Fujifilm Imaging Colorants Pension Fund ("the Fund")
Statement of Investment Principles

This Statement of Investment Principles covers the defined benefit and the defined contribution sections of the Fund. It is set out in three parts, first the objectives and implementation of the defined benefit section, secondly those of the defined contribution section, and finally the Trustee's overall policy on governance issues that apply to the defined benefit and defined contribution sections.

Defined Benefit Section

The principles outlined in this section of the Statement of Investment Principles became effective following the delegation of certain decision-making powers by the Trustee to Aon Investments Limited (the "Manager"). The Trustee has taken advice from Aon Solutions UK Limited ("Aon") regarding the suitability of AIL in this capacity.

Investment Objective

The Trustee aims to invest the assets of the Fund prudently to ensure that the benefits promised to members are provided. The overall objective has been agreed with the Sponsor and is as follows:

To set an investment strategy which targets to outperform the Liability Benchmark by 1.0% per annum, over rolling three-year periods.

Strategy

AIL makes the day-to-day decisions to achieve the investment objective. AIL currently invests across two underlying strategies:

- The Delegated Growth Fund (DGF) is used to achieve the outperformance objective. AIL invests in a large number of different investments and these may include equities, return-seeking bonds, property and absolute return strategies.

- The Delegated Liability Fund (DLF) is the liability matching part of the assets which invests in interest rate and inflation hedging instruments.

The Trustee recognises the potential volatility in equity returns, particularly relative to the Fund's liabilities, and the risk that the fund managers chosen by AIL do not achieve the targets set. When appointing AIL, the Trustee considered advice from its investment advisers concerning the following:

- The need to consider a full range of asset classes (including alternative asset classes).
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

Risk management and measurement

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

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and its advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Fund's immediate liabilities ("cash flow risk"). The Trustee and its advisers will manage the Fund's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by AIL to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and its advisers both upon the initial appointment of AIL and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Fund's investment strategy.
- The possibility of failure of the Fund's sponsoring employer ("covenant risk"). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during such reviews.

The Trustee's policy is to monitor, where possible, these risks periodically. The Trustee receives quarterly reports showing performance versus the Fund's investment objective and liability benchmark.

In addition, the Trustee will be notified by Aon of any significant issues that arise.

Implementation

The Trustee has delegated all day-to-day decisions in respect of the Fund's investment to AIL through a written contract including the allocation of assets between different asset classes and the appointment and monitoring of fund managers. When choosing asset classes and fund managers, the Trustee and Manager are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). AIL's responsibilities include the realisation of investments.

Environmental, Social, and Governance ("ESG") considerations

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 considers investment risk to include ESG factors and climate change. These risks could negatively impact the Fund's investments. The Trustee considers these risks by taking advice from its investment adviser.

AIL invests in a range of underlying investment vehicles. As part of AIL's management of the Fund's assets, the Trustee expects AIL to:

- Where relevant, assess the integration of ESG factors in the investment process of Underlying Managers;
- Use its influence to engage with Underlying Managers to ensure the Fund's assets are not exposed to undue risk; and
- Report to Trustee on its ESG activities as required.

Members' Views and Non-Financial Factors

In setting and implementing the Fund's investment strategy the Trustee does not explicitly take into account the views of Fund members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial matters"[1]).

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 promotion of corporate responsibility in the underlying companies and assets in which the Fund invests, as ultimately this creates long-term financial value for the Fund and its beneficiaries.

The Trustee, on an annual basis, reviews the stewardship activity of AIL to ensure the Fund's stewardship policy is being appropriately implemented in practice. The Trustee receives annual reports on stewardship activity carried out by AIL. These reports include detailed voting and engagement information from Underlying Managers.

As part of AIL's management of the Fund's assets, the Trustee expects AIL to:

- ensure that (where appropriate) Underlying Managers exercise the Trustee's voting rights in relation to the Fund's assets; and
- report to the Trustee on stewardship activity by Underlying Managers as required.

The Trustee will engage with AIL as necessary for more information, to ensure that robust active ownership behaviours, reflective of the Trustee's active ownership policies, are being actioned. This will take the form of annual reporting which will be made available to Fund members on request.

Where possible, 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 the Trustee.

Where voting is concerned, the Trustee expects the Underlying Managers to recall stock lending, as necessary, in order to carry out voting actions.

The Trustee may engage with AIL, which in turn is able to engage with Underlying Managers, investee companies or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made.

Where a significant concern is identified, the Trustee will consider, on a case-by-case basis, a range of methods by which it would monitor and engage so as to bring about the best long-term outcomes for the Fund.

[1] The Occupational Pension Schemes (Investment) Regulations 2005 (SI 2005/3378), Reg 2.

Arrangements with Asset Managers

The Trustee has appointed AIL as its fiduciary manager and considers AIL to be its asset manager.

The Trustee recognises that the arrangements with its fiduciary manager, and correspondingly the Underlying Managers, are important to ensure that interests are aligned.

In particular, the Trustee seeks to ensure that AIL is incentivised to operate in a manner that generates the best long-term results for the Fund and its beneficiaries.

The Trustee receives quarterly reports and regular verbal updates from AIL on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Fund's objectives and assesses AIL over 3-year periods.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by AIL, 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 Statement, with AIL and requests that AIL reviews and confirms whether its approach is in alignment with the Trustee's policies.

The Trustee delegates the ongoing monitoring of Underlying Managers to AIL. AIL monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the Underlying Managers are aligned with the investment objectives of the Fund. This includes monitoring the extent to which the Underlying 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 believes that having appropriate governing documentation, setting clear expectations to AIL, and regular monitoring of the AIL's performance and investment strategy, is sufficient to incentivise AIL 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 AIL is 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 engage with AIL to understand the circumstances and materiality of the decisions made.

Before appointment of a new fiduciary manager, the Trustee will review the governing documentation associated with the appointment and will consider the extent to which it aligns with the Trustee's policies, as set out in this Statement. Where possible, the Trustee will seek to amend that documentation or express its expectations (such as through side letters, in writing, or verbally at Trustee meetings) so that there is more alignment.

Cost Monitoring

The Trustee assesses the net of all costs performance of AIL on a rolling three-year basis against the Fund's specific liability benchmark and investment objective. The remuneration paid to AIL and fees incurred by third parties appointed by AIL are provided annually by AIL to the Trustee. This cost information is provided alongside the performance of AIL to provide context. The Trustee monitors these costs and performance trends over time.

The Trustee is aware of the importance of monitoring its 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 other costs incurred by asset managers that can increase the overall cost incurred by its investments.

The Trustee receives annual cost transparency reports from AIL. These reports present information in line with prevailing regulatory requirements for fiduciary managers. They clearly set out on an itemised basis:

- the total amount of investment costs incurred by the Fund;
- the fees paid to AIL;
- the fees paid to the Underlying Managers appointed by AIL;
- the amount of portfolio turnover costs incurred by the Underlying Managers (the Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the Underlying Managers);
- any charges incurred through the use of pooled funds (custody, administration, and audit fees); and
- the impact of costs on the investment return achieved by the Fund.

The Trustee acknowledges that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and manager. AIL monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the Underlying Managers.

The Trustee benefits from the economies of scale provided by AIL in two key cost areas:

- the ability of AIL to negotiate reduced annual management charges with the Underlying Managers; and
- the ability of AIL to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the Underlying Managers and achieve efficiencies where possible.

Duration of arrangements

There is no set duration for the Trustee’s arrangement with AIL, although the continued appointment will be reviewed periodically.

Similarly, there are no set durations for arrangements with the Underlying Managers, although these are regularly reviewed as part of AIL’s manager research and portfolio management processes.

Defined Contribution Section

Investment Objective

The Trustee is responsible for investing the Fund assets in a prudent manner. Its key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. It has taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement.

Strategy

The Investment Objective is achieved by offering members a range of investment options, as set out in the table below. These investment options are made available within life insurance policies issued by Legal & General Assurance (Pensions Management) Limited via the Legal & General Investment Only Platform.

Some of the investment options are ‘white labelled’, where the name of the underlying manager is not specified to members via the fund name. This, along with the fund description specified by the Trustee, communicates the fund objective irrespective of the particular manager(s) or specific fund(s) which the Trustee has chosen to constitute that investment option. The Trustee may vary, as it deems appropriate, the managers and funds constituting a white labelled fund without reference to members. The Trustee may also combine a number of different funds under a single white-label to create a blend of funds in order to achieve a specific investment objective.

Asset Class	***Investment Option***	***Investment Description***	***Investment Characteristics***
Equity	Global Equity Fund[1]	Invests in stocks and shares of companies from around the world whilst employing a factor-based weighting mechanism	• Aims for long-term capital appreciation • Passively managed • Higher risk of loss and short-term volatility than funds invested in bonds or cash assets • Additional risk may arise from currency movements for non-UK investments • Diversification from investing across different countries and regions should help to reduce risk • The Global Equity Fund employs a factor-based weighting approach to its investments (as opposed to market capitalisation weighting) which further improves diversification and risk management
	UK Equity Fund	Invests in stocks and shares of UK companies	
	World (ex UK) Equity Index Fund	Invests in stocks and shares of overseas companies	

Asset Class	***Investment Option***	***Investment Description***	***Investment Characteristics***
Specialist Equity	Islamic Global Equity Fund	Invests in stocks and shares of companies from around the world that meet Islamic investment principles as interpreted and laid down by the Shariah Supervisory Committee	• Aims for long-term capital appreciation • Passively managed • Higher risk of loss and short-term volatility • Additional risk may arise from currency movements for non-UK investments • Diversification from investing across different countries and regions should help to reduce risk. • Invests only in companies that meet Islamic investment principles
	ESG Equity Fund	Invests in stocks and shares of global companies (including the UK) whilst considering significant ESG issues. This results in an improved ESG profile (measured in terms of an ESG score) relative to other similar types of global equity funds, alongside a meaningful carbon exposure reduction.	• Aims for long-term capital appreciation • Passively managed • Higher risk of loss and short-term volatility than funds invested in bonds or cash assets • Additional risk may arise from currency movements for non-UK investments • Diversification from investing across different countries and regions should help to reduce risk • Excludes certain stocks that are deemed to be failing to meet globally accepted business practices on human rights, sustainability and certain requirements on the carbon transition; • Invests more in companies that are deemed to have ‘good’ ESG characteristics compared to the broader market; and • Invests less in companies that are deemed to have poor ESG characteristics compared to the broader market.

Asset Class	***Investment Option***	***Investment Description***	***Investment Characteristics***
	Enhanced ESG Equity Fund	The Enhanced ESG Equity Fund also invests in stocks and shares of global companies (including the UK) whilst considering ESG issues. This Fund also aims to invest in specific companies that are driving positive change and providing solutions to some of the environmental and social challenges we face.	• Aims for long-term capital appreciation • Mixture of active and passive management • Higher risk of loss and short-term volatility than funds invested in bonds or cash assets • Additional risk may arise from currency movements for non-UK investments • Diversification from investing across different countries and regions should help to reduce risk • In addition to the ESG characteristics of the ESG Equity Fund above, the Enhanced ESG Equity Fund invests in companies considered to have a positive contribution to at least one of the following sustainability challenges: Social Inclusion, Education, Environment and Resource Needs, Healthcare and Quality of Life, and Base of the Pyramid (addressing the needs of world's poorest populations).
Multi-Asset	Mixed 85 Fund[1]	Invests in a combination of stocks and shares of companies from around the world, UK corporate bonds and UK government bonds.	• Slightly less volatile and lower expected returns than the 100% equity funds due to the proportion in bond investment. • 85% invested in global, factor-weighted equities; 7.5% Global Corporate bonds; and 7.5% in Multi Asset credit. • Mixture of active and passive management • The allocation between asset classes is maintained within ranges determined by the Trustee.
	Mixed 50 Fund[1]	Invests in a combination of stocks and shares of companies from around the world, UK corporate bonds and UK government bonds.	• Less volatile and lower expected returns than the 100% equity funds due to the higher proportion in bond investment • 50% invested in global, factor-weighted equities; 25% Global Corporate bonds; and 25% in Multi Asset credit. • Mixture of active and passive management • The allocation between asset classes is maintained within ranges determined by the Trustee.
Fixed Income	Over 5 Year Index-Linked Gilts Fund	Invests in UK inflation-linked gilts	• Aims to provide investment returns that broadly match the retail price index in the longer term • Passively managed

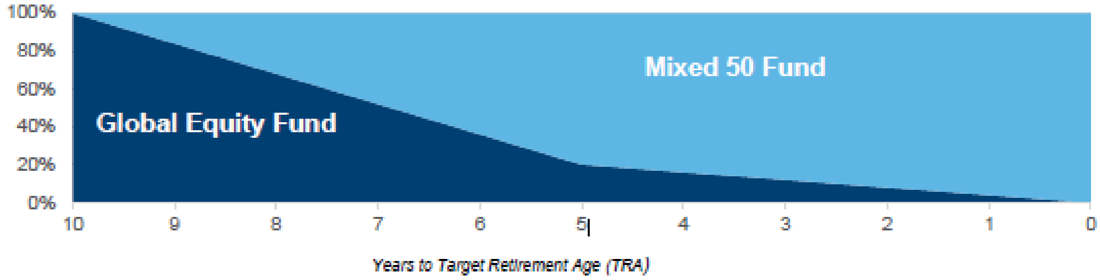
Asset Class	*Investment Option*	*Investment Description*	*Investment Characteristics*
	Corporate Bond Fund	Invests in UK investment-grade corporate bonds	• Aims to deliver stable returns with some opportunity for growth • Passively managed • More volatile and higher risk of loss compared to investments in UK government bonds and so have a higher expected investment return relative to gilts.
	Pre-Retirement Fund	Invests in a diversified mix of corporate and government bonds	• Invests in a range of passively managed component funds • Aims to reflect the investments used, and therefore movements in the cost of purchasing, a traditional level annuity product • Aims to be appropriate for members approaching retirement who are planning to purchase an annuity upon reaching retirement
Cash	Cash Fund	Invests in short-term cash and money market instruments	• Conservatively invested but without any inflation protection • Most likely to be suitable for short-term investment purposes in the run up to retirement • Low investment risk but not risk-free • Potential for negative real returns, particularly in low interest rate environments • Actively managed given the short-term nature of the underlying investments
Property	Property Fund	Invests directly in UK freehold and leasehold property	• Aims to provide long-term growth from a combination of income and capital growth by investing in UK property • High to medium levels of investment risk • Does not engage in activities considered higher risk in this context, such as property development, and does not permit gearing on directly held assets. • May invest in indirect vehicles e.g., listed property • Actively managed

1. White labelled fund

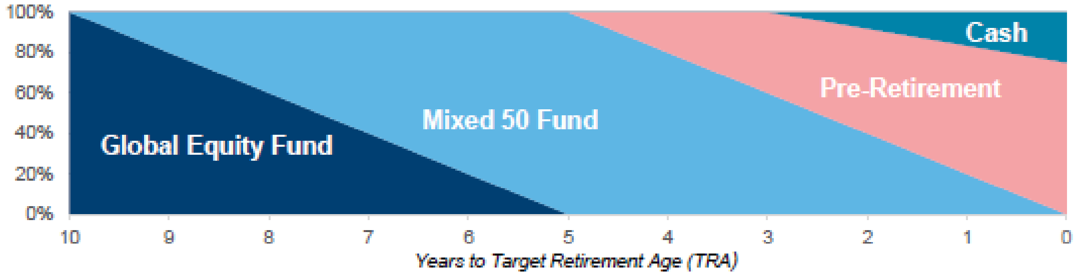
The Trustee also makes three lifestyle strategy options available to members. The lifestyle strategies aim to automatically move members' savings from growth-focused investments to investments which aim to be appropriate for how members will access their pension savings at their target retirement date, providing a balance of investment returns and risk over time.

- **Lifestyle Strategy Targeting Drawdown**

- Designed for members who do not want to manage their pension investments and are either unsure on how they'd like to take their retirement benefits, or for those who would prefer to leave their pension savings invested through retirement and take flexible income as and when needed - known as drawdown.

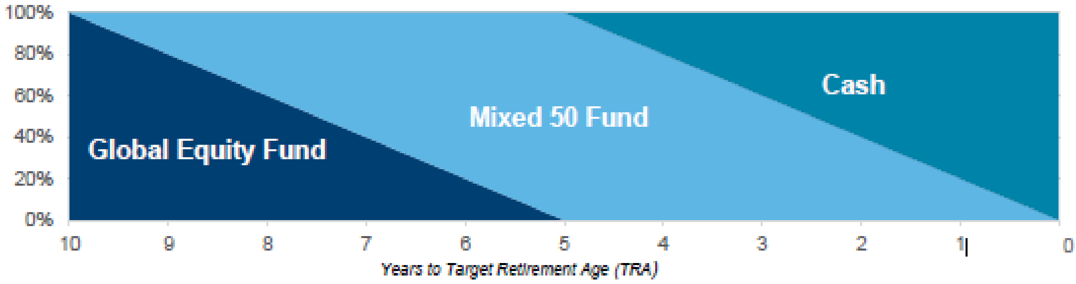


- **Lifestyle Strategy Targeting Annuity**
  - Designed for members who do not want to manage their pension investments and would like to use their pension account to buy a guaranteed income in retirement known as annuity



Lifestyle Strategy Targeting Cash

- Designed for members who do not want to manage their pension investments and want to take most or all of their pension savings as a one-off lump sum (cash) at retirement.



The Default Arrangement(s)

The Trustee is required to designate a default arrangement into which members who are automatically enrolled in the Fund are invested.

The Primary Default Arrangement

The designated default arrangement chosen by the Trustee is the **Lifestyle Strategy Targeting Drawdown**, referred to as the Primary Default Arrangement for the Fund.

The key objective for the Primary Default Arrangement, (so far as is reasonably practicable), is to provide a strategy that is suitable for meeting the majority of members' long and short-term investment objectives, taking into account members' circumstances.

It aims to do this by providing members with the potential for growth above the level of inflation during the first stage of accumulation of their retirement savings through exposure to Global equity. Thereafter, it gradually adjusts the asset allocation of their investments in the years approaching retirement, to reduce volatility.

The Primary Default Arrangement has been designed to be suitable for the membership of the Fund, taking into account factors including age, salary, contribution levels and term to retirement.

The asset allocation throughout the Lifestyle Strategy Targeting Drawdown and the phasing of the gradual switching of investments takes into account members' greater capacity for risk early on and reduced capacity for risk in later years:

- The Primary Default Arrangement consists of 100% investment in equities (the Global Equity Fund) until 10 years before a member's Target Retirement Date (TRD). At this point, their investments are gradually switched into a Mixed 50 fund which invests across a diversified range of asset classes.

The Lifestyle Strategy Targeting Drawdown is designed to be appropriate for a typical member with can predict their retirement date with reasonable certainty, either at the Fund's default normal retirement age or an alternative retirement date (subject to them to meeting any minimum retirement age criteria), who plans to use their Defined Contribution fund to provide a flexible retirement income though drawdown.

The Secondary Default Arrangement

A Secondary Default Arrangement – the Cash Fund - was created in April 2020. This occurred as a result of the suspension of the Property Fund; the fund was suspended for a number of months (from 19 March 2020 to 1 October 2020) due to the difficulty for LGIM (the investment manager) to gather an accurate valuation of the fund's holdings whilst Covid-19 lockdown restrictions were in place. This meant that the Property Fund was unable to accept contributions from members over the period of suspension.

Following advice from its investment advisers, the Trustee notified the affected members of this and gave them the opportunity to redirect their regular contributions to an alternative fund of their choosing from the Fund's range of investment options while the Property Fund was suspended. Members that took no action before a reasonable deadline set by the Trustee had their contributions automatically redirected and invested in the Cash Fund, resulting in this fund being deemed a default arrangement.

The Cash Fund was chosen by the Trustee as the most suitable option for the members affected, given its low cost and low risk nature, that would allow members to maintain the absolute value of their savings in the short-term (whilst the Property Fund was suspended) and also reduce further switching costs should members choose to make an alternative investment decision after the deadline set by the Trustee.

Members are encouraged regularly to review their investment choices, to ensure that they are suitable for their personal circumstances and objectives. The Trustee's policy is to provide suitable information to members so that they can make appropriate investment decisions.

The range of funds and lifestyle strategy options were chosen by the Trustee after taking expert advice from the Trustee's investment advisers. In choosing the Fund's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a defined contribution scheme.
- The need for appropriate diversification of asset classes.
- Environmental, social and governance risk factors.

The Trustee expects the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long-term returns on the bond and cash options are expected to be lower than returns on predominantly equity options. However, bond funds are expected to have less volatile returns than equity investments and broadly match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement. Cash funds aim to provide protection against changes in short-term capital values (although this cannot be guaranteed) and may be appropriate for members receiving part of their retirement benefits in the form of tax-free cash.

Illiquid policy

The Trustee does not currently hold any illiquid investments on behalf of DC members in the default investment strategy.

The Trustee does not have any specific concerns with illiquid investments. However, at this time, it believes the current assets utilised reflect the optimal mix for members at each stage of the default strategy, in terms of expected risk, expected return and diversification.

The Trustee would be willing to consider the use of illiquid investments in the future. This is a consideration that would form part of any future review of investment strategy or selection of investment manager.

The Trustee also does not currently hold any illiquid investments on behalf of DC members within the Fund’s secondary default option, the LGIM Cash Fund. The Trustee believes that the use of illiquid investments would not be appropriate within this fund in particular, given full liquidity is a core objective of this fund.

Risk management and measurement

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

The Trustee considers the following sources of risk:

- Risk of the default arrangements being unsuitable for the requirements of some members.

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.

- Risk that the level of investment return over members' working lives will not keep pace with inflation and will not, therefore secure an adequate retirement benefit ("inflation risk").

- Risk that insufficient investment risk is taken at times when members can afford to, resulting in a lower level of retirement savings ("opportunity cost risk"). This risk is most important when members are younger as these members have longer time horizons and are therefore more able to take on investment risk in order to achieve higher returns.

- Risk that the value of invested capital may decrease significantly ("capital risk"). This risk grows in importance as retirement savings grow and as members approach retirement.

- Risk of fund managers not meeting their performance objectives ("manager risk"). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.

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

- The risk that environmental, social and governance ("ESG") factors, including climate change, may negatively impact the value of investments if not understood and evaluated properly.

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

These risks are considered as part of each normal strategy review. In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks on a regular basis, usually quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

Implementation

Some of the funds used in the DC Section employ an index-tracking or passive approach. This means that they will hold securities in line with the value of each security in the specified market. Performance of these funds should closely match the performance of the specified investment market/index.

Some funds are actively managed, meaning the designated investment manager is able to make decisions on the appropriate asset mix including the selection of the securities within each fund. Active management may result in periods of out and under performance relative to appropriate underlying markets.

The investment objective for each fund is set out in the table below. The table also shows the current annual management charge plus additional expenses which are deducted as a percentage of a members' fund value, expressed as Total Expense Ratio ("TER").

Investment Option	***Active/ Passive***	***Underlying Fund***	***Investment Objective***	***TER (% p.a.)***
Global Equity Fund[1]	Passive	LGIM RAFI Multi Factor Developed Equity Index Fund	To track the total returns of global equity markets, as represented by the RAFI Multi-Factor Developed Index.	0.06
UK Equity Fund	Passive	-	To track the total return of the UK equity market as represented by the FTSE All-Share Index.	0.10
World (ex UK) Index Fund	Passive	-	To track the total return of overseas equity markets as represented by the FTSE World Index.	0.22
Islamic Global Equity Fund	Passive	-	To track the total return of global equity markets as represented by the Dow Jones Islamic Market Titans 100 Index	0.35
ESG Equity Fund[1]	Passive	LGIM Future World Global Equity Index	Aims to deliver growth above inflation over the long-term, whilst considering significant ESG issues.	0.23
Enhanced ESG Equity Fund[1]	Mixture of active and passive	70% LGIM Future World Global Equity Index; 30% Baillie Gifford Positive Change Fund	Aims to deliver growth above inflation over the long-term, whilst driving positive change on ESG issues and delivering positive environmental and social impacts.	0.32
Mixed 85 Fund[1]	Mixture of active and passive	85% LGIM RAFI Multi Factor Developed Equity Index Fund;	To track the total returns of global equity markets and the bond market, as represented by the composite benchmark:	0.10

Investment Option	***Active/ Passive***	***Underlying Fund***	***Investment Objective***	***TER (% p.a.)***
		7.5% LGIM Global Diversified Credit SDG Fund (Active) 7.5% LGIM Global Corporate Bond Fund	▪ 85% RAFI Multi-Factor Developed Index ▪ 7.5% Composite of 40% blended 50/50 benchmark comprising the JPM EMBI Global Diversified 3-5 Years Index (sovereign) and the JPM CEMBI Diversified 3-5 Years Index (corporate); 40% Bank of America Merrill Lynch Global High Yield BB-B Rated 2% Constrained Ex-Financial Index; and 20% Bloomberg Barclays USD/EUR/GBP Corporates 1% issuer capped. ▪ 7.5% Bloomberg Capital USD / EUR / GBP Corporate 1% Issuer Capped Index (Unhedged) An 85%/15% distribution between equities and bonds is maintained with each asset class and kept within ranges determined by the Trustee.	
Mixed 50 Fund[1]	Mixture of active and passive	50% LGIM RAFI Multi Factor Developed Equity Index Fund; 25% LGIM Global Diversified Credit SDG Fund (Active) 25% LGIM Global Corporate Bond Fund	To track the total returns of global equity markets and the bond market, as represented by the composite benchmark: ▪ 50% RAFI Multi-Factor Developed Index ▪ 25% Composite of 40% blended 50/50 benchmark comprising the JPM EMBI Global Diversified 3-5 Years Index	0.18

Investment Option	*Active/ Passive*	*Underlying Fund*	*Investment Objective*	*TER (% p.a.)*
			(sovereign) and the JPM CEMBI Diversified 3-5 Years Index (corporate); 40% Bank of America Merrill Lynch Global High Yield BB-B Rated 2% Constrained Ex-Financial Index; and 20% Bloomberg Barclays USD/EUR/GBP Corporates 1% issuer capped. ▪ 25% Bloomberg Capital USD / EUR / GBP Corporate 1% Issuer Capped Index (Unhedged) A 50%/50% distribution between equities and bonds is maintained with each asset class and kept within ranges determined by the Trustee.	
Over 5 Year Index-Linked Gilts Fund	Passive	-	To deliver returns in line with the FTSE-A Index-Linked (Over 5 Year) Index.	0.10
Corporate Bond Fund	Passive	-	To deliver returns in line with the Markit iBoxx £ Non–Gilts (ex BBB) Index	0.15
Pre-Retirement Fund	Passive	-	To provide diversified exposure to assets that reflect the investments underlying a typical traditional level annuity product.	0.15
Cash Fund	Active	-	To perform in line with 7 Day GBP LIBID, without incurring excessive risk.	0.13
Property Fund	Active	-	To outperform the AREF/ IPD UK Quarterly All Balanced Property Fund Index (UK PFI) over three and five year periods.	0.91

1. White labelled fund.

Arrangements with Asset Managers

The Trustee monitors the investments used by the Fund to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies as set out in the Statement of Investment Principles, including those on non-financial matters.

This includes monitoring the extent to which asset managers:

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

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

The Trustee may choose to share the policies, as set out in this SIP, with the Fund's asset managers, and may request that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.

Before appointment of a new asset manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible and reflecting that the Trustee invests through the Legal & General platform, the Trustee may choose to seek to express its expectations to the asset managers to try to achieve greater alignment.

The Trustee believes that setting clear expectations to the asset managers (e.g., verbally or in writing at time of appointment), 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 be making 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.

Duration of arrangements

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

Cost Monitoring

The Trustee believes it is important to understand all the different costs and charges, which are paid by members. These include:

- explicit charges, such as the annual management charge, and additional expenses that are disclosed by fund managers as part of the TER;
- investment platform costs.
- implicit charges, such as the portfolio turnover costs (transaction costs) borne within a fund.

The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within each fund's portfolio. These are incurred on an ongoing basis and are implicit within the performance of each fund.

Other costs of providing the Fund, including administration and adviser costs, are not charged to members.

The member borne costs of the Fund are met through annual charges on the funds in which the Fund members are invested; these charges being a fixed percentage of the value of the assets. The Trustee collects information on all the member-borne costs and charges on an annual basis, where available, and sets these out in the Fund's Annual Governance Statement, which is made available to members in a publicly accessible web-location.

No specific ranges are set for acceptable costs and charges, particularly in relation to portfolio turnover costs. However, the Trustee expects its investment adviser to highlight if these costs and charges appear unreasonable when they are collected as part of the Annual Governance Statement exercise.

It is the Trustee's view that long term performance, net of fees, is the most important metric on which to evaluate its asset managers.

The Trustee believes that active investment managers can add value, net of fees. It is therefore comfortable with the use of active funds in the default arrangements and in the self-select range. Passive funds are also used in the default arrangements and are made available in the self-select range for those members who prefer low-cost solutions.

Environmental, Social and Governance ("ESG") considerations

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. These include the risk that ESG factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the DC Section's range of investment options, when selecting managers and when monitoring their performance.

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 promotion of corporate responsibility in the underlying companies and assets in which the Fund invests, as this ultimately creates long-term financial value for the scheme and its beneficiaries. The Trustee also recognises that these issues may be of particular interest to Fund members.

The Trustee reviews the suitability of the Fund’s appointed asset managers on at least a triennial basis, particularly those used within the default arrangements, and takes advice from its investment adviser 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 this policy, the Trustee undertakes to engage with the manager and seek a more sustainable position but may look to replace the manager.

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

The Trustee will engage with its investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of its active ownership policies, are being actioned. This will take the form of annual reporting which will be summarised in the annual Implementation Statement.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with 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.

Members' Views and Non-Financial Factors

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

Alignment with wider corporate sustainability policies and practices

Although cognisant of the Employer's policies, the Trustee is not currently looking to integrate its own policies and practices with those of the Employer. This position will be considered on a regular basis.

Defined Benefit and Defined Contribution Sections

Governance

The Trustee is responsible for the investment of the Fund's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has considered whether it has the appropriate training and expert advice to take an informed decision. The Trustee has established the following decision-making structure for its defined benefit arrangements:

Trustee • Sets structures and processes for carrying out its role • Appoint the Manager • Agree the overall investment objective • Monitors Investment Advisers and the Manager • Select direct investments	
The Manager (Aon Investments Limited) • Set the strategy for investing in different asset classes • Determine strategy for selecting fund managers • Implement the investment strategy • Select and appoint investment managers • Monitor investment managers • Adjust asset allocations to reflect medium term market expectations • Report on asset performance against liability benchmark • Report on asset returns against objectives	**Investment Adviser (Aon Solutions UK Limited)** • Advise on appropriateness of service provided by the Manager • Advise on investment strategy • Advise on the investment liability benchmark • Review the Statement of Investment Principles • Advise on direct investments • Carry out further project work when required

The Trustee has established the following decision-making structure for its Defined Contribution arrangements:

Trustee • Sets structures and processes for carrying out its role • Selects and monitors direct investments • Selects and monitors investment advisers and the investment managers • Determine investment structures and their implementation	**Investment Adviser (Aon Solutions UK Limited)** • Advise on all aspects of the investment of the Fund assets, including investment strategy and implementation • Advise on and review the Statement of Investment Principles • Provide any required training and carry out project work when required
Investment Managers • Operate within the terms of this statement and their written contracts • Select individual investments with regard to their suitability and diversification • Advise Trustee on the suitability of the benchmarks	

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments.**

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members' DC contributions and AVCs. When deciding whether to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria.

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

Relationship with advisers

Aon Solutions UK Limited (Aon) has been selected as investment adviser to the Trustee. They operate under an agreement to provide a service which ensures the Trustee is fully briefed to take decisions itself and to monitor those it delegates.

The Trustee's investment adviser Aon has the knowledge and experience required under the Pensions Act 1995.

The Managers are paid on an ad valorem and performance fee basis. This structure has been chosen to align the interests of the Managers and those of the Fund.

The Trustee expects the Managers to handle the assets delegated to them under the terms of the contract and to give effect to the principles in this statement so far as is reasonably practicable.

The Trustee has appointed BNY Mellon as the Fund's custodian. The custodian provides safekeeping for all of the Fund's assets and performs the administrative duties including the collection of interest and dividends and dealing with corporate actions.

Review

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

Signed________________________________

Name Tom Neale, Director, Entrust Pension Limited

Date 12 September 2024

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.