

Victrex Pension Fund

Statement of Investment Principles

1 Introduction

- 1.1 This is the Statement of Investment Principles prepared by the Trustee of the Victrex Pension Fund ("the Fund"). This Statement sets down the principles governing decisions about investments for the Fund 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 (Charges and Governance) Regulations 2015 and incorporates changes as required by The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018;
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, 2020, 2021, 2022 and 2023; and,
 - the Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboard (Amendment) Regulations 2023.
- 1.2 In preparing this Statement the Trustee has consulted Victrex Manufacturing Limited and Invibio Limited ("the Employers") and obtained advice from Barnett Waddingham, the Trustee's investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.
- 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 Trustee will review this Statement at least every three years or if there is a significant change in the policy on any of the areas covered by the Statement.
- 1.5 The investment powers of the Trustee are set out in Clause 10 of the Definitive Deed and Rules, dated 30 March 2016. This Statement is consistent with those powers.
- 1.6 The Trustee completed a bulk annuity insurance transaction with Pension Insurance Corporation Limited ("PIC" and "the Insurer") in the contract dated 19 January 2026 to secure the benefits under the Defined Benefits Section of the Fund.

2 Sections

- 2.1 The Fund consists of the Defined Benefits ("DB") Section and the Defined Contributions ("DC") Section.

3 Choosing Investments

- 3.1 The Trustee considers their investment objectives, shown in the Appendices, when choosing appropriate investments for the DB Section and designing the range of investment options (Lifestyle and Self Select Funds) to offer to its members on the DC Section. The Trustee also acknowledges that DC Section members will have different attitudes to risk and different aims for accessing their retirement savings – and therefore, whilst seeking good member outcomes net of fees, it also considers the level of risk that is appropriate based on the anticipated needs of the membership profile of the Fund.
- 3.2 The Trustee's policy for the DB Section is to set the overall investment target and then monitor the performance of their investment managers against that target. For the DC Section, the Trustee's policy is to select suitable investment funds into which members can choose to invest their contributions and those contributions made by the Employers on their behalf. Details of these are given in the appendix. In doing

so, the Trustee considers the advice of their professional advisors, who they consider to be suitably qualified and experienced for this role.

- 3.3 On 19 January 2026 the Trustee entered into a bulk annuity insurance contract with the Insurer, which is expected to provide a suitable match to the defined benefits due to DB Section's members of the Fund.
- 3.4 The Insurer is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- 3.5 The Trustee holds no other DB Section's assets beyond cash in the Fund's bank account and a holding in the L&G Sterling Liquidity Fund. The day-to-day management of the assets held in the Legal & General Sterling Liquidity Fund is delegated to Legal and General Asset Management Limited ("L&G"). The investment manager is authorised and regulated by the Financial Conduct Authority and is responsible for security selection.
- 3.6 The Trustee continues to review the appropriateness of the DB Section's investment strategy on an ongoing basis but would consider it unlikely that any material future changes will be made prior to the PIC insurance policy potentially being assigned to individual members and the DB Section then being wound up. The Trustee will also consult the Employers before amending the investment strategy.
- 3.7 The day-to-day management of the DC Section's assets is delegated to one or more investment managers. The Fund's investment managers are detailed in the Appendices 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.
- 3.8 The Trustee reviews the appropriateness of the DC Section'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 Trustee will also consult the Employers before amending the investment strategy.

4 Investment objectives

- 4.1 The Trustee has discussed and agreed key investment objectives in light of the Fund's circumstances as well as the constraints the Trustee faces in achieving these objectives.
- 4.2 In relation to the DB Section, the Trustee's investment objectives are set out in Appendix 1.
- 4.3 In relation to the DC Section, this includes an analysis of the Fund's membership profile. These are set out in Appendix 2.

5 Kinds of investments to be held

- 5.1 The Fund is permitted to invest in a wide range of assets including equities, bonds, cash, property, alternatives and annuity policies. The DB Section's current investment strategy involves holding the majority of the DB Section's assets in a bulk annuity insurance contract, plus a cash holding to meet ongoing cashflow requirements.
- 5.2 Any investment in derivative instruments is only made to contribute to a reduction in the overall level of risks in the portfolio or for the purposes of efficient portfolio management.
- 5.3 The Trustee monitors from time-to-time the Employers' 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 Fund's auditors.

6 The balance between different kinds of investments

- 6.1 The Fund invests for the DB Section in assets that are expected to achieve the Fund's objectives. The allocation between different asset classes is contained within Appendix 1.
- 6.2 The DB Section holds a bulk annuity policy expected to produce cashflows that provide a suitable match to the benefit entitlements of each of the DB Section's members. The remainder of the DB Section's assets are held in the Fund's bank account and the L&G Sterling Liquidity Fund.
- 6.3 The DC Section's members can choose to invest in any of the funds detailed in Appendix 2 or can select to join a lifestyle strategy. Where members do not choose where their contributions, and those made on their behalf by the Employers, are invested, the Trustee will invest these contributions according to a default strategy which is detailed in Appendix 2.
- 6.4 The Trustee considers 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 Appendices to this Statement.
- 6.5 The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and therefore the asset allocation of the DB and DC Sections will be expected to change as the Fund's liability profile matures and the Fund's membership profile changes.

7 Risks

- 7.1 The various types of investment risk which may affect the DB Section's liabilities are covered under the bulk annuity purchase with the Insurer. Therefore, the vast majority of the risks set out below are covered by the insurance policy, and are therefore judged to have minimal impact on the DB Section's ability to meet the liabilities of the DB Section as they fall due. The Trustee has considered the following risks for the DB Section with regard to its investment policy and the DB Section's liabilities:

Risk versus the liabilities	The Trustee notes that by securing the Fund's benefits with an insurer, the risk of benefits not being met is now very low.
Covenant risk	The Fund is less reliant on the strength of the Employers' covenant as the DB Section's benefits have wholly been secured with an insurer. When converting the buy-in policy into a buy-out policy with the Insurer, the Fund will be reliant on the Employers to make good any shortfall in excess of the assets held outside of the insurance contract.
Insurer counterparty risk	The risk of the Insurer defaulting has been managed through the selection of a reputable UK regulated insurer and potentially supported by the insurance compensation regime in place should an insurer fail.
Investment manager risk	The Trustee monitors the performance of the residual assets (i.e. those held in cash and the L&G Sterling Liquidity Fund outside the bulk annuity policy) as necessary. The Trustee has a written agreement with the investment manager, which contains a number of restrictions on how the investment manager may operate.
Governance risk	The DB Section retains cash and liquidity holdings but the Trustee notes, due to a number of controls at both the asset manager and counterparties, the impact of engagement on the risk/return of the cash holdings is limited. The Trustee's stewardship priorities are therefore not applicable for the DB Section.
ESG/Climate risk	The Trustee has considered long-term financial risks to the Fund and ESG factors (as well as climate risk). While the Trustee considers these factors to be potentially financially material, management of these risks over the lifetime of the contract is primarily an issue for the Insurer to manage.
Concentration risk	The investment manager and the Insurer are expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Fund invests in assets, including cash, such that there is a sufficient allocation to liquid investments to meet the remaining cashflow requirements that are not covered by the bulk annuity insurance contract. The Fund's administrators monitor the level of cash available in the Fund bank account.
Currency risk	The Fund's liabilities and the income produced by the bulk annuity contract are both denominated in sterling.
Loss of investment	In the event of the Insurer becoming insolvent, the Fund could suffer losses on the contract, but would still retain the liability to pay members' benefits. This risk is mitigated by the regulatory regime and capital requirements in place for UK insurers. The risk of loss of investment by the investment manager is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7.2 Risk in a defined contribution scheme lies with the members themselves. The Trustee has considered a number of risks when designing and providing suitable investment choices to members. The main investment risks affecting all members in the DC Section are:

Inflation risk	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustee makes available investment options that are expected to provide a long-term real rate of return.
Conversion risk	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. In the lifestyle arrangement made available through the Fund (see Appendix 2), the Trustee changes the proportion and type of investments so that in the run up to retirement the investments gradually start to more closely match how the Trustee expects members to access their retirement savings. The Trustee keeps under review the appropriateness of the strategies.
Retirement income risk	The risk that a member's retirement income falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid. The Trustee periodically reviews the appropriateness of the investment options offered to ensure member outcomes can be maximised. Communications to members will seek to encourage them to regularly review the level of their contributions, but ultimately this is a risk which lies with each member.
Investment manager risk	The Trustee monitors the performance of the Fund's investment managers on a regular basis in addition to having meetings with them from time to time as necessary. The Trustee has a written agreement with each investment manager, which contains a number of restrictions on how the investment manager may operate.
Governance risk	Each investment manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors these and will report on the investment managers' practices in their annual Implementation Statement.

ESG/Climate risk	The Trustee has considered long-term financial risks to the Fund and ESG factors as well as climate risk have the potential to be financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Fund's investments in order to avoid unexpected losses.
Concentration/Market risk	Each investment manager is expected to manage properly diversified portfolios and to spread assets across a number of individual shares and securities.
Currency risk	The Fund may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. The Trustee will consider the use of currency hedging techniques where it is expected to improve member outcomes after costs. For example, the Trustee will consider the significance of currency risk to the overall risk and return profile of the asset classes used at different stages of the Lifestyle Option in order to achieve their stated aims.
Loss of investment	The risk of loss of investment by the investment manager and custodian is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). The Trustee also will undertake a review of the internal controls and processes of each of the investment managers where necessary.

8 Expected return on investments

- 8.1 The Trustee has chosen to invest the vast majority of the DB Section's assets in a bulk annuity policy to match the Fund's projected benefit payments with income from the policy. Any additional liabilities are expected to be immaterial in size and so have not been taken into account when determining the funds in which to hold the remaining assets.
- 8.2 The Trustee has not set an expected return on the bulk annuity policy, given that its primary purpose is as an insurance contract rather than a return-seeking investment.
- 8.3 The Trustee chooses a range of funds in order to allow members of the DC Section to achieve appropriate desired returns and risk. The Trustee selects investment managers based upon their perceived ability to achieve the aims of their funds. The day-to-day selection of investments is delegated to the investment managers. The Trustee is advised by their professional advisors on these matters, who they deem to be appropriately qualified experts.
- 8.4 The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.
- 8.5 In considering the expected return from the DC Section's investments, the Trustee recognises that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.

9 Realisation of investments

- 9.1 The Trustee has set policies in relation to these matters which are set out in Appendix 3.
- 9.2 The annuity policy with the Insurer is not readily realisable and the Trustee does not expect to need to surrender or realise the contract given its nature and purpose. The income from the bulk annuity policy will be used to pay benefits covered by the policy.
- 9.3 The remaining assets of the DB Section are held in assets that can be realised at short notice.

- 9.4 The Trustee has considered the rights of members of the DC Section to switch between funds and to disinvest on retirement, or for other permitted reasons. Members also have flexibility over what age they choose to retire at. The Trustee has therefore predominantly selected investment vehicles which permit the realisation of holdings at relatively short notice. Where investment vehicles are included which have longer realisation periods, this will be made clear to members.

10 Environmental, Social and Governance considerations and investment stewardship

- 10.1 The Trustee has set policies in relation to these matters and these are set out in Appendix 3.

11 Monitoring

- 11.1 Investment Performance: The Trustee reviews the performance of each fund/investment option against the stated performance objective on a regular basis (at least quarterly for the DC Section). This monitoring takes into account both short-term and long-term performance. The investment managers' overall suitability for each mandate will be monitored as frequently as the Trustee considers appropriate in light of both its performance and other prevailing circumstances. The Trustee meets the Fund's investment managers as frequently as is appropriate, in order to review performance.
- DB Section: The Trustee has chosen to invest the vast majority of the DB Section's assets in a bulk annuity policy to match the Fund's projected benefit payments with income from the policy. The Trustee monitors the performance of the residual assets.
 - DC Section: The Trustee monitors the suitability of the objectives for the Fund (as detailed in Appendix 2) and performance (net of fees) against these objectives at least every three years and also when there is any significant change in the investment policy, underlying economic conditions or the profile of the members.
- 11.2 DC Section Investment Choices: The Trustee monitors the ongoing appropriateness of the investment choices offered to members on a periodic basis.

12 Agreement

- 12.1 This Statement was agreed by the Trustee, and replaces any previous statements. Copies of this Statement and any subsequent amendments will be made available to the Employers, the investment managers, the Fund Actuary and the Fund auditor upon request.

Signed: BESTrustees Limited Date: 22 July 2026

On behalf of the Trustee of the Victrex Pension Fund

Appendix 1 Note on investment policy of the Fund's DB Section as at March 2026 in relation to the current Statement of Investment Principles

The balance between different kinds of investment

The Trustee's main investment objectives of the DB Section are:

- to ensure that they can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to invest in assets of appropriate liquidity to meet potential remaining liabilities that are not covered by the bulk annuity policy, and ongoing expenses;
- to reduce the risk of the assets failing to meet the liabilities over the long term;

The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Fund's liabilities in the DB section at any time. The Trustee has obtained exposure to investments that they expect will meet the Fund's objectives.

Choosing investments

The Trustee has appointed the following investment manager and insurer to carry out the day-to-day investment of the Fund:

- L&G
- PIC

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

The Trustee has appointed Barnett Waddingham LLP to advise on investment matters.

Fee agreements

The fee arrangements with the investment managers are summarised in the Trustee's Investment Manager Arrangements document.

Barnett Waddingham is remunerated on either a fixed fee or a time cost basis depending on the scope of the work being carried out.

The Trustee has AVC arrangements with Mobius Life for the receipt of members' Additional Voluntary Contributions. The arrangements are reviewed from time to time alongside the DC Section.

Kinds of investments to be held

The Trustee has considered all asset classes and has gained exposure to the following asset classes:

- Cash / Liquidity

The balance between different kinds of investment and rebalancing

Most of the DB Section’s assets are held in a bulk annuity policy. The remaining assets are held in the Fund’s bank account and in the L&G Sterling Liquidity Fund.

Benchmarks and objectives for the investment manager are summarised below:

Investment manager	Benchmark	Objective
L&G		
L&G Sterling Liquidity Fund	SONIA	To provide capital stability, liquidity and diversification while providing a competitive level of return.

Investments and disinvestments

The DB Section's cashflow requirements are expected to be met by the DB Section's remaining cash holdings and the annuity policy.

Appendix 2 Note on investment policy of the Fund's DC section as at March 2026 in relation to the current Statement of Investment Principles

The balance between different kinds of investment

The Trustee's main investment objectives of the DC Section are:

- to provide a suitable default investment option that is likely to be suitable for a typical member;
- to offer an appropriate range of alternative investment options so that members who wish to make their own investment choices have the freedom to do so, recognising that members may have different needs and objectives;
- seek to achieve good member outcomes net of fees and subject to acceptable levels of risk;
- to reduce the risk of the assets failing to meet projected retirement income levels.

The Trustee is responsible for the design of the default investment option and for choosing which investment options to make available to members. Members are responsible for their own choice of investment options (including where the default investment option is selected for them because they have not selected other funds).

The Trustee has made available a range of funds to suit the individual needs of the Fund's members ("Self Select Funds") wanting to manage their own asset allocation decisions. The Trustee has considered potential asset classes and provided potential exposure to those detailed in Section 3.

Alternatively, the Trustee has made available a Lifestyle Option. This is designed to help manage members' pension investments for the duration of their membership of the Fund for those who want their Retirement Account (the member's pot) to follow a pre-set investment approach with an asset allocation that is managed for them. However, members should ensure that this investment option is appropriate to their individual circumstances and retirement needs.

Under a Lifestyle option, their Retirement Account will be automatically moved between investment funds according to how long they have until they plan to retire, i.e. the period until their Selected Retirement Age. As such, these arrangements may be more suitable for individuals who prefer not to take an active role in managing their own pension investments using the Self Select investment options.

The Lifestyle Option seeks to achieve higher long-term investment returns when members are a long way from their Selected Retirement Age by investing in more volatile assets such as equities. As they move closer to their Selected Retirement Age, investments automatically switch into a blend of assets that is expected to be a suitable investment strategy for a typical member that wishes to receive certain types of benefits.

The Victrex Flexible Retirement Lifestyle Investment Option is designed for members who plan to drawdown their pension savings in retirement, transferring their pension savings at retirement to another pension arrangement outside of the Fund that offers Drawdown.

There is another lifestyle option that is now closed to any members not already invested in this option. The Victrex Target-Annuity Lifestyle Investment Option is designed for members who plan to use their Retirement Account to purchase an annuity (part of which may be taken as a tax-free cash lump sum).

Default option(s)

The Trustee acknowledges that members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible to offer a single investment option that will be suitable for each individual member. However, having analysed the Fund's membership profile, the Trustee decided that the lifestyle arrangement(s) set out below represent suitable default investment options for the majority of members who do not make a choice about how their contributions (and those made on their behalf by the employer) are invested, taking into account:

- Kinds of investments to be held
- The balance between different kinds of investments
- Investment risks
- Expected return on investments
- Realisation of investments
- Socially Responsible Investment, Corporate Governance and Voting Rights

The aims, objectives and policies relating to the default option are intended to ensure that assets are invested in the best interests of relevant members and their beneficiaries. Further information on the Trustee's policies in regard to the default options are detailed in the main body of this statement.

The primary default arrangement for the Fund does not currently directly invest in illiquid assets such as private equity, infrastructure and real estate. The Trustee believe that the reduced liquidity and higher complexity of these investments, along with the fees currently available in the market for illiquid DC funds, makes them unsuitable for the default arrangement at this time. The Trustee has no immediate plans to introduce illiquid assets to the strategy, noting uncertainty at the time of writing around the outlook for private markets asset classes. The Trustee will review this policy periodically and may consider introducing some allocation to illiquid assets in future, if member demographics and developments in the investment landscape make this appropriate. The Trustee's policy for the other default arrangements is to delegate to the investment manager whom the Trustee believes is best placed to make such decisions.

The primary default arrangement for the Fund is the **Victrex Flexible Retirement Lifestyle Investment Option**. This is for all new members from April 2018 as well as members that were over 5 years from their Selected Retirement Age at 1 April 2018 and previously invested in either the Cautious or Adventurous Lifestyle Arrangements.

For members that were within 5 years of their Selected Retirement Age at 1 April 2018 and previously invested in either the Cautious or Adventurous Lifestyle Arrangements, the default arrangement for these members is the Victrex Target Annuity Lifestyle Option and they are invested in this unless they made an active decision to invest elsewhere.

The statements made in the main body of this Statement of Investment Principles also apply to this default arrangement.

Victrex Flexible Retirement Lifestyle Investment Option

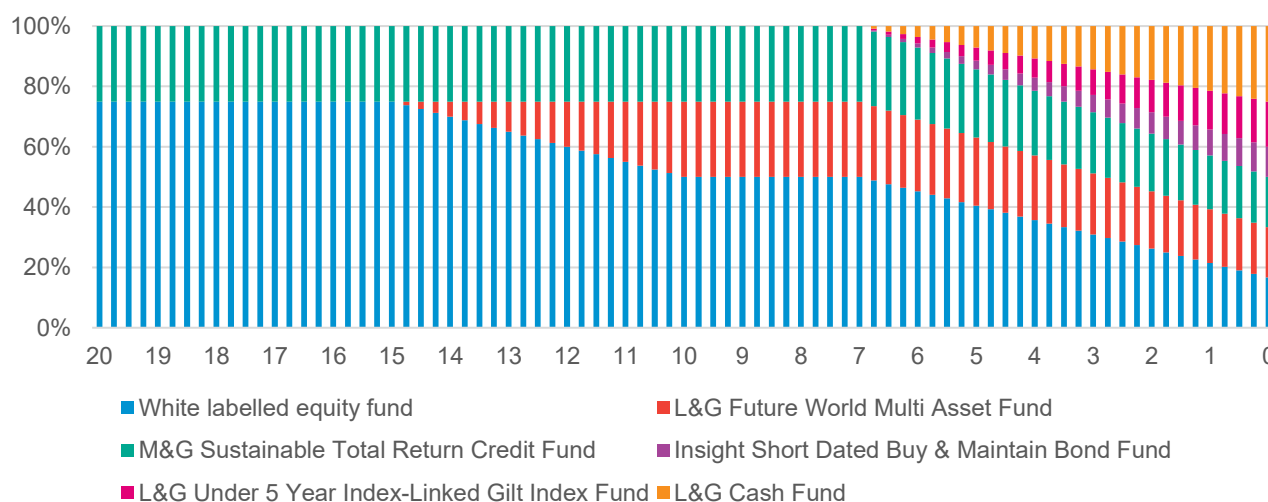
The Trustee has chosen the asset mix of this arrangement following advice from their professional investment advisors. The membership analysis of the Fund concluded that given the expected pot size of members at retirement, the average member would be expected to be planning to Drawdown in retirement (by transferring their Retirement Account out of the Fund at retirement to a separate pension arrangement in order to access Drawdown). As a reminder, the Fund does not offer Drawdown. The asset mix of this strategy was chosen as a reasonable one for a member wishing to Drawdown in retirement; as members approach retirement this strategy aims to retain a reasonable return expectation, dampen volatility of returns, broadly match the type of asset

allocation that a Drawdown provider might have and match the expectation that members may take some of their pension pot as a cash lump sum at retirement.

The Trustee appoints Mobius Life to carry out the day-to-day investment of the fund via an investment only platform. The underlying investment funds used in the Victrex Flexible Retirement Lifestyle Investment Option are the following:

- L&G Future World Developed (ex UK) Equity Index Fund
- L&G Future World UK Equity Index Fund
- L&G Future World Emerging Markets Equity Index Fund
- L&G Future World Multi Asset Fund
- M&G Sustainable Total Return Credit Fund
- Insight Short Dated Buy and Maintain Bond Fund
- L&G Under 5 Year Index-Linked Gilts Index Fund
- L&G Cash Fund

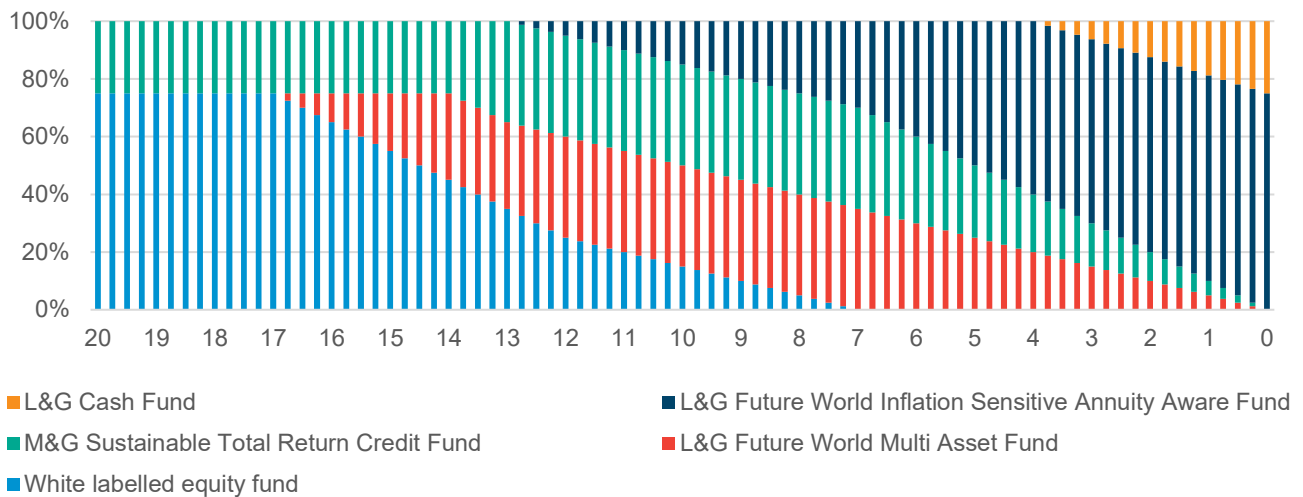
Detailed below is an overview of how the asset allocation changes over time. Please note that the switches take place automatically on a quarterly basis, as shown in the graph below. The white labelled equity fund is comprised of the L&G Future World Developed (ex UK) Equity Index Fund, L&G Future World UK Equity Index Fund and L&G Future World Emerging Markets Equity Index Fund:



Victrex Target Annuity Lifestyle Option – closed

The Victrex Target Annuity Lifestyle Investment Option was designed for those members who plan to buy an Annuity (pension), taking up to 25% of the value of their Retirement Account as a cash sum at retirement. The Trustee believes that this is an appropriate default for members that were within 5 years of their Selected Retirement Age at April 2018. This is because, based on their Selected Retirement Age they would be less than five years away from retirement and were therefore likely to have already begun planning to purchase an annuity given that this is what their previous Lifestyle Arrangement (Cautious or Adventurous) was designed for.

The Trustee has chosen the asset mix of this arrangement following advice from their professional investment advisors. This asset mix was chosen as a reasonable strategy for the average member who is targeting buying an annuity at retirement, progressively switches into a mix of assets that is aimed at protecting against significant falls in annuity purchasing power in the years immediately before retirement and match the maximum 25% cash lump sum that members are expected to take at retirement. There is no guarantee, however, that the asset mix will protect members completely.



The funds used in the Victrex Target-Annuity Lifestyle Investment Option are the same as those used in the Victrex Flexible Retirement Lifestyle Investment Option. However, the Victrex Target-Annuity Lifestyle Investment Option utilises the L&G Future World Inflation Sensitive Annuity Aware Fund and not the Insight Short Dated Buy & Maintain Bond Fund or the L&G Under 5 Year Index-Linked Gilts Index Fund. The Option also has a different automatic switching profile, which is shown in the graph. Please note that the switches take place automatically on a quarterly basis.

Further details about each of the underlying funds used within the Victrex Flexible Retirement Lifestyle Investment Option and the Victrex Target-Annuity Lifestyle Investment Option are provided in the following Self Select investment options section.

Self Select investment options

Acknowledging the challenge of identifying the best solution for different groups of members, and in focusing on its key objective, the Trustee has concentrated on providing appropriate Lifestyle options to members. They have also made available a range of individual investment funds available through the Fund that have been carefully selected by the Trustee, following advice from their professional investment advisors. The funds offered give members the opportunity to be more involved in managing their pension investments and allow them to design an investment strategy to suit their needs.

Each of the investment funds available through the Fund has a different aim or target and as such can focus on different asset classes and geographical regions. Members should be aware that each asset class carries alternative risks, which will have an impact on the volatility of their Retirement Account. Members should ensure that they regularly review their investment options to ensure they continue to be appropriate for their needs.

Members can invest in one or any number of the Self Select investment funds available through the Fund and have the option to switch between funds at any time.

The Trustee has appointed Mobius Life to carry out the day-to-day investment of the fund via an investment only platform. The underlying investment managers available to members under the Self Select funds are:

- Schroders Life (Schroders);
- HSBC;
- Insight Investment (Insight);
- Legal & General Investment Management (L&G);
- M&G.

The Trustee has appointed Barnett Waddingham LLP to advise on investment matters. The full list of funds available and their asset class are given below. Members have flexibility to select their allocation to any of these

funds. The investment benchmarks and objectives for each Self Select fund are detailed in the Trustee's Investment Manager Arrangements document.

Investment manager	Fund	Asset class
Schroders	Global Equity Fund	Actively managed global equity
HSBC	Islamic Global Equity Index Fund	Actively managed global equity prohibited from investing in financial derivatives, or other non-Shariah- compliant instruments
Insight	Short Dated Buy & Maintain Bond Fund	Actively managed buy and maintain credit
L&G	Future World Developed (ex UK) Equity Index Fund	(Passively managed overseas equity
	Future World Emerging Markets Equity Index Fund	Passively managed Emerging Markets equity
	Future World UK Equity Index Fund	Passively managed UK equity
	UK Equity Index Fund	Passively managed UK equity
	World (ex UK) Equity Index	Passively managed overseas equity
	World Emerging Markets Equity Index	Passively managed Emerging Markets equity
	Future World Multi Asset Fund	Passively managed multi asset
	Active Corporate Bonds – All Stocks	Actively managed corporate bonds
	Under 5 Year Index-Linked Gilts Index Fund	Passively managed index linked gilts
	Future World Inflation Sensitive Annuity Aware Fund	Actively managed Annuity-type exposure
M&G	Cash Fund	Actively managed cash
	Sustainable Total Return Credit Fund	Actively managed multi asset credit

Further information can be obtained via My Pension Tracker (www.MyPensionTracker.co.uk), where up-to-date factsheets for all of the funds are available within the Member Booklet. Alternatively, please contact the Fund Administrator for this information. Active members may also obtain this information via VNet.

The performance of the investment managers is monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

Fee agreements

The fee arrangements with the investment managers are summarised in the Trustee's Investment Manager Arrangements document.

Appendix 3 Environmental, Social and Governance considerations, non-financial matters, the exercise of voting rights and engagement activities, and investment manager arrangements

Policy on financially material considerations

The Trustee believes that ESG factors, including climate change, have the potential to have a financially material impact – that is, they have the potential to impact the value of the Fund's investments from time-to-time. The Trustee appreciates that the method of incorporating ESG in the investment strategy and process will differ between asset classes and needs to be considered alongside other implementation factors. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

The Trustee is also cognisant of the different investment timeframes that members/investments will have. Further to this, the Trustee believes that ESG issues, and particularly climate change issues will be more important for members who are further from retirement (or more generally longer-term holdings), as the financial materiality of such issues will have a greater impact over a longer timeframe.

The Trustee has completed a purchase of a bulk annuity policy intended to match the majority of the DB Section's liabilities, the Trustee is not directly exposed to these risks. Any additional liabilities are expected to be immaterial in size and so have not been taken into account when determining the funds in which to hold the remaining assets. The management of ESG and climate change by insurers was considered as part of the decision to purchase the buy-in policy.

For invested assets, the Trustee has elected to invest the Fund's assets through pooled funds. The choice of underlying funds is made by the Trustee after taking advice from their investment consultant. The Trustee, and the investment managers of the underlying funds, takes into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

The Trustee takes 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 Trustee will request information from investment managers about how ESG considerations are taken into account in decisions to realise investments.

The Trustee 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 Fund's investments.

For the DB Section, the Fund's assets are held as a bulk annuity policy and cash. Given the nature of the current holdings in the DB Section, the Trustee will review and monitor the ESG policy as they deem appropriate, considering the risks that present themselves.

For the DC Section, the Trustee will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

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

Policy for taking into account ESG factors

A summary of the Trustee's views for each asset class in which the Fund invests is outlined below.

Equities The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Fund's equities.

- **Passive equities** – The Trustee accepts that the investment manager must invest in line with the specified index and, therefore, may not be able to select, retain or realise investments based on ESG-related risks and opportunities. The Trustee believes that positive engagement on ESG factors can lead to improved risk-adjusted returns alongside better environmental, social or governance outcomes more generally. The Trustee therefore requires that the investment manager takes into account ESG considerations when engaging with companies and by exercising voting rights.
- **Active Equities** – Where equities are actively managed, the Trustee expects the investment manager to integrate ESG factors into the selection, retention, monitoring, and realisation of the stocks they hold where this is expected to have a material impact on returns. The Trustee also expects their investment manager to take into account ESG considerations when engaging with companies and by exercising voting rights.

Multi-asset funds The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Fund's multi-asset investment managers. The Trustee is therefore supportive of the multi-asset investment managers used by the Fund taking ESG issues into account in the investment process, where relevant. The Trustee is satisfied that the investment managers have suitable processes to consider ESG factors and take them into account (where relevant) in the selection, retention and realisation of the underlying investments within the funds. The Trustee also supports engagement activities and, where relevant, the exercise of rights attaching the investments by the Fund's multi-asset investment managers. However, the incorporation of ESG issues, the exercise of rights and engagement activities should be consistent with, and proportionate to, the rest of the investment process. In addition, the Trustee places greater focus on funds with the greatest amount of Fund assets invested.

Credit The Trustee believes that ESG issues are financially material to the risk-adjusted returns achieved by the Fund's credit holdings. The Trustee recognises that fixed income assets do not include voting rights, however, they support engagement with companies by their investment managers, particularly in markets where the investment manager may be responsible for a larger share of any investment. However, the incorporation of ESG issues and engagement activities should be consistent with, and proportionate to, the rest of the investment process.

LDI and money markets The Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in these asset classes because of the nature of the instruments used within the LDI funds and the fact that money market investments are short-term. It is worth noting that when transacting in LDI and money market funds, the Trustee requires due diligence is undertaken to assess the credit worthiness of the counterparty both at the start of and throughout any investment, whilst at the same time looking to achieve best

execution. The Trustee believes this is more relevant for longer term trades compared to shorter term trades and should incorporate ESG factors where these assist with the credit worthiness assessment.

The Trustee is comfortable that, within the DB Section, the Insurer will consider ESG-related issues in selecting securities and other investments, or will otherwise engage with the issuers of their underlying holdings on such matters in a way that is appropriate for the nature of the assets under consideration.

In relation to the DC Section's default strategies, the Trustee has focused on the phase of the lifecycle strategies before they adapt towards their end portfolios given the impact of timeframe on the financial impact of ESG issues. The Trustee has increased the integration of ESG issues within the passive equities held as part of the recent investment strategy review in 2023. The Trustee remains comfortable that the agreed default strategy is aligned with its view on ESG issues. This recognises that ESG issues are not the only financially material consideration (and need to be considered alongside factors such as active manager risk and cost), the fact that ESG issues are reflected in the voting and engagement of the passive equity manager, as well as the credit allocation integrating ESG issues into the selection, retention and realisation of investments where relevant.

The Fund's investment advisor will review how ESG issues are taken into account for each of the Fund's mandates and report back their findings so that this can form part of the Trustee's implementation report that will be produced annually.

Non-financial matters

The Trustee does not take account of non-financial matters (such as member ethical views) within the default investment strategies of the DC Section or within the DB Section investment strategy in terms of the selection, retention and realisation of investments. Given the bulk annuity purchase, the Trustee has limited ability to address non-financial matters for the DB Section.

The Trustee, as part of the recent investment strategy review, has decided to offer DC Section members a fund that is compliant with Shariah law within the self-select option should this align with their preferences in their pension saving.

The Trustee will review its policy on whether or not to take account of non-financial matters periodically.

The exercise of voting rights and engagement activities

The Trustee acknowledges the importance of ESG and climate risk within their investment decision-making 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 Trustee is firmly 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 Trustee also recognises 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 Trustee considers 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 investment manager invests on behalf of the Fund or as part of the pooled fund in which the Fund holds units.

The Trustee also considers 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 investment managers invest on behalf of the Fund. The Trustee uses pooled funds, but expects the investment manager to employ the

same degree of scrutiny. Should any investment manager be failing in these respects, this should be captured in the Fund's regular performance monitoring.

Subject to the terms of their respective mandates, the Fund's investment managers are granted full discretion over whether or not to hold the equity, debt or other investment in the Employers' business. Through their consultation with the Employers when setting this Statement of Investment Principles, the Trustee has made the Employers aware of their attitude to 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 Trustee will consider ESG, voting and engagement issues when appointing and reviewing investment managers (and reviewing the investment strategy of either the DB or DC Section) to ensure that they are appropriately taken into account given the asset class involved.

The Trustee invests in pooled funds. Stewardship activities are therefore delegated to the investment managers on their behalf. The Trustee has set stewardship priorities in order to concentrate their stewardship efforts in areas that are most relevant to the Fund. The current stewardship priorities are:

1. Climate change: For example, companies should put in place clear plans to achieve Net Zero, including meaningful interim targets and ideally with independent verification. Each company's targets should reflect the nature of their business activities, as well as the country and sector in which they operate.

2. Diversity, equity and inclusion: For example, companies should strive to promote the representation and participation of different groups, reflecting academic evidence that diverse teams tend to make better decisions.

3. Occupational Health & Safety: For example, companies should strive for a zero accident and incident culture.

Investment managers are expected to be able to evidence their stewardship activity in these areas. The Trustee will also consider alignment with these priorities in the selection, retention, monitoring, and realization of funds held, alongside other relevant factors. However, the Trustee acknowledges that continued pressure needs to be placed across the industry to improve disclosures. Therefore, to the extent concerns are identified, they will engage with their investment managers in the first instance, often via their investment consultant.

Investment managers are also expected to exercise voting powers with the objective of preserving and enhancing long-term shareholder value. In addition to the exercise of voting rights, investment managers are encouraged to engage with key stakeholders (which may include issuers of debt or equity, corporate management, regulators and governance bodies) relating to their investments in order to improve corporate behaviours and governance, improve performance and social and environmental impact and to mitigate financial risks. The Trustee receives information from their investment managers on voting and engagement activities in respect of the investments where available. This is reviewed by the Trustee. Should any issues emerge in relation to how a investment manager is engaging with companies (through the Trustee's review of this reporting), the Trustee will discuss this with the investment manager.

The Trustee notes that by securing the DB Section's benefits with an insurer, they have limited ability to influence the voting and engagement activities undertaken on behalf of the Insurer for the DB Section. Responsibility for engagement with the issuers of investments underlying the bulk annuity policy, including voting policy (where applicable), is the responsibility of the Insurer.

The DB Section retains cash and liquidity holdings but the Trustee notes, due to a number of controls at both the asset manager and counterparties, the impact of engagement on the risk/return of the cash holdings is limited. The Trustee's stewardship priorities are therefore not applicable for the DB Section.

Investment manager arrangements

Conflicts of Interest

The Fund's investment consultants, Barnett Waddingham, are independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest.

The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes they have managed the potential for conflicts of interest in the appointment of the investment managers, insurers, and investment advisor, and conflicts of interest between the Trustee/investment manager and the investee companies.

Policy on arrangements with investment managers

Prior to appointing the investment manager, the Trustee discusses the investment manager's benchmark and approach to the management of ESG and climate related risks with the Fund's investment consultant, and how they are aligned with the Trustee's own investment aims, beliefs and constraints. Arrangements for incentivising the DB Section's investment managers of the assets underlying the bulk annuity policy are an issue for the Insurer.

When appointing a investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the investment manager intends to make the required investment returns, the Trustee also considers how ESG and climate risk are integrated into these. If the Trustee deems 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 use another investment manager for the mandate.

For the DC Section, the Trustee carries out a strategy review at least every 3 years where they assess the continuing relevance of the strategy in the context of the Fund and their aims, beliefs and constraints. The Trustee monitors the investment managers' approach to ESG and climate related risks on a periodic basis.

In the event that the investment manager ceases to meet the Trustee's 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 Trustee.

Investment manager ESG policies are reviewed in the context of best industry practice and feedback is/will be provided to the investment manager.

Time horizon for making decisions and engagement

The Trustee is mindful that the impact of ESG and climate change may have a long-term nature. However, the Trustee recognises 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 Trustee has acknowledged this in their investment management arrangements.

When considering objectives for a investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustee assesses these over an agreed predetermined rolling timeframe. The Trustee believes 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 Trustee expects this to be sufficient to ensure an appropriate alignment of interests.

The Trustee expects investment managers to be voting and engaging on behalf of the fund's holdings and the Fund monitors this activity within the Implementation Statement in the Fund's Annual Report and Accounts. The

Trustee does not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short term targets.

Investment manager performance and remuneration

The Trustee monitors the performance of their investment managers over the medium to long time periods that are predetermined and consistent with the Trustee's investment aims, beliefs and constraints. For the DB Section, the Trustee does not undertake regular formal monitoring of the investment managers due to the limited benefit of this activity given the bulk annuity policy held with the Insurer for the majority of liabilities. However, the Trustee would undertake such monitoring if it was deemed necessary.

Outside of the DB Section bulk annuity policy, the Fund invests exclusively in pooled funds. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less. Details of the fee structures for the Fund's investment managers are contained in the Fund's investment manager Fee Summary document.

The Trustee believes 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.

The Trustee asks the Fund's Investment Consultant to assess if the asset management fee is in line with the market when the investment manager is selected, and the appropriateness of the annual management charges are considered every three years as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the regular investment monitoring process.

During the investment manager appointment process, for mandates where portfolio turnover is considered a material factor, the Trustee considers both past and anticipated portfolio turnover levels.

When underperformance is identified, deviations from the expected level of turnover may be investigated with 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.

For the DB Section, the Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. However, given the bulk annuity policy and liquidity holdings of the Fund, the Trustee notes that the impact of portfolio turnover costs and the duration of arrangement with the investment manager are expected to have zero impact.

Duration of arrangements

For the open-ended pooled funds in which the Fund invests, there are no predetermined terms of agreement with the investment managers.

The suitability of the Fund's asset allocation and its ongoing alignment with the Trustee's investment aims, beliefs and constraints 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.