term periods that are consistent with the Trustees' investment aims, beliefs and constraints.
- 10.10. The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less. In some instances, a performance fee may also be applied.
- 10.11. The Trustees believe that this fee structure, including the balance between any fixed and performance related element, enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.
- 10.12. The Trustees ask the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered regularly as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

- 10.13. The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.
- 10.14. During the investment manager appointment process, the Trustees may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices. The Trustees acknowledge that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

Duration of arrangement with asset manager

- 10.15. For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.
- 10.16. The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

11. Agreement

- 11.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the investment managers, the actuary and the Scheme auditor upon request.

Signed:.....

Date:.....

On behalf of the Macfarlane Group plc Pension & Life Assurance Scheme (1974)

Appendix 1 Note on investment policy of the Scheme as at July 2020 in relation to the current Statement of Investment Principles

1. The balance between different kinds of investment

The Scheme has a strategic asset allocation as set out in the table below, which has been agreed after considering the Scheme's liability profile, funding position, expected return of the various asset classes and the need for diversification.

Portfolio	Asset class	Strategic Allocation (%)
Growth portfolio	Diversified Growth Fund (DGF)	7.5
	Multi Asset Credit (MAC)	15.0
Matching portfolio	Securitised Credit	7.2
	Buy & Maintain credit	20.3
	Liability Driven Investment (LDI) Portfolio	50.0
Total		100.0

Matching portfolio

The Trustees have instructed Schroders to manage the assets within the matching portfolio of the Scheme.

Split between Securitised Credit and Buy & Maintain Credit to be determined by modelling from the Scheme's LDI manager and may vary over time depending on the cashflow matching requirements of the Buy & Maintain Credit allocation.

The LDI Portfolio aims to hedge 95% of a proxy Solvency basis derived from the Scheme Actuary's estimate of the Schemes Solvency liabilities changes due to inflation and interest rates. The Trustees have permitted the LDI manager to invest in leveraged LDI, physical gilts and cash within a segregated account.

The matching portfolio is aims to:

1. Maintain the target hedge level as set out above.
2. Match the expected short term cashflows of the Scheme form income generating assets, to be used to pay member benefits and reduce the likelihood of becoming a forced seller.
3. Provide sufficient collateral to the LDI holdings in an automatic collateral waterfall structure increase the yield resilience of the Scheme assets as far as possible. The automatic collateral waterfall being:
 - i. cash and physical gilts within the LDI portfolio in the first instance;
 - ii. securitised credit secondly;
 - iii. and buy & maintain credit lastly.

Monitoring and rebalancing

The Trustees recognise that the asset allocation of investments in different asset classes will vary over time as a result of market movements. In particular, movements in the value of the Liability Driven Investment (LDI) portfolio are expected to reflect changes in the value of the actuarial liabilities caused by movements in gilt yields and inflation expectations, providing a degree of protection for the Scheme's funding position. Therefore, rebalancing the Scheme's overall allocation by investing or disinvesting assets from the LDI portfolio could change the extent of the protection provided.

For the reasons set out above, the Trustees acknowledge that the asset allocation may differ from the Strategic Allocation over time such that the matching portfolio aims continue to be met.

The strategic asset allocation will be reviewed at least on a triennial basis.

2. Choosing investments

The Trustees have appointed the following investment managers to carry out the day-to-day investment of the Scheme:

- Ruffer LLP (DGF: Absolute Return Fund)
- M&G Investments (MAC: Sustainable Total Return Credit Investment Fund)
- TwentyFour (MAC: Strategic Income Fund)
- Schroders (Securitised Credit, Buy & Maintain Credit and LDI Portfolio)

The Trustees also have a AVC contract with Royal London (formerly Scottish Life) for the receipt of members' Additional Voluntary Contributions (AVCs).

The investment managers and AVC providers are authorised and regulated by the Financial Conduct Authority.

The investment benchmarks and objectives for each investment manager and AVC provider are given below:

Investment manager	Fund	Benchmark	Objective
Ruffer	Absolute Return Fund	Bank of England Base Rate	Deliver positive returns on a rolling twelve-month basis and to generate a return in excess of bank rate.
M&G Investments	Sustainable Total Return Credit Investment Fund	1 month SONIA	+ 3-5 % (gross of fees per annum), over any five year period, while applying ESG Criteria and Sustainability Criteria.
TwentyFour	Strategic Income Fund	No formal benchmark	The Fund aims to provide an attractive level of income, along with an opportunity for capital growth by investing in a broad range of bonds and fixed income instruments.
Schroders	International Selection Fund Securitised Credit Fund	ICE BofA 3 Month US Treasury Bill Index	The Fund aims to provide income and capital growth in line with the benchmark +3.5% (Gross of fees) over a three to five year period.
	Buy & Maintain Credit Sterling Cashflow 2018-2032 Fund	No formal benchmark	Provide income and capital growth by investing in fixed and floating rate securities issued in GBP and other currencies which will be FX and duration hedged back to GBP using derivatives.
	LDI Portfolio	Scheme specific Liability benchmark	Perform in line with benchmark.

AVC provider	Fund	Benchmark	Objective
Royal London (formerly Scottish Life)	Crest Secure Fund	1 Month LIBOR	To generate a positive return

The performance of the investment managers will be monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

The AVC arrangement is reviewed from time to time.

3. Fee agreements

The fee arrangements with the investment managers are summarised below:

Investment manager	Fund	Annual Management Charge (% p.a.)
Ruffer	Absolute Return Fund	1.20% p.a.
M&G Investments	Sustainable Total Return Credit Investment Fund	0.35% p.a.
Vontobel Funds	TwentyFour Strategic Income Fund	0.45% p.a.
Schroders	ISF Securitised Credit Fund	0.35% p.a.
	Buy & Maintain Credit Sterling Cashflow 2018-2032 Fund	0.13% p.a.
	LDI Portfolio	0.08% of liabilities hedged

As well as the annual management charges given above, additional fund expenses will apply (covering legal, accounting and auditing fees for each fund. The additional fund expenses will vary from fund to fund but are expected to be at most 0.1% p.a.

The fee arrangements with the AVC providers are summarised overleaf:

AVC provider	Fund	Annual Management Charge (% p.a.)
Royal London (formerly Scottish Life)	Crest Secure Fund	Charges are reflected in investment returns awarded rather than being charged explicitly.

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters. Barnett Waddingham is normally remunerated on a time-cost basis, although fixed fees may be agreed for specific tasks.

4. Investments and disinvestments

The Scheme administrators carry out regular short-term cash flow projections to enable the Trustees to be aware of the upcoming benefit and other payments from and into the Scheme. The Trustees have a standing agenda item to discuss the source of cash flow funding or investment at each meeting of the Trustees.

Investments and disinvestments are usually made having regard to the extent to which the actual asset allocation differs from the target asset allocation and the market outlook at the time.

Appendix 2 Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities

1. Financially material considerations

The Trustees consider that factors such as environmental, social and governance (ESG) issues (including but not limited to climate change) will be financially material for the Scheme over the length of time during which the benefits provided by the Scheme for members require to be funded to a level which would allow the benefits to be bought out with an insurer. We anticipate this being more than ten years from the date of this statement of investment principles.

The Trustees have elected to invest the Scheme's assets through pooled funds. The underlying pooled funds utilised are based on recommendations from the Scheme's investment consultant. This has the practical result that the Trustees cannot themselves directly influence the ESG policies and practices of the companies in which the pooled funds invest. However, the Trustees do expect the Scheme's investment consultant, and the managers of the underlying funds, to take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

The Trustees take those factors into account in the selection, retention and realisation of investments as follows:

- Selection of investments: assess the investment managers' ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels.
- Retention of investments: Developing a robust monitoring process in order to monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.
- Realisation of investments: The Trustees will request information from the investment consultant and managers about how ESG considerations are taken into account in decisions to realise investments.

The Trustees will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme's investments. The Trustees will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:-

- The Trustees will obtain regular training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees will use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Through their investment consultant the Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.

2. Non-financially material considerations

The Trustees and the investment consultant do not 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 of the members and beneficiaries of the Scheme (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

The Trustees will review its policy on whether or not to take account of non-financial matters on an annual basis.

3. The exercise of voting rights

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustees' behalf. In doing so, the Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustees will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustees will, with input from their investment consultant, monitor and review the information provided by the investment managers. Where possible and appropriate, the Trustees will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

4. Engagement activities

The Trustees acknowledge the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly

evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

The Scheme's investment managers are granted full discretion over whether or not to invest in the Principal Employer's business. Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustees have made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflict of interest.

The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the investment manager and the investee companies.

In selecting and reviewing their investment managers, where appropriate, the Trustees will consider investment managers' policies on engagement and how these policies have been implemented.