THE SLAUGHTER AND MAY PENSION SCHEME (the "Scheme") - STATEMENT OF INVESTMENT PRINCIPLES

A. GENERAL PRINCIPLES

1. Purpose

This statement sets out the principles governing decisions about the investment of the assets of the Scheme. It has been prepared by the Scheme Trustee (the **Trustee**) to comply with section 35 of the Pensions Act 1995 (the **Pensions Act**) (as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005) and the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015).

The Scheme consists of two sections, the Final Salary Scheme (the **FSS**) and the Money Purchase Scheme 2001 (the **MPS**).

2. Investment Advice

The Trustee has obtained and considered written advice from Aon Solutions UK Limited (**Aon**), the Scheme's actuaries and investment advisers, on the investment strategy, the fund managers, the insurance contracts, the insurance companies and the fund managers appointed by the insurance companies. Aon have confirmed to the Trustee that they have the knowledge and experience required under section 36(6) of the Pensions Act to provide this advice. They operate under an agreement to provide a full service designed to ensure that the Trustee is fully briefed both to take the decisions it takes itself and to monitor those that it delegates. Aon are paid an agreed annual fee which includes all manager monitoring services. Other projects are paid on a time cost basis which enables the Trustee to select those services which it requires.

3. Consultation

The Trustee has consulted Slaughter and May (the **Firm**), as representative of the participating employers, on the content of this statement.

4. Investment Powers

The Trustee's powers of investment are set out in the Trust Deed and Rules of the Scheme (as amended). They are subject to the restrictions contained in Clause 5 of the Trust Deed. This statement is consistent with those powers. Neither this statement nor the Trust Deed (save in certain respects listed in Clause 5.6 - Power to enter into any lawful transaction) restricts the Trustee's investment powers by requiring the consent of the employers.

5. Governance

The Trustee is responsible for the investment of the Scheme assets save that, within the range of investments selected by the Trustee, a member's MPS assets (see the definition in section C.1) must normally be invested as directed by the member. In addition to the ability to self-select, the Trustee is now also required to provide members of the MPS with a default investment option into which contributions are paid in the absence of any instructions from the member. The Trustee is responsible for the investment profile for the default investment option. The Trustee has set up an Investment Sub-Committee (the **Committee**) to assist the Trustee, to maximise efficiency in investment related matters and to promote effective collaboration between the Trustee and the Firm. References in this statement to the Trustee include the Committee in relation to matters delegated to the Committee and the Trustee otherwise.

The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether it has the appropriate training and expert advice in order to take an informed decision. For this purpose the Trustee has established a decision making structure (see Appendix 1).

When choosing investments, the Trustee and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4) (see Appendix 1).

The Pensions Act distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased without a contract, e.g. the purchase of an insurance policy or units in a pooled vehicle. Those purchased without a contract are known as **direct investments**.

The Trustee's investment arrangement consists of a number of direct investments in pooled funds, and a buy-in bulk annuity policy. Each pooled fund will have an underlying manager and the Trustee's policy is for the underlying managers' duties to include:

- Realisation of investments.
- Taking into account socially responsible factors.
- Voting and corporate governance in relation to the financial potential of the Scheme's assets.

The Trustee's policy is to review the range of its direct investments and to obtain written advice about them at regular intervals (normally annually). These include vehicles available for members' contributions in the MPS (including the default investment option) and members' additional voluntary contributions (**AVCs**) other than those paid in return for a defined benefit. When deciding whether or not to change the range of the direct investments the Trustee will obtain written advice. The written advice will also consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement.

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

Fund managers are remunerated on an ad valorem basis. In addition, fund managers pay commissions to third parties on many trades they undertake in the management of the assets and also incur other ad hoc costs.

6. Review of these Investment Principles

The Trustee's policy is to review this statement at least every three years and immediately following any significant change in investment policy or the demographic profile of the members in the MPS. The Trustee is required to take investment advice and consult with the Firm over any changes to this statement.

7. Arrangements with asset managers

The Trustee regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies, including those on non-financial matters. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by its investment consultant.

The Trustee receives regular reports and verbal updates from the investment consultant on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term (three and five year) performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by its asset managers, which supports the Trustee in determining the extent to which the Scheme's engagement policy has been followed throughout the year.

The Trustee shares the policies, as set out in this SIP, with the Scheme's asset managers, and request that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.

Before appointment of a new asset manager, the Trustee receives advice on the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Scheme invests in a collective vehicle, then the Trustee will express its expectations to the asset managers in by other means (such as through a side letter, in writing through provision of this statement, or verbally at trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the asset managers by other means (where necessary), and regular monitoring, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies. The Trustee makes decisions based on assessments of medium- and long-term financial and non-financial performance.

Where asset managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager and may ultimately consider replacing the asset manager where this is deemed necessary.

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

The Trustee does not regularly monitor asset managers against non-financial criteria of the investments made on its behalf.

8. Cost Monitoring

Ongoing reporting and compliance

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

Data collection

The Trustee seeks to collect annual cost transparency reports covering all of its investments and ask that the investment managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustee to understand exactly what it is paying its investment managers. The Trustee acknowledges that it may not initially be possible for all manager to provide this information however it is its expectation that this will become standard industry output over time.

Manager relationships

The Trustee will only appoint new investment managers who offer full cost transparency via the CTI templates to manage assets of the Scheme. This will be reviewed before the appointment of any new managers and be an ongoing requirement for existing managers held by the Scheme.

Portfolio turnover

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year. The Trustee does not actively monitor portfolio turnover.

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends. The Trustee believes that focusing on net performance is the most appropriate way of ensuring that disproportionate levels of portfolio turnover do not have a negative impact on long term performance.

Analysis of manager performance and remuneration

The Trustee assesses the performance of their investment managers on a quarterly basis and the remuneration of their investment managers on at least an annual basis via collecting cost data in line with the CTI templates.

The Trustee assesses value for money received from their asset managers on a regular basis. This will be subject to advice from Aon and may be based on qualitative and/or quantitative factors. This enables the Trustee to have a detailed understanding of their overall costs independent to of net of fees performance and identify opportunities to challenge their asset managers where a particular manager is an outlier.

All of the Scheme's managers are remunerated on the basis of fees directly related to the value of funds under their management. The Trustee prefers to appoint their actively managed asset managers on a performance fee basis where possible, rather than on an annual management fee basis however accepts that this may not always be possible/practicable.

9. Stewardship

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

The Trustee regularly reviews the suitability of the scheme’s appointed asset managers and take advice from its investment consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the trustees have set out in its policy, the trustees undertake to engage with the manager and seek a more sustainable position but may look to replace the manager.

The Trustee reviews the stewardship activities of its asset managers on an annual basis, covering both engagement and voting actions. The Trustee will review the alignment of the Trustee's policies to those of the Scheme’s asset managers and ensure its managers, or other third parties, use its influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

The Trustee will engage with its investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of its active ownership policies, are being actioned.

The Trustee completed a survey with their investment advisors to identify key areas of concern around corporate stewardship and will level scrutiny on their investment managers accordingly. It is the expectation of the Trustee that the Scheme’s asset managers will prioritize and actively monitor for these risks within the investments, providing transparency on engagement and voting actions with respect to mitigating these risks as appropriate while balancing goals of asset returns.

The transparency for voting should include voting actions and rationale with relevance to the Scheme.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

B. FINAL SALARY SCHEME

1. Application

This part of the statement refers to all of the assets of the Scheme with the exception of:

- those which represent the investment of members' AVCs other than those which are paid in return for a defined benefit; and
- those which represent the pension accounts of the members of the MPS.

For ease of reference the assets covered by this part are referred to as the **FSS assets**.

2. Investment objective

The Trustee aims to invest the FSS assets prudently to ensure that the benefits promised to members are provided. In setting the investment strategy, the Trustee first considered the lowest risk allocation that it could adopt in relation to the FSS liabilities and then selected a strategy that is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the FSS liabilities.

In setting and implementing the Scheme's investment strategy the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

3. Asset Allocation Restrictions

The FSS holds a liquid investment portfolio of equities and liability matching gilts.

Additionally, following discussions with the Firm, the Trustee agreed to reduce asset and liability risks within the FSS by entering into a buy-in bulk annuity policy with Legal and General Assurance Society Limited ("LGAS") during March 2019. This policy remains an asset of the Scheme and, at the point of investment, was valued at c. £60m. As the buy-in policy held by the Trustee is an illiquid asset which is intended to be held until any eventual wind-up of the FSS, this has been excluded from the Monitored Asset Allocation outlined above.

	Strategic Allocation (including buy-in)		**Monitored Asset Allocation (excluding the buy-in)**	
Return Seeking Portfolio	**20%**		**30%**	
Equities	of which	100%	of which	100%
Liability Matching Portfolio	**80%**		**70%**	
Liability Matching Gilts		Not rebalanced	of which	100%
Buy-in Bulk Annuity Policy		Not rebalanced	-	

Given the aim of the 'Liability Matching Gilts' portfolio is to protect the funding level of the FSS against unexpected changes in interest rate and inflation expectations, the Trustee has agreed (having sought advice from Aon) that it is not appropriate routinely to rebalance the Liability Matching Portfolio. Instead it will review the allocation periodically to take account of the changing liability profile of the Scheme and to ensure the bond allocation continues to provide the desired liability matching characteristics. Aon has recommended that any surplus funds, as a result of derisking activity or income distribution should be held in an appropriate liquidity fund pending a review of the LDI portfolio or to be drawn upon to meet cashflow requirements.

Before investing in any asset class the Trustee considers written advice from Aon and, in doing so, addresses the following:

- the need to consider a full range of asset classes;
- the risks and rewards of a range of alternative asset allocation strategies;
- the suitability of each asset class;
- the need for appropriate diversification.

4. Funding Target

The Trustee's policy is to target a funding position whereby many of the risks inherent in the current technical provisions basis can be removed – this target is 110% of solvency liabilities which provides a buffer for future uncertainties. The Trustee considers that the current investment strategy is appropriate to meet this target, and has adopted a de-risking strategy that is intended gradually to move the portfolio out of Equities and into Liability Matching Gilts as progress towards this target is made. These moves will be driven by a number of de-risking triggers linked to the Scheme's solvency liabilities, as provided by the Scheme Actuary.

The triggers (excluding the buy-in) are as follows:

Equity/Bond split	Solvency funding level trigger
10/90 (current target)	100%
0/100	110%

On implementing one of these triggers the Trustee will revisit Sections 2 and 3 of this statement.

The Trustee will consider the funding level at intervals not less often than required by the Pensions Act, and review the suitability of the planned asset allocation and trigger strategy periodically to ensure that it remains appropriate.

5. Risk Measurement and Management

The Trustee recognises that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustee has identified a number of risks which have the potential to cause a deterioration in the Scheme's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors (mismatching risk). The Trustee and its advisers considered this mismatching risk when setting the investment strategy.

- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities (cash flow risk). The Trustee and its advisers will manage the Scheme's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.

- The failure by the fund managers to achieve the rate of investment return assumed by the Trustee (manager risk). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.

- The failure of the buy-in bulk annuity provider. This risk is considered by the Trustee and its advisers both upon the initial appointment of the provider and on an ongoing basis thereafter.

- The failure to spread investment risk (risk of lack of diversification). The Trustee and its advisers considered this risk when setting the Scheme's investment strategy.

- The possibility of failure of the Scheme's sponsoring employer (covenant risk). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.

- The risk of fraud, poor advice or acts of negligence (operational risk). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

- The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review. The Trustee's policy is to review its strategy and monitor these risks on a regular basis. The Trustee receives reports showing:

- Actual funding level versus the Scheme specific funding objective.

- Absolute performance of the Scheme and individual fund managers.

- Performance of individual fund managers versus their respective targets.

- Any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

6. Implementation

The Trustee considers the advice of its investment consultant in the appointment of fund managers, the investment vehicle used for each asset class, the mandate structures (including liability driven investment arrangements) and managers' investment objectives.

The Trustee will typically invest in units of pooled funds for all asset classes, most of which will be passively managed against a suitable market index or reference security.

The Trustee will monitor the suitability of its appointed fund managers and the chosen investment vehicles with the assistance of its investment consultant.

The underlying fund managers currently chosen by the Trustee for each fund and their investment objectives are set out in section 1 of a separate document entitled Fund Manager Information (**FMI**). The Trustee reviews the underlying fund managers on a regular basis, and can change them at any time.

The Trustee has a legal agreement with each of the Scheme's fund managers. Details of these managers are set out in section 1 of the FMI.

C. MONEY PURCHASE SCHEME 2001

1. Application

This part of the statement refers to all of the assets of the Scheme other than the FSS assets. For ease of reference, these are referred to as the **MPS assets** although they consist of assets which represent not only the pension accounts of members of the MPS but also the AVCs (other than those paid for a defined benefit) of members of the FSS.

2. Investment Objective

Having considered written advice from Aon, the Trustee's investment objective is to offer a range of unitised funds to members which they are advised offer different risk and return characteristics so that members can construct an overall portfolio mix suitable for providing themselves with pensions at their retirement.

In addition to the ability to self-select, the Trustee is also now required to provide members with a default investment option.

3. Strategy

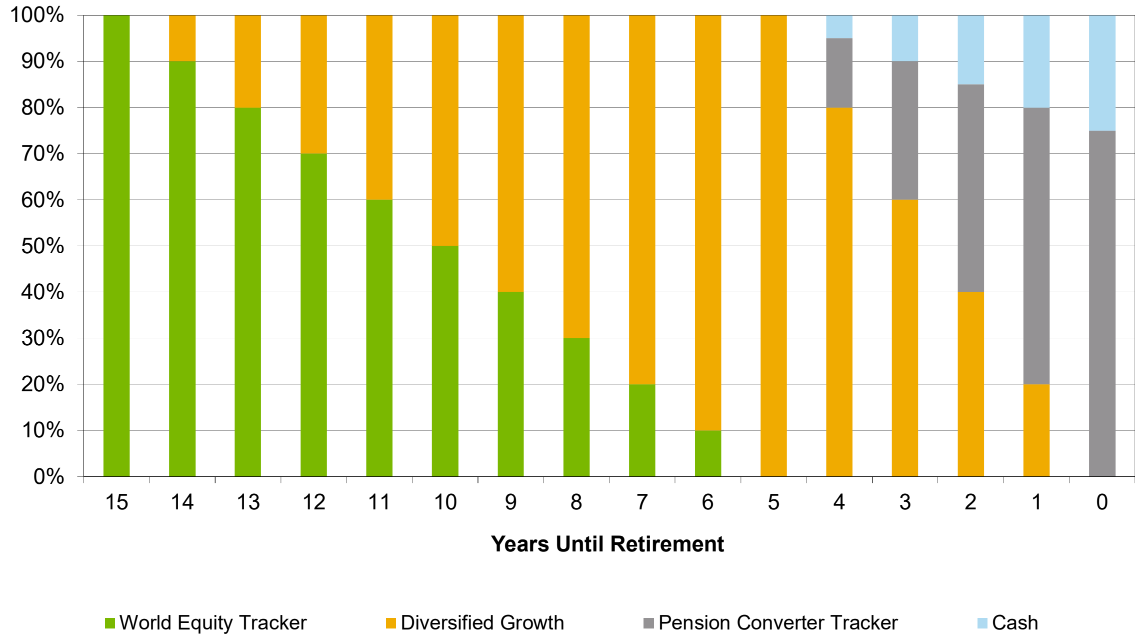
The Investment Objective is implemented using the range of investment options set out in Appendix 2.

The default investment option provided to members utilises a number of the investment options set out in Appendix 2. These are combined with the aim of ensuring members have a level of risk and return within their portfolio which the Trustees are advised is appropriate given the time until their normal retirement age. This is based on the following three principles:

- High equity allocation in member's early years, as equities are expected to outperform other asset classes over the long term (albeit with higher risk).
- Invest in lower risk/return assets when retirement nears, to protect member's financial position.
- Transition some assets into cash when very near to retirement in order to fund annuity purchase/cash lump sum.

The Trustee has decided to adopt a three phase approach, splitting the investment approach of members into the following three brackets:

- Growth Phase – Greater than 15 years from normal retirement age
- Transition Phase – From 15 until 5 years from normal retirement age
- Consolidation Phase – Less than 5 years from normal retirement age.



The Trustee's policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking advice from the Trustee's investment advisers. In choosing the Scheme's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a money purchase scheme.
- The need for appropriate diversification of asset classes.

The Trustee has considered how the default investment option is intended to ensure that assets are invested in the best interests of the members. The Trustee has been advised that it is reasonable to expect the long-term return on the investment options that invest predominantly in equities and property to exceed price inflation and general salary growth and that the long-term returns on bonds and cash options are expected to be lower than those on the predominantly equity and property options. However, bond funds are expected broadly to match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement. A Diversified Growth Fund is also offered, which aims to provide similar returns to equities but with reduced volatility. Cash funds aim to provide protection against changes in short-term capital values, and may be appropriate for members receiving part of their retirement benefits in the form of tax free cash.

For a period during 2020 it was not possible for the Trustee to invest members' contributions into the Property Fund (detailed in Appendix 2), due to the suspension of dealing of the underlying pooled property funds in light of economic and pricing uncertainty driven by the COVID-19 pandemic. During this period the Trustee temporarily invested the contributions in the Cash Fund (detailed in Appendix 2) until such a time as they could be switched into the Property Fund with the member's permission. As a result of this and under regulatory definitions, the Trustee considers the Cash Fund to also be a 'deemed default fund'. Should the Trustee encounter any similar issues within the MPS, temporarily preventing contributions being invested into a fund, it is the Trustee's policy to hold any such contributions in the Cash Fund until such a time as they can be invested in line with the member's instructions.

Following the announcement that the Aviva Investors Property Pooled Fund is being shut down, it became necessary for the Trustee to re-evaluate the composition of the Property Fund. The Trustee took the decision to replace the 50% target allocation to Aviva with BlackRock iShares Global Property Securities Equity Index Fund, updating the investment objective as appropriate. As the Aviva fund is being wound down, it is not possible to sell units in the fund. Instead capital will be returned to investors as part of the wind up process. The Trustee will divert these funds to the LGIM and BlackRock funds in order to achieve the revised target weighting.

In setting and implementing the Scheme's investment strategy the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

4. Risk Measurement and Management

The Trustee recognises the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the investment options and strategy for the Scheme. The Trustee's policy in respect of risk measurement methods and risk management processes is set out below.

The Trustee considers the following sources of risk:

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.
- Risk of fund managers not meeting their objectives (manager risk). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.
- The risk of fraud, poor advice or acts of negligence (operational risk). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
- The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustee's policy is to review the range of funds offered annually.

In addition, the Trustee receives regular updates which help to monitor the performance of the funds compared to the benchmarks and identify any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

5. Implementation

a. Phoenix AW Limited

Phoenix AW Limited (formerly AXA Wealth Limited, "Phoenix Wealth") provides the fund administration for all funds within the MPS. All funds are held within the Phoenix Wealth company, and Phoenix AW Limited is responsible for unitising and pricing the funds (as Phoenix AW Limited funds), and for all other transactions.

The Trustee has a legal agreement with Phoenix AW Limited which allows the Trustee to invest in funds included in the service. The underlying fund managers currently chosen by the Trustee for each fund are set out in section 2 of the FMI. The Trustee reviews the underlying fund managers on a regular basis, and can change them at any time.

A number of the funds use an active management approach whereby a fund manager makes decisions on the appropriate asset mix and selection of the securities within each fund. Active management may result in periods of out or under performance of a manager's benchmark index. Other funds use an index tracking or passive approach. This means that they will hold all securities in the markets in line with the value of each security and should match closely the performance of their respective benchmark indices.

Phoenix Wealth and the underlying fund managers are remunerated on an ad valorem basis.

b. Utmost Life

In addition, the Trustee has a contract with Utmost Life and Pensions Limited (**Utmost Life**), formerly Equitable Life Assurance Society, under which members have been able to invest in unit linked policies. Aon Hewitt have reviewed the Trustee's contract with Utmost Life in accordance with Section 36 of the Pensions Act. Members are able to select their own investments from a range of funds provided by Utmost Life. Where members have opted not to self-select the Trustee has agreed to adopt an 'investing by age' strategy. This strategy seeks to reduce risk depending on the member's age – this process is managed by Utmost Life.

Effective Date: 25 August 2021

C F Girling...

Director of Slaughter and May Pensions
Trustees Limited

Appendix 1

a) The Trustee's Decision Making Structure

Scheme Trustee

- sets structures and processes for carrying out its role
- approves investment strategy, investment objectives and restrictions
- appoints the Investment Sub-Committee
- approves the Statement of Investment Principles
- approves or rejects decisions and recommendations made by the Investment Sub-Committee

Investment Sub-Committee

- selects and monitors investment advisers and fund managers
- monitors and makes recommendations on investment strategy, investment objectives and restrictions
- selects and monitors direct investments
- makes day-to-day decisions relevant to operational principles of Scheme's investment strategy
- monitors actual returns against the investment objective

Investment Adviser

- advises on all aspects of the investment of the Scheme assets, including implementation
- advises on this statement
- provides required training
- constructs benchmark for liability matching portfolio

Fund Managers

- operate within the terms of this statement as reflected in their written contracts and in accordance with the Pensions Act
- select individual investments with regard to their suitability and diversification
- advise Trustee on suitability of the indices in their benchmark.

Bulk Annuity Provider

- operate within the terms of the agreed policy documentation and in accordance with the relevant regulatory requirements

- provide the Scheme with cashflow associated with insured benefits

b) The Occupational Pensions Schemes (Investment) Regulations 2005

The Occupational Pensions Schemes (Investment) Regulations 2005 require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security

- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

Appendix 2

Money Purchase Scheme - Current Range of Investment Options

Investment option	Investment description	Investment Characteristics (as advised to the Trustee)
UK Equity (passive and active options available)	UK equities	The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class over the long term. The actively managed options are expected to produce a higher return, but do carry the risk of manager underperformance.
Global Equity (passive and active options available)	Global equities	The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class over the long term. There will also be additional risk due to currency movements. However, the additional diversification will help to reduce risk. The actively managed option is expected to produce a higher return, but does carry the risk of manager underperformance.
Overseas Equity (passive)	As above (excluding the UK)	Similar comments as for global equities.
Diversified Growth Fund	A fund that will invest in a broad mixture of assets including equities, bonds, cash and alternatives,	Diversified Growth Funds aim to deliver returns close to equities but with significantly lower volatility than equities. They may invest in a wide range of asset classes, with weightings potentially varying significantly between time periods.
UK Fixed Interest Bonds (passive)	UK fixed interest securities	Investment returns are fairly stable although the expected returns are lower than for equities. The value of bonds are not linked to inflation.
UK Index Linked Bonds (passive)	UK index linked securities	Investment returns are fairly stable and values are linked to inflation, as a result investors gain some assurance that the value of their investment will not decline due to inflation. Returns are expected to be lower than for equities.

Investment option	Investment description	Investment Characteristics (as advised to the Trustee)
Property	UK pooled property fund	Returns from this asset class typically have little correlation with equity and bond fund returns which should see stable growth over the long term.
Pension Converter	Fixed interest bonds (investment grade corporate bonds and gilts)	This fund aims to invest in assets that reflect the investments underlying a typical non-inflation-linked pension annuity product and should therefore help to maintain members' purchasing power in this regard.
Cash	Short-term cash instruments	Produces fairly reliable nominal investment returns.

The Slaughter and May Pension Scheme
Fund Manager Information (FMI)
From 25 August 2021

The Fund Manager Information document (FMI) sets out details of the underlying fund managers who manage the assets of the Slaughter and May Pension Scheme (the "Scheme"). Information on the principles governing decisions about the investment of the assets of the Scheme can be found in the Statement of Investment Principles.

Section 1: Final Salary Scheme - Fund and Manager Information

Fund mandates under a pooled fund policy with Legal & General Assurance (Pensions Management) Limited

Asset Class	Fund Name	Performance Target	Benchmark
Global Equity	All World Equity Index – GBP Hedged	To perform in line with benchmark	FTSE AW-World Index on a currency hedged basis against GBP excluding the advanced emerging markets, calculated by FTSE International for LGIM
Fixed Interest Gilts	2047 Gilt	To perform in line with benchmark	Reference security
Fixed Interest Gilts	2055 Gilt	To perform in line with benchmark	Reference security
Fixed Interest Gilts	2060 Gilt	To perform in line with benchmark	Reference security
Fixed Interest Gilts	2065 Gilt	To perform in line with benchmark	Reference security
Fixed Interest Gilts	2071 Gilt	To perform in line with benchmark	Reference security
Index Linked Gilts	2037 Index-Linked Gilts	To perform in line with benchmark	Reference security
Index Linked Gilts	2042 Index-Linked Gilts	To perform in line with benchmark	Reference security
Index Linked Gilts	2050 Index-Linked Gilts	To perform in line with benchmark	Reference security
Index Linked Gilts	2055 Index-Linked Gilts	To perform in line with benchmark	Reference security
Index Linked Gilts	2058 Index-Linked Gilts	To perform in line with benchmark	Reference security
Index Linked Gilts	2062 Index-Linked Gilts	To perform in line with benchmark	Reference security

Index Linked Gilts	2068 Index-Linked Gilts	To perform in line with benchmark	Reference security
Liquidity	Sterling Liquidity fund	To provide a competitive rate of return, with reference to the benchmark	7-Day LIBID

<u>Section 2: Money Purchase Scheme - Fund and Manager Information</u>

(a) Actively Managed Funds			
Investment Fund	**Current Manager (Fund Name)**	**Performance Target**	**Benchmark**
UK Equity (comprised of two funds)	Majedie Asset Management (UK Equity Fund)	3.0% p.a. above benchmark	FTSE All-Share Index
	Baillie Gifford (UK Equity Core Pension Fund)	1.0% pa above benchmark	FTSE All-Share Index
Global Equity (comprised of two funds)	MFS (Meridian Global Equity Fund)	2.0% p.a. above benchmark	MSCI World Index
	Dodge & Cox (Global Stock Fund)	2.0%-3.0% pa above benchmark	MSCI World Index
Diversified Growth (comprised of two funds)	BlackRock (DC Diversified Growth Fund)	To perform in line with benchmark	UK Bank Base Rate + 3.5% p.a.
	BlackRock (Dynamic Allocation Fund)	To perform in line with benchmark	UK Bank Base Rate + 3.5% p.a.
Property (target allocation is comprised of two funds)	*Legacy Fund* *Aviva Investors (Property Pooled Fund)* *This fund is currently being shut down and capital returned to investors. The Trustee will allocate the proceeds between the two target funds once this has been received.*	1.0% p.a. above benchmark	IPD All Balanced Funds Median
	Legal and General (Managed Property Fund)	1.0% p.a. above benchmark	IPD All Balanced Funds Median
	BlackRock (iShares Global Property Securities Equity Index Fund)	To perform in line with benchmark	FTSE EPRA Nareit Developed Index
Cash	Legal and General (Cash Fund)	ABI UK - Deposit & Treasury (Pension)	7-day LIBID

(b) Passively Managed Funds			
Investment Fund	**Current Manager (Fund Name)**	**Performance Target**	**Benchmark**
UK Equity Tracker	BlackRock (BlackRock CIF UK Equity Tracker Fund)	To perform in line with benchmark	FTSE All-Share Custom ESG Screened Index (from 30 June 2021)
Overseas Equity Tracker	BlackRock (Aquila Connect World (ex-UK) Index Fund)	To perform in line with the benchmark	FTSE Developed ex-UK Custom ESG Screened Index (from 30 June 2021)
Global Equity (50:50) Tracker	BlackRock (Aquila Connect (50:50) Global Equity Fund)	To perform in line with benchmark	50% FTSE AW Developed ex-UK Index 50% FTSE All-Share Index
World Equity Tracker	Legal and General (World Equity Index Fund)	To perform in line with benchmark	FTSE AW Index
Shariah Compliant Fund	HSBC (Amanah Global Equity Index Fund)	To perform in line with benchmark	Dow Jones Islamic Titans 100
Pension Converter Tracker	Legal and General (Pre-retirement Fund)	To reflect the investments underlying a typical non-inflation-linked pension annuity product.	Weighting, at discretion of LGIM, of 60.4% Corporate Bonds and 39.6% Fixed Interest Gilts (weighting as at 30/06/2013)
Index Linked Gilts Tracker	Legal and General (Over 5yr Index Linked Gilts Index Fund)	To perform in line with benchmark	FTSE A Index-Linked Over 5yr Index
Long Dated Gilts Tracker	BlackRock (Aquila Connect Over 15 Years UK Gilt Index Fund)	To perform in line with the benchmark	FTSE A >15yr Gilt Index