Comshare Retirement and Death Benefits Plan

Statement of Investment Principles

September 2019

CONTENTS

1. INTRODUCTION

1.1 PURPOSE OF THE STATEMENT

This statement sets out the principles and policies that govern investments made by the Trustee of the Comshare Retirement and Death Benefits Plan.

1.2 STATUTORY REQUIREMENTS

This statement is made in accordance with the requirements of the Pensions Act 1995, the Occupational Pensions (Investment) Regulations 2005 made under the Pensions Act 2004, and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

The Trustee is aware of the Pension Regulator's Investment Guidance for defined benefit pension schemes dated March 2017 and of the Myners Principles which were updated in 2008. The Trustee considers their investment policy to be consistent with this guidance.

1.3 INVESTMENT ADVICE

As required by legislation, in the preparation and maintenance of this statement and when considering the suitability of any investments, the Trustee has obtained and considered written advice from its investment adviser.

The Trustee is advised on investment matters by First Actuarial LLP. First Actuarial LLP is regulated by the Institute and Faculty of Actuaries and is qualified to provide the required advice through knowledge and practical experience of financial matters relating to pension schemes.

1.4 EMPLOYER CONSULTATION

Under legislation, the ultimate responsibility for determining the investment strategy rests with the Trustee. However, the Trustee must consult with the sponsoring employer and consultation must comprise a sharing of views, not simply notification of intent.

The Trustee has consulted with the sponsoring employer as part of the work preparing this statement.

1.5 REVIEWING THIS STATEMENT

This statement will be reviewed at least every three years and without delay after any significant change in circumstances or investment policy.

A copy of this statement and any amendments made to it are available to the Scheme Actuary and to the managers of the pooled investment vehicles used by the Trustee.

2. OBJECTIVES AND STRATEGIC ALLOCATION – DB SECTION

2.1 INVESTMENT OBJECTIVES

The Trustee has set an investment strategy that reflects the following primary investment objectives:

- **Generating strong investment returns** – to improve the financial position of the Plan thereby improving security for the members.
- **Managing cash flow requirements** – to ensure that sufficient assets and cash flows are available to pay members' benefits as and when they arise.
- **Protecting the financial position** – to limit the scope for adverse investment experience reducing security for members.

It is recognised that targeting strong levels of investment return introduces investment risk which increases the volatility of the financial position.

2.2 SETTING THE STRATEGIC ASSET ALLOCATION

The Trustee's strategic asset allocation is determined after considering written advice from the investment adviser and is designed to strike a balance between the above objectives. The strategic asset allocation takes into account:

- the nature and timing of liability payments;
- expected levels of investment return on the different asset classes;
- expected levels of investment return variability and, specifically, the expected level of short-term volatility of the Plan's financial position;
- the sponsoring employer's ability to withstand the additional contribution requirements that may arise from such volatility in the financial position; and
- the full range of available investments (within the bounds of practicality).

In determining the strategic asset allocation, the Trustee views the investments as falling into two broad categories:

1. **Growth Assets** – Assets that are expected to deliver long-term returns in excess of liability growth. The use of Growth Assets is expected to generate strong investment returns.
2. **Liability Matching Assets** – Assets that are expected to react to changes in market conditions in a similar way to the liabilities. The use of Liability Matching Assets is expected to protect the financial position.

The Trustee's strategic asset allocation is detailed in Appendix 1.

3. INVESTMENT OBJECTIVES – DC SECTION

3.1 MEMBERS' INVESTMENT REQUIREMENTS

In determining its investment objectives, the Trustee considers the investment requirements of the membership.

It is expected that the investment strategy for an individual member is likely to change over time:

- For younger members the investment priority is likely to be to achieve long-term investment growth.
- As retirement approaches, members are likely to look to reduce investment risk. The way such risk can be controlled will vary depending on whether the member intends to take benefits as an annuity, as cash or via an income drawdown product.

The Trustee offers a range of fund options that can be tailored to their needs by the members e.g. as retirement approaches.

3.2 INVESTMENT OBJECTIVES

The Trustee sets an investment strategy that reflects the following primary investment objective:

- **Offering an appropriate range of investment options** – The range of funds that is offered is intended to offer sufficient investment flexibility for members of all ages.

The range of funds selected by the Trustee is detailed in Appendix 2.

4. IMPLEMENTATION

4.1 IMPLEMENTATION OF THE INVESTMENT STRATEGY

Day-to-day management of the DB and DC section assets is delegated to one or more investment managers. The Trustee is satisfied that all investment managers have the appropriate knowledge and experience for managing the investments.

The Trustee, in conjunction with its investment adviser, regularly reviews each of the investment managers to ensure that the manager remains competent and that the assets continue to be managed in accordance with the manager's mandate.

DB Section

The mandates set for the investment managers are intended to implement the Trustee's investment objectives within an acceptable level of risk.

The Trustee considers each investment manager's mandate carefully to ensure it is appropriate. Where pooled investment vehicles are used, it is recognised that the mandate cannot be tailored to the Trustee's particular requirements. However, the Trustee ensures that any pooled investment vehicles used are appropriate to the circumstances of the Plan.

Details of the mandates set for the investment managers are provided in Appendix 1.

DC Section

The investments are made in pooled investment vehicles or With Profit related funds, and it is recognised that the mandates of these vehicles cannot be tailored to the Trustee's particular requirements. However, the Trustee ensures that the investment vehicles are appropriate to the circumstances of the Plan and that the chosen vehicles will enable the Trustee to achieve their investment objectives.

Details of the investment manager mandates are provided in Appendix 2.

4.2 SAFEKEEPING OF ASSETS

To ensure safekeeping of the assets, ownership and day to day control of the assets is undertaken by custodian organisations which are independent of the sponsoring employer and the investment managers. Where pooled investment vehicles are used, the custodians will typically be appointed by the investment manager.

4.3 REGULATED MARKETS AND DERIVATIVES

Assets are invested predominantly on regulated markets, as so defined in legislation. Any investments that do not trade on regulated markets are kept to a prudent level.

The investment managers are permitted to use derivative instruments only in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management.

5. RISKS AND OTHER MATTERS

5.1 INVESTMENT RISKS

Identification, measurement and management of risk form an integral part of the process adopted by the Trustee to determine an appropriate investment strategy.

5.2 EMPLOYER-RELATED INVESTMENT (DB SECTION ONLY)

The proportion of the Plan investments which can be related to the sponsoring employer (as defined within legislation) is limited to 5% of the value of total assets.

The Trustee does not hold any direct employer-related assets and any indirect exposure is expected to be less than 5% of total assets.

5.3 SUSTAINABLE INVESTING AND CORPORATE GOVERNANCE

Investment Beliefs

The investment beliefs stated below have been developed by the Trustee and are reflected in the Scheme's investment strategy.

Risk versus Reward

Targeting higher levels of investment return increases investment risk which increases the volatility of the funding position.

Asset Allocation

Long-term performance of the Scheme's assets is attributable primarily to the strategic asset allocation rather than the choice of investment managers.

Diversification

Asset diversification helps to reduce risk.

Use of Pooled Funds

Taking into account the size of the Scheme's assets, it is expected that pooled funds will typically be a more practical way of implementing the Scheme's investment strategy than establishing segregated mandates with investment managers.

Use of Active Management

Active management has the potential to add value either through offering the prospect of enhanced returns or through the control of volatility. In addition, it is recognised that active management may help to mitigate the financial impact of Environmental, Social and Governance (ESG) risks.

For each asset class, the Trustee will consider whether the higher fees associated with active management are justified.

Members' Views

The Trustee recognises that it is likely that members and beneficiaries will hold a broad range of views on ESG and other non-financial matters. Whilst the Trustee will seek to avoid investing in a way that is likely to be strongly opposed by those individuals, the Trustee does not directly take such views into account when determining the Scheme's investment strategy.

The Trustee believes that its duty to members and beneficiaries will be best served by ensuring that all benefits can be paid as they fall due and the Trustee's Investment Objectives are designed to ensure this duty is achieved.

ESG Risks & Corporate Engagement

Where the Trustee invests in pooled investment vehicles, it is accepted that the extent to which corporate governance, socially responsible practices and ethical behaviour are used in the selection of suitable investments will be determined by the investment managers' own policies on these matters.

Similarly, it is accepted that ongoing engagement with companies in which investments are made (including the exercise of voting rights) will also be determined by the investment managers' own policies.

The Trustee recognises that the membership might wish the Trustee to engage with the companies in which the Scheme invests with the objective of improving corporate behaviour to benefit the environment and society.

However, the Scheme's assets are invested in pooled funds and, as noted above, the Trustee therefore relies on the investment managers to carry out such engagement. The Trustee recognises that the investment managers' engagement policies are likely to be focussed on maximising financial returns and minimising financial risks rather than targeting an environmental or societal benefit.

The Trustee does however consider ESG policies and, if they are felt to be inappropriate, will replace the fund in question.

Monitoring

The Trustee regularly reviews the Scheme's investments to ensure that the assets continue to be managed in accordance with each manager's mandate and that the choice of managers remains appropriate.

Furthermore, the Trustee regularly monitors the position of the investment managers with regards to ESG matters.

To assist with the monitoring of the investment managers, the Trustee receives regular information from its investment adviser providing details of investment manager performance and asset allocation decisions. This analysis includes comparisons with benchmarks and relevant peer-group data.

The analysis assesses whether performance has been in line with expectations given market conditions and whether the level of risk has been as expected.

The investment adviser also provides regular updates on the investment managers' actions regarding ESG factors and shareholder engagement.

The investment adviser regularly meets with the managers of pooled funds on its approved list.

This statement has been agreed by the Trustee:

....   Date: 17.9.19

For and on behalf of PTL Governance Ltd acting as The
Trustee of the Comshare Retirement and Death Benefits Plan

APPENDIX 1. CURRENT INVESTMENT STRATEGY – DB SECTION

MAIN SCHEME ASSETS

The Trustee has appointed BlackRock Investment Management (UK) Limited and Pictet Asset Management Limited (the "DB Managers") to manage the assets of the DB Section of the Plan. Further details of the specific arrangements in place with the DB Managers are contained in this Appendix.

The mandate the Trustee has given to DB Managers reflects the principles and policies as set out in the main body of this Statement.

The Trustee's assets are invested in the following underlying pooled funds:

Pooled Investment Vehicle	Allocation of Assets as at 30 June 2019
Liability Matching Assets (known collectively as 'BlackRock LDI Funds')	
BlackRock Leveraged 2030 Gilt Fund	4%
BlackRock Leveraged 2040 Gilt Fund	8%
BlackRock Leveraged 2052 Gilt Fund	3%
BlackRock Leveraged 2060 Gilt Fund	3%
BlackRock Leveraged 2027 Index-Linked Gilt Fund	1%
BlackRock Leveraged 2032 Index-Linked Gilt Fund	3%
BlackRock Leveraged 2040 Index-Linked Gilt Fund	3%
BlackRock Leveraged 2050 Index-Linked Gilt Fund	2%
BlackRock Leveraged 2062 Index-Linked Gilt Fund	1%
Total Liability Matching Assets	***29%****
Growth Assets	
BlackRock Aquila Life UK Equity Index Fund	14%
BlackRock Aquila Life US Equity Index Fund	1%
BlackRock Aquila Life Europe (ex UK) Equity Index Fund	10%
BlackRock Aquila Life Japanese Equity Index Fund	1%
BlackRock Aquila Life Asia Pacific (ex Japan) Equity Index Fund	3%
Pictet Dynamic Asset Allocation Fund	23%
BlackRock Dynamic Diversified Growth Fund	7%
BlackRock Aquila Life Market Advantage Fund	12%
Total Growth Assets	***71%***

**Totals do not sum due to rounding*

The Plan's assets are not automatically rebalanced but are monitored and rebalanced at the discretion of the Trustee.

CASHFLOW POLICY

Any investments or disinvestments will be made at the discretion of the Trustee, but the Trustee will maintain a Cashflow Management Policy which will record how such payments should be structured. The Cashflow Management Policy will be designed to ensure the allocation of the Scheme's assets remains closely aligned with the strategy described in this statement.

To ensure the Scheme operates efficiently, the Trustee may share the Cashflow Management Policy with the individual(s) responsible for processing payments from the Scheme.

The Cashflow Management Policy will be reviewed from time-to-time by the Trustee and, as a minimum, at least every three years in line with a review of this statement. Given that the Cashflow Management Policy is designed to keep the Scheme's asset allocation aligned with the investment strategy and investment principles described in this statement, the sponsoring employer is satisfied that the Cashflow Management Policy can be amended by the Trustee without consulting the sponsoring employer.

EXPECTED RETURNS

The Liability Matching Assets have been selected by the Trustee having regard for the nature of the Plan's liability profile. These funds are expected to change in value broadly in line with the Plan's liabilities as market conditions change (to the extent which liabilities are hedged).

The Trustee's expectation is that the Growth Assets will provide returns in line with each individual pooled fund's return objectives.

The objectives and annual management charges for all funds are set out in the tables below:

BlackRock LDI Funds			
Objective	The Fund is designed to be held until maturity and aims to provide a single payment on the specified maturity date of the underlying reference gilt. Due to the leveraged nature of the Fund, every £1 invested in the Fund provides more than £1 worth of exposure to the underlying reference gilt.		
AMC	For the first £100m Thereafter	0.15% pa 0.10% pa	*Additional expenses on this fund are currently approx. 0.06%pa*

BlackRock Aquila Life UK Equity Index Fund	
Objective	To achieve a return that is consistent with the return of the FTSE All-Share Index.
AMC	For the first £15 million: 0.100% pa For the next £85 million: 0.060% pa Thereafter 0.040% pa

BlackRock Aquila Life US Equity Index Fund	
Objective	To achieve a return that is consistent with the return of the FTSE All World USA Share Index.
AMC	For the first £15 million: 0.200% pa For the next £85 million: 0.100% pa Thereafter 0.060% pa

BlackRock Aquila Life European Equity Index Fund	
Objective	To achieve a return that is consistent with the return of the FTSE-All World Developed Europe (Ex UK) Index.
AMC	For the first £15 million: 0.200% pa For the next £85 million: 0.100% pa

BlackRock Aquila Life Japanese Equity Index Fund	
Objective	To achieve a return that is consistent with the return of the FTSE-All World Japan Index.
AMC	For the first £15 million: 0.200% pa For the next £85 million: 0.100% pa

BlackRock Aquila Life Pacific Rim Equity Index Fund	
Objective	To achieve a return that is consistent with the return of the FTSE-All World Developed Asia Pacific (Ex Japan) Index.
AMC	For the first £15 million: 0.200% pa For the next £85 million: 0.100% pa

BlackRock Dynamic Diversified Growth Fund		
Objective	This fund targets capital growth by investing in a diversified portfolio of equities, bonds, property and cash. Derivatives (exchange traded and over-the-counter) may be used for efficient portfolio management and to hedge underlying positions. The fund's performance objective is to outperform cash (3 month LIBOR) by 3% per annum (net of fees) over rolling 3 year periods.	
AMC	0.55% pa	*Additional expenses on this fund are currently approx. 0.12%pa (including the cost of internal and external funds)*

Pictet Dynamic Asset Allocation Fund		
Objective	To deliver returns of 4% per annum (net of fees) above 3 month LIBOR over a 3 to 5 year period.	
AMC	0.55% pa	*Additional expenses on this fund are currently approx. 0.295%pa*

BlackRock Aquila Life Market Advantage Fund		
Objective	The BlackRock Aquila Life Market Advantage Fund aims to deliver long-term capital and income returns with lower volatility than worldwide equity markets.	
AMC	0.25% pa	*Additional expenses on this fund are currently approx. 0.03%pa*

AMC = Annual Management Charge

APPENDIX 2. CURRENT INVESTMENT STRATEGY – DC SECTION

FUND MANAGER

The Trustee has appointed LGIM, State Street and Prudential to manage the assets of the DC Section of the Plan, in the following funds.

•State Street MPF Balanced Index sub-Fund	•Prudential With Profits Fund
•LGIM Cash Fund	•LGIM UK Equity Index Fund
•LGIM Overseas Equity Consensus Index Fund	•LGIM Over 15 Year Gilts Index Fund
•LGIM Retirement Income Multi-Asset Fund	

**This fund can no longer accept further investments.*

FUND CHARGES

The charges of the Prudential With Profits Fund are not published (due to the nature of the investments) but are met within the funds.

The fees payable on the investment in the State Street MPF Balanced Index sub-Fund are set out below.

State Street MPF Balanced Index sub-Fund	AMC
First £5 million invested	0.150% pa
Next £15 million invested	0.125% pa
Next £30 million invested	0.100% pa
Balance of assets over £50 million	0.075% pa

In addition to the above fees, an embedded custody and administration charge shall apply in respect of the sterling liquidity component of the fund. The amount of this charge is variable.

The LGIM fund charges are set-out below.

Pooled investment fund	AMC
LGIM UK Equity Index Fund	0.100% pa
LGIM Overseas Equity Consensus Index Fund	0.250% pa
LGIM Over 15 Year Gilts Index Fund	0.100% pa
LGIM Retirement Income Multi-Asset Fund	0.350% pa
LGIM Cash Fund	0.125% pa

DEFAULT LIFESTYLE STRATEGY

The DC Section of the Plan implemented a 'lifestyling' arrangement on 1 October 2018.

Under this arrangement, when a member is five years away from retirement, the allocations of their assets will be de-risked for the majority of members. This is to be implemented in phases, occurring on 1 October of each year. Typically when members reach retirement, 25% of assets are invested in cash and 75% of assets are invested in the Legal & General Retirement Income Multi Asset Fund (LGIM RIMA).

It should be noted that the Trustee also decided to make special arrangements for a limited number of members following consideration of investment advice e.g. due to the existence of With Profit holdings and following consideration of the particular features of that type of fund.

Comshare Retirement and Death Benefits Plan

Addendum to the Statement of Investment Principles

Original Statement dated: September 2019

Date of Addendum: September 2020

Purpose of the Addendum

This Addendum updates Appendices 1, 2 and 3 to reflect changes to the Scheme's investment strategy that were implemented in 2019.

This Addendum also adds an Appendix 4 which is made in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (it includes additional wording to cover this) and it updates the Statement of Investment Principles to record how the Scheme complies with the EU Shareholder Rights Directive (SRD II) which comes into effect on 1 October 2020.

Glossary Update

ESG – Environmental, Social and Governance (including, but not limited to, climate change)

In the relevant regulations "**non-financial matters**" refers to the views of the members. This includes, but is not limited to, ethical views, views on ESG factors and views on the present and future quality of life for the members.

"**Financially material considerations**" includes (but is not limited to) ESG considerations (including but not limited to climate change), which the trustees of the trust scheme consider financially material.

"**Appropriate time horizon**" means the length of time that the trustees of a trust scheme consider is needed for the funding of future benefits by the investments of the scheme.

Appendix 1: The Trustee's Investment Strategy – DB Section

Strategic Asset Allocation

In determining the strategic asset allocation, the Trustee views the investments as falling into two broad categories:

1. **Growth Assets** – Assets that are expected to deliver long-term returns in excess of liability growth. The use of Growth Assets is expected to deliver a level of investment returns deemed appropriate by the Trustee given the risk involved.

2. **Liability Matching Assets –** Assets that are expected to react to changes in market conditions in a similar way to the liabilities. The use of Liability Matching Assets is expected to protect the funding position of the Scheme.

In addition, the Trustee may hold cash. Cash will normally be held in the Trustee's bank account if it is to be used to make payments due in the short-term whereas cash that is to be held for more than a few weeks will normally be held in a cash fund.

At the time of preparing this statement, the split of the Scheme's assets between the above categories was approximately 58% Growth, 31% Liability Matching and 11% Cash (with the Cash holdings representing a temporary position). This split is not regularly rebalanced and will vary over time as market conditions change.

The Trustee will review the strategic asset allocation periodically, and at least every three years, to ensure that the investment strategy remains consistent with the Trustee's funding objectives. As part of such a review, the Trustee will consider the risks associated with the investment strategy.

Investment Strategy Implementation

The Trustee has selected funds managed by BlackRock Advisors (UK) Limited, BlackRock Investment Management (UK) Limited and Pictet Asset Management, to implement the Scheme's investment strategy.

Further details of the investment strategy and the funds used are provided overleaf.

Appendix 1: The Trustee's Investment Strategy – DB Section (continued)

Design of the Growth Asset Portfolio

The structure of the Scheme's Growth Assets has been designed to offer diversification across a range of underlying asset classes and to achieve this by combining investment managers with different asset management styles.

The strategic allocation for the Scheme's Growth Assets is as follows:

Pooled Fund	Strategic Allocation of the Growth Assets
BlackRock Aquila Life Market Advantage Fund	17%
BlackRock Dynamic Diversified Growth Fund	25%
Pictet Dynamic Asset Allocation	32%
BlackRock Aquila Life European Equity Index Fund	20% combined allocation
BlackRock Aquila Life Japanese Equity Index Fund	
BlackRock Aquila Life US Equity Index Fund	
BlackRock Aquila Life Pacific Rim Equity Index Fund	
BlackRock Aquila Life UK Equity Index Fund	6%
Total Growth Assets	***100%***

The allocation of the Growth Assets is not automatically rebalanced but will be monitored and rebalanced at the discretion of the Trustee.

Design of the Liability Matching Portfolio

The Scheme's Liability Matching Assets are invested in leveraged Liability Driven Investment (LDI) funds managed by BlackRock. The funds used are:

- BlackRock LMF Leveraged 2027 Index Linked Gilt Fund
- BlackRock LMF Leveraged 2030 Gilt Fund
- BlackRock LMF Leveraged 2032 Index Linked Gilt Fund
- BlackRock LMF Leveraged 2040 Gilt Fund
- BlackRock LMF Leveraged 2040 Index Linked Gilt Fund
- BlackRock LMF Leveraged 2050 Index Linked Gilt Fund
- BlackRock LMF Leveraged 2052 Gilt Fund
- BlackRock LMF Leveraged 2060 Gilt Fund
- BlackRock LMF Leveraged 2062 Index Linked Gilt Fund

Appendix 1: The Trustee's Investment Strategy – DB Section (continued)

The targeted level of matching, expressed as proportion of the sensitivity of funded liabilities to changes in long term interest rates and inflation expectations, is 75% and 85% respectively.

Cash

The Trustee may invest in the BlackRock Institutional Cash Series (ICS) Sterling Liquidity Fund.

LDI Leverage Management Policy

In an environment of rising yields, a recapitalisation payment may need to be paid into one or more of the LDI funds. This will ensure that leverage within the LDI funds remains within a permissible range.

The Trustee has provided BlackRock with authority to meet a recapitalisation contribution by selling assets in the following order:

i) BlackRock ICS Sterling Liquidity Fund
ii) BlackRock Dynamic Diversified Growth Fund
iii) BlackRock Aquila Life Market Advantage Fund
iv) BlackRock Aquila Life UK Equity Index Fund

If the leverage of a BlackRock LDI fund falls below a minimum threshold, BlackRock will make a cash payment from the relevant fund to raise the leverage. The Trustee has provided BlackRock with authority to invest any such cash proceeds in the BlackRock ICS Sterling Liquidity Fund.

Cashflow Management Policy

Any investments or disinvestments will be made at the discretion of the Trustee, but the Trustee will maintain a *Cashflow Management Policy* which will record how such payments should be structured. The *Cashflow Management Policy* will be designed to ensure the allocation of the Scheme's assets remains closely aligned with the strategy described in this statement.

To ensure the Scheme operates efficiently, the Trustee may share the *Cashflow Management Policy* with the individual(s) responsible for processing payments from the Scheme.

The *Cashflow Management Policy* will be reviewed from time-to-time by the Trustee and, as a minimum, at least every three years in line with a review of this statement. Given that the *Cashflow Management Policy* is designed to keep the Scheme's asset allocation aligned with the investment strategy and investment principles described in this statement, the sponsoring employer is satisfied that the *Cashflow Management Policy* can be amended by the Trustee without consulting the sponsoring employer.

Appendix 1: The Trustee's Investment Strategy – DB Section (continued)

Additional Voluntary Contributions

The Scheme’s AVC arrangements are held with Prudential Life & Pensions.

Appendix 2: Fund Details – DB Section

This Appendix provides a summary of the funds used to implement the Scheme's Defined Benefit investment strategy. The details provided below were correct as at August 2020.

The following points should be noted:

- **Legal Structure**: An explanation of the different types of fund legal structures is provided in the Trustee's *Investment Risk Policy* document.
- **T**: Trade Date

BlackRock Aquila Life Market Advantage Fund	
Objective	The BlackRock Aquila Life Market Advantage Fund aims to provide a return over the long term (5 consecutive years) which exceeds 3 month GBP LIBOR by 3.5 % (gross of fees). The Fund will invest in a global portfolio of asset classes, including: equities, fixed income securities, money-market instruments and derivatives.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily

BlackRock Dynamic Diversified Growth Fund	
Objective	The BlackRock Dynamic Diversified Growth Fund targets capital growth by investing in a diversified portfolio of equities, bonds, property and cash. Derivatives (exchange traded and over-the-counter) may be used for efficient portfolio management and to hedge underlying positions. The fund's performance objective is to outperform cash (3 month LIBOR) by 3% per annum (net of fees) over rolling 3 year periods.
Legal Structure	Investment Company with Variable Capital
Trading Frequency	Daily

Pictet Dynamic Asset Allocation	
Objective	The Pictet Dynamic Asset Allocation Fund aims to deliver returns of 4% per annum (net of fees) above 3 month LIBOR over a 3 to 5 year period.
Legal Structure	Investment Company with Variable Capital
Trading Frequency	Weekly

Appendix 2: Fund Details – DB Section (continued)

BlackRock Aquila Life European Equity Index Fund	
Objective	The BlackRock Aquila Life European Equity Index Fund aims to achieve index returns in line with the FTSE All-World Developed Europe ex-UK Index.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily

BlackRock Aquila Life Japanese Equity Index Fund	
Objective	The BlackRock Aquila Life Japanese Equity Index Fund aims to achieve index returns in line with the FTSE Japan Index.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily

BlackRock Aquila Life Pacific Rim Equity Index Fund	
Objective	The BlackRock Aquila Life Pacific Rim Equity Index Fund aims to achieve index returns in line with FTSE All-World Developed Asia Pacific ex Japan Index.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily

BlackRock Aquila Life UK Equity Index Fund	
Objective	The BlackRock Aquila Life UK Equity Index Fund aims to achieve index returns in line with the FTSE All-Share Index.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily

Appendix 2: Fund Details – DB Section (continued)

BlackRock Aquila Life US Equity Index Fund	
Objective	The BlackRock Aquila Life US Equity Index Fund aims to achieve index returns in line with the FTSE USA Index.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily

BlackRock LMF Funds	
Objective	The BlackRock LMF Fund is designed to be held until maturity and aims to provide a single payment on the specified maturity date of the underlying reference gilt. Due to the leveraged nature of the Fund, every £1 invested in the Fund provides more than £1 worth of exposure to the underlying reference gilt.
Legal Structure	Unit Trust
Trading Frequency	Daily

BlackRock ICS Sterling Liquidity Fund	
Objective	The BlackRock ICS Sterling Liquidity Fund aims to maximise current income consistent with preservation of principal and liquidity by the maintenance of a portfolio of high quality short term money market instruments.
Legal Structure	Investment Company with Variable Capital
Trading Frequency	Daily

Appendix 3: The Trustee's Investment Strategy – DC Section

Fund Manager

The Trustee has appointed LGIM, State Street and Prudential to manage the assets of the DC Section of the Plan, in the following funds.

•State Street MPF Balanced Index sub-Fund	•Prudential With Profits Fund
•LGIM Cash Fund	•LGIM UK Equity Index Fund
•LGIM Overseas Equity Consensus Index Fund	•LGIM Over 15 Year Gilts Index Fund
•LGIM Retirement Income Multi-Asset Fund	

Default Lifestyle Strategy

The DC Section of the Plan implemented a 'lifestyling' arrangement on 1 October 2018.

Under this arrangement, when a member is five years away from retirement, the allocations of their assets will be de-risked for the majority of members. This is to be implemented in phases, occurring on 1 October of each year. Typically when members reach retirement, 25% of assets are invested in cash and 75% of assets are invested in the Legal & General Retirement Income Multi Asset Fund (LGIM RIMA).

It should be noted that the Trustee also decided to make special arrangements for a limited number of members following consideration of investment advice e.g. due to the existence of With Profit holdings and following consideration of the particular features of that type of fund.

Appendix 4: Investment Manager Arrangements

The Trustees believe that financially material considerations, including ESG factors and the risks related to such factors, can contribute to the identification of both investment opportunities and financially material risks. Consequently, financially material considerations can have a material impact on investment risk and return outcomes.

As the Scheme's assets are held in pooled funds, the Trustees have limited influence over the investment managers' investment decisions. In practice, investment managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/ equity issuers, engagement and portfolio turnover.

It is therefore the Trustees' responsibility to ensure that the approaches adopted by investment managers are consistent with the Trustees' policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies.

The Trustees expect investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/ equity issuers, and to engage with issuers to improve their performance. The Trustees assess this when selecting and monitoring managers.

When selecting investment managers, the Trustees may also take into account non-financially material considerations such as the investment manager's administrative capabilities and the liquidity of the investments.

The Trustees' policy on selecting, monitoring, evaluating and (where necessary) terminating these arrangements is set out in further detail on the next page.

Appendix 4: Investment Manager Arrangements (continued)

Compatibility of Pooled Funds with the Trustees' Investment Strategy

When selecting a pooled fund, the Trustees consider various factors, including:

- the assets that will be held within that fund and whether the asset allocation of the fund is expected to change over time;
- the risks associated with the fund along with the return that is expected;
- the fund's objective (as stated by the fund's investment manager) and whether the objective is consistent with the performance that the Trustees expect from that fund;
- the fund's fee structure to ensure that this is reasonable and that it does not provide an incentive for the investment manager to manage the fund in a way that differs from the expectations of the Trustees.
- how frequently underlying investments within the fund are expected to be traded by the investment manager;
- how financially material considerations (including ESG factors) over the appropriate time horizon are taken into account by the investment manager;
- the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund; and
- the investment manager's policy in relation to undertaking engagement activities in respect of the investments held within the pooled fund*.

**This includes engaging with an issuer of debt or equity regarding matters including (but not limited to) performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, and ESG matters. It also includes engaging on these matters with other investment managers, other holders of debt or equity and persons or groups of persons who have an interest in the issuer of debt or equity.*

After analysing the above characteristics for a fund, the Trustees identify how that fund would fit within their overall investment strategy for the Scheme and how the fund is expected to help the Trustees meet their investment objectives.

Appendix 4: Investment Manager Arrangements (continued)

Duration of Investment Manager Arrangements

The Trustees normally expect that pooled funds will be held for several years.

However, as part of the periodic strategic asset allocation reviews (which take place at least every three years), the Trustees will review whether the ongoing use of each fund remains consistent with their investment strategy.

The Trustees regularly monitor the financial and non-financial performance of the pooled funds held and details of this monitoring process is set out below. If the Trustees become concerned about the ongoing suitability of a pooled fund, they may reduce exposure to it or disinvest entirely. Such action is expected to be infrequent.

Monitoring Pooled Funds

The Trustees regularly assess the performance of each fund held and this monitoring includes an assessment of whether the investment manager continues to operate the fund in a manner that is consistent with the factors used by the Trustees to select the fund (as listed above).

When assessing the performance of a fund, the Trustees do not usually place too much emphasis on short-term performance although they will seek to ensure that reasons for short-term performance (whether favourable or unfavourable) are understood.

The Trustees expect the investment managers of pooled funds to invest for the medium to long term and they expect investment managers to engage with issuers of debt or equity with a view to improving performance over this time frame.

If it is identified that a fund is not being operated in a manner consistent with the factors used by the Trustees to select the fund, or that the investment manager is not engaging with issuers of debt or equity, the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their investment adviser to raise the Trustees' concerns with the investment manager. Thereafter, the Trustees, in conjunction with their investment adviser, would monitor the performance of the fund to assess whether the situation improves.

Appendix 4: Investment Manager Arrangements (continued)

Portfolio Turnover

The Trustees are aware of the requirement to monitor portfolio turnover costs (the costs incurred as a result of the buying, selling, lending or borrowing of investments).

When selecting a pooled fund, the Trustees will consider how the investment manager defines and measures:

- the targeted portfolio turnover (the frequency within which the assets of the fund are expected to be bought or sold); and

- turnover range (the minimum and maximum frequency within which the assets of the fund are expected to be bought or sold).

At least annually, the Trustees, in conjunction with their investment adviser, will consider the transaction costs incurred on each pooled fund. As part of this analysis, the Trustees will consider whether the incurred turnover costs have been in line with expectations.

The Trustees will take the above information on portfolio turnover into account when assessing the ongoing suitability of each pooled fund.

Appendix 4: Investment Manager Arrangements (continued)

Stewardship

The Trustee's policy in relation to the exercise of rights attaching to investments, and undertaking engagement activities in respect of investments, is that they wish to encourage best practice in terms of stewardship.

However, the Trustee invests in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters. For that reason, the Trustee recognises that its ability to directly influence the action of companies is limited.

Nevertheless, the Trustee expects that each investment manager will discharge its responsibilities in respect of investee companies in accordance with that investment manager's own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustee also expects that each investment manager will take ESG factors into account when exercising the rights attaching to investments and in taking decisions relating to the selection, retention and realisation of investments.

When considering the suitability of an investment manager, the Trustee (in conjunction with its investment adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.

The Trustee recognises that the members might wish the Trustee to engage with the underlying companies in which the Scheme invests with the objective of improving corporate behaviour to benefit the environment and society. However, the Trustee's priority is to select investment managers which are best suited to help meet the Trustee's investment objectives. In making this assessment, the Trustee will receive advice from its investment adviser. The Trustee recognises that the investment managers' own policies are likely to be focussed on maximising financial returns and minimising financial risks rather than targeting an environmental or societal benefit.

Appendix 4: Investment Manager Arrangements (continued)

Investment Beliefs (additional wording)

Appropriate Time Horizon

In determining investment objectives and a suitable investment strategy for the Scheme, the Trustee takes into account an appropriate time horizon. The Trustee believes that an appropriate time horizon will be the period over which benefits are expected to be paid from the Scheme.

ESG and Other Financially Material Considerations

The Trustees believe that financially material considerations, including ESG factors and the risks related to such factors, can contribute to the identification of both investment opportunities and financially material risks. Consequently, financially material considerations can have a material impact on investment risk and return outcomes.

The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

Assessment of how ESG risks are mitigated will be one of the factors considered by the Trustees when selecting and monitoring investment managers.

Stewardship

The Trustee believe that good stewardship can help create, and preserve, value for companies and markets as a whole.