ASAHI GLASS FLUOROPOLYMERS PENSION SCHEME – DC SECTION

STATEMENT OF INVESTMENT PRINCIPLES

December 2023

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1 INTRODUCTION

This Statement of Investment Principles ("the Statement") has been prepared by the Trustees of the Asahi Group Fluoropolymers Pension Scheme ("the Scheme") in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations and relates to the DC Section of the Scheme only.

The Statement outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustees to ensure the effective implementation of these principles.

In preparing the Statement, the Trustees have:

- Obtained and considered written advice from a suitably qualified individual, employed by their Investment Adviser, Mercer, whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and
- Consulted with AGC Chemicals Europe, Ltd ("the Principal Employer"), although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Principal Employer.

The advice and the consultation process considered the suitability of the Trustees' investment policy for the Scheme.

The Trustees will review the Statement formally at least every three years to ensure its ongoing suitability. Furthermore, the Trustees will review the Statement without delay after any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Principal Employer.

2 INVESTMENT RESPONSIBILITIES

2.1 TRUSTEES' DUTIES AND RESPONSIBILITIES

The Trustees are responsible for setting the investment objectives and determining the strategy to achieve the objectives. They carry out their duties and fulfil their responsibilities as a single body.

The duties and responsibilities of the Trustees include, but are not limited to, the following tasks and activities:

- Setting of investment objectives and formulating investment strategy
- Selecting and reviewing funds for default investment programmes
- Selecting and reviewing funds for self-select member choices
- The appointment and review of the investment platform, investment managers and Investment Adviser
- The compliance of the investment arrangements with the principles set out in this Statement
- The assessment of the risks assumed by the Scheme
- Reviewing this Statement at least triennially, in consultation with the Investment Adviser and Principal Employer
- Assessing the suitability and performance of the investment managers through regular investment reviews and advice taken in consultation with the Investment Adviser
- Consulting with the Principal Employer regarding any proposed amendments to this Statement

2.2 INVESTMENT ADVISER'S DUTIES AND RESPONSIBILITIES

The Trustees have appointed Mercer as the Investment Adviser to the Scheme. Mercer provides advice as and when the Trustees require it, as well as raising any investment-related issues, of which it believes the Trustees should be aware.

Matters on which Mercer expects to provide advice to the Trustees include the following:

- Setting of investment objectives
- Determining investment strategy and the structure of the default investment strategy
- Advising on appropriate member fund choices
- Framing manager mandates
- Providing monitoring reports and advice relating to the suitability of the Scheme's investment managers
- Advising on the ongoing suitability of the DC platform provider
- Reviewing and amending this Statement
- How any significant changes with the investment managers could affect the interests of the Scheme

The Trustees may seek advice from Mercer as and when they require it; however, they recognise that they retain responsibility for all such decisions.

The Trustees monitor the performance of the Scheme's investment managers against their benchmarks. Mercer will provide performance monitoring reports to aid the Trustees in this process.

Mercer is authorised and regulated by the Financial Conduct Authority ("FCA").

2.3 PLATFORM PROVIDER DUTIES AND RESPONSIBILITIES

The Trustees, after considering appropriate investment advice, have appointed the Aviva MyMoney Platform to manage the day-to-day administration of the Scheme and to be responsible for the investment of contributions and disinvestments required to meet member benefit payments. Aviva also has the responsibility of the safe custody of the Scheme's assets and administration of member policies.

Aviva's Platform provides the Trustees access to a varied choice of investment options. Its fund range is selected by Aviva's Investment Governance Team which monitors the chosen funds to ensure they meet their required standards.

After seeking advice from Mercer on the suitability of the funds offered by Aviva, the Trustees have selected a sub-set of appropriate funds from those available on the platform to make available to the members of the Scheme.

The duties and responsibilities of Aviva include, but are not limited to, the following tasks and activities:

- General administration of the Scheme
- Investing member contributions
- Disinvesting units to meet member benefit payments
- Managing the Lifestyle Investment Programmes and default strategies for each section
- Due diligence and research into the investment managers made available on the Aviva MyMoney Platform

2.4 ARRANGEMENTS WITH INVESTMENT MANAGERS

The Trustees are long-term investors and do not look to change the investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The self-select fund range and default investment strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment strategy or general fund range.

The Trustees, after considering appropriate investment advice, have chosen to invest through an investment platform provided by Aviva, the Aviva MyMoney Platform. The underlying managers chosen to provide the fund range are professional, authorised and regulated. The Trustees considered a range of active and passive approaches to investment management and assessed these against their investment objectives and the membership profile of the Scheme.

The investment managers are responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage. In the case of multi-asset mandates, the underlying investment managers are responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

Before selecting any investment manager, the Trustees seek advice from their Investment Adviser on their suitability for the Scheme and its members.

Investment managers are chosen by the Trustees based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

All funds available to members via the Aviva MyMoney Platform are classified as pooled investment vehicles. The Trustees therefore accept that they cannot specify the risk profile and return of the manager, but pooled funds are chosen with appropriate characteristics to allow members to choose their desired investment strategy.

Mercer will monitor the underlying investment managers to ensure their continuing appropriateness for the mandates given. If any manager is downgraded by Mercer's Manager Research Team (MMRT), the Trustees will review the suitability and appointment of the manager and replace if necessary.

None of the underlying managers which the members' assets are invested have performance based fees which could encourage the manager to make short-term investment decisions to hit their profit targets.

The Trustees therefore consider that the method of remunerating fund managers is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment managers to engage with the issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustees accept that they cannot influence the charging structure of the pooled funds in which the Scheme invests, but is satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund's stated characteristics. The Trustees are therefore satisfied that this is the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustees' policies as set out in this SIP.

All the underlying investment managers will be authorised and regulated by the Prudential Regulation Authority (PRA), the FCA or both.

Details of the pooled funds offered by the Scheme via the Aviva platform together with the mandate and objectives for each investment fund are set out in Appendix 1.

3 INVESTMENT OBJECTIVES

3.1 SETTING INVESTMENT STRATEGY

The Trustees aim to provide suitable investment options that are aligned to the needs of their members. They also aim for these options to enable members to achieve good outcomes at retirement as well as ensuring that members receive value for money.

The Trustees are mindful of their responsibility to provide members with an appropriate range of investment funds and a suitable default strategy.

The Trustees have determined their investment policy in such a way as to address the risks set out in Section 6 of this Statement. To help mitigate the most significant of the risks, the Trustees have:

- Made lifestyle strategies available as default solutions, which transition members' investments from higher risk investments to lower risk investments as members approach retirement,
- Made self-select lifestyle strategies available for members, and
- Offered a range of self-select funds across various asset classes.

The Trustees will review the investment approach from time to time, and make changes as and when it is considered to be appropriate.

4 INVESTMENT STRATEGY

4.1 DEFAULT INVESTMENT STRATEGY

The Trustees have assumed responsibility for setting the “Default Investment Strategies” for those members who do not make a specific choice of investment for their pension contributions. The Trustees have determined their Default Investment Strategies after considering the Scheme’s member profiles and their potential requirements at retirement. The Trustees have also received written advice from Mercer on suitable investments for default funds.

The Trustees will seek advice from Mercer on the ongoing suitability of the default investment strategies available to members and Mercer and the Trustees will monitor the underlying investment funds to ensure their continuing appropriateness for the mandates given and replace them if deemed necessary.

The Trustees have assumed responsibility for setting an investment strategy that provides a broad level of protection against the key risks identified in Section 6.

There are two categories of membership in the DC Section of the Scheme (Ordinary DC Members, known as DC Only members, and Enhanced DC Members, known as DB Transferee members). Both sections have a specific default strategy which is based on a predetermined outcome at retirement.

Members of the DC Section who do not make an explicit choice regarding the investment of their funds will be invested in the default strategy arrangement chosen by the Trustees with the advice of their Investment Adviser. The default arrangement in place is the Aviva My Future Focus Lifestyle Investment Strategy (formerly the Aviva My Future Plus Lifestyle Investment Strategy).

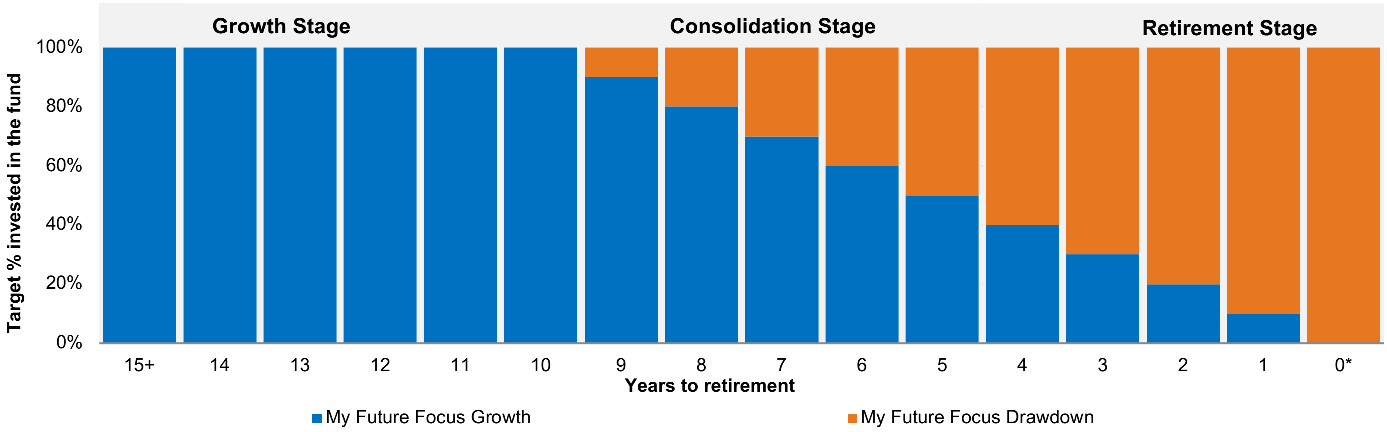
Under the Default Lifestyle Strategy, contributions are fully invested in the My Future Focus Growth Fund for the majority of a member’s working life, with an aim to maximising investment growth while diversifying risks. The fund invests in a broad range of asset classes including developed and emerging market equities and bonds, property, money market instruments and cash.

As DC Only members reach 10 years from their Normal Retirement Age (“NRA”), the Strategy is designed to gradually switch accumulated assets from the My Future Focus Growth Fund to the My Future Focus Drawdown Fund, to steadily reduce the risk taken by members.

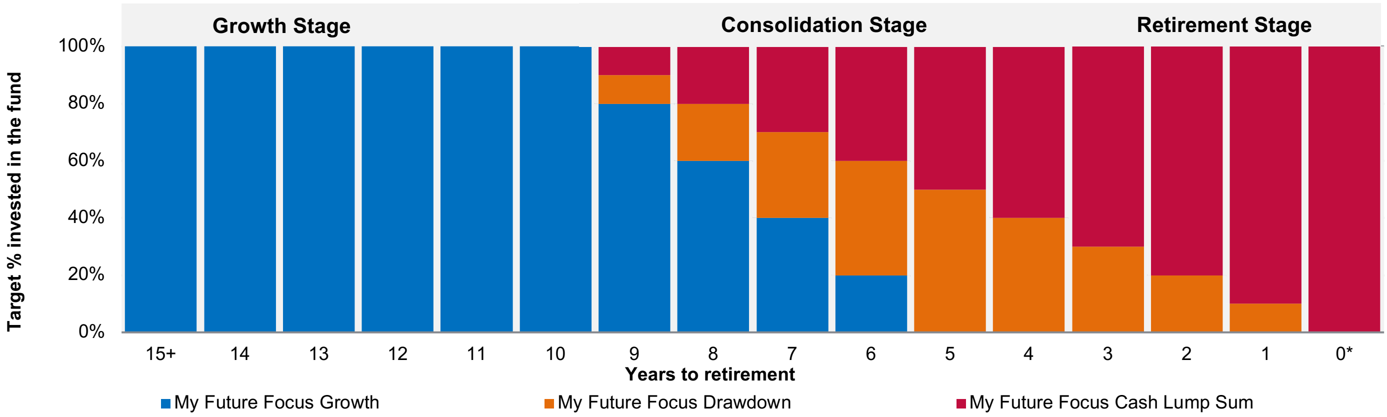
As DB Transferee Section members reach 10 years from their NRA, the Strategy is designed to gradually switch accumulated assets from the My Future Focus Growth Fund to a combination of the My Future Focus Drawdown Fund and the My Future Focus Cash Lump Sum Fund, to steadily reduce the risk taken by members and to target 100% cash at retirement.

This stage of the strategies transitions members’ accumulated pension investments from growth assets towards protection assets to preserve assets built up in pension pots. This is undertaken gradually on a quarterly basis so that less reliance is placed on the market conditions on any one transition date.

The lifestyle strategy for the **DC Section** only members is illustrated by the following chart:



The lifestyle strategy for the **Deferred DB Transferee Section** only members is illustrated by the following chart:



In the 'Growth' stage the focus is on providing a balance between targeting strong growth through riskier assets such as equities (whilst members can tolerate volatility in their assets) and member's aversion to suffering volatility in the value of their savings. This is achieved through investing in a range of asset classes, including 'Growth' assets (both developed and emerging market equities, high yield and emerging market debt), 'Defensive' assets (fixed interest government bonds and corporate bonds) and 'Uncorrelated' assets (property).

In the Consolidation and Retirement Stages, fixed income and inflation-linked bonds play a larger role in the portfolios, with the intention of reducing risks in the latter stages, to provide more certain outcomes at retirement relative to the how the Trustees expect the majority of members of the respective defaults to receive their benefits.

Further details of the default investment strategies are made available in Appendix 1 and in the Member Information Booklets which are available on the Aviva member portal.

4.2 FUND CHOICES

In addition to the default investment strategy, the Trustees have made two alternative options available to members:

Lifestyle investment programme

For those members wishing to invest in a predefined managed investment programme but wishing to have control of the options available to them at retirement, the Trustees have made options available to target a Cash Lump Sum, Annuity Purchase or to remain invested and drawdown an income in a Lifestyle investment programme.

Self-Select fund range

For those members wishing to have control of where their pension contributions are invested, the Trustees, after considering appropriate investment advice, have made a range of active and passive investment funds available to members of the Scheme. The Self-Select fund range allows members to access developed market and emerging market equities, UK and overseas bonds, property and diversified growth funds, providing members with access to a wider range of investments and markets than in the default investment arrangements.

Before selecting an investment manager, the Trustees seek advice from Mercer on its suitability for the Scheme and its members. Where possible, funds will be selected which are highly rated by Mercer's Manager Research Team (MMRT), Mercer will monitor the underlying investment managers to ensure their continuing appropriateness for the mandates given. In the event that a manager is downgraded, the Trustees will review the suitability and appointment of the manager and replace it if necessary. Funds that are not formally rated by the MMRT will be monitored by Mercer and the Trustees but they will not be subject to the formal due diligence of the MMRT.

All investment managers that will be appointed by the Trustees will be authorised and regulated by the Prudential Regulation Authority (PRA), the FCA or both.

The Trustees will continue to keep the fund range under review, and will make changes if appropriate.

Further details of the lifestyle and self-select funds and their mandates are available in Appendix 1 as well as in the Member Information Booklets which are available on the Aviva member portal.

4.3 RESPONSIBLE INVESTMENT AND CORPORATE GOVERNANCE (VOTING & ENGAGEMENT) POLICY

The Trustees believe that Environmental, Social, and Governance (ESG) factors can create both a risk and an opportunity, each of which should be reviewed. In the Trustees view, ESG and Stewardship can materially impact the best financial interests of the Scheme beneficiaries, as such, it is essential to take into consideration ESG factors in long-term investment decisions.

Additionally, the Trustees have considered the range of investment funds available to members on the Aviva My Money Platform, and have ensured that there are funds which are Shariah compliant, ESG focussed or have an Ethical focus available to members.

As the Scheme's assets are invested in pooled funds, the Trustees accept that they are unable to directly influence the social, environmental, corporate governance and ethical policies and practices of the companies in which their managers invest.

The Trustees are aware of the investment managers' approaches to social, environmental, corporate governance and ethical factors with respect to the selection of investments and are satisfied that a responsible approach is being taken which is consistent with the long-term financial interests of the Scheme and its members. Nonetheless, the Trustees recognise that shareholders have responsibilities. Thus having the obligation to vote and engage with the portfolio of companies to ensure their Stewardship views are being reflected in the companies' policy.

The Trustees have concluded that the decision on how to exercise voting rights should be left with the investment managers who will exercise these rights in accordance with their respective published corporate governance policies. These policies, which are provided to the Trustees from time to time, take into account the financial interests of shareholders, and should be for the members' benefit. Nonetheless, the Trustees expect their investment managers to incorporate ESG consideration in their voting policy.

Updated guidance was provided by the Department of Work & Pensions in June 2022, which requires trustees to define their key stewardship themes / priorities and to report on significant votes. Following the updated guidance, the Trustees have discussed and agreed that votes classified as most significant are the ones relating to the following priority areas:

- Environmental - Climate change: low-carbon transition and physical damages resilience; pollution & natural resource degradation: air, water, land (forests, soils and biodiversity);
- Social - Human rights: modern slavery, pay & safety in workforce and supply chains and abuses in conflict zones;

- Governance - Board Structure and Remuneration

The priority areas were selected by the Trustees based on their knowledge of the membership and a belief that a focus on these areas could lead to improved member outcomes.

When interacting with the investment managers and advisors, the Trustees sets clear expectations on how they feel ESG considerations should be incorporated into the investment activities/advice. These expectations apply to all asset classes and areas of advice.

Lastly, the Trustees will in future only appoint managers who are signatories of the UNPRI (Principles for Responsible Investment, supported by, but not part of, the United Nations).

4.4 TYPES OF INVESTMENTS TO BE HELD

The Trustees are permitted to invest across a wide range of asset classes. All of the funds in which the Scheme invests are pooled and unitised. Further details of each fund can be found in Appendix 1.

Within the lifestyle strategies, the ‘Growth’ stages invest in a range of asset classes, including ‘Growth’ assets (both developed and emerging market equities, high yield and emerging market debt), ‘Defensive’ assets (fixed interest government bonds and corporate bonds) and ‘Uncorrelated’ assets (property).

The Consolidation and Retirement Stages, invest in fixed income and inflation-linked bonds to reduce risk.

For the self-select funds, the Trustees have made available a range of funds allowing members to invest in (or a combination of) equites, diversified growth, property and bond assets.

4.5 POLICIES IN RELATION TO ILLIQUID ASSETS

The Trustees consider illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund. The Scheme has two default arrangements, one for DC Only Section members and one for DB Transferee Section members. Under both defaults, contributions are fully invested in the My Future Focus Growth Fund for the majority of a member’s working life. This fund has a direct allocation to UK commercial property (c.10%). As DC Only Section members reach 10 years from their Normal Retirement Age (“NRA”), their accumulated assets are gradually switched into the My Future Focus Drawdown Fund, which also has a c.10% direct allocation to UK commercial property. As DB Transferee Section members reach 10 years from their NRA, their accumulated assets are gradually switched into a combination of the My Future Focus Drawdown Fund and the My Future Focus Cash Lump Sum Fund, with their assets at retirement being 100% invested in My Future Focus Cash Lump Sum Fund. The My Future Focus Cash Lump Sum Fund has no exposure to illiquid asset holdings. The asset allocation of these funds is determined by the investment manager.

The Trustees are comfortable directly and indirectly investing in a modest proportion of members’ assets in illiquid assets, in order to capture the potential for higher returns and benefits of diversification relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer. While these benefits are recognised by the Trustees, they are also aware of the risks of illiquid assets to members. Given the potential for valuations of illiquid assets to not reflect their true value at a given time and concerns over liquidity management, the investment manager maintains the direct investment in illiquid assets at a relatively modest proportion of total assets. The Trustees remain comfortable with the funds used in the default investment strategy, and annually assesses whether the funds used provide value for members.

In selecting investments for the default investment strategies, the Trustees uses qualitative considerations and quantitative analysis/modelling to consider the expected combined effects of strategic allocations. For any further illiquid allocation in future, the Trustees will carefully consider whether the investment provides value for members taking into account the potential for returns and associated risks. It is the Trustees’ policy to review the allocation of the default investment strategies on at least a triennial basis. Such reviews will include whether the level of illiquid asset investments continues to be appropriate. This policy reflects the current position of the Scheme.

4.6 ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Scheme provides a facility for members to pay additional voluntary contributions to enhance their benefits at retirement. Members are offered the opportunity to invest additional contributions in the same way as the main Scheme investments. Trustees always consider “members’ best interests”.

The Pensions Act 1995 requires the Trustee Directors to obtain and consider written regulated advice before making changes to their investments. It is also requires consideration of written regulated advice on the continued suitability of investments, albeit that the Trustees must decide “at what intervals the circumstances, and in particular the nature of the investment, make it desirable to obtain such advice”.

5 RESPONSIBLE INVESTING

5.1 FINANCIAL CONSIDERATIONS

The Trustees recognise that Environmental, Social and Governance (“ESG”) factors, including climate change, can all influence the investment performance of the Scheme’s portfolio and it is therefore in members’ and the Scheme’s best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated as best as possible.

The Trustees believe that investing with a manager who approaches investments in a responsible way and takes account of ESG-related risks will lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken.

The Trustees will work with the Investment Advisor in choosing managers that take into account ESG factors, and ensure that the Scheme’s managers are signatories of United Nations Principles for Responsible Investment (UNPRI). The ESG policies of each fund manager will be reviewed on an ongoing basis by the Investment Adviser’s Global Manager Research Team.

The Trustees have made available an Ethical Equity Fund in the Self-Select range. Additionally, members have the option to choose an Islamic Equity Fund giving the opportunity to invest in line with the principles of Shariah law. Following the Self-Select Fund Range Review on September 2021, the Trustees agreed to make the LGIM Future World Equity Index Fund available to members in the Self-Select range. This is an ESG focussed fund that now form an integral part of the Self-Select range.

On September 2021 the Trustees undertook an ESG Beliefs Survey to understand the range of views on Responsible Investing, ESG and climate change. Following this survey the Trustees agreed to consider training on ESG and related issues going forward and undertook another ESG Beliefs Survey in December 2022.

The Trustees will continue to review the range of ESG products and approaches available to them and strive for the Scheme to incorporate responsible investment principles into the fund selection process where possible.

Risks considered under Section 6 are also considered to be financially material.

5.2 NON-FINANCIAL CONSIDERATIONS

The Trustees do not explicitly take into account non-financial matters in the selection, retention and realisation of investments.

5.3 STEWARDSHIP POLICY

The Scheme could currently be regarded as a small scheme by the size of assets; hence, bespoke segregated mandates are not currently available to the Trustees. Therefore, the Scheme’s stewardship approach focuses on selection, monitoring and, where necessary, switching of underlying investment managers. The Trustees believe that choosing the right managers who fully engage with issuers of equity or debt instruments in their portfolios will lead to better financial results for members.

The Trustees are supportive of the UK Stewardship Code published by the Financial Reporting Council and encourage the Scheme’s underlying managers who are regulated by the Financial Conduct Authority to comply with the UK Stewardship Code. Such managers are expected to report on their adherence to the Code on an annual basis. For managers that choose not to comply with any of the principles in the UK Stewardship Code, or not to follow the guidance at all, the Trustees will request a clear rationale from them on their alternative approach to stewardship.

As the Scheme invests in pooled funds via an investment platform, the Trustees' scope to vote on the Scheme's shares directly is currently limited. The Trustees have therefore concluded that the decision on how to exercise voting rights should be left with the underlying investment managers who will exercise these rights in accordance with their respective published corporate governance policies. However, the Trustees monitor how the underlying managers vote, and how this compares to their policies, in the priority areas described in section 4.3.

The Trustees ultimately believe that the investment managers' policies take into account the financial interests of shareholders, and should therefore be for the benefit of members.

5.4 MEMBER VIEWS

The Trustees do not explicitly take account of member views when selecting investments for the Scheme, however, the Trustees believe that they have a good understanding of membership demographics, behaviours and preferences and strive to provide a fund range that meets both financial and non-financially relevant member needs. To that end, an Islamic Equity Fund is available to members to provide them with an opportunity to invest in line with their religious beliefs and the principles or Shariah law. The Trustees are committed to reviewing this policy on an ongoing basis.

6 RISK

The Trustees are aware, and seek to take account, of a number of risks in relation to the Scheme's investments, including those set out below. Under the Pensions Act 2004, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed.

The Trustees recognise that in a defined contribution arrangement, members assume the investment risks themselves. The Trustees further recognise that members are exposed to different types of risk at different stages of their working lifetimes. Broadly speaking, five main types of investment risk can be identified, as noted below:

Risk Type	Specific Risk	Description	How is the risk monitored and managed?
Market Risk	**Inflation Risk**	The risk that a member's investments will not grow quickly enough to sufficiently outpace inflation (the cost of living).	The Trustees make available a range of funds across various asset classes, with the majority expected to keep pace with inflation. Members are able to set their own investment allocations, in line with their risk tolerances. The lifestyle strategy for the DC Section only members and lifestyle strategy for the Deferred DB Transferee Section only members are designed with the intention of diversifying these risks to reach a level of risk deemed appropriate given the objectives. This is set with the advice from the investment adviser.
	Currency Risk	The risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the scheme may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.	
	Credit Risk	The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.	
	Other Price Risk	The risk that principally arises in relation to the return seeking portfolio, which invests in equities, equities in pooled funds, equity futures, hedge funds, private equity and property.	
Environmental and social and governance (ESG) risks		The risk that ESG concerns, including climate change, have a financially material impact on the return of the Scheme's assets. These risk factors can have a significant effect on the long-term performance of the assets the Scheme holds.	Where applicable these factors will be considered in the investment process but is considered the responsibility of the investment manager. Please see Section 5 for the Trustees' responsible investment statement.
Pension Conversion Risk		The risk where assets are invested to target a specific retirement objective which differs from how members are expected to use their pots at retirement.	The Trustees make available three lifestyle strategies, in line with the pension freedoms. The Trustees increase the proportion of assets that more closely match how they expect members to use their pots at retirement. The two default lifestyle strategies automatically switch member assets into investments whose value is expected to be less volatile.

Risk Type	Specific Risk	Description	How is the risk monitored and managed?
Manager Risk		This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.	It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process through the investment updates provided by Mercer, and by appointing Mercer to monitor and advise the Trustees where concerns exist over their continued ability to deliver the investment mandate.
Liquidity risk		The risk that the Scheme's assets cannot be realised at short notice in line with member or Trustees' demand	As far as is practicable and necessary, the Trustees invest in liquid assets that can be quickly realised as required. It is managed by investing only in readily realisable pooled funds that can be bought and sold on a daily basis.

7 MONITORING OF INVESTMENT ADVISER, PLATFORM AND MANAGERS

7.1 INVESTMENT ADVISER

The Trustees continually assess and review the performance of their Investment Adviser in a qualitative way.

7.2 PLATFORM PROVIDER

The Trustees receive independent monitoring reports on the DC platform provider from Mercer at least on an annual basis. The Trustees continually assess and review the suitability of the platform provider in a qualitative way.

7.3 INVESTMENT MANAGERS

The Trustees receive semi-annual monitoring reports on the performance of the underlying investment managers from Mercer, which presents performance information over 3 months, 6 months, 1 year and 3 years. Monitoring reports review the performance of the Scheme's individual funds against their benchmarks, and provide details of the developments within the investment manager firms and portfolio management teams. They also provide performance of market indices so that these can also be used to help inform the assessment of the underlying manager performance.

The Trustees have the role of replacing the underlying managers where appropriate. They take a long-term view when assessing whether to replace the underlying investment managers, and such decision would not be made solely on short-term performance concerns. Instead, changes would be driven by a significant reduction in Mercer's confidence that the investment manager will be able to perform in line with their fund's mandate over the long-term.

Changes will made to the underlying managers, however, if there is a review of the fund range and the decision is taken to remove exposure to that asset class or manager.

7.4 PORTFOLIO TURNOVER COSTS

The Trustees are aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

Given that the members invest in a range of pooled funds, few of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Scheme.

The Trustees consider portfolio turnover costs as part of the annual small schemes value for members' assessment. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

8 CODE OF BEST PRACTICE

The Pensions Regulator published a code on standards for DC schemes and this came into effect in November 2013 as part of a wider initiative to get DC right. This was updated further on 28 July 2016 and this revised version is shorter and simpler than its predecessor and has been updated to include the DC flexibilities and governance legislation introduced from April 2015.

The Code of Practice 13 on the governance and administration of occupational DC trust based schemes places bigger than ever emphasis on good quality investment arrangements and stricter requirements for reviewing these on the Trustees. Particular attention has to be paid to the design of default strategies and on-going monitoring of their continuing suitability for scheme membership. The Code can be found here: https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-13-governance-and-administration-of-occupational-trust-based-schemes-providing-money-purchase.

When formulating their investment policy, the Trustees have acted in line with the Code of Practice 13.

9 COMPLIANCE

The Scheme's Statement of Investment Principles and annual report and accounts are available to members on request.

A copy of the Scheme's current Statement plus Appendices is also supplied to the Principal Employer, the Scheme's auditors and administrators.

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others and was approved by the Trustees.

Approved by the Trustees on: 8 January 2024

APPENDIX 1: INVESTMENT MANAGERS

The Trustees will monitor the suitability of the funds utilised in the Lifestyle investment programmes and in the Self-Select range available to members on the Aviva MyMoney Platform, and make changes as they consider appropriate.

The details of the mandate(s) with each manager are presented in the tables below:

Lifestyle Investment Programme

Manager / Fund	Benchmark	Objective	SORP Level	Fees p.a. (TER)
Aviva My Future Focus Funds				
My Future Focus Growth	Bank of England Base Rate +4% p.a.	To provide exposure to a diversified portfolio of assets targeting volatility of 12% p.a.	2	0.48%
My Future Focus Drawdown	Bank of England Base Rate +3% p.a.	To provide exposure to a diversified portfolio of assets targeting volatility of 8% p.a.	2	0.48%
My Future Focus Annuity	FTSE UK Level Annuity Single Life Standard Retirement	To provide a return broadly consistent with the benchmark	2	0.48%
My Future Focus Cash Lump Sum	Bank of England Base Rate	To achieve a positive return over a market cycle targeting volatility of 2% p.a.	2	0.48%

Self-Select Range

Manager / Fund	Benchmark	Objective	SORP Level	Fees p.a. (TER)
UK Equity Funds				
BlackRock UK Equity Index	FTSE All-Share Index	To provide a return broadly consistent with the benchmark	2	0. 38%
Legal & General Ethical UK Equity Index	FTSE4Good UK Equity Index	To track the benchmark to within +/- 0.5% per annum for 2 years in 3	2	0.53%
Overseas Equity Funds				
BlackRock World ex UK Equity Index	FTSE All World Developed (ex UK) Index	To provide a return broadly consistent with the benchmark	2	0.38%
BlackRock 30:70 Currency Hedged Global Equity Index	30% FTSE All-Share Index 60% FTSE AW Dev (ex UK) GBP Hedged 10% MSCI Emerging Markets Index	To provide a return broadly consistent with the benchmark	2	0.44%
HSBC Islamic Global Equity Index	Dow Jones Islamic Market Titans 100 Index	To provide a return broadly consistent with the benchmark	2	0.68%
LGIM Future World Global Equity Index	Solactive L&G ESG Global Markets Index	To track the benchmark to within +/- 0.60% per annum for 2 years in 3	2	0.66%

Manager / Fund	Benchmark	Objective	SORP Level	Fees p.a. (TER)
Regional Equity Funds				
BlackRock US Equity Index	FTSE All World USA Index	To provide a return broadly consistent with the benchmark	2	0.38%
BlackRock European Equity Index	FTSE AW Developed Europe (ex UK) Index	To provide a return broadly consistent with the benchmark	2	0.40%
BlackRock Japanese Equity Index	FTSE All World Japan Index	To provide a return broadly consistent with the benchmark	2	0.38%
BlackRock Pacific Rim Equity Index	FTSE AW Developed Asia Pacific (ex Japan) Index	To provide a return broadly consistent with the benchmark	2	0.38%
Emerging Markets Equity Funds				
BlackRock Emerging Markets Equity Index	MSCI Global Emerging Markets Index	To provide a return broadly consistent with the benchmark	2	0.64%
JP Morgan Emerging Markets Equity	MSCI Emerging Markets Index (net)	To provide long term capital growth by investing securities of emerging markets companies	2	1.09%
Property Fund				
LGIM Hybrid Property	Composite of the MSCI/AREF UK Quarterly All Balanced Property Fund Index and the FTSE EPRA/NAREIT Developed Real Estate Index	To provide a diversified exposure to the UK Property market and the Global REITS market	3	0.91%
Diversified Growth Funds				
Schroder Life Intermediated Diversified Growth Fund	Consumer Price Index (CPI) +5% p.a.	To outperform the benchmark over an economic cycle, with volatility less than 2/3rds of global equities	2	0.99%
Bond Funds				
BlackRock Over 15 Year Corporate Bond Index	iBoxx £ Non-Gilts Over 15 Years Index	To provide a return broadly consistent with the benchmark	2	0.40%
BlackRock Over 15 Year Gilt Index	FTSE A Gilts Over 15 Years Index	To provide a return broadly consistent with the benchmark	2	0.38%
BlackRock Over 5 Year Index-Linked Gilt Index	FTSE A Index-Linked Over 5 Years Index	To provide a return broadly consistent with the benchmark	2	0.38%
BlackRock Overseas Bond Index	JPMorgan GBI Global (ex UK) Index	To provide a return broadly consistent with the benchmark	2	0.38%
BlackRock Institutional Sterling Liquidity	SONIA Overnight[1]	To maximise income through a portfolio of high quality short-term money market instruments	2	0.38%

Note: Fees are correct at 31 March 2023.

[1] The benchmark was changed to SONIA Overnight on 1 January 2022.

APPENDIX 2: PRINCIPLES FOR DC INVESTMENT GOVERNANCE

Principles for investment governance of defined contribution work based pension schemes:

Principle 1: Clear Roles and Responsibilities

This Principle aims to help decision-makers lay firm foundations for the process of investment governance. It advocates that schemes have defined and documented roles and responsibilities for each element of the investment governance chain, ensuring each party, including members, are clear as to the role they are expected to play in the process.

Principle 2: Effective Decision Making

This Principle builds on Principle 1. It aims to ensure the process is effective through sound decision making based on quality and timely information and reference to relevant regulatory requirements and guidance. It also advocates decision makers adopt a proactive approach to their decision making, building in regular assessment and reviews of the people and processes within the decision making structure, and making improvements where appropriate.

Principle 3: Appropriate Investment Options

This Principle requires decision makers to provide investment options that take account of a range of risk profiles and needs within the pension scheme membership. It also aims to ensure pension scheme members receive the appropriate level of fund choice to meet their needs, without being overwhelming or restrictive.

Principle 4: Appropriate Default Strategy

This Principle determines a sound investment strategy principally for those members who prefer not to make an active investment decision.

Principle 5: Effective Performance Assessment

The aim of this principle is to ensure decision makers monitor the performance of investment options, including the default strategy, and take appropriate action where necessary.

Principle 6: Clear and Relevant Communications

The aim of this principle is to provide pension scheme members with clear, relevant and timely information so they can:

- Make an informed choice relevant to their circumstances about which fund(s) to invest in.
- Understand their personal responsibility for their pension Scheme, the choices they have available and how these affect the value of their fund and retirement income.