Table of Contents

Section 1: Introduction .................................................................................................................. 3
Section 2: Division of responsibilities .......................................................................................... 4
Section 3: Investment objectives and policy .................................................................................. 8
Section 4: Considerations in setting the investment arrangements .............................................. 11
Section 5: Risk management ........................................................................................................ 13
Section 6: Implementation of the investment arrangements ......................................................... 15
Section 7: Monitoring and reviewing investments ........................................................................ 17
Section 8: Other matters ............................................................................................................. 18
Appendix A: Lifestyle investment programmes .......................................................................... 20
Appendix B: Growth and Fixed Income Blends ......................................................................... 22
Appendix C: Self-select fund range .............................................................................................. 23
Section 1: Introduction

Plan information

1.1 This document describes the investment policy pursued by the Trustees of the TRP UK Retirement Plan (respectively, the "Trustees" and the “Plan”).

1.2 The Plan operates for the exclusive purpose of providing Defined Contribution (“DC”) retirement benefits and death benefits to eligible participants and beneficiaries.

1.3 The Plan is a registered pension scheme under the Finance Act 2004.

1.4 Scottish Widows operates the Plan on a ‘bundled’ basis providing administration, investment and communication services.

1.5 Scottish Widows is regulated under the Financial Services and Markets Act 2000 and authorised in the UK by the Financial Conduct Authority and the Prudential Regulation Authority.

Relevant legislation

1.6 The purpose of this Statement is to document those investment principles, guidelines and procedures which are appropriate for the Plan, in a manner consistent with the requirements of Section 35 (as amended) of the Pensions Act 1995 (“the 1995 Act”), the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) and the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

1.7 The Trustees of the Plan have received written advice from their investment adviser (Lane Clark & Peacock) (the "Investment Adviser"), whom the Trustees believe to be suitably qualified and experienced to provide such advice. The advice considers the suitability of investments including the need for diversification given the circumstances of the Plan and the principles contained in this Statement of Investment Principles (“SIP”). When preparing this Statement, the Trustees have also consulted T. Rowe Price International Ltd (the "Principal Employer") and will consult the Principal Employer if revising this document in future as required by the 1995 Act. However, ultimate power and responsibility for deciding investment policy lies solely with the Trustees.

1.8 When choosing investments, the Trustees and the investment managers, to the extent delegated, are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) and the principles contained in this Statement.

1.9 In accordance with their duties under the Pensions Act 1995 and with the Financial Services and Markets Act 2000 (“FSMA”), the Trustees will set a general investment policy, but will delegate the responsibility for selection of specific investments to appointed investment managers authorised under FSMA, which may include an insurance company or companies. The investment managers shall provide the skill and expertise necessary to manage the investments of the Plan competently. With proper written investment advice (as defined by Section 36 of Pensions Act 1995), the Trustees have chosen funds considering their high-level asset allocation and investment objectives. Investment choice within each fund is made by the managers subject to defined tolerances relative to their respective fund benchmarks.

1.10 New members are auto-enrolled into the Plan, so a default investment option is required if members do not specify a preferred investment choice themselves.
Section 2: Division of responsibilities

2.1 The Trustees have put in place the following division of responsibilities for the efficient operation and governance of the Plan’s investment arrangements.

The Trustees

2.2 The Trustees’ core responsibilities are:

- developing a mutual understanding of investment and risk issues with the employer;
- setting the investment strategy, in consultation with the employer;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- formulating a policy on taking account of non-financial matters in the selection, retention and realisation of investments;
- setting the policy for rebalancing between asset classes;
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- reviewing the content of this SIP and modifying it if deemed appropriate at least every three years or without delay after any significant change in investment policy or, in relation to the default arrangement, after any significant change in the demographic profile of relevant members or updates to relevant regulation;
- consulting with the employer(s) when reviewing the SIP;
- monitoring and considering the appropriateness of the investment strategy (including having regard to the need for diversification of investments so far as is appropriate);
- monitoring investment choices made by members including fund choices, contribution rates, opt out rates and decisions made at retirement;
- reviewing the bi-annual performance monitoring reports from the Investment Adviser;
- monitoring, selecting and deselecting investment managers, investment advisers and other service providers;
monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;

communicating with members as appropriate on investment matters such as the Trustees assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;

reviewing the investment policy as part of any review of the investment strategy; and

reviewing the administration and investment charges applied to members of the Plan including adherence to the charging controls for the default investment strategy.

**Investment Sub-Committee (ISC)**

2.3 An Investment Sub-Committee ("ISC") of the Trustees has been established to oversee the Trustees’ core investment responsibilities in relation to the Plan (as set out above).

2.4 The ISC provides input and recommendations (where applicable) to the full Trustee Board. Overall decision-making power rests with the full Trustee Board.

2.5 The ISC’s role and powers are documented in its Terms of Reference. This is reviewed periodically (at least every three years).

**Investment Adviser**

2.6 The Investment Adviser’s core responsibilities are as follows:

a making recommendations to the Trustees on:

   I. the Statement of Investment Principles;

   II. the DC default investment strategy any alternative investment strategies and the range of self-select investment funds, and how material changes to legislation or within the Plan’s benefits and membership may impact this; and

   III. the selection and deselection of investment managers, incorporating its assessment of the nature and effectiveness of the managers’ approaches to financially material considerations (including climate change and other ESG considerations).

b supporting the Trustees in monitoring the Plan’s investment arrangements including:

   I. performance against key objectives; and

   II. investment manager monitoring.

c supporting the Trustees and Scottish Widows in implementing the Plan’s investment strategy.
Scottish Widows

2.7 Scottish Widows’ responsibilities include:

a providing the Trustees with quarterly statements of the assets and fund factsheets;

b ensuring the underlying funds are priced correctly;

c provision and maintenance of the fund investment platform and review of the continued structural suitability of the underlying funds;

d being available for meetings or discussions with the Trustees and/or their appointed advisers;

e administration of member records; and

f member communication materials and on-line services.

Investment managers

2.8 The underlying investment managers’ responsibilities include:

a managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation;

b taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;

c exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;

d at their discretion, but within any guidelines agreed by the Trustees for each individual fund, implementing changes to the asset mix and selecting securities within each asset class;

e informing the Trustees and/or the provider of any planned changes in the internal performance objectives and guidelines of any pooled fund used by the Plan before they occur;

f having the need for diversification of investments so far as appropriate and to the suitability of investments;

g giving effect to the principles contained in this Statement as far as reasonably practicable; and

h having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.
The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustees or not) are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.
Section 3: Investment objectives and policy

Objectives

3.1 The Trustees’ general investment objectives for the Plan (including in relation to decisions about investments for the purposes of the default arrangement) are as follows:

a to offer suitable funds and lifestyle strategies reflecting the membership profile and variety of ways that members can draw their benefits in retirement and for members to have sufficient investment choice to satisfy their differing risk appetites and risk profiles;

b to offer an appropriate default investment option that the Trustees believe to be reasonable for those members who do not feel able to make decisions on how their fund should be invested;

c the objective of the default option is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement;

d to offer a range of suitable funds for members to invest in whilst being able to mitigate the range of risks faced; and

e to monitor the fund choices to ensure they are consistent with the strategic objectives.

3.2 The Trustees are aware that members’ investment needs change as they progress towards retirement age. Younger members have a greater need for real growth to attempt to ensure their investments keep pace with inflation and if possible, salary escalation. Younger members will also, all other things being equal, have a greater tolerance for volatility of returns, as they have a greater time to retirement in which markets may come back in line from any temporary low. Older members will have differing investment needs depending on how they wish to withdraw their retirement savings.

3.3 The Trustees are aware that different members will have different personal circumstances and different attitudes to risk. The Trustees therefore believe that members should be given freedom over the investment policy of their own pension accounts subject to reasonable practical constraints.

3.4 The Trustees’ intention is that all members should understand the investment choices they make so that their chosen strategies are appropriate to their own circumstances.

Policy

3.5 The Trustees’ policy is to seek to achieve its investment objectives through offering a suitable mixture of asset classes and funds. Pooled funds are made available across the main asset classes, reflecting the changing requirements of members as they progress towards retirement.

3.6 The Trustees make available three lifestyle investment programmes where members’ investments are initially allocated to a ‘Growth Blend’ and are progressively switched into lower risk investments as retirement approaches. Each strategy is focussed towards a different retirement outcome – annuity purchase, lump sum withdrawal and drawdown, and reflect these target outcomes in their asset allocations at retirement.
3.7 As an alternative to the lifestyle strategies, members can elect to invest in a range of actively managed and passively managed funds covering the main asset classes.

3.8 Further details on the ‘Growth Blend’ and a full list of member investment options is contained in Appendix B.

**Default investment strategy**

3.9 Members of the Plan who do not make an explicit choice on how to invest their pension savings are automatically invested in the “TRP Drawdown Lifestyle Investment Programme” being the default investment strategy under the Plan. This is managed as a “lifestyle” strategy (ie it automatically combines investments in proportions that vary according to the time to retirement age).

3.10 The overall objective of the “TRP Drawdown Lifestyle Investment Programme” is to provide those members who do not actively make their own investment choice with an investment strategy that aims to:

a optimise returns over the long term at an acceptable (medium) level of risk whilst a member is at least 15 years from retirement; and

b provide a gradual reduction in risk during the 15 years immediately leading up to a member drawing their Plan account. This includes an increasing allocation to cash in the period before the target retirement date to match the expectation that most members will elect to take their tax-free cash at the point of drawing their benefits.

3.11 The default strategy aims to generate a level of return that is expected to provide adequate retirement income for its target population. It also aims to manage a member’s exposure to risk throughout their working life, ensuring that members are not unduly exposed to investment risk at any given point.

3.12 The default option targets drawdown at retirement, since the Trustees believe that this represents the most appropriate option for members.

3.13 In designing both the default strategy and the other investment options under the Plan to ensure that assets are invested in the best interests of members, the Trustees in conjunction with their Investment Advisers gave in-depth consideration to the Plan’s demographic profile and the retirement outcome needs and risk tolerance of the membership. Due consideration was also given to charge cap compliance.

3.14 The Trustees’ wider investment policy and considerations as disclosed throughout this document apply equally to the design and construction of the default investment strategy.

3.15 The Trustees will monitor the relevant members’ behaviour to check whether assumptions made about how members will access their benefits are borne out in practice.

3.16 Further details in relation to the default investment strategy are contained in Appendix A.
Expected level of return

3.17 The Trustees’ policy is to make available a wide variety of funds across all the major asset classes, including equities, fixed interest, cash and multi-asset strategies. They also seek to ensure that these funds are diversified, in terms of objectives, sectors, investment styles and management approach (including active and passive options).

3.18 The differing characteristics of the asset classes ensures members have a broad access to market returns which are structured to cater for the evolving risks members face (as outlined in Section 4).

3.19 Appendix C lists each of the individual fund options and their expected level of returns by reference to their specific benchmark and objective (this information is also made available to members through the Plan’s investment guide).
Section 4: Considerations in setting the investment arrangements

4.1 When deciding how to invest the Plan’s assets, the Trustees consider several risks, including, but not limited to, those set out in Section 5. Some of these risks are more quantifiable than others, but the Trustees have tried to allow for the relative importance and magnitude of each risk.

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

4.3 In determining the investment arrangements, the Trustees considered:

- the best interests of all members and beneficiaries;
- the profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement;
- the risks, rewards and suitability of a number of possible asset classes and lifecycle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification within the default strategy and other lifestyle options to ensure that, for each such option, both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within the other investment options offered to members;
- any other considerations which the Trustees consider financially material over the periods until members’ retirement, or any other timeframe which the Trustees believe to be appropriate; and
- the Trustees investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

4.4 The Trustees’ key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity, credit, illiquidity, duration and volatility are the primary rewarded risks;
- risks that do not have an expected reward should generally be avoided, hedged or diversified;
- investment markets are not always efficient and there may be opportunities for good active managers to add value;
- ESG factors may be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors;
• investment managers who can consistently spot and profitably exploit market opportunities are difficult to find and therefore passive management, where available, is often better value;

• long-term environmental, social and economic sustainability is one factor that trustees should consider when making investment decisions; and

• costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

4.5 The Trustees’ key investment beliefs and understanding of the Plan’s membership are reflected in the design of the default and other lifestyle options, and in the range of other funds made available to members.
Section 5: Risk management

5.1 The Trustees recognise a number of risks involved in the investment of assets of the Plan, including:

a **Capital risk** – the risk that the value of the investment will fall in value over any period of time. The Trustees have made available a cash fund for the purpose of managing this risk.

b **Risk of inadequate returns** - as members’ benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the default strategy. To reduce the chance of a sharp deterioration in members’ benefits close to retirement, the Trustees have made the default option a “lifestyle” strategy.

c **Inflation risk** – the risk that the contributions fail to provide an adequate amount of benefit. This could be by failing to achieve an adequate amount of return in excess of price inflation commensurate with the term of investment. The Trustees have made available a range of actively and passively managed equity funds for the purpose of managing this risk.

d **Investment Manager risk** - This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustees receive written advice from a suitably qualified individual and will typically undertake an investment manager selection exercise. The Trustees monitor the investment managers on a regular basis to ensure they remain appropriate for their selected mandates.

e **Risk from lack of diversification** - This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Plan’s assets. The Trustees believe that the Plan’s DC default strategy are adequately diversified between different asset classes and within each asset class and the DC options provide a suitably diversified range for members to choose from. This was a key consideration when determining the Plan’s investment arrangements and is monitored by the Trustee on a regular basis.

f **Pension conversion risk** – the risk that the value of a member’s account does not reflect the change in the cost of purchasing an annuity at retirement. The Trustees have made available an index-linked gilt fund (for those members wanting an annuity that increases during retirement) and a number of fixed interest bond and gilt funds as well as an annuity targeting lifestyle strategy for the purpose of managing this risk.

g **Currency risk** – where members invest in funds with an exposure to overseas securities, there will be an element of currency risk as these securities are converted back into Sterling.

h **Environmental, social and governance (ESG) risks** - ESG factors are sources of risk to the Plan’s investments which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustees seek to appoint investment managers who will manage these risks appropriately on their behalf and from time to time reviews how these risks are being managed in practice.
i **Contribution shortfall risk** – the risk that members do not contribute sufficiently to the Plan and are therefore left with an inadequate pension at retirement. This is a difficult risk for the Trustees to address as all members’ circumstances will be different, but where possible and appropriate, encouragement will be given to contribute adequately to the Plan.

j **Political risk** - the risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.

k **Illiquidity/marketability risk** – the risk that assets are not easily realisable such that cash is not readily available to meet cash flow requirements. The Trustees have had regard to this in selecting appropriate funds, such as pooled funds with daily dealing within the default strategy and diversifying the strategy across different types of investment. Furthermore, this is also the risk that core financial transactions, such as investing members’ contributions, are not processed promptly due to lack of liquidity in the investments.

l **Risk from excessive charges** - if the investment management charges together with other charges levied on, for example, transfers or early retirement are excessive, then the value of a member’s account will be reduced unnecessarily. The Trustees are comfortable that the charges applicable to the Plan are in line with market practice and assess regularly whether these represent good value for members.

m **Credit risk** - This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Plan is subject to credit risk because it invests in bonds via pooled funds. The Trustees manage members’ exposure to credit risk by only investing in pooled funds that have a diversified exposure to different credit issuers.

5.2 The Trustees seek to offer investment funds which allow members to mitigate the above risks, however acknowledge that it is not possible to mitigate all of the risks at the same time. Therefore, members are encouraged to consider the risks that are most relevant to them and to invest to mitigate these risks.

5.3 The Trustees continue to monitor these risks on a regular basis.
Section 6 - Implementation of the investment arrangements

6.1 Before investing in any manner, the Trustees obtain and consider proper written advice from their investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments. Details of the investment managers are set out in Appendix C.

6.2 The Trustees have entered into a contract with a platform provider, who makes available the range of investment options to members. There is no direct relationship between the Plan and the underlying investment managers of the DC investment funds.

6.3 The Trustees have signed agreements with the platform provider setting out in detail the terms on which the portfolios are to be managed. The investment managers used have agreements with the Trustees’ platform provider. The investment managers’ primary role is the day-to-day investment management of the Plan’s investments.

6.4 The Trustees and investment managers to whom discretion has been delegated exercise their powers giving effect to the principles in this SIP, so far as is reasonably practicable.

6.5 The Trustees encourage their managers to improve their practices where appropriate.

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

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

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

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

6.10 The Trustees recognise that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustees expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan’s investment mandates.
6.11 The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustees have delegated to their investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

6.12 The Trustees do not monitor or engage directly with issuers or other holders of debt or equity. They expect the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers’ general policies on stewardship, as provided to the Trustees from time to time, considering the long-term financial interests of the beneficiaries. The Trustees seek to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustees review how these are implemented in practice.
Section 7: Monitoring and reviewing investments

7.1 The Trustees will monitor investment performance and review the nature of the Plan’s investments periodically. In carrying this out, the Trustees will consider all relevant factors in determining whether this Statement and the associated risks remain appropriate.

7.2 The Trustee is satisfied, taking into account the external expertise available, that there are sufficient resources to support their investment responsibilities. The Trustees believe that they have sufficient expertise and appropriate training to carry out their role effectively.

Monitoring investment performance

7.3 Whilst the Trustees are not involved in each investment managers’ day to day method of operation and therefore cannot directly influence attainment of the performance target, they will regularly assess performance and review appointments.

7.4 The Trustees have a framework in place for monitoring investment performance including key metrics and the process undertaken if a fund is underperforming. This is outlined in the ‘Performance Review Process’ document, which is maintained by the ISC.

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

Reviewing the investment options under the Plan

7.6 The Pensions Regulator expects trustees to regularly review their investment fund ranges and consider the demographics of the membership when doing so.

7.7 In light of the new pension flexibilities which became available from April 2015, and as part of the Trustees’ ongoing governance of the Plan, the Trustees undertook a full review of the Plan’s default investment strategy in 2017 and made a number of changes which were implemented in Q1 2018.

7.8 The Trustees periodically review the wider fund range and make changes where appropriate.

Investment manager monitoring

7.9 The continuing suitability of the Plan’s investment managers will be reviewed by the Trustees at least bi-annually. The Trustees’ policy is to evaluate each of their investment managers by reference to the manager’s individual performance as well the role it plays in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. The managers are also monitored on their compliance with the requirements of the 1995 Act concerning diversification and suitability of investments, where relevant. Each manager’s remuneration, and the value for money it provides, is assessed in light of these considerations.
Section 8: Other matters

Fee basis

8.1 Members bear the management charges on the funds in which they invest which cover the provision of administration and investment services. These fees are charged by an adjustment to the unit prices within the funds, calculated daily on the value that day.

8.2 The Trustees have agreed Terms of Business with the Plan’s investment advisers, under which work undertaken is charged for by an agreed fixed fee or on a “time-cost” basis. The investment advisers fees are paid for by the employer.

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

Financially material considerations and non-financial matters

8.4 The Trustees have considered how environmental, social, governance (“ESG”) and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Plan and its members.

8.5 The Trustees expect their investment managers to take account of financially material considerations (including climate change and other ESG considerations) [where permissible within applicable guidelines and restrictions]. The Trustees seek to appoint managers that have appropriate skills and processes to do this, and from time to time review how their managers are taking account of these issues in practice.

a In relation to pooled funds designed to track an index (passive funds) – the choice of index dictates the assets held by the manager. The Trustees accept that the role of the passive manager is to deliver returns in line with the index, however, the Trustee also recognises the importance of Stewardship and the role passive managers have in engaging with the underlying companies they hold and expects that their passive manager is able to demonstrate strong credentials in this regard.

b In relation to funds where the manager is permitted to make active decisions about the selection, retention and realisation of investments, the Trustees expect the managers to consider all financially material factors, including ESG-related issues where permissible within applicable guidelines and restrictions.

8.6 The Trustees encourage their managers to improve their practices where appropriate and, as set out in 6.11 and 6.12 above, to maintain good stewardship practices.

8.7 The Trustees do not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments in the default strategy. The Trustees recognise that some members may wish for ethical matters to be taken into account in their investments and therefore has made available the Henderson Global Sustainable Equity Fund as an investment option to members.
Liquidity and realisation of investments

8.8 The investment managers have discretion over the timing of realisation of underlying investments within the funds that they manage, and the liquidity of the underlying assets is considered when the Trustees decide which funds to offer to members.

Members’ DC accounts are held in funds which offer frequent dealing to enable benefits to be realised on retirement, or earlier on transfer to another pension arrangement or change their investments.

Working with the Plan’s employer

8.9 When reviewing matters regarding the Plan’s investment arrangements, such as the SIP, the Trustees seek to give due consideration to the Principal Employer’s perspective. While the requirement to consult does not mean that the Trustees need to reach agreement with the Principal Employer, the Trustees believe that better outcomes will generally be achieved if the Trustees and Principal Employer work together collaboratively.

Compliance and review of this Statement

8.10 The Trustees will monitor compliance with this Statement annually.

8.11 The Trustees will review this Statement in response to any material changes to any aspects of the Plan, its membership profile and the attitude to risk of the Trustees, which they judge to have a bearing on the stated investment policy.

8.12 This review will occur no less frequently than every three years or at the time of any changes to the fund range or, in relation to the default strategy, member demographics. Any such review will be based on written expert investment advice and the Principal Employer will be consulted.
The Trustees make available a range of passively and actively managed self-select funds and lifestyle strategies. The default option is a lifestyle strategy. Details of the options are set out below. The relevant members are provided with clear information on the investment options and their characteristics that will allow the members to make an informed choice.

The TRP Annuity Lifestyle Investment Programme targets annuity purchase at retirement. Following the default arrangement review in 2017, some members closest to retirement were not automatically switched to the TRP Drawdown Lifestyle Investment Programme in Q1 2018, instead they were switched to the TRP Annuity Lifestyle Investment Programme. As members did not make a choice to invest in this strategy, this is considered to be a default by the Trustees for the purpose of fulfilling legislative requirements. This strategy is designed to target annuity purchase at retirement and was last reviewed in Q2 and Q3 2017.

The fund options are provided to members via an investment only platform arrangement with Scottish Widows. The funds are open ended priced daily.
<table>
<thead>
<tr>
<th>Name</th>
<th>Objective</th>
<th>Chart</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Drawdown (default)</strong></td>
<td>The Drawdown Lifestyle Investment Programme aims to generate capital growth over the long term through investing in a diversified portfolio comprising principally of equities that provides an appropriate balance between risk and return. In the 15 years prior to retirement, the strategy aims to reduce the volatility of the member’s expected pension fund by gradually increasing asset diversification and reducing the overall risk profile. This option is predominantly designed for members looking to use their retirement account to draw their tax-free cash entitlement whilst at the same time maintaining investment growth to facilitate a transition to a drawdown arrangement, which allows members to take income as and when required.</td>
<td><img src="chart_drawdown.png" alt="Chart" /></td>
</tr>
<tr>
<td><strong>Annuity</strong></td>
<td>The Annuity Lifestyle Investment Programme aims to generate capital growth over the long term through investing in a diversified portfolio comprising principally of equities that provides an appropriate balance between risk and return. In the 15 years prior to retirement, the strategy aims to gradually reduce the volatility of the annuity income level that can be secured by members through investing in assets (predominately in bonds and gilts) that are expected to rise and fall in value broadly in line with changes in annuity prices. This option is predominantly designed for members looking to use their retirement account to draw their tax-free cash entitlement and use the remaining balance to purchase an annuity (a pension income that provides a guaranteed level of income).</td>
<td><img src="chart_annuity.png" alt="Chart" /></td>
</tr>
<tr>
<td><strong>Lump Sum</strong></td>
<td>The Lump Sum Lifestyle Investment Programme aims to generate capital growth over the long term through investing in a diversified portfolio comprising principally of equities that provides an appropriate balance between risk and return. In the 15 years prior to retirement, the lifestyle aims to gradually reduce the absolute volatility of fund values by increasing investment in cash, whilst still maintaining some level of diversification. This option is predominantly designed for members looking to take their retirement account as a single cash lump sum(s), including the tax-free element.</td>
<td><img src="chart_lump_sum.png" alt="Chart" /></td>
</tr>
</tbody>
</table>
Appendix B: Growth and Fixed Income Blends

The TRP Growth and Fixed Income Blends are made up of a variety of underlying funds, selected by the Trustees to offer an appropriate blend of risk and return. They form a key component of the lifestyle options and also feature in the self-select range. The funds and asset allocations are tabled below.

The TRP Growth Blend:

<table>
<thead>
<tr>
<th>TRP Growth Blend</th>
<th>Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock UK Equity Index Fund</td>
<td>20%</td>
</tr>
<tr>
<td>BlackRock Global Ex-UK Equity Index Fund</td>
<td>36%</td>
</tr>
<tr>
<td>Baillie Gifford International Fund</td>
<td>25%</td>
</tr>
<tr>
<td>TRP Global Emerging Market Fund</td>
<td>9%</td>
</tr>
<tr>
<td>BlackRock Corporate Bond All Stocks Index Fund</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The Fixed Income Blend:

<table>
<thead>
<tr>
<th>TRP Fixed Income Blend</th>
<th>Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zurich Aquila Over 15 Years UK Gilt Index</td>
<td>50%</td>
</tr>
<tr>
<td>Zurich Aquila Corporate Bond All Stock Index</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
## Appendix C: Self-select fund range

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Active / Passive</th>
<th>Fund</th>
<th>Objective</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global equities</strong></td>
<td></td>
<td><strong>Active</strong></td>
<td><strong>Bailie Gifford International</strong> To produce attractive returns, mainly through capital growth, over the long term. To invest mainly in shares of companies worldwide excluding the UK.</td>
<td>MSCI ACWI ex UK NR</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Newton Global Equity</strong></td>
<td>To achieve long-term growth by investing in stocks and shares quoted on major stock markets of the world, excluding the UK. The sub-fund may also invest in collective investment schemes.</td>
<td>MSCI World NR</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>T. Rowe Price Global Focused Growth Equity</strong></td>
<td>To increase the value of its shares, over the long term, through growth in the value of its investments. The fund invests mainly in a portfolio of stocks that have the potential for above average and sustainable rates of earnings growth. The companies may be anywhere in the world, including emerging markets.</td>
<td>MSCI ACWI NR</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>T. Rowe Price Global Growth Equity</strong></td>
<td><strong>Passive</strong> Aquila World ex UK Equity Index This fund invests in the shares of overseas companies, (Europe, Japan, Far East, US and Canadian markets) according to market capitalisation weightings. Within each of those markets, the fund aims to generate returns consistent with those of each country’s primary share market. This fund aims to achieve a return in line with the FTSE All-World Developed ex-UK Index.</td>
<td>FTSE Developed Ex UK TR</td>
</tr>
<tr>
<td><strong>Global emerging markets</strong></td>
<td></td>
<td><strong>Active</strong></td>
<td><strong>T. Rowe Price Frontier Markets Equity</strong> To increase the value of its shares, over the long term, through growth in the value of its investments. The fund invests mainly in a diversified portfolio of stocks of frontier markets companies.</td>
<td>MSCI Frontier Markets NR</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Stewart Investors Global Emerging Markets Leader</strong></td>
<td>The fund aims to grow your investment. The fund invests in shares of companies in emerging markets or whose business is predominantly based in emerging markets. This includes companies that are listed on exchanges in developed markets. The fund invests in shares of large and mid sized companies in the region. These companies generally have a stock market value of at least US$1 billion. Emerging markets typically have lower average income and standards of governance than developed markets.</td>
<td>MSCI EM NR</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>T. Rowe Price Emerging Markets Equity</strong></td>
<td>To increase the value of its shares, over the long term, through growth in the value of its investments. The fund invests mainly in a diversified portfolio of stocks of emerging market companies.</td>
<td>MSCI EM NR</td>
</tr>
<tr>
<td>UK equities</td>
<td>Active</td>
<td>Artemis UK Special Situations</td>
<td>The investment objective of the fund is to provide long-term capital growth by exploiting special situations. The fund invests principally in UK equities and in companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK. The manager’s investment policy may mean that at times it may be appropriate for the fund not to be fully invested but to hold cash or near cash.</td>
<td>FTSE AllSh TR</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Zurich UK Equity</td>
<td>A broad spread of UK equities are held, ranging from relatively secure, blue chip and high yielding stocks to more adventurous small companies</td>
<td>FTSE AllSh TR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Threadneedle UK Smaller Companies</td>
<td>The investment objective of the fund is to achieve capital growth. The investment policy is to invest primarily in equities of smaller companies in the UK.</td>
<td>Numis SC Ex Invt Com TR</td>
</tr>
<tr>
<td>Passive</td>
<td>Aquila UK Equity Index</td>
<td>The fund invests in the shares of UK companies and aims to achieve a return that is consistent with the return of the FTSE All-Share Index. This index is widely regarded as the benchmark for UK pension fund investment in shares of companies in the UK.</td>
<td>FTSE AllSh TR</td>
<td></td>
</tr>
<tr>
<td>Regional equities</td>
<td>Active</td>
<td>T. Rowe Price European Equity</td>
<td>To increase the value of its shares, over the long term, through growth in the value of its investments. The fund invests mainly in a diversified portfolio of stocks of European companies</td>
<td>MSCI Europe NR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JPM Continental Europe Equity</td>
<td>The fund aims to achieve strong returns by investing in the shares of companies across Europe, excluding the UK.</td>
<td>FTSE AW Dv Europe Ex UK TR</td>
</tr>
<tr>
<td></td>
<td>Active</td>
<td>T. Rowe Price European Smaller Companies Equity</td>
<td>To increase the value of its shares, over the long term, through growth in the value of its investments. The fund invests mainly in a diversified portfolio of stocks of smaller publicly traded European companies.</td>
<td>MSCI Europe Small Cap GR</td>
</tr>
<tr>
<td></td>
<td>Active</td>
<td>T. Rowe Price US Large Cap Value Equity</td>
<td>To increase the value of its shares, over the long term, through growth in the value of its investments. The fund invests mainly in a diversified portfolio of stocks from large capitalization companies in the United States that are selling at discounted valuations relative to their historical average and/or the average of their industries.</td>
<td>Russell 1000 Value TR</td>
</tr>
<tr>
<td>Regional equities (cont.)</td>
<td>Active (cont.)</td>
<td>Threadneedle American</td>
<td>The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund in equities of companies domiciled in North America or which have significant North American operations. If the Authorised Corporate Director (ACD) considers it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).</td>
<td>S&amp;P 500 TR</td>
</tr>
<tr>
<td>Strategy</td>
<td>Name</td>
<td>Description</td>
<td>Index</td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td>T. Rowe Price US Smaller Companies Equity</td>
<td>To increase the value of its shares, over the long term, through growth in the value of its investments. The fund invests mainly in a widely diversified portfolio of stocks from smaller capitalization companies in the United States.</td>
<td>Russell 2500 NR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stewart Investors Asia Pacific Leaders</td>
<td>The fund aims to achieve long-term capital growth and invests in the shares of large and medium sized companies in the Asia Pacific region (excluding Japan, including Australasia).</td>
<td>MSCI AC Asia Pac Ex JPN NR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>T. Rowe Price Asian Ex-Japan Equity</td>
<td>To increase the value of its shares, over the long term, through growth in the value of its investments. The fund invests mainly in a diversified portfolio of stocks of companies in Asia (excluding Japan).</td>
<td>MSCI AC Asia Ex Japan NR</td>
<td></td>
</tr>
<tr>
<td>Passive</td>
<td>Aquila European Equity Index</td>
<td>This fund invests in the shares of companies in Europe and aims to achieve a return that is consistent with the return of the FTSE All World Developed Europe ex-UK Index. This index is widely regarded as the benchmark for UK pension fund investment in European company shares.</td>
<td>FTSE AW Dv Europe Ex UK TR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aquila US Equity Index</td>
<td>The fund invests in the shares of US companies with the return of the FTSE All-World USA Index. This index is widely regarded as the benchmark for UK pension fund investment in shares of companies in the US.</td>
<td>FTSE USA TR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aquila Pacific Rim Equity Index</td>
<td>This fund invests in the shares of Pacific Rim companies and aims to achieve a return that is consistent with the return of the FTSE All-World Developed Asia Pacific ex-Japan Index. This index is widely regarded as the benchmark for UK pension fund investment in shares of companies in the Pacific Rim.</td>
<td>FTSE AW Dv AP Ex JPN TR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aquila Japanese Equity Index</td>
<td>This fund invests in the shares of Japanese companies and aims to achieve a return that is consistent with the return of the FTSE All-World Japan Index. This index is widely regarded as the benchmark for UK pension fund investment in shares of companies in Japan.</td>
<td>FTSE Japan TR</td>
<td></td>
</tr>
<tr>
<td>Ethical</td>
<td>Henderson Global Sustainable Equity</td>
<td>The fund aims to provide long-term capital growth by investing in a worldwide spread of equities, convertibles and fixed-interest stock. The fund will only invest in companies whose products and practices are considered by the Authorised Corporate Director to enhance the environment and the life of the community.</td>
<td>MSCI World NR</td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td>Zurich Property</td>
<td>Invests in a spread of business properties, mainly in the UK, but also overseas, let on long term leases to good quality tenants with regular rent reviews; some properties are acquired with the intention of carrying out development. Aim to combine the prospects of good capital growth with a secure and rising rental income.</td>
<td>IPD UK All Property TR</td>
<td></td>
</tr>
<tr>
<td>Multi-asset</td>
<td>Bailie Gifford Managed</td>
<td>The fund has a balanced strategy and invests in equities, fixed-interest securities and cash, either directly, or through other</td>
<td>(ABI) Mixed Investment 40%-85% Shares (Pen)</td>
<td></td>
</tr>
<tr>
<td>Fund</td>
<td>Type</td>
<td>Investment Objective</td>
<td>Benchmark</td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>--------------</td>
<td>-----------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Baillie Gifford pooled funds</td>
<td>Passive</td>
<td>The fund aims to outperform its benchmark by 1% – 1.5% p.a. (before fees) over rolling 3-year periods.</td>
<td>ICE LIBOR 6 Month + 3.5%</td>
<td></td>
</tr>
<tr>
<td>Legal &amp; General Diversified</td>
<td>Passive</td>
<td>The investment objective of the fund is to provide long-term investment growth through exposure to a diversified range of asset classes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRP Growth Blend</td>
<td>Composite</td>
<td>The Growth Fund aims to provide capital and dividend growth from primarily investing in a diversified portfolio of equity-based investments and an allocation to fixed income at a tolerable risk level through the use of a series of underlying funds. The performance and volatility of the Growth Fund at the overall fund level should be consistent with the benchmarks of the underlying funds that make up the Growth Fund. The underlying funds are as follows: Baillie Gifford International CS1 – 25%, Zurich Aquila UK Equity Index CS1 – 20%, Zurich Aquila World Ex-UK Equity Index CS1 – 36%, Zurich Aquila Corporate Bond All Stocks Index CS1 – 10%, Zurich T. Rowe Price Global Emerging Market Equity CS1 – 9%.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zurich Passive Multi-Asset III</td>
<td>Passive</td>
<td>The fund sits in a range of 5 funds labelled I,II,III,IV,V. The lowest risk, lowest expected return profile of the five funds in the suite is I and the highest risk, highest expected return profile is V.</td>
<td>(ABI) Mixed Investment 40%-85% Shares (Pen)</td>
<td></td>
</tr>
<tr>
<td>JPM Natural Resources</td>
<td>Active</td>
<td>To invest primarily in the shares of companies throughout the world, engaged in the production and marketing of commodities. The fund aims to provide capital growth over the long term.</td>
<td>Euromoney Global Mining Gold &amp; En NR</td>
<td></td>
</tr>
<tr>
<td>T. Rowe Price Global Natural Resources Equity</td>
<td>Active</td>
<td>To increase the value of its shares, over the long term, through growth in the value of its investments. The fund invests mainly in a widely diversified portfolio of stocks of natural resources or commodities-related companies. The companies may be anywhere in the world, including emerging markets.</td>
<td>MSCI World Select Natural Resources Index</td>
<td></td>
</tr>
<tr>
<td>T. Rowe Price Global High Yield Bond</td>
<td>Active</td>
<td>To maximise the value of its shares through both growth in the value of, and income from, its investments. The fund invests mainly in a diversified portfolio of high yield corporate bonds from issuers around the world, including emerging markets</td>
<td>JPM Global High Yield Index</td>
<td></td>
</tr>
<tr>
<td>T. Rowe Price Global Aggregate Bond</td>
<td>Active</td>
<td>To maximise the value of its shares through both growth in the value of, and income from, its investments. The fund invests mainly in a diversified portfolio of bonds of all types from issuers around the world.</td>
<td>BBgBarc Global Aggregate TR</td>
<td></td>
</tr>
<tr>
<td>Fidelity Moneybuilder Income</td>
<td>Active</td>
<td>The Fund’s investment objective is to achieve an attractive level of income. The Fund will obtain exposure</td>
<td>ICE BofAML Euro-Sterling TR</td>
<td></td>
</tr>
</tbody>
</table>

**Commodity and energy**

**Bond**

**Bond (cont.)**
<table>
<thead>
<tr>
<th>Type</th>
<th>Fund Name</th>
<th>Description</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active</td>
<td>Zurich UK Preference &amp; Fixed Interest</td>
<td>This fund should achieve a balance between maximising investment returns and achieving capital security. Other sterling fixed interest securities, including preference shares and index-linked bonds, may also be held.</td>
<td>FTSE Index Linked All Stocks TR</td>
</tr>
<tr>
<td>Passive</td>
<td>TRP Fixed Income Blend</td>
<td>The Fixed Income fund invests in an equal combination of government and investment grade corporate bonds through the use of two underlying funds. The fund’s objective is to achieve a return comprising of interest income and capital appreciation with low volatility. It aims to achieve a return consistent with its underlying benchmarks. The underlying funds are as follows: Zurich Aquila Over 15 Years UK Gilt Index CS1 – 50%, Zurich Aquila Corporate Bond All Stocks Index CS1 – 50%.</td>
<td>Composite</td>
</tr>
<tr>
<td>Passive</td>
<td>Aquila Corporate Bond All Stocks Index</td>
<td>This fund invests in investment grade corporate bonds denominated in sterling. The fund aims to achieve a return consistent with the iBoxx £ Non-Gilts Index. This index covers the broad spectrum of investment grade corporate bonds in issue.</td>
<td>Markit iBoxx Non-Gilts TR</td>
</tr>
<tr>
<td>Passive</td>
<td>Aquila Corporate Bond Over 15 Year Index</td>
<td>This fund invests in investment grade corporate bonds denominated in sterling. The fund aims to achieve a return consistent with the iBoxx £ Non-Gilts Over 15 Years Index. This index consists of bonds with maturity periods of 15 years or longer.</td>
<td>Markit iBoxx Non-Gilts 15+ TR</td>
</tr>
<tr>
<td>Passive</td>
<td>Aquila Index-Linked Over 5 Year Gilt Index</td>
<td>This fund invests in UK government index-linked securities (index-linked gilts) that have a maturity period of 5 years or longer. The fund aims to achieve a return consistent with the FTSE UK Gilts Index-Linked Over 5 Years Index, which is widely regarded as the benchmark for UK pension fund investment in the longer dated end of the UK index-linked gilt market.</td>
<td>FTSE Index Linked Over 5 Yr TR</td>
</tr>
<tr>
<td>Passive</td>
<td>Aquila Over 15 Years UK Gilt Index</td>
<td>This fund invests in UK government fixed-income securities (gilts) that have a maturity period of 15 years or longer. The fund aims to achieve a return consistent with the FTSE UK Gilts Over 15 Years Index, which is widely regarded as the benchmark for UK pension fund investment in the longer dated end of the UK gilt market.</td>
<td>FTSE Gilts Over 15 Yr TR</td>
</tr>
<tr>
<td>Cash</td>
<td>BlackRock Sterling Liquidity Fund</td>
<td>The fund aims to achieve an investment that is in line with wholesale money market short-term interest rates. Specifically, the fund will aim to better the return of Seven Day LIBID before fees.</td>
<td>7 Day LIBID</td>
</tr>
</tbody>
</table>