THE BANK OF INDIA PENSION AND LIFE ASSURANCE SCHEME

STATEMENT OF INVESTMENT PRINCIPLES

SEPTEMBER 2024

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1 INTRODUCTION

This Statement of Investment Principles (“the Statement”) has been prepared by the Trustees of the Bank of India Pension and Life Assurance Scheme (“the Scheme”) in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustees to ensure the effective implementation of these principles.

In preparing the Statement, the Trustees have:

- obtained and considered written advice from a suitably qualified individual, employed by their investment consultants, Mercer Limited (“Mercer”) whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and
- consulted with the Sponsoring Employer, although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustees’ investment policy for the Scheme.

The Trustees will review the Statement formally at least every three years to coincide with the triennial Actuarial Valuation or other actuarial advice relating to the statutory funding requirements. Furthermore, the Trustees will review the Statement without delay after any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Sponsoring Employer.

2 INVESTMENT OBJECTIVES

The Trustees' primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees also aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

The Trustees have also received confirmation from the Scheme Actuary during the process of revising the investment strategy that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

3 INVESTMENT RESPONSIBILITIES

3.1 TRUSTEES' DUTIES AND RESPONSIBILITIES

The Trustees are responsible for setting the investment objectives and determining the strategy to achieve the objectives. They carry out their duties and fulfil their responsibilities as a single body.

They have considered establishing an investment sub-committee but have decided not to do so, as each of the Trustees wishes to contribute directly to the formulation of the Scheme's investment policy and to the monitoring of the Scheme's investment managers. Moreover, the trustee body is not so large as to be unwieldy in its operations. Sub-committees may be formed from time to time to examine specific issues.

The duties and responsibilities of the Trustees include, but are not limited to, the following tasks and activities:

- The regular approval of the content of the Statement
- The appointment and review of the investment adviser
- The appointment and review of the investment platform provider
- The choice of appropriate managers/funds to implement the agreed investment strategy
- The assessment and review of the performance of each investment manager
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- The assessment of the risks assumed by the Scheme at total scheme level and manager by manager
- The approval and review of the asset allocation benchmark for the Scheme
- The compliance of the investment arrangements with the principles set out in the Statement

3.2 INVESTMENT ADVISER'S DUTIES AND RESPONSIBILITIES

The Trustees seek advice from Mercer as and when they require it, as well as raising any investment-related issues, of which it believes the Trustees should be aware. Matters on which the Trustees are expected to seek advice include the following:

- Participating with the Trustees in reviews of this Statement
- Setting of investment objectives
- Determining investment strategy and asset allocation
- Determining an appropriate investment structure
- Monitoring the investment manager and investment platform provider to ensure their continuing appropriateness for the Scheme
- Setting cashflow management (investment and withdrawal) policies

The Trustees may seek advice from Mercer with regard to both strategic and tactical investment decisions (see Section 4 - Investment Strategy); however, they recognise that they retain responsibility for all such decisions, including those that concern investments and disinvestments relating to cashflows. Mercer may be proactive in advising the Trustees regarding tactical investment decisions; however, there is no responsibility placed on Mercer to be proactive in all circumstances.

Mercer is remunerated primarily on a fixed fee basis. Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of their advice. The Trustees believe that this is the most appropriate adviser remuneration structure for the Scheme.

Mercer is authorised and regulated by the Financial Conduct Authority ("FCA").

3.3 INVESTMENT MANAGERS DUTIES AND RESPONSIBILITIES

The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis.

The Trustees, after considering appropriate investment advice, have invested the assets of the Scheme through a Trustee Investment Plan (“TIP”) policy from Mobius Life Limited (“Mobius”), whose appointment foregoes the need for a Custodian. The Trustees first invested through the Mobius TIP in June 2024.

Mobius is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the PRA and the FCA.

The Mobius TIP facilitates investment into a range of funds managed by third party investment managers and the value of the Mobius TIP is directly linked to the change in value of the funds. All of the investment managers used by the Scheme are authorised and regulated by the FCA.

The investment managers used by the Trustees through the Mobius Platform are chosen based on advice from the Investment Adviser. This is based on the Investment Adviser’s view of their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

When rating investment managers, Mercer also considers the potential risks arising from ESG factors and specific ESG considerations (e.g. low carbon) and how these may potentially impact upon the investment manager’s ability to achieve its performance objective(s).

The Trustees only invest in pooled investment vehicles through the Mobius Platform. The Trustees therefore, accept that they cannot specify the risk profile and return targets of the manager, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

The details of the funds invested in are set out in Appendix 2, together with the details of each manager’s mandate.

The underlying investment managers are responsible for all decisions concerning the selection of the individual securities within the portfolios they manage.

In the case of multi-asset mandates, the investment managers are also responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

Both Mobius and the underlying investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme. Where possible, discounts have been negotiated by Mercer and Mobius with the investment managers on their standard charges and the Scheme benefits directly from these discounts.

None of the funds in which the Scheme’s assets are invested have performance based fees which could encourage the investment manager to make short-term investment decisions, potentially at the expense of long-term performance.

The Trustees, therefore, consider that the method of investment manager remuneration is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustees accept that they are unlikely to be able to influence the charging structure of the pooled funds in which the Scheme is invested, but are satisfied that the ad-valorem charges for the different funds are clear and are consistent with each fund’s stated characteristics. The Trustees are, therefore, satisfied that this the most appropriate basis for remunerating the investment managers and is consistent with the Trustees’ policies as set out in this SIP.

3.1 SCHEME ACTUARY’S DUTIES AND RESPONSIBILITIES

The Scheme Actuary’s responsibilities include the following:

- Liaising with the Investment Adviser regarding the suitability of the Scheme’s investment strategy given the financial characteristics of the Scheme
- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall
- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels

3.2 ADMINISTRATOR’S DUTIES AND RESPONSIBILITIES

The Administrator’s responsibilities include the following:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due
- Paying benefits and making transfer payments
- Investing contributions not required to meet benefit payments with Mobius according to the Trustees’ instructions

4 INVESTMENT STRATEGY

4.1 SETTING INVESTMENT STRATEGY

The Trustees have determined their investment strategy after considering the Scheme's liability profile and requirements of the Statutory Funding Objective, their own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustees have also received written advice from their Investment Adviser.

The Trustees' have set a prudent investment strategy comprising assets such as multi-asset credit (MAC), absolute return bonds, corporate bonds, liability driven investments ("LDI"), fixed interest gilts and index-linked gilts. The allocation is set with regard to the overall required return objective of the Scheme's assets, which is determined by the funding objective and current funding level, and the desire to mitigate risk through hedging of the Scheme's interest rate and inflation risks, taking consideration of the instruments being used to hedge these risks.

The Trustees have established a benchmark allocation to each asset class within the strategic asset allocation, which is set out in Appendix 1.

The Trustees recognise the benefits of diversification across asset classes, as well as within them, in reducing the risk that results from investing in any one particular market. The Trustees have therefore invested in pooled Absolute Return Bond ("ARB") / Multi Asset Credit ("MAC") funds where the manager selects and manages allocations across a diversified spectrum of bond assets.

The Trustees note that the actuarial value of the Scheme's future benefits payments to members is sensitive to changes in interest rates and inflation expectations. The Trustees have therefore invested in Liability Driven Investment ("LDI") funds which aim to respond in a similar way to changes in these factors and reduce the volatility of the Scheme's funding position. This is referred to as hedging.

In determining the benchmark asset allocation, the Trustees have been satisfied that this is consistent with their investment objectives and is supported by both the Sponsoring Employer and its covenant.

4.2 INVESTMENT DECISIONS

The Trustees distinguish between three types of investment decision: strategic, tactical and stock-level.

Strategic Investment Decisions

These decisions are long-term in nature and are driven by an understanding of the objectives, needs and liabilities of the Scheme.

The Trustees take all such decisions themselves and obtain written advice where they deem necessary. Examples of such decisions and of tasks relating to the implementation of these decisions include the following:

- Setting investment objectives
- Determining the split between the growth and the stabilising portfolios
- Determining the allocation to asset classes within the growth and stabilising portfolios
- Determining the Scheme benchmark
- Reviewing the investment objectives and strategic asset allocation

Tactical Investment Decisions

These decisions are short-term and based on expectations of near-term market movements. Such decisions may involve deviating temporarily from the strategic asset allocation and may require the timing of entry into, or exit from, an investment market or asset class.

These decisions are the responsibility of the Trustees. However, where such decisions are made within a pooled fund, they are the responsibility of the investment manager of the fund.

Stock Selection Decisions

All such decisions are the responsibility of the investment managers of the pooled funds in which the Scheme is invested.

4.3 TYPES OF INVESTMENTS TO BE HELD

The Trustees are permitted to invest across a wide range of asset classes.

The use of derivatives is as permitted by the guidelines that apply to the pooled funds. Details relating to the pooled funds can be found in Appendix 2.

4.4 FINANCIALLY MATERIAL CONSIDERATIONS

The Trustees understand that they must consider all factors that have the ability to impact the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Trustees recognise that ESG factors, such as climate change, can influence the investment performance of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process.

As noted earlier, the Scheme's assets are invested in pooled funds through the Mobius TIP. The Trustees therefore have very limited ability to influence the ESG policies and practices of the companies in which their managers invest. Furthermore, given the Trustees' key objective is to reduce risk relative to the value of the Scheme's liabilities, a large portion of the Scheme's assets are invested in pooled funds containing gilts and index-linked gilts issued by the UK Government, and ESG considerations do not readily apply to these investments.

Mercer's quarterly reporting includes it's assessment of how the investment managers embed ESG into their investment process. This includes consideration of the investment managers' policy on voting and engagement. The Trustees use this assessment in decisions around selection, retention and realisation of investment funds.

The Trustees will also review ESG considerations at future updates of this Statement to make sure that their policy evolves in line with emerging trends and developments.

The Trustees are therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.

4.5 NON-FINANCIAL CONSIDERATIONS

The Trustees have determined that the financial interests of the Scheme's members are their first priority when choosing investments. Therefore the Trustees will only consider factors that are expected to have a financial impact on the Plan's investments. The views of the members of the Scheme will not be sought.

4.6 STEWARDSHIP

The Trustees have identified that the following themes are the most important stewardship priority for the Scheme:

- **Environmental** – ongoing compliance with all applicable laws and government regulations concerning environmental matters.
- **Environmental** – commitment to assess and where possible, reduce GHG emissions.
- **Social** - committed to upholding human rights as recognized by the principles of the United Nations Global Compact.
- **Governance** – Diversity, Equity and Inclusion (DEI) – inclusive and diverse work environments.

The Trustees, in conjunction with their advisors, will monitor the performance, strategy, risks, ESG policies and corporate governance of the investment managers. The ESG and Stewardship policies of the underlying investment manager will be reviewed on a regular basis. As the Scheme invests in pooled funds, the Trustees recognise that its ability to influence the stewardship policies of the underlying investment manager is limited. As such, any changes to the Trustees view on these matters, or a change in the stewardship policies of the investment manager, could potentially result in the investment manager being replaced.

The Scheme is invested solely in pooled investment funds through the Mobius TIP and the Trustees therefore have no direct ability to influence the ESG policies and practices of the companies in which its manager invests.

All the Scheme's assets are invested in bond based pooled funds. There are therefore no voting rights in relation to these investments.

Furthermore, a large proportion of the Scheme's assets are invested in pooled funds containing gilts and index-linked gilts issued by the UK Government. There is therefore very limited ability to influence behaviour by engagement.

The Trustees' policy is therefore to invest with an investment managers where responsible investment is embedded appropriately in their approach to investment; including monitoring and engaging with investee companies.

As noted above, Mercer's quarterly reporting to the Trustees includes Mercer's assessment of how the investment managers embeds ESG into their its investment process, including engagement and voting.

Receipt of this information on a quarterly basis enables the Trustees to monitor that managers' approaches to ESG, engagement and voting remains appropriate in the context of the fund mandates.

Taking all the above into consideration, the Trustees are satisfied that stewardship and responsible investment is embedded appropriately in the investment managers approaches to investing.

If the Trustees are specifically invited to vote on a matter relating to corporate policy, they would exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's membership.

If a new investment manager is selected, the Trustees would consider Mercer's ESG assessment for the new manager as part of their decision making process.

5 RISK

The Trustees are aware, and seek to take account of a number of risks in relation to the Scheme's investments, including the following:

Under the Pensions Act 2004, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed. These are set out below.

Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
- These are managed by setting a scheme-specific strategic asset allocation with an appropriate level of risk.

Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process, and by appointing Mercer to monitor and advise if concerns exist over a manager's continued ability to deliver the investment mandate.
- It is also managed through the diversification of the Scheme's assets across a range of funds with different investment styles and by using the Mobius Platform, which enables quick and efficient replacement of managers if appropriate.

Liquidity Risk

- This is monitored according to the level of cashflows required by the Scheme over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. All of the Scheme's assets are invested in quoted markets and are as readily realisable as the Trustees feel appropriate given the cashflow position of the Scheme and the expected development of the Scheme's liabilities, both of which are monitored by the Trustees.

Political Risk

- This is measured by the level of concentration in any one market leading to the risk of adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through assessment of the levels of diversification within the investment policy.

Sponsor Risk

- This is assessed as the level of ability and degree of willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
- It is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the sponsor. Regular updates on employer covenant are provided to the Trustees by senior staff of the sponsor.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustees so as to comply with any such changes in legislation.

- The Trustees acknowledge that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.

Credit Risk

- This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- The Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.
- The Scheme's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.
- Indirect credit risk arises in relation to underlying bond investments held in the pooled funds. This risk is mitigated by investing in funds with diversified portfolios and by investing a significant amount in funds containing solely UK Government Gilts and Index Linked Gilts.
- The Trustee has invested the assets via the Mobius TIP. Mobius carries out due diligence checks before making a new pooled fund available, and on an ongoing basis monitors changes to the regulatory and operating environments of the underlying fund managers.

Market Risk

- This is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the following three types of risk: currency risk, interest rate & inflation risk, and other price risks.

Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, it may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- The ARB/ MAC Funds have a Sterling benchmark and this is their neutral position. Within them, the management of the currency risk related to overseas investments is delegated to the investment managers, but by investing in a diversified investment portfolio, the impact of currency risk is mitigated.
- The Scheme's other funds are invested in UK instruments and therefore not exposed to currency risk

Interest Rate risk

- This is the risk that an investment's value will change due to a change in the level of interest rates and market implied inflation. This affects debt instruments more directly than growth instruments.
- The Trustees recognise that the Scheme's liabilities are exposed to a significant level of interest rate and inflation risk and for this reason it is desirable for the Scheme's assets to be exposed to a similar level of risk. The Trustees manage the Scheme's interest rate and inflation risks by investing in a range of bond funds which overall have a similar exposure to these risks, so that the net risk is small when taking account of how the liabilities are valued.

Inflation

- This is the risk that an investment's value will change due to a change in the level of expected inflation. This affects debt instruments more directly than growth instruments.
- The Trustees acknowledge that the inflation risk related to individual debt instruments are managed by the underlying investment managers through a combination of strategies, such as diversification, duration and yield curve management. The Trustees recognises that the Scheme's liabilities are exposed to a significant

level of inflation risk and for this reason it is desirable for the Scheme's assets to be exposed to a similar level of inflation risk. Again, the Trustees manage this risk by investing in a range of index-linked bond funds which overall have a similar exposure, so that the net risk is small when taking account of how the liabilities are valued

Liability Driven Investments

- The Trustees utilise Liability Driven Investments (LDI) within their investment strategy and acknowledge that such strategies carry a number of risks which need to be managed accordingly. Examples of these risks include:
  - **Basis**: the risk that the instruments used to hedge exposures move in a manner which is different to that of the liabilities
  - **Counterparty (credit)**: the risk that a counterparty may default on its payment obligations
  - **Liquidity**: the risk that instruments cannot be traded, or closed out, prior to maturity
  - **Roll**: the risk that an existing contract cannot be replaced / replicated at the point of maturity resulting in a loss of exposure
- The Trustees have invested in pooled funds which have appropriate processes in place for managing these risks and have set the overall strategy so that the basis risk is appropriately mitigated.
- The Trustees note the risk that market movements may lead to a requirement to contribute additional monies at short notice and have put in place an appropriate procedure with Mobius to facilitate such payment requests.

Other Price Risk

- This is the risk of volatility that principally arises in relation to the return seeking assets. There are no equity investment of the Scheme.
- The Trustees acknowledge that a scheme can manage its exposure to price risk by investing in a diverse portfolio across various markets.

ESG risk

- This is the risk that Environmental, Social, or Corporate Governance concerns, including climate change, have a financially material impact on the return of Scheme's assets.
- The Trustees intend to manage this risk by starting to develop an understanding of the ESG policies of the Scheme's managers and using this to formulate views as to the appropriateness of such policies.
- The exercise of voting rights are delegated to the managers, who exercise this right in accordance with their published corporate governance policies. Summaries of these policies are provided to the Trustees from time to time and take into account the financial interests of the shareholders, which should ultimately be to the Scheme's advantage. It should be noted that the Scheme does not hold any equity investment and has limited influence in the form of voting.

The Trustees are aware that Responsible Investing is one of the core beliefs of the investment adviser. As a result, part of the rating process of the investment adviser and decision making process of the underlying investment managers is based on its financial stewardship and how well the investment manager integrates governance and sustainability into its investment process.

6 MONITORING OF INVESTMENT ADVISER AND MANAGERS

6.1 INVESTMENT ADVISER

The Trustees continually assess and review the performance of their adviser in a qualitative way and undertake a formal review annually. In doing so, the Trustees consider the objectives they set for the investment adviser, which they review on an ongoing basis and at least every three years.

6.2 INVESTMENT MANAGERS

The Trustees receive regular asset statements and quarterly performance reports from each of their appointed investment managers. This presents performance information over 3 months, 1 year and 3 years. The Trustees review the absolute and relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis. The Trustees' focus is on long term performance, but may put a manager 'on watch' if there are short term performance concerns.

If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustees may review the allocation with the specific manager.

In addition the Trustees receive verbal reports from Mercer on their investment managers and the performance of underlying funds against their benchmarks and performance objectives at Trustee meetings, which are recorded in the minutes.

The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis. All funds are open-ended with no set duration for the Scheme's investments.

They take a long term view when assessing whether to replace the investment managers, and such decisions would not be made based solely on short-term performance concerns. Instead, changes would be driven by a significant downgrade of the investment manager by Mercer's Manager Research Team. This in turn would be due to a significant reduction in Mercer's confidence that the investment manager will be able to perform in line with their fund's mandate over the long term.

Changes will be made to the managers however if there is a strategic change to the overall strategy that no longer requires exposure to a particular asset class or manager.

6.3 PORTFOLIO TURNOVER COSTS

The Trustees do not currently monitor portfolio turnover costs for the funds in which the Scheme is invested, although they note that the performance monitoring received from Mercer is net of all charges, including such costs. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

The Trustees are also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

The Trustees receive formal advice from their investment consultant when investing in new funds. The advice provided includes expected transaction costs and suitability of the respective funds in accordance with the latest regulatory guidance (MiFID II).

Given that the Scheme invests in a wide range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Scheme.

However, the Trustees recognise that portfolio turnover and associated transaction costs are a necessary part of portfolio management and therefore expect Mercer to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme’s investment mandates.

7 ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS)

The Scheme had a facility for members to pay for Additional Voluntary Contributions (“AVCs”) to enhance their benefits at retirement.

8 CODE OF BEST PRACTICE

The Trustees note that in March 2017 the Pensions Regulator released ‘Investment Guidance for Defined Benefit Pension Schemes’.

The Trustees are satisfied that the investment approach adopted by the Scheme is consistent with the guidance so far as it is appropriate to the Scheme’s circumstances.

The Trustees meet with their investment adviser on a regular basis, monitoring developments both in relation to the Scheme’s circumstances and in relation to evolving guidance, and will revise the Scheme’s investment approach if considered appropriate.

9 COMPLIANCE

The Scheme's Statement of Investment Principles and annual report and accounts are available to members on request.

A copy of the Scheme's current Statement plus Appendices is also supplied to the Sponsoring Employer, the Scheme's investment managers, the Scheme's auditors and the Scheme Actuary, as well as being available on the Sponsoring Employer's website.

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others.

Approved by the Trustees on ....

APPENDIX 1: ASSET ALLOCATION BENCHMARK

The Scheme's strategic asset allocation benchmark is set out below.

Asset Class	Strategic Allocation
Corporate Bonds	11.0%
Multi Asset Credit	13.0%
Absolute Return Bonds	11.0%
Index Linked Gilts (Bucketed Portfolio)	16.5%
Nominal Gilts	31.5%
Nominal Gilts (Bucketed Portfolio)	6.0%
Real LDI	5.0%
Sterling Liquidity	6.0%
Total	**100.0%**

APPENDIX 2: INVESTMENT MANAGER INFORMATION

The table below shows a summary of the funds used by the Scheme. All the funds are invested in through the Mobius Platform.

For avoidance of doubt, this SIP will not be updated solely in response to a replacement of one of the underlying investment managers, although it will continue to be reviewed on a regular basis.

ASSET INFORMATION

Manager / Fund	Benchmark	Objective	Dealing Frequency	SORP / IFRS Class
BlackRock Aquila Connect Corporate Bond All Stocks Fund	iBoxx Sterling Non-Gilts Index	To achieve a return consistent with the benchmark	Daily	Level 2
M&G Total Return Credit Investment Fund	SONIA	To provide a total return (the combination of income and capital growth) of the benchmark plus 3-5% (gross of fees per annum), over any five-year period.	Daily	Level 2
Payden Absolute Return Bond Fund	1 Month GBP LIBOR	To outperform the benchmark by 2-3% p.a. gross of fees over rolling three year periods.	Daily	Level 2
Insight LDI Solutions Plus Fully Funded Gilt 2031-2040	Customised LDI Benchmark	To deliver nominal return through primarily investing in UK government gilts on a fully funded basis.	Weekly	Level 2
Insight LDI Solutions Plus Fully Funded Gilt 2041-2050	Customised LDI Benchmark	To deliver nominal return through primarily investing in UK government gilts on a fully funded basis.	Weekly	Level 2
Insight LDI Solutions Plus Fully Funded Gilt 2051-2060	Customised LDI Benchmark	To deliver nominal return through primarily investing in UK government gilts on a fully funded basis.	Weekly	Level 2

Insight LDI Solutions Plus Fully Funded Index Linked Gilt 2031-2040	Customised LDI Benchmark	To deliver nominal and inflation-linked return through primarily investing in UK government gilts and index-linked gilts, on a fully funded basis.	Weekly	Level 2
Insight LDI Solutions Plus Fully Funded Index Linked Gilt 2041-2050	Customised LDI Benchmark	To deliver nominal and inflation-linked return through primarily investing in UK government gilts and index-linked gilts, on a fully funded basis.	Weekly	Level 2
Insight LDI Solutions Plus Fully Funded Index Linked Gilt 2051-2060	Customised LDI Benchmark	To deliver nominal and inflation-linked return through primarily investing in UK government gilts and index-linked gilts, on a fully funded basis.	Weekly	Level 2
Insight LDI Solutions Plus Fully Funded Index Linked Gilt 2061-2070	Customised LDI Benchmark	To deliver nominal and inflation-linked return through primarily investing in UK government gilts and index-linked gilts, on a fully funded basis.	Weekly	Level 2
Insight LDI Solutions Plus Partially Funded Index Linked Gilt 2021-2030	Customised LDI Benchmark	To deliver nominal and inflation-linked return through primarily investing in UK government gilts and index-linked gilts, on a fully funded basis	Weekly	Level 2
LGIM Sterling Liquidity Fund	SONIA	To offer access to liquidity whilst providing capital stability. The investment objective of the fund is to provide diversified exposure and a competitive return in relation to SONIA (Sterling Overnight Index Average).	Daily	Level 2

APPENDIX 3: CASHFLOW AND REBALANCING POLICY

Where possible, cash outflows will be met from cash balances held by the Scheme and from income from the Scheme's investments to minimise transaction costs.

Rebalancing Policy

There will be no automatic rebalancing of the portfolio, and it is expected that the actual allocation will deviate from the strategic allocation over time due to market movements.

The actual allocation relative to the strategic allocation will be reviewed by the Trustees in conjunction with advice from Mercer on an ongoing basis and realigned if deemed necessary.

Cashflow Policy

The Trustees have formalised and agreed a Cashflow Policy Document which is reviewed from time to time and updated where appropriate.

LDI Recapitalisation

The Trustees note that the LDI manager may require additional assets from time to time in order to support the operation of the LDI funds or may release assets from time to time. The Trustees have put in place a policy with Mobius regarding this recapitalisation / release procedure.