

Bidwells Pension and Life Assurance Scheme

Statement of Investment Principles

December 2025

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1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees of the Bidwells Pension and Life Assurance Scheme (the "Scheme"). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:
- the Pensions Act 1995, as amended by the Pensions Act 2004;
 - 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, the Pension Protection Fund (Pensionable Service), Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018; and
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, 2020, 2021, 2022 and 2023
- 1.2. In preparing this statement the Trustees have consulted Bidwells LLP, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.5. The investment powers of the Trustees are set out in Clause 16 of the Definitive Trust Deed & Rules, dated 15 August 2023. This statement is consistent with those powers.

2. Choosing investments

- 2.1. The Trustees' policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in Appendix 1 to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.
- 2.3. The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustees have discussed key investment objectives in light of an analysis of the Scheme's liability profile as well as the constraints the Trustees face in achieving these objectives. As a result, the Trustees' main investment objective is:

- to ensure that the Scheme can meet the members' entitlements under the Trust Deed and Rules.

The Trustees' secondary investment objectives are:

- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Scheme's required contribution levels; and
- to minimise the long-term costs of the Scheme whilst having regard to the above objectives.

- 3.2. The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities. The Trustees have obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

4. Kinds of investments to be held

- 4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives (e.g. private equity, commodities, infrastructure, high yield debt and derivatives). 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.
- 4.2. The Scheme does not make any employer-related investments.

5. The balance between different kinds of investments

- 5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within Appendix 1 to this Statement.
- 5.2. The Trustees consider the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1 to this Statement.
- 5.3. From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected items.
- 5.4. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and therefore the Scheme's asset allocation will be expected to change as the Scheme's liability profile matures.

6. Risks

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

Risk versus the liabilities	The Trustees will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.
Covenant risk	The creditworthiness of the employer and the size of the pension liability relative to the employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustees are aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
Asset allocation risk	The asset allocation is detailed in Appendix 1 to this Statement and is monitored on a regular basis by the Trustees.
Investment manager risk	The Trustees monitor the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Governance risk	Each investment manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustees have considered long-term financial risks to the Scheme and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7. Expected return on investments

- 7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.
- 7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.
- 7.3. In considering the expected return from investments, the Trustees recognise that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.
- 7.4. Having established the investment strategy, the Trustees monitor the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Scheme's funding position. The Trustees meet the Scheme's investment managers as frequently as is appropriate, normally on an annual basis, in order to review performance.

8. Realisation of investments

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

9. Environmental, Social and Governance Factors, Corporate Governance and Voting Rights

- 9.1. The Trustees have set out their policies in relation to these matters in Appendix 3.

10. Agreement

- 10.1. This statement was agreed by the Trustees and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the Employer, the investment managers, the Scheme Actuary and the Scheme Auditor upon request.

Signed: Allan Stevenson

Date: 19 December 2025

On behalf of the Bidwells Pension and Life Assurance Scheme

Appendix 1 Note on investment policy in relation to the current Statement of Investment Principles

1. Choosing investments

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

- Arcmont Asset Management;
- Cheyne Capital Management (UK) LLP
- Columbia Threadneedle Investments
- Troy Asset Management
- BlackRock Investment Management

The Trustees also have AVC contracts with Aviva and Utmost Life and Pensions for the management of members' Additional Voluntary Contributions (AVCs). The investment managers and AVC providers are authorised and regulated by the Financial Conduct Authority.

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

Investment manager	Fund	Benchmark	Objective
Arcmont Asset Management	Direct Lending Fund III	<p>No market benchmark.</p> <p>Gross internal rate of return objective of 10-12% (net internal rate of return of 8-9%) and 6-8% cash yield.</p>	<p>Invests in a diversified, defensive portfolio of senior secured and subordinated loans, including equity components associated with such loans, to European medium sized companies. Aims to deliver attractive risk-adjusted returns based on a combination of ongoing current cash and non-cash yields, repayment of principal, with upside potential through equity participation in selected situations.</p>
	Equity-Linked Nominal Dynamic LDI Fund	<p>Leveraged liability benchmark consisting of gilts and swaps and a synthetic equity benchmark consisting of the following equity indices and in the following proportions: S&P 500: 50%; FTSE 100: 20%; EuroStoxx 50: 15%; Topix: 10% ASX 200: 2.5%; Hang Seng: 2.5%</p>	<p>Provide liability hedging by offering interest rate protection which replicates the liability profile of a typical UK defined benefit pension scheme and provide synthetic exposure to a range of equity markets.</p>
Columbia Threadneedle	Credit-Linked Real Dynamic LDI Fund	<p>Leveraged liability benchmark consisting of gilts and swaps and a credit benchmark, via CDS, consisting of the following credit indices and in the following proportions: iTraxx Main: 50%; CDX NAIG: 50%</p>	<p>Provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension scheme and provide synthetic exposure to a range of credit markets.</p>

	Sterling Liquidity Fund	SONIA	To provide a vehicle that will maintain high levels of liquidity, preserve capital and generate a return in line with the benchmark.
Cheyne Capital Management (UK) LLP	European Strategic Value Credit II and III Funds	Target an Internal Rate of Return of 15% after management fees	To meet the benchmark
Troy Asset Management	Trojan Fund	UK Retail Price Index (RPI)	To achieve growth in capital (net of fees), ahead of inflation (UK Retail Price Index), over the longer term (5 to 7 years).
BlackRock Investment Management	Dynamic Diversified Growth Fund	Bank of England Base Interest Rate	To provide a return over the medium term (3 consecutive years), which exceeds the Bank of England's Base Interest Rate by 3.5% (gross of fees).

AVC provider	Fund	Benchmark
Aviva	BlackRock European Equity	FTSE AW Europe ex UK (Developed)
	Deposit	LIBID GBP 7 Days
	European Equity	FTSE AW Europe ex UK (Developed)
	Fidelity Japan	Tokyo Stock Exchange TOPIX Total Return Index
	Gilt	FTSE A British Govt All Stock
	Global Bond	Barclays Composite
	Global Equity	ABI UK - Global Equities
	Man GLG Balanced Managed	IA Mixed Investment 40-85% Shares
	Mixed Investment (40-85% Shares)	Mixed Investment 40-85% Shares
	Multi-Manager Flexible	ABI Flexible Investment Index
	Pacific Equity	FTSE® Asia Pacific GBP
	Property	IPD Balanced Monthly Index Funds(for direct property portion)
	Schroder UK Alpha Plus	FTSE All-Share Index (TR)
	UK Equity	FTSE All Share
	US Equity	FTSE North America GBP
Utmost Life	Multi-Asset Cautious	15% MSCI ACWI Net Total Return Index (GBP Hedged), 15% FTSE All Share Net Index, 30% Bloomberg Barclays Global Aggregate Bond Index (GBP Hedged), 30% Bloomberg Barclays Sterling Aggregate Bond Index, 10% Cash (1 week GBP LIBID)
	Multi-Asset Moderate	30% MSCI ACWI Net Total Return Index (GBP Hedged), 30% FTSE All Share Net Index, 17.5% Bloomberg Barclays Global Aggregate Bond Index (GBP Hedged), 17.5% Bloomberg Barclays Sterling Aggregate Bond Index, 5% Cash (1 week GBP LIBID)

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

The AVC arrangement is reviewed from time to time.

2. The balance between different kinds of investment

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

Investment Manager	Asset classes	Allocation (%)
Columbia Threadneedle	Equity Linked and Credit Linked LDI and Liquidity	42%
Arcmont Asset Management	Illiquid Credit	28%
Cheyne Capital Management (UK) LLP	Illiquid Credit	
Troy Asset Management	Diversified Growth Fund	30%
BlackRock Investment Management		
Total		100%

The choice of LDI funds has been made with reference to the characteristics of the Scheme's liabilities, since the intention of these investments is that they should move in value in a similar way to the Scheme's technical provisions in order to reduce the volatility of the Scheme's funding position. Therefore, to maintain the appropriate level of hedging the Trustees will not automatically seek to rebalance into or out of the LDI funds to maintain the overall strategic asset allocation.

The Arcmont Direct Lending, Cheyne European Strategic Value Credit II and III are closed-ended funds. The Arcmont illiquid credit fund is currently making distributions, with the majority of cashflows expected to be distributed in 2026, and no further capital calls planned. The Cheyne European Strategic Value Credit II fund completed its investment period on 30 June 2024 and is due to begin distributing cashflows.

The Trustees have made a £6m capital commitment to the Cheyne European Strategic Value Credit III, another closed-ended fund, but the amount invested will depend on the current position in the fund's lifecycle. As a result of this characteristic the strategic allocation shown above may not be achieved for significant periods.

Rebalancing

The Trustees recognise that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The Trustees seek to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalances. The Arcmont and Cheyne funds are illiquid in nature and therefore it would not be possible to rebalance from these funds. The LDI funds are there to provide hedging against the liabilities. Rebalancing of the leverage in the LDI funds occurs automatically and is managed by Columbia Threadneedle. In other respects, rebalancing into or out of the LDI funds would not normally be undertaken because it would inadvertently result in a change in the hedge ratio.

3. Investments and disinvestments

The Scheme is expected to be cashflow negative. Disinvestments will usually be made from the Diversified Growth Funds so as to maintain the level of hedging provided by the Columbia Threadneedle LDI funds. Investments will be considered on a case-by-case basis.

The Trustees retain the discretion to direct investments and disinvestments as appropriate depending on the Scheme's circumstances.

Meeting collateral calls on the LDI funds

The Trustees have agreed that any collateral calls by the LDI funds would be funded out of the Scheme's cash reserves (bank account and the Columbia Threadneedle Sterling Liquidity Fund), pending a disinvestment from the Diversified Growth Funds to replenish these sources. If the call is higher than the Scheme's cash reserves then the amount needed would be disinvested from the Diversified Growth Funds, with the cash reserves used to pay as much of the balance as could reasonably be afforded in the interim (also considering the Scheme's cashflow needs). It was accepted that, should the Diversified Growth Fund dealing dates mean that the disinvestment could not be made in time to meet the 10-business day window, then some of the hedging would unwind, and the hedging would be topped up when funds are available. Large and/or repeated cash calls would be discussed via consultation between the Trustees.

Meeting capital calls and payments on the Cheyne European Strategic Value Credit III

The Trustees have agreed that any capital calls or payments in respect of the Cheyne European Strategic Value Credit III Fund would be funded out of the distributions from the Cheyne European Strategic Value Credit II and Arcmont Illiquid credit funds, as the primary sources. In the event that distributions from the illiquid credit funds are insufficient to meet the capital calls (e.g. due to differences in timing), payments will be sourced from the Scheme's cash reserves (bank account and the Columbia Threadneedle Sterling Liquidity Fund), pending a disinvestment from the Diversified Growth Funds to replenish these sources.

The cashflow balance is regularly monitored by the Trustees and they regularly receive updates from Cheyne ahead of potential capital calls or payments.

4. Fee agreements

The fee arrangements with the investment managers are summarised below:

Investment manager	Fund	Annual Management Charge
Arcmont Asset Management	Direct Lending Fund III	1.25% per annum on invested capital and performance fee of 15% over 5% p.a. hurdle with catch-up mechanism
	Equity Linked LDI fund	0.32%
Columbia Threadneedle	Credit Linked LDI fund	0.32%
	Sterling Liquidity Fund	0.10%
Cheyne Capital Management (UK) LLP	European Strategic Value Credit II and III	1.5% p.a. on invested capital and performance fee of 20%, fully back ended
Troy Asset Management	Trojan Fund	0.85%
BlackRock Investment Management	Dynamic Diversified Growth Fund	0.55%

As well as the annual management charges given above, additional fund expenses will apply (covering legal, accounting and auditing fees for each fund).

The fee arrangements with the AVC providers are summarised below:

- All Aviva funds, excluding with-profits, have an annual management charge of 0.875% p.a. With-profits fund fees are not disclosed as they are typically implicit in the fund return.
- The Utmost Life funds fees 0.75% p.a.

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

Appendix 2 Objectives for Investment Consultant

This section sets out the objectives agreed between the Trustees and Barnett Waddingham LLP ("BW") for the purposes of the provision of Investment Consultancy Services to be provided by BW to the Trustees in respect of the Scheme. This document has been produced in order to comply with the requirements of The Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2019 ("the Regulations") and The Investment Consultancy and Fiduciary Management Market Investigation Order 2019 ("the Order").

The Trustees acknowledge that they are required under the Regulations and the Order to review the Investment Consultancy Services provided by BW at least annually against these objectives and must review and, if appropriate, revise the objectives every three years (or without delay after any significant change in investment policy).

Overall service

Provide high quality advice that helps the Scheme to achieve its investment objectives

Communicate advice clearly using plain English

Produce advice and other papers in a timely fashion

Investment strategy design

Help the Trustees to define appropriate aims for the investment strategy

Advise on the design of strategy in a manner that is consistent with these aims and the Trustees' Statement of Investment Principles

Manager selection and monitoring

Recommend appropriate investment managers and/or funds

Report to the Trustees on major developments or change in our opinion of managers/funds

Implementation

Arrange the implementation of asset transfers in an efficient and timely manner

Advise the Trustees on the management of cashflow

Governance

Advise the Trustees promptly on new investment opportunities or emerging risks

Provide training to enable the Trustees to take well informed investment decisions

Advise the Trustees of any actions required to ensure compliance with regulations

Appendix 3 ESG factors, Corporate Governance and Voting Rights

Financial materiality

1. The Trustees believe that environmental, social and governance (“ESG”) factors are potentially financially material and therefore have a policy to consider these, alongside other factors, when selecting or reviewing the Scheme’s investments. The Trustees will be reliant on the information presented by the investment managers and their investment advisors regarding the extent to which an investment manager allows for ESG in making their investment decisions. Furthermore, an investment manager’s excellence in this area will not take precedence over other factors, including (but not limited to) historical performance or fees.

Trustees’ Policy

The Trustees’ policy on these matters, including engagement and the exercise of voting rights, is set out below:

2. The Trustees have not considered it appropriate to take into account individual members’ views when establishing the policy on ESG issues, engagement and voting rights.
3. Trustees have elected to invest the Scheme’s assets through pooled funds. The choice of underlying funds is made by the Trustees after taking advice from their investment consultant. The Trustees and the managers of the underlying funds take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.
4. As the investments are held in pooled funds, ESG considerations are set by each of the investment managers. The Scheme’s investment managers will ultimately act in the best interests of the Scheme’s assets to maximise returns for a given level of risk.
5. The Trustees understand that ESG analysis is not conducted on derivatives-based instruments by the investment managers and therefore ESG factors are not considered by the managers of these instruments in the Scheme’s investments.
6. The Trustees take into account ESG factors in the selection, retention and realisation of the Scheme’s investments as follows:
 - The Trustees will assess the investment managers’ ESG integration credentials and capabilities, and their approach to stewardship and voting rights, as a routine part of requests for information/proposals as well as through other regular reporting channels. When selecting new investments, an investment manager’s excellence in relation to these considerations will not take precedence over other factors, including (but not limited to) historical performance or fees.
 - The Trustees will monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.

- The Trustees will also take those factors into account as part of its investment process to determine a strategic asset allocation and consider them as part of ongoing reviews of the Scheme's investments.
7. The Trustees will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees may use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
 - Through their investment consultant the Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.
 - The Trustees will from time to time undertake training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments.
8. The Trustees will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme's investments.

Non-financial matters

9. The Trustees have not included any non-financial matters (such as ethical views) as constraints when setting investment strategy and/or when selecting or reviewing fund managers. The Trustees have not considered it appropriate to take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

Exercise of voting rights and engagement activities

10. The Trustees believe that good stewardship and positive engagement can lead to improved governance and better risk-adjusted returns.
11. The Trustees delegate the exercise of rights (including voting rights) attaching to the Scheme's investments to the investment managers. Managers are expected to exercise voting powers with the objective of preserving and enhancing long-term stakeholder value. The Trustees will monitor how these delegated powers are exercised by the managers.
12. The Trustees also expects investment managers 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 to mitigate financial risks.

13. The Trustees assess the investment managers' approach to engagement and voting rights with the support of their investment consultant and consider these to be of a satisfactory standard. The Trustees will monitor and engage with the investment managers in relation to stewardship activities as follows:
- The Trustees will, with support from their investment consultant, request and review the stewardship policies, voting and engagement activities of the Scheme's investment managers periodically. In the event of any specific issues or questions being identified through this monitoring process, the Trustees will engage with the Scheme's investment managers for more information and discuss any remedial actions taken.
 - The Trustees will also ask managers to attend meetings from time to time to present and discuss their stewardship activities, including details of any voting rights exercised.
 - When selecting and reviewing their investment managers, where appropriate and applicable, the Trustees will consider the investment managers' policies on stewardship and engagement, and how those policies have been implemented.

Stewardship

14. The Trustees believe that good stewardship and positive engagement may lead to improved governance and better risk-adjusted returns. As an investor in pooled funds, the Trustees currently adopt a policy of delegating the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers.
15. The Trustees also delegate undertaking engagement activities, which include entering into discussions with the management of companies they are investing in, in an attempt to influence behaviour, to the investment managers.
16. The Trustees assessed the current stewardship approach of the Scheme's investment managers based on information provided by the respective managers and consider these to be of a satisfactory standard.
17. In general, the Trustees will monitor and engage with the investment managers in relation to stewardship activities as follows:
- The Trustees will, with support from the investment consultant, request and review the stewardship policies, voting and engagement activities of the Scheme's investment managers on a regular basis. In case of any specific issues or questions being identified through this monitoring process, the Trustees will engage with the Scheme's investment managers for more information and discuss any remedial actions taken.
 - The Trustees will request that any future manager presentations include an update on stewardship activities, including details of any voting rights exercised.
 - When selecting investment managers, where appropriate and applicable, the Trustees will consider the investment managers' policies on stewardship and engagement, and how those policies have been implemented.
 - The Trustees will take into account whether the Scheme's investment managers are signatories to the UN backed PRI and UK Stewardship Code (or equivalent).

18. The Trustees will ensure that the investment managers monitor the investee companies' capital structure as follows:

- When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.
- The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and so too are the products available within the investment management industry to help manage these risks.
- The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the manager invests on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units. The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme. Where the Trustees use pooled funds the Trustees expect the investment manager to employ the same degree of scrutiny.
- The Scheme's investment managers are granted full discretion over whether or not to hold the equity, debt or other investment in the Principal Employer's business, although in practice it is not likely that such an investment could arise. Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustees have made the Principal Employer 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.

Conflicts of Interest

19. The Trustees will monitor actual and potential conflicts of interest in relation to their engagements as follows:

- The Scheme's investment consultants, Barnett Waddingham, are independent and no arm of their business provides asset management services. This, and their FCA Regulated status, make the Trustees confident that the investment manager recommendations they make are free from conflict of interest.
- The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees/investment manager and the investee companies.

Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment policies

20. The Trustees will ensure that the arrangements with the investment managers incentivise the investment managers to align their investment strategy and decisions with the Trustees' investment policies as follows:

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

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

21. The Trustees will ensure that the arrangements with the investment managers incentivise the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term as follows:
 - The Trustees are mindful that the impact of ESG and climate change may have a long-term nature. The Trustees have acknowledged this in their investment management arrangements.
 - When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over an agreed predetermined rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this to be sufficient to ensure an appropriate alignment of interests.
 - The Trustees expect investment managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short term targets.

Method and time horizon for assessing performance

22. The Trustees will ensure that the method (and time horizon) of the evaluation of the investment managers' performance and the remuneration for investment management services are in line with the Trustees' investment policies as follows:
- Trustees monitor the performance of their investment managers over the medium to long time periods that are predetermined and consistent with the Trustees' investment aims, beliefs and constraints.
 - The Scheme invests solely in pooled funds. The investment managers are remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less. Details of the fee structures for the Scheme's investment managers are contained in the Fee agreements section mentioned above in Appendix 1.
 - The Trustees believe that this fee structure enables the investment managers to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.
 - The Trustees ask the Scheme's investment consultant to assess if the investment management fee is in line with the market when the manager is selected, and the appropriateness of the investment management charges are considered every three years as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

23. The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. The Trustees will monitor "portfolio turnover costs" incurred by the investment managers, and consider the portfolio turnover as follows:
- During the investment manager appointment process, the Trustees will consider 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 will reflect the market conditions and peer group practices.

The Trustees acknowledge that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

Duration of arrangements with investment managers

24. For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers. The Scheme appointed Columbia Threadneedle (previously known as BMO, and F&C prior to this) in 2011, and appointed Troy and BlackRock in 2025.
25. For closed ended funds, the Scheme reviews the appointment with the investment manager as the manager releases new iterations of the funds (which the Trustees may consider further investment into) and at, or just prior to, maturity of the closed-ended fund. The Scheme first invested into Arcmont (previously known as Bluebay) Direct Lending Fund III in 2018. The Scheme made its initial investment into the Cheyne European Strategic Value Credit II and III in 2021 and 2024, respectively.