STATEMENT OF INVESTMENT PRINCIPLES
CANADA LIFE UK DIVISION STAFF PENSION FUND (THE "FUND")
Final Salary Section

This Statement has been prepared in accordance with Section 35 of the Pensions Act 1995 (the "Act", as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005). The effective date of this Statement is 22 December 2022. This document has been drafted in the light of the Myners' Principles and specifically Myners' recommendations relating to the content of Statements of Investment Principles. The ultimate power and responsibility for deciding investment policy lies solely with the Trustee. However, the Trustee consults the Principal Employer on changes in investment policy. In preparing this document the Trustee has had regard to the requirements of the Acts concerning diversification and suitability of investments, and the Trustee will consider those requirements on any review of this document or any change in investment policy.

Consultations Made

The Trustee can confirm that it has consulted with the Principal Employer (Canada Life Limited) as required by the Act prior to constructing this statement and will take the Principal Employer's comments into account when it believes it is appropriate to do so. The Trustee has obtained written advice from the Fund's former and current Investment Consultant, Aon Solutions UK Limited and Hymans Robertson LLP (respectively), who are authorised and regulated by the Financial Conduct Authority (FCA) to give investment advice. It is the Trustee's intention to review this document no later than three years after the effective date of this document or sooner if appropriate.

Financial Services and Markets Act

In accordance with the Financial Services and Markets Act 2000, the Trustee sets general investment policy, but delegates the responsibility for selection of specific investments to the appointed Investment Manager. The Trustee endeavours to appoint Investment Managers capable of providing the skill and expertise necessary to manage the investments of the Fund competently.

Division of responsibilities

1. **Trustee -** the Trustee's investment responsibilities include:
    - Determining the investment policy of the Fund and setting the performance aims
    - Appointing & monitoring the Investment Manager
    - Monitoring the performance of the fund
    - Monitoring compliance with the Statement of Investment Principles

2. **Investment Managers -** the Investment Managers' responsibilities include:
    - Reporting on a regular basis to the Trustee
    - Ensuring fund management activities are compliant both externally and internally
    - Reviewing fund performance under Treating Customer Fairly parameters and taking relevant action to correct any issues
    - Responsible for the appointment and monitoring of the Custodian of the Fund's assets

3. **Custodian -** RBC Investor and Treasury Services are the Fund's custodian. For pooled funds in which the Trustee invests, custodial duties are undertaken by the appointee of the relevant Investment Manager. Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The Custodians are independent of the Employer. The Custodians are paid through a combination of transaction based fees and advalorem fees. This is consistent with market practice. Fees are paid via an adjustment to unit prices of the pooled funds in which the assets are invested.

4. **Investment Consultant –** the Investment Consultant's responsibilities include:
    - Advising on investment strategy including asset liability modelling
    - Monitoring the Investment Manager
    - Investment training requirements from the Trustee
    - Advising the Trustee on compliance with investment regulations

5. **Actuary -** the Actuary's responsibilities, as they relate to investment matters, include liaising with the Investment Consultant on the suitability of the Scheme's investments given the characteristics of the Scheme.

Where they have not been otherwise set or agreed, advisory fees will be calculated with reference to the time spent on, the importance, complexity and urgency of, and the value of the knowledge and skills applied in the context of, any particular assignment. Such fees are paid by the Employer.

Investment Objectives

The Trustee's primary objectives are:

- "funding objective" - to ensure that the Fund is fully funded using assumptions that contain an appropriate margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the employer;

- "stability objective" – to have due regard to the likely level and volatility of required contributions when setting the Fund's investment strategy; and

- "security objective" – to ensure that the solvency position of the Fund (as assessed on a gilt basis) is expected to improve. The Trustee will take into account the strength of employer's covenant when determining the expected improvement in the solvency position of the Fund.

The Trustee recognises that these objectives may conflict. For example a greater allocation to more defensive assets may give greater security, but may result in a level of contributions which the employer may find too difficult to support. The Trustee also recognises that in resolving this conflict, it is necessary to accept some risk.

Choosing Investments

The types of investment held and the balance between them will be such as is deemed appropriate given the liability profile of the Fund, its cash flow requirements, the funding level of the Fund and the Trustee's objectives set out above. The Trustee will seek advice on this following actuarial valuations or significant changes in the Fund's circumstances. The assets of the Fund are invested in the best interests of the members and beneficiaries.

The Trustee exercises its powers of investment (or delegation where these powers have been delegated to a fund manager) in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk a spread of assets is held. The diversification is both within and across the major asset classes. The extent of this diversification will reflect the Trustee's investment return expectations detailed below. Assets held to cover the Fund's technical provisions (the liabilities of the Fund) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Fund.

Kinds of investment to be held

The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, and property either directly or through pooled funds.

The Fund may also make use of contracts of insurance, derivatives and contracts for difference (or in pooled funds investing in these products) for the purpose of efficient portfolio management or to hedge specific risks. The Trustee considers all of these classes of investment to be suitable in the circumstances of the Fund.

The Balance between Different Kinds of Investments

The Trustee recognises that the key source of financial risk (in relation to meeting its objectives) arises from asset allocation. It therefore retains responsibility for setting asset allocation, and takes expert advice as required from its professional advisers.

The Trustee reviews its investment strategy following each formal actuarial valuation of the Fund (or more frequently should the circumstances of the Fund change in a material way). The Trustee takes written advice from its professional advisers regarding an appropriate investment strategy for the Fund. A broad range of available asset classes has been considered. This includes consideration of so called "alternative" asset classes (namely private equity and hedge funds). It was the view of the Trustee that these alternative asset classes were not suitable for investment at the current time.

In setting the Fund's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Fund and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustee believes that in order to fulfil this commitment and to protect and enhance the value of the Fund's investments, it must act as a responsible steward of the assets in which the Fund invests.

Investment Risk Measurement and Management

The Fund is exposed to a number of risks which pose a threat to meeting its objectives. The principal risks affecting the Fund are:

Funding risks

- Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.
- Changing demographics –The risk that longevity improves and other demographic factors change, increasing the cost of the Fund benefits.
- Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities. Climate change is a particular systemic risk that has the potential to cause economic, financial and demographic impacts.

The Trustee measures and manages financial mismatch in two ways. The Trustee has set a strategic asset allocation benchmark for the Fund. The Trustee assesses risk relative to that benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark. The Trustee also assesses risk relative to liabilities by monitoring the delivery of returns relative to liabilities.

The Trustee keeps mortality and other demographic assumptions, which could influence the cost of benefits, under review. These assumptions are considered formally at triennial valuations and the Trustee may enter into insurance contracts (bulk annuities or longevity swaps) to reduce these demographic risks.

The Trustee seeks to mitigate systemic risks through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

Asset risks

- Concentration - The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity - The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Currency risk – The risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities).
- Manager underperformance - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.
- Environmental, Social and Governance (ESG) risks – the extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations.
- Climate risk - The extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy.

The Trustee does not expect managers to take excess short term risk and will regularly monitor the manager's performance against the benchmarks and objectives set on a short, medium and long terms basis.

Other provider risk

- Transition risk - The risk of incurring unexpected costs in relation to the transition of assets among managers.
- Custody risk - The risk of loss of Fund assets when held in custody or when being traded.
- Credit default - The possibility of default of a counterparty in meeting its obligations.

The Trustee monitors and manages risks in these areas through a process of regular scrutiny of its providers. In certain circumstances the Trustee will delegate such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). When carrying out significant transitions, the Trustee seeks professional advice.

In terms of its investment strategy the Trustee views risk as the danger that the chosen strategy would result in the objectives not being met. The strategy is designed to strike a balance between risk and return and meet the objectives whilst monitoring those other factors that may result in the failure to meet the objectives.

The key investment risks are recognised as arising from asset allocation. These are assessed triennially in conjunction with the actuarial valuation of the Fund, following which the Trustee takes advice on the continued appropriateness of the existing investment strategy.

Risks associated with changes in the employer covenant are assessed by monitoring the Failure Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy). The Trustee also has an agreement with the employer to receive notification of any events which have the potential to alter the creditworthiness of the sponsoring employers in particular, the Trustee will be informed of Type A events, as defined in appropriate guidance issued by the Pensions Regulator and employer-related Notifiable Events. On receipt of such notification, the Trustee will re-consider the continued appropriateness of the Fund's existing investment strategy.

The performance of the investment manager will be reviewed semi-annually. The Trustee monitors the risks arising through the selection or appointment of fund managers on a six month basis via investment monitoring reports prepared by their investment manager. The Trustee has appointed Hymans Robertson LLP to alert it on any matters of material significance that might affect the ability of each investment manager to achieve its objectives.

The Trustee acknowledges that investment returns achieved outside the expected deviation (positive or negative) maybe an indication that the investment manager is taking a higher level of risk than indicated. The Trustee expects the investment manager to maintain appropriate monitoring systems to ensure compliance with any relevant investment manager agreements.

Realisation of Investments / Disinvestment

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise. The majority of the assets held are realisable at short notice (through the sale of units in pooled funds) or the sale of gilts and bonds. The realisation of assets from the investment manager must be authorised by the authorised signatories as arranged between the investment manager and the Trustee. The Trustee will advise the investment manager of any additions or deletions of authorised signatories when they occur.

Asset Allocation Strategy and Investment Management Arrangements

Investment Strategy

The Trustee has translated its objectives into a suitable strategic (asset allocation) benchmark for the Fund. The Trustee monitors strategy relative to its agreed asset allocation benchmark. It is intended that investment strategy will be reviewed at least every three years following actuarial valuations of the Fund. Written advice is received as required from professional advisers.

Although the Trustee has not made explicit allowance for the risks of climate change in setting the Fund's current investment strategy, ESG and Climate Change considerations are increasingly becoming key agenda items, and the Trustee will continue to discuss these issues with the Fund's Investment Managers and advisors.

After receiving advice on the Fund's current circumstances the Trustee has agreed the assets held with Canada Life Limited in respect of the final salary liabilities and should be invested in the following manner. There are two portfolios the Growth Portfolio and the Matching Portfolio.

- The Growth Portfolio objective is to provide good long term returns, to outperform the liabilities and help to eliminate the deficit. In the first instance it will comprise of 23% of the Fund's assets.

- The Matching Portfolio objective is to provide a better match to the interest rate and inflation sensitivities of the liabilities as measured by the Long Term Funding Target (gilts +0.5%). The target hedge ratio is between 90 and 100% of rates and inflation measured on the Long Term Funding Target basis. The actual hedge ratio will be dependent on market conditions, cashflows and membership changes.

- Any monies required to pay benefits, or any monies that require investing from the Scheme bank account (after allowing for benefit payments) can be disinvested from or invested in either portfolio respectively depending on the Trustee instructions.

		Range (%)	Mid-Point (%)	Benchmark
Growth Portfolio				
	UK Equities	25-35	30.0	FTSE All Share Index
	Overseas Equities	55-65	60.0	FTSE World ex-UK Index
	Property	0-20	10.0	IPD Quarterly Index
Total Growth Portfolio			**100**	
Matching Portfolio				
	Index Linked Bonds	25-35	30	Model Bond Portfolio (details below)
	Fixed Interest Bonds	60-80	70	Model Bond Portfolio (details below)
	Cash	0-10	0	
	Investment Grade Sterling Credit	0-100		
Total Matching Portfolio			**100**	
Total Matching Portfolio Duration		+/- 2yrs		Model Bond Portfolio (details below)
Total Portfolio Cash		0-10		Note any cash held is deemed to be part of the Matching Portfolio for performance measurement purposes
Total			**100.0**	

Within these asset classes the following guidelines apply regarding diversification.

UK Equities
Investments in equities will be made through a diversified pooled fund or by a combination of pooled funds. No single equity position will represent more than 7%, or 110% of the weighting of that equity within the FTSE All Share Index – whichever is greater, of the Fund's total equity component as measured by market value, unless approved by the Trustee. The investment manager will notify the Trustee and investment advisor as soon as practicable of any breach of this limit.

Overseas Equities
Investment in equities will be made through a diversified pooled fund, or by a combination of pooled funds. No single equity position will represent more than 7% of the Fund's total equity component as measured by market value, unless approved by the Trustee. No more than 75% of the total value of overseas equities will be invested in any single foreign country. The investment manager will notify the Trustee and investment advisor as soon as practicable of any breach of this limit.

Real Estate
Real estate equity investments will be made through open-ended or closed pooled funds.

Investment Manager Restrictions and Guidelines
Restrictions apply to ensure that the Fund is invested in a prudently diversified manner:-

- The investment manager is restricted from investing assets in hedge funds and using derivative instruments.
- The investment manager is not permitted to take an action that will deliberately move the asset allocation outside of the ranges quoted above unless sanctioned by the Trustee.
- If the assets move outside of the ranges quoted in the table above due to market movements, the investment manager should notify the Trustee and investment advisor within 5 business days, so that corrective action can be discussed and agreed.
- Furthermore, if the split between the Growth and Matching Portfolios deviates by more than +/- 5% of the allocations defined above due to market movements, the investment manager should notify the Trustee and investment advisor within 5 business days, so that corrective action can be discussed and agreed.

Matching Portfolio
Investments will be made directly into index – linked gilts, fixed interest gilts or sterling denominated investment grade credit.

- The manager has the discretion to invest in Sterling denominated investment grade credit.
- It is expected that if utilised the credit will have an average rating of A or better, based on an internal credit rating. Internal credit ratings will be no higher than that assigned by an external credit rating agency, where such a rating exists.
- If utilised the credit is expected to exhibit a similar duration to the gilt it replaces fixed or real.
- The manager will have the ability to invest up to 10% of the Matching Portfolio in private issuance.
- The manager will not be allowed to directly invest in sub-investment grade bonds but, if any credits that are purchased are subsequently downgraded, the Trustee will be notified of a change in the credit rating and the managers' recommendation to hold or sell.
- No single issuer will represent more than 5% of the Fund's Matching Portfolio as measured by market value. This limitation does not apply to bonds issued or guaranteed by the UK government.
- The Matching Portfolio will be managed to duration within +/- 2 years of the Matching Portfolio benchmark.
- The Matching Portfolio benchmark is set out below

ISIN	Bond		% Weighting
Index Linked Bond Model Portfolio			
GB00BYMWG366	UKTI 0 1/8 03/22/46		3.5
GB00B73ZYW09	UKTI 0 1/4 03/22/52		5.8
GB00BP9DLZ64	UKTI 0 1/8 03/22/58		6.2

GB00B4PTCY75	UKTI 0 3/8 03/22/62		5.0
GB00BDX8CX86	UKTI 0 1/8 03/22/68		9.5
Fixed Interest Bond Model Portfolio			
GB00BMGR2809	UKT 0 1/4 07/31/31		4.1
GB00BMGR2916	UKT 0 5/8 07/31/35		4.1
GB00BLPK7334	UKT 1 1/8 01/31/39		9.5
GB00B84Z9V04	UKT 3 1/4 01/22/44		14.2
GB00B39R3707	UKT 4 1/4 12/07/49		20.1
GB00B54QLM75	UKT 4 01/22/60		3.9
GB00BYYMZX75	UKT 2 1/2 07/22/65		6.8
GB00BBJNQY21	UKT 3 1/2 07/22/68		7.3

Expected Returns on Assets

Over the long-term the Trustee's expectations are:

- For units representing "growth" assets (for example, equities and property), to achieve a return which keeps pace with the increase in national average earnings over the same period. The Trustee considers short-term volatility in equity price behaviour is acceptable, given the general expectation that over the long-term these assets will outperform the other asset classes.

- For the "matching" assets:
  - investments in index-linked bonds, to achieve a rate of return linked to price inflation, and short-term price behaviour in line with the investments underlying the provision of index-linked annuities.
  - for units representing monetary assets (for example, corporate bonds and Gilts), to achieve a rate of return which is at least in line with the investments underlying the provision of fixed income annuities.

- the projected best estimate investment returns for the assets are gilts + 2.2% p.a. based on figures calculated as at 30 June 2020 by AON Solutions UK Limited.

Returns achieved by the fund managers are assessed against performance benchmarks set by the Trustee in consultation with its advisers and fund managers.

Fee Structure

Remuneration for each mandate is determined at the inception of each mandate based on commercial considerations and typically set on an ad valorem basis. The Trustee periodically reviews the fees paid to all of its managers against industry standards.

The charges applied are consistent with those charged to other policyholders on the same funds. Where direct investments are held the manager charges 0.1% p.a.

Performance Targets

The Trustee has appointed each investment manager to deliver a specific benchmark, which overall will align to deliver the broader investment strategy. The Trustee ensures that all manager engagements have clearly defined benchmarks, objectives and management parameters.

In respect of the assets of the Fund the objective is to achieve performance over and above each of the indices/securities detailed in the investment strategy section (net of fees), for the relevant region/asset class annualised over rolling 3 year periods. To achieve the above the Trustee has appointed Canada Life Limited to act as investment manager, and to invest the Fund's assets in a mixture of units of its various pooled pension funds and direct holdings in bonds to achieve the desired asset allocation.

The investment manager performance will also be monitored with respect to a composite benchmark covering all asset classes listed in the investment strategy above. The actual asset value at the end of each month of the Matching and Growth portfolios will be used to weight each portfolio above in order to construct a composite benchmark.

Arrangements with asset managers

The Trustee has delegated all day to day investment decisions to authorised investment managers. The Trustee regularly monitors the Fund'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 their investment consultant. Where necessary, the Trustee will highlight any areas of concern identified during such reviews to the manager as part of its engagement process and request that the manager takes appropriate action. This may include concerns over performance, risk management, stewardship practices, investment process and operational issues and, where such concerns are raised, the Trustee will require the manager to demonstrate levels of improvement. Failure to achieve the desired improvements will result in the mandate being reduced or terminated.

The Trustee receives semi-annual 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 challenges the consultant and focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Fund objectives, and assesses the asset managers over 3-year periods.

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

The Trustee shares the policies, as set out in this SIP, with the Fund's asset managers, and requests 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 reviews 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.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the asset managers by other means (where necessary), and regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies and are 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 but could ultimately replace 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 five years. For certain closed ended vehicles, the duration is defined by the nature of the underlying investments.

Cost Monitoring

The Trustee is aware of the importance of monitoring their asset managers' total costs and the impact these costs can have on the overall value of the Fund's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by their asset managers including turnover costs (i.e. the costs incurred when the assets managers buy and sell underlying investments).

The Trustee has expectations of the level of turnover within each mandate which is determined at the inception of the mandate, based on the Trustee’s knowledge of the manager, investment process and the nature of the portfolio. Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee expects managers to report on at least an annual basis on the underlying assets held within the portfolio and details of any transactions over the period. The Trustee will challenge its managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive.
The Trustee asks all of their asset managers to provide full details of the costs incurred in managing the Fund’s assets and expect them to provide this information in line with the CTI cost transparency template. The costs are reviewed annually to determine the overall cost level and where these costs are out of line with expectations the managers will be asked to explain the rationale, including why it is consistent with their strategy and the extent they expect it to continue in the future.

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.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers’ fund holdings change over a year. The investment manager monitors this on behalf of the Trustee as part of the manager monitoring they provide to the Trustee and flags where there are concerns. Where the Trustee’s monitoring identifies a lack of consistency the mandate will be reviewed.
The Trustee is supported in their cost transparency monitoring activity by their investment consultant.

Social, Environmental or Ethical Considerations

The Trustee acknowledges that an understanding of financially material considerations including environmental, social and corporate governance (ESG) factors (such as climate change) and risks related to these factors can contribute to the identification of investment opportunities and financially material risks. As part of its delegated responsibilities, the Trustee expects the Fund's Investment Manager to take into account corporate governance, social, and environmental considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments. Any decision should not apply personal, ethical or moral judgements to these issues, but should consider the sustainability of business models that are influenced by them.

The Trustee is taking the following steps to monitor and assess ESG related risk and opportunities:

- ♦ The Trustee Directors will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Fund's assets and liabilities.

- ♦ The Trustee will request the Fund's Investment Manager to provide their Responsible Investment policy and details of how they integrate ESG into their investment decision making process on a regular basis**.** Should the Fund look to appoint a new manager, the Trustee will request this information as part of the selection process. All responses will be reviewed and monitored with input from their Investment Consultant.

- ♦ The Trustee annually reviews the carbon intensity of the portfolio and expect the carbon intensity of the overall portfolio to trend downwards, where appropriate, the Trustee will engage with managers who have a relatively high carbon intensity portfolio.

- ♦ The Trustee annually reviews the portfolio exposure to the following sectors: gambling, pornography, alcohol. tobacco, controversial weapons, fossil fuels. Where appropriate the Trustee will engage with managers on the rationale for such investment.

Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Fund and its beneficiaries.

The Trustee expects the Fund's Investment Manager to use their influence as major institutional investors to carry out the Trustee's rights and duties as a shareholder including voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability, and positive change.

The Trustee regularly reviews the suitability of the Fund's appointed asset managers and take advice from their 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 Trustee has set out in its policy, the Trustee aims 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 their asset managers on an annual basis, covering both engagement and voting actions. The Trustee will review the alignment of its policies to those of the Fund's asset managers and ensure their managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner.

The Trustee will engage with its investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. Furthermore, the investment managers are challenged directly by the Trustee and by their investment advisers on the impact of any significant issues, including where appropriate, ESG issues that may impact the prospects for the return from the portfolio, on a biannual basis at Trustee meetings.

The Trustee expects the Fund's appointed asset managers to comply with the United Nations Global Compact, UK Stewardship Code and TCFD Recommendations.

The transparency for voting should include voting actions and rationale with relevance to the Fund, in particular, where: votes were cast against management; votes against management generally were significant, votes were abstained; voting differed from the voting policy of either the Trustee or the asset manager.

Where a significant concern is identified, the Trustee will consider the circumstances on a case by case basis and a range of methods by 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.

The Trustee separately considers any conflicts of interest arising in the management of the Fund and its investments and has ensured that the investment manager has an appropriate conflicts of interest policy in place.

Members' Views and Non-Financial Factors

As outlined above, the Trustee is taking a variety of steps to monitor and assess ESG related risks and opportunities. While the Trustee makes an effort to consider and address the views of Fund's members, it does not currently specifically take into account the views of Fund's members and beneficiaries in relation to ethical considerations, social and environmental impact, or present or future quality of life of the members and beneficiaries of the Fund (defined as 'non-financial factors' in the 2018 Regulations).

The Trustee expects to review this policy on a regular basis (with a minimum of at least once every three years) and will respond to any member or group of members who raise specific concerns.