STATEMENT OF INVESTMENT PRINCIPLES
for the
Allianz Retirement and Death Benefits Fund

June 2024

1. Introduction

1.1. What is the purpose of this Statement of Investment Principles?

This Statement of Investment Principles ("SIP") has been produced by the Trustee of the Allianz Retirement and Death Benefits Fund.

This SIP sets out the policy of Allianz Pension Fund Trustees Limited ("the Trustee") on various matters governing decisions about the investments of the Allianz Retirement and Death Benefits Fund ("the Fund"), a Defined Benefit ("DB") scheme. This SIP replaces the previous SIP dated October 2023.

The investment requirements and management arrangements are described in the SIP, together with the investments available under the Fund's Additional Voluntary Contribution ("AVC") Section.

1.2. Who has had input into the SIP?

This SIP has been prepared after obtaining and considering written professional advice from Lane Clark & Peacock LLP, the Fund's investment adviser and actuaries, whom the Trustee believes to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments, including the need for diversification, given the circumstances of the Fund, and the principles contained in this SIP. The Trustee has consulted with the relevant employers in producing this SIP.

This SIP contains the information required by legislation and also considers the Pension Regulator's guidance on investments.

- **Appendix A** sets out the Trustee's policy towards risk appetite, capacity, measurement and management.
- **Appendix B** sets out details of the Fund's investment governance structure, including the key responsibilities of the Trustee, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers.
- **Appendix C** sets out the Fund's investment manager arrangements, their objectives, investment guidelines and custody arrangements.

- **Appendix D** sets out the Trustee's approach to monitoring and engaging with managers on voting and engagement.

1.3. What is the legal and statutory background to the SIP?

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005, 2018 and 2019 (as appropriate) and the Pension Regulator's guidance for defined benefit pension schemes (March 2017).

The Fund's assets are held in trust by the Trustee. The investment powers of the Trustee are set out in the Fund's Trust Deed. The SIP also reflects the Trustee's response to the Myners voluntary code of investment principles.

2. Fund overview

2.1. What are the Trustee's overall investment objectives?

The Trustee's primary objective is to ensure that the Fund should be able to meet benefit payments as they fall due.

Having purchased two bulk annuity ("buy-in") policies in November 2021 and March 2024 to cover all members' guaranteed benefits, the Trustee's secondary investment objective is to manage residual assets.

2.2. What risks does the Trustee consider and how are these measured and managed?

When deciding how to invest the Fund's assets, the Trustee considers a number of risks, including, but not limited to, those set out in Appendix A. Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk.

2.3. Summary of the Fund's investment strategy

The Trustee, with the help of its advisers and in consultation with the employer, purchased two buy-in policies in November 2021 and March 2024, to cover members' guaranteed benefits. The Fund's remaining assets are held in two residual illiquid asset funds and a liquidity fund. These assets will support ongoing expenses and any potential additional buy-in premium relating to data corrections.

The Fund's residual holdings in illiquid assets are expected to be realised by the end of 2024.

The Trustee will invest any residual assets in a liquidity fund and use this to pay down any residual liabilities either as they fall due or once the Trustee deems it is affordable to do so (depending on the nature of the residual liability in question).

2.4. What does the Trustee consider in setting the Fund's investment strategy?

The Trustee considered a wide range of asset classes for investment, taking account of the expected returns and key individual risks associated with those asset classes as well as how these risks can be mitigated where appropriate.

In setting the strategy, the Trustee considers:

- the Fund's investment objectives, including the target return required to meet the Trustee's investment objectives;
- the Fund's cash flow requirements in order to meet benefit payments in the near to medium term;
- the best interests for all members and beneficiaries;
- the circumstances of the Fund, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant;
- a wide range of asset classes;
- the risks, rewards and suitability of a number of possible asset classes and investment strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification between different asset classes to ensure that both the Fund's overall level of investment risk and the balance of individual asset risks are appropriate;
- the views of the sponsoring employer;
- long-term environmental, social and economic sustainability, including the risks and opportunities relating to climate change, as factors that the Trustee should consider when making investment decisions;
- any other considerations which the Trustee considers financially material over the time horizon that the Trustee considers is needed for the funding of future benefits by the investments of the Fund; and
- the Trustee's investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

The Trustee's key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- Strategic asset allocation is the primary driver of long-term returns.
- Investment risk should be undertaken to the extent necessary to achieve the strategic funding objectives. Some risks are not rewarded and hence taking them will not help the Trustee achieve those objectives.

- Risks that are typically unrewarded, such as interest rates, inflation and currency, should generally be substantially avoided, hedged or diversified.
- Markets are not always efficient and there may be opportunities for good active managers to add value. In any case, some assets must, by necessity, be managed actively – such as property and private debt.
- Responsible investment by investing in companies who consider environmental, social and governance factors, and by engaging as long-term owners, may reduce risk over time and could positively impact the Fund’s returns.
- Managers’ responsible investment credentials should form part of the Trustee’s manager selection criteria.
- Long-term environmental, social and economic sustainability is one factor that trustees should consider when making investment decisions.
- Achieving alignment with the goals of the Paris Agreement is likely to be in the long-term financial interests of the Fund and its members.

2.5. Appointment of investment managers and custodians

Before investing in any manner, the Trustee obtains and considers proper advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

2.5.1. What formal agreements are there with the investment managers?

The Trustee has signed agreements with the investment managers setting out in detail the terms on which the portfolios are managed. The investment management agreements and fund prospectuses (which the application forms refer to) set out in detail the terms on which the portfolios are managed, including the need for suitable and appropriately diversified investments.

The Trustee, and investment managers to whom discretion has been delegated, exercise their powers with regard to the principles in this SIP, so far as is reasonably practicable.

The Trustee has limited direct influence over managers’ investment practices where the Fund’s assets are held in multi-investor pooled funds, but the Trustee encourages its managers to improve their practices where appropriate.

The Trustee’s view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of their respective funds. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter- and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Fund meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Fund's investment mandates.

2.5.2. What do the investment managers do?

The investment managers' primary role is the day-to-day investment management of the Fund's investments. The managers are authorised under the Financial Services and Markets Act 2000 (as amended) to carry out such activities.

2.5.3. What do the custodians do?

The role of the custodian is outlined in Appendix B.

3. Other matters

3.1. What is the Trustee's policy on the realisation of investments?

The investment managers have discretion over the timing of realisation of investments of the Fund within the portfolios that they manage and in considerations relating to the liquidity of investments.

The buy-in provider is obliged to deliver the cash flow stipulated in the contract, which is designed pay member benefits in full and on time.

3.2. What is the Trustee's policy on financially material considerations and non-financial matters?

The Trustee has considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Fund and its members.

The Trustee will consider ESG-focused investment funds and funds that incorporate ESG factors into the investment process (either active or passive), where appropriate.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this and from time to time reviews how its managers are taking account of these issues in practice.

The Trustee's ambition is to align the Fund's assets with net zero greenhouse gas emissions by 2050 through selecting managers, and investing in funds, with credible net zero targets and strong ESG credentials.

The Trustee encourages its managers to improve their ESG practices, although acknowledges that they have limited influence over managers' investment practices where assets are held in pooled funds and that the parameters of some pooled funds may limit the scope for significant incorporation of ESG factors.

The Trustee believes that modern slavery is a violation of someone's fundamental human rights and fully supports the Modern Slavery Act 2015, which aims to put an end to all types of modern slavery in the UK. In this regard, the Trustee is fully aligned with the sponsor's approach to this issue.

The Trustee does not take into account any purely non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

3.3. What is the Trustee's policy on stewardship and voting and engagement?

The Trustee recognises its responsibilities as an owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity, but it does engage with current and prospective investment managers, on matters including ESG and stewardship. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice.

The Trustee monitor managers' activities in relation to ESG factors, voting and engagement on a regular basis. The Trustee seeks to understand how managers are implementing the Trustee's stewardship policies in practice to check that their stewardship is effective and aligned with its expectations.

The Trustee has selected some priority ESG themes to provide a focus for its monitoring of investment managers' voting and engagement activities. The Trustee reviews the themes regularly, updates them if appropriate and communicates these stewardship priorities to its managers. More information on this is provided in Appendix D.

If monitoring identifies areas of concern, the Trustee will engage with the relevant manager to encourage improvements.

3.4. What are the responsibilities of the various parties in connection with the Fund's investments?

Appendix B contains brief details of the respective responsibilities of the Trustee, the investment adviser, the investment managers, buy-in provider and the custodians. Appendix B also contains a description of the basis of remuneration of the investment adviser, the investment managers and the custodian.

3.5. Does the Trustee make any investment selection decisions of its own?

Before making any investment selection decision (eg an AVC policy) of its own, it is the Trustee's policy to obtain written advice. The written advice considers the suitability of the investment, the need for diversification and the principles contained in this SIP. It is also the Trustee's policy to review its own investment selection decisions on a regular basis, based on written advice.

4. Reporting

From time to time the Trustee will communicate with members and other parties where relevant about the Fund, its investments and its overall performance. The Trustee's policy is to monitor risks quarterly where possible. In order to do so, the Trustee receives quarterly reports showing performance of the individual fund managers versus their respective targets together with asset valuations of the Fund.

5. Review

The Trustee will, from time to time, review the appropriateness of this SIP with the help of its advisers, and will amend the SIP as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy and after any significant change in the demographic profile of the membership. In any event, the SIP will be reviewed at least once every three years.

Approved by the Trustee of the Allianz Retirement and Death Benefits Fund in May 2024.

The Trustee's policy towards risk, risk measurement and risk management

1. Overview

Risk appetite is a measure of how much risk the Trustee is willing to bear within the Fund in order to meet its investment objectives. Taking more risk is expected to mean that those objectives can be achieved more quickly, but it also means that there is a greater likelihood that the objectives are missed, in the absence of remedial action. Risk capacity is a measure of the extent to which the Trustee can tolerate deviation from its long-term objectives before attainment of those objectives is seriously impaired. The Trustee's aim is to strike the right balance between risk appetite and risk capacity.

When assessing the risk appetite and risk capacity, the Trustee considered a range of qualitative and quantitative factors, including:

- the strength of the employer's covenant and how this may change in the near/medium-term future;
- the employer contributions;
- the Fund's long-term and shorter-term funding targets;
- the Fund's liability profile, its interest rate and inflation sensitivities, and the extent to which these are hedged;
- the Fund's cash flow and target return requirements; and
- the level of expected return and expected level of risk (as measured by Value at Risk ("VaR")), now and as the strategy evolves.

2. Approach to managing and monitoring investment risks

There are several different types of investment risk that are important to manage and the Trustee monitors these on a regular basis. These include, but are not limited to:

2.1. Strategic risk

This is the risk that the performance of the Fund's assets and liabilities diverge in certain financial and economic conditions. This risk is taken into account in the Trustee's investment strategy review and is monitored by the Trustee on a regular basis. Having purchased the buy-in policies, this risk is significantly reduced.

2.2. Risk of inadequate returns

This is the risk that, over the long-term, the Fund has inadequate resources to meet its liabilities as they fall due. Having purchased buy-in policies to cover members' guaranteed benefits, the risk of inadequate future returns is now very small.

2.3. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustee receives written professional advice and will typically undertake an investment manager selection exercise. The Trustee monitors the investments regularly against their objectives and receives ongoing professional investment advice as to their suitability.

2.4. Lack of diversification risk

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Fund's assets. Given the protections offered by the buy-in policies, diversification is a less important consideration for the Fund. In addition, the Trustee has a written policy on self-investment which stipulates that no direct investment is permitted in securities issued by Allianz AG, nor any of its subsidiary companies.

2.5. Environmental, social and governance ("ESG") risks

ESG factors are sources of risk, which could be financially material over both the short and longer term. These include risks relating to unsustainable or socially harmful business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately and monitors how these risks are being managed in practice.

2.6. Climate-related risks

Climate change is a source of risk, which could be financially material over both the short and longer term. This risk relates to the transition to a low-carbon economy, and the physical risks associated with climate change (eg extreme weather). The Trustee seeks to appoint investment managers who will manage this risk appropriately, and the Trustee monitors how this risk is being managed in practice. The Trustee encourages its managers to set credible net zero targets for the funds in which it invests and align the Trustee's investments with net zero greenhouse gas emissions by 2050 (where practical) to help drive real world emissions reduction and reduce systemic risks relating to climate change. The Trustee monitors and engages with its managers on their progress towards net zero alignment.

2.7. Liquidity/marketability risk

This is the risk that the Fund is unable to realise assets to meet benefit cash flows as they fall due or that the Fund will become a forced seller of assets in order to meet benefit payments. This risk has been effectively eliminated by the purchase of the buy-in policies.

2.8. Credit risk

This is the risk that a borrower will cause a financial loss for the other party by failing to meet required payments for a contractual obligation. The Fund is subject to credit risk because it invests in bonds via pooled funds. The Trustee manages its exposure to credit risk by only investing in pooled funds that have a diversified exposure to different credit issuers, and which are invested primarily in bonds that are classified as "investment grade".

The Fund is subject to direct credit risk via its exposure to the bulk annuity provider, although this is mitigated by the regulatory regime under which the provider operates.

2.9. Currency risk

Since the vast majority of the Fund's exposure is to Sterling-denominated assets, currency risk is not a material issue for the Trustee.

2.10. Interest rate and inflation risk

The buy-in policies held are subject to interest rate and inflation risk. However, the interest rate and inflation exposure of the buy-in policies hedge the corresponding risks associated with the Fund's liabilities. The net effect is to very substantially reduce the volatility of the funding level.

2.11. Valuation risk

Some of the Fund's assets can be valued regularly based upon observable market prices. For the Fund's illiquid assets (such as property and property debt), prices may only be estimated relatively infrequently using one or more of a range of approximate methods – eg mathematical models or recent sales prices achieved for equivalents.

At times of market stress, there is a risk for all assets that the valuations provided by investment managers do not reflect the actual sale proceeds which could be achieved if the assets were liquidated at short notice. This risk is particularly relevant for assets such as property and property debt.

The Trustee considers exposure to valuation risk in the context of the Fund's overall investment strategy and believes that the level of exposure to this risk is appropriate.

2.12. Non-investment risks

The Trustee recognises that there are other, non-investment, risks faced by the Fund and takes these into consideration as far as practical in setting the Fund's investment arrangements as part of its assessment of the other aspects of the Fund's Integrated Risk Management framework. Examples include longevity risk (the risk that members live, on average, longer than expected) and sponsor covenant risk (the risk, for whatever reason, that the sponsoring employer is unable to support the Fund as anticipated). However, much of these risks have been effectively removed by the purchase of the buy-in policies.

Both investment and non-investment risks can lead to the funding position materially worsening. By understanding, considering and monitoring the key risks that contribute to funding risk, the Trustee believes that it has appropriately addressed, and is positioned to manage, this general risk.

Responsibilities and fees

Appendix B

1. Responsibilities and investment decision-making structure

The Trustee has decided on the following division of responsibilities and decision-making for the Fund. This division is based upon the Trustee's understanding of the various legal requirements placed upon it, and its view that the division of responsibility allows for efficient operation and governance of the Fund overall. The Trustee's investment powers are set out within the Fund's governing documentation.

1.1. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- developing a mutual understanding of investment and risk issues with the employer;
- setting the investment strategy, in consultation with the employer;
- setting investment policies, including those relating to financially material factors and the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- reviewing the investment policy as part of any review of the investment strategy;
- setting the policy for re-balancing between asset classes;
- monitoring, reviewing, engaging with and replacing investment managers, investment advisers, actuary and other service providers;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including, but not limited to, climate change);
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- communicating with members as appropriate on investment matters, such as the Trustee's assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and

- consulting with the employer when reviewing the SIP.

The Trustee has delegated consideration of certain investment matters to a Funding and Investment Committee ("FIC") whose members are appointed by the Trustee and are themselves Trustee Directors, although any decisions remain the responsibility of the Trustee.

1.2. Investment managers

In broad terms, the investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation;
- taking account of financially material considerations (including climate change, net zero alignment and other ESG considerations) as appropriate when managing the portfolios of assets;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;
- providing the Trustee with regular information concerning the management and performance of their respective portfolios including information on voting and engagement undertaken and progress on net zero alignment over time; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

1.3. Custodians

The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustee or not) are responsible for the safe-keeping of the assets and facilitating all transactions within the portfolios.

1.4. Investment consultant and actuary

In broad terms, the investment adviser and actuary will be responsible, in respect of investment matters, as requested by the Trustee, for:

- advising on how material changes within the Fund's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- advising on the selection, and review, of the investment managers, incorporating its assessment of the nature and effectiveness of the managers' approaches to financially material considerations (including climate change and other ESG considerations);

- supporting the Trustee in achieving the Fund’s net zero ambition, through manager selection, monitoring and engagement; and

assisting the Trustee with reviews of this SIP.

1.5. Bulk annuity provider

The bulk annuity provider is responsible for making payments to the Fund under the terms of the buy-in contracts signed in November 2021 and March 2024. These payments cover members’ benefits secured under the policies.

2. Fee structures

The Independent Trustee is remunerated for his role. The Trustee Directors, who either were, or are, employed by the sponsoring employer, are not paid for their roles.

The Trustee recognises that the provision of investment management and advisory services to the Fund results in a range of charges to be met, directly or indirectly, by deduction from the Fund’s assets.

The Trustee has agreed Terms of Business with the Fund’s actuarial and investment advisers, under which work undertaken is charged for by an agreed fixed fee or on a “time-cost” basis.

The investment managers receive fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent with the managers’ general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

Fees for the AVC investments vary by fund and provider but are considered reasonable when compared to similar arrangements for other UK pension schemes.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee’s view as to the most appropriate arrangements for the Fund. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.

3. Performance assessment

The Trustee is satisfied, taking into account the external expertise available, that there are sufficient resources to support its investment responsibilities. The Trustee believes that it has sufficient expertise and appropriate training to carry out its role effectively.

It is the Trustee’s policy to assess the performance of the Fund’s investments, investment providers and professional advisers from time to time. The Trustee will also periodically assess the effectiveness of its decision-making and investment governance processes and will decide how this may then be reported to members.

4. Working with the Fund's employer

When reviewing matters regarding the Fund's investment arrangements, such as the SIP, the Trustee seeks to give due consideration to the employer's perspective. While the requirement to consult does not mean that the Trustee needs to reach agreement with the employer, the Trustee believes that better outcomes will generally be achieved if the Trustee and employer work together collaboratively.

Investment manager arrangements

Details of the investment managers, their objectives, investment guidelines and custody arrangements are set out below.

1. Aviva Life & Pensions UK Limited ("Aviva") - buy-in policies

The Trustee has purchased two buy-in policies with Aviva. The policies set out details of the terms under which Aviva is responsible for making payments to the Fund to cover insured members' guaranteed benefits.

1. LGIM - liquidity

The Fund holds residual assets with LGIM through a pooled money market cash fund (the Sterling Liquidity Fund), benchmarked against the Sterling Overnight Index Average. The fund is open ended and unlisted.

2. M&G - long-lease property

The Fund holds residual assets with M&G in a long-lease property fund.

M&G's investment objective is to deliver a secure long-term income stream with inflation-linked or fixed uplifts. M&G does not have a formal benchmark index. However, the Trustee monitors M&G against the MSCI UK All Balanced Property Fund Index for performance measurement purposes. The fund is closed ended and unlisted.

The Trustee has submitted a redemption request for the residual amount held with M&G. This amount is currently in the redemption queue and is expected to be paid out to the Trustee bank account by October 2024.

3. GreenOak - property debt

The Fund holds residual assets with GreenOak in a property debt fund. The objective of the fund is to provide an attractive long-term total return, which is predominantly income focused, by making loans to financially sound borrowers where the loan is backed by a property. The fund is expected to generate a net of fees, internal rate of return over the lifetime of the mandate of 7-9% per annum. The fund is closed ended and unlisted.

The Trustee expects the majority of its investments with GreenOak to be repaid to the Fund before the end of 2024.

4. Additional Voluntary Contributions

The Trustee has selected Aviva's My Money Workplace Retirement Account arrangement, Utmost and ReAssure as the Fund's money purchase AVC providers.

Monitoring and engaging with managers on voting and engagement

This section sets out the Trustee's effective system of governance ("ESOG") in relation to stewardship. This includes monitoring the voting and engagement activities that the Fund's investment managers undertake on the Trustee's behalf, engaging with them regarding the Trustee's expectations in relation to stewardship, and encouraging improvements in its stewardship practices. The Trustee will review this ESOG periodically, and at least triennially.

On a regular basis, typically once a year, the Trustee will also undertake an own risk assessment ("ORA") which assesses how well its ESOG is working and whether any changes should be made.

1. Stewardship priorities

The Trustee has selected some priority themes to provide a focus for its monitoring of investment managers' voting and engagement activities. The Trustee will review them regularly and update them if appropriate. The Trustee's current priorities are: Board accountability, tax, cyber security, privacy & data security, biodiversity, climate change, low-carbon solutions, health, transparency, income inequality, diversity, executive pay and human rights.

The Trustee chose these priorities because it believes they are market-wide areas of risk that are financially material for the investments and can be addressed by good stewardship. Therefore, the Trustee believes it is in the members' best interests that the Fund's managers adopt strong practices in these areas.

The Trustee will write to its investment managers regularly to notify them of its stewardship priorities, set their viewpoints and issues of interest and remind them of the Trustee's expectations of them in relation to responsible investment ie ESG considerations, climate change, voting and engagement.

2. Manager selection

The Trustee seeks to appoint investment managers that have strong responsible investment skills and processes.

When selecting new managers, the Trustee considers its investment consultant's assessment of potential managers' capabilities in this area. If the Trustee meets prospective managers, it usually asks questions about responsible investment, focusing on its stewardship priorities.

3. Manager monitoring

The Trustee receives information regularly to enable it to monitor its managers' responsible investment practices and check how effective they are being.

This information includes metrics such as its investment consultant's responsible investment grades for each manager, whether they are signatories to responsible investment initiatives, and (where available) carbon emissions data for its mandates.

4. Ongoing cycle of manager engagement

Given that responsible investment is rapidly evolving, the Trustee expects most managers will have areas where they could improve. The Trustee therefore aims to have an ongoing dialogue with its managers to clarify its expectations and encourage improvements.

The Trustee reviews the information outlined above to identify any concerns, for example where the managers' actions are not aligned with its views. Where there are concerns, the Trustee typically seeks further information through its investment consultants. If a concern is confirmed, the Trustee will consider what further action is appropriate or will take the following steps:

1. The Trustee defines clearly what the issue is, the objective(s) for the engagement and the target date(s) for achieving those objective(s).

2. The Trustee contacts the manager to raise the concern and set out its expectations in relation to the issue.

3. The Trustee aims to agree an improvement plan with the manager with target date(s) for achieving engagement objectives.

4. The Trustee reviews periodic progress reports as the plan is implemented. This may include inviting the manager to one of its regular meetings to discuss the issue.

5. As appropriate, the Trustee may seek to escalate the concern with a more senior individual from the investment manager.

6. If the Trustee’s concerns are not addressed, the Trustee might reduce the allocation to that mandate or replace the manager.

The Trustee reviews progress on the engagements on a regular basis and agrees any next steps.

5. Implementation statement including most significant votes

Following the end of each Scheme year, the Trustee prepares a statement which explains how it has implemented its voting and engagement policies during the year. The Trustee publishes it online for its members to read.

In the statement, the Trustee describes how its managers have voted on its behalf during the year, including the most significant votes cast (where relevant).