Linton Park Pension Scheme (2011) ("the Scheme") Defined Contribution (DC) section

Chair's Statement at 30 June 2024

Investment governance

On behalf of the current Trustee Directors, the statement below relates to the governance of the DC section of the Scheme, in accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015. This statement covers the period 1 July 2023 to 30 June 2024.

The Trustee of the Scheme is Linton Park Pension Scheme (2011) Trustee Limited whose Directors are:

Paul Canavan
Mark Freeriks
Amarpal Takk (resigned 31 December 2023)
Alan Trickey
Vidett Trust Corporation Limited, represented by Sophia Harrison or more recently by Mike Birch

Mike Birch has been appointed as Chair of the Trustee.

Governance of the default investment arrangement

As at 30 June 2024 the DC funds under management with Royal London were as follows:

Fund	Value
Balanced Tracker Lifestyle Strategy (Cash)	£2,317,268
Balanced Tracker Lifestyle Strategy (Annuity)	£2,015,629
Balanced Tracker Lifestyle Strategy (Drawdown)	£597,723
Governed Portfolio 5	£52,432
Royal London/BlackRock Aquila Consensus Fund	£42,227
Royal London/BlackRock Aquila Global Blend Fund	£9,682
Royal London Medium (10 year) Index Linked Fund	£8,785
Royal London Medium (10 year) Gilt Fund	£7,878
Royal London Deposit Fund	£6,327
Total	**£5,057,951**

The fund range is managed by Royal London. The default investment arrangement option is the Balanced Tracker Lifestyle Strategy – Target Cash. This is a lifestyle arrangement, whose target is based on a member accessing their pot at retirement as a cash lump sum. The Trustee Directors consider this to be consistent with the retirement option expected to be chosen by most members of the DC section, who also have pension benefits in the defined benefit (DB) section of the Scheme, as they can use their DC section pot to take tax free cash instead of commuting some of their DB pension.

The DC section is closed to new joiners but is a qualifying scheme for auto enrolment purposes. There are 7 active members and 71 deferred members at 30 June 2024. The values in the table above include funds for three further members who either retired or died before 30 June 2024 and their funds were in the process of being disinvested.

Linton Park Pension Scheme (2011) (“the Scheme”) Defined Contribution (DC) section

The asset allocation of the default investment arrangement option across a range of age profiles is shown in the table below and has taken account of the statutory guidance.

Asset Allocation on 30 June 2024	% Allocation for an average 25-year-old	% allocation for an average 45-year-old	% allocation for an average 55-year-old	% allocation for an average person, 1 day before SPA*
Cash	5%	5%	10%	100%
Bonds	7.5%	22.5%	45%	0%
Listed Equity	70%	57.5%	32.5%	0%
Private Equity	0%	0%	0%	0%
Infrastructure	0%	0%	0%	0%
Property	12.5%	10%	7.5%	0%
Private Debt	0%	0%	0%	0%
Other	5%	5%	5%	0%

*State pension age

The Trustee Directors are keen to ensure that Scheme assets are invested in the best interests of members and their beneficiaries. The Trustee Directors have adopted a Statement of Investment Principles which sets out the Trustee’s aims and objectives relating to the default investment strategy. This includes the Trustee’s policy on risk, return and the importance of environmental, social and governance issues, including climate change, when considering investments. The Statement of Investment Principles was reviewed and updated by the Trustee Directors in September 2021 and is attached to this statement.

The investment performance of the funds underlying the default investment strategy is reviewed half-yearly. The Trustee Directors are satisfied that the investment performance (net of fees) remains consistent with the stated objectives for these funds.

The Trustee Directors undertook a review of the ongoing suitability of the default investment strategy and self-select options in 2021.

The review concluded that:

- the default investment strategy, which targets cash at retirement, remained appropriate; and,
- the range of self-select funds offered remained appropriate.

A review of the DC Section is expected to be carried out in 2025.

Charges and transaction costs

The annual management charge (AMC) for the default investment strategy is 0.49% per annum. All unit prices are stated after deducting management charges.

As an alternative to the default investment option, members can select from two other balanced lifestyle strategies that target either an annuity or drawdown as options at retirement.

- Balanced Tracker Lifestyle Strategy – Target Annuity
- Balanced Tracker Lifestyle Strategy – Target Drawdown

As a further alternative, there are six 'self-select' investment funds.

- RLP Deposit
- RLP Governed Portfolio 5 (Tracker)
- RLP Medium (10 year) Gilt
- RLP Medium (10 year) Index Linked
- RLP/BlackRock Aquila Consensus
- RLP/BlackRock Aquila Global Blend

All of these funds are subject to the same AMC of 0.49% per annum.

In addition to these explicit member charges, members also incur transaction costs (incurred as a result of buying, selling, lending or borrowing investments). Royal London have detailed the following transaction costs for the year to 30 June 2024:

Lifestyle Funds	Transaction Costs
Balanced Tracker Lifestyle Strategy (Target Cash) – default option	
Governed Portfolio 4 (Tracker)	0.02%
Governed Portfolio 5 (Tracker)	0.02%
Governed Portfolio 6 (Tracker)	0.00%
RLP Deposit	0.00%
Balanced Tracker Lifestyle Strategy (Target Annuity)	
Governed Portfolio 4 (Tracker)	0.02%
Governed Portfolio 5 Annuity/DD (Tracker)	0.02%
Governed Portfolio 6 Annuity/DD (Tracker)	0.00%
RLP Annuity	0.07%
Balanced Tracker Lifestyle Strategy (Target Drawdown)	
Governed Portfolio 4 (Tracker)	0.02%
Governed Portfolio 5 Annuity/DD (Tracker)	0.02%
Governed Portfolio 6 Annuity/DD (Tracker)	0.00%
GRIP 3 (Tracker)	0.00%

These lifestyle strategies gradually switch from higher to lower risk portfolios/funds as a member gets closer to retirement (with Governed Portfolio 4 being the higher risk portfolio). The transaction costs will therefore vary depending on the member's position in the lifestyle strategy and the ranges which members experience are shown in the tables below:

Age (based on a normal retirement age of 65)	Transaction Costs
Balanced Tracker Lifestyle Strategy (Target Cash) – default option	
<55	0.02%
55 to 59	0.00% to 0.02%
60+	0.00%

Linton Park Pension Scheme (2011) ("the Scheme") Defined Contribution (DC) section

Balanced Tracker Lifestyle Strategy (Target Annuity)	
<55	0.02%
55 to 59	0.00% to 0.02%
60 to 64	0.00% to 0.07%
65+	0.07%
Balanced Tracker Lifestyle Strategy (Target Drawdown)	
<55	0.02%
55 to 59	0.00% to 0.02%
60+	0.00%

Other Funds	Transaction Costs
RLP/BlackRock Aquila Global Blend	0.02%
RLP Medium (10yr) Gilt	0.00%
RLP Medium (10yr) Index Linked	0.00%
RLP Deposit	0.00%
Governed Portfolio 5 (Tracker)	0.02%
RLP/BlackRock Aquila Consensus	0.03%

High transaction costs do not equal poor fund management and, similarly, lower transaction costs do not equal good fund management.

Royal London also operate a 'ProfitShare' system, with the stated aim of boosting members' retirement savings by adding a share of their profits to individual members' funds each year. For the previous eight years, Royal London have applied annual ProfitShare bonuses between 0.15% and 0.18%. This is in addition to normal investment returns. For the year ended 31 March 2024, a ProfitShare bonus of 0.15% was declared. The Trustee Directors will continue to monitor the actual awards made each year.

Within the default investment arrangement there have been no performance-based fees incurred during the Scheme year, which would be calculated in accordance with Regulation 25(1)(a) of the Administration Regulations 1996.

Cumulative impact of costs and charges

The Trustee Directors have analysed the cumulative impact of the member-borne costs and charges within the investment funds for typical members of the Scheme. Results of the analysis are detailed in the Appendix.

Linton Park Pension Scheme (2011) ("the Scheme")
Defined Contribution (DC) section

Net investment returns for the DC Section

The following tables reflect the performance of each fund over varying periods to 30 June 2024, based on investment returns after charges have been deducted and have taken into account the statutory guidance when preparing this section of the statement. They have been calculated on a geometric basis and assume a £10,000 investment fund.

Performance returns for the default and alternative fund options will vary depending on the member's position in the lifestyle strategy. The age-related returns for these options at ages 25, 45 and 55, based on a member with a selected retirement age of 65, are also shown.

Default option

Annualised returns as at 30 June 2024 (%)					
Balanced Tracker Lifestyle Strategy (Cash – default option)	**1 year**	**3 years**	**5 years**	**10 years**	**15 years**
Assumed age up to age 50 – GP4	14.27	6.13	6.43	7.39	8.98
Assumed age 55 – GP5	13.00	4.76	5.31	6.48	8.25
Assumed age 60 – GP6	10.35	3.48	3.77	4.65	6.28
Assumed age 65 – RLP Deposit	4.98	2.51	1.45	0.74	0.56

Age Related Returns (%)					
Age	**1 year**	**3 years**	**5 years**	**10 years**	**15 years**
25	14.27	6.13	6.43	7.39	8.98
45	14.27	6.13	6.43	7.39	8.98
55	13.00	4.76	5.31	6.48	8.25

Linton Park Pension Scheme (2011) ("the Scheme")
Defined Contribution (DC) section

Alternative lifestyle options

Annualised returns as at 30 June 2024 (%)					
Balanced Tracker Lifestyle Strategy (Annuity)	**1 year**	**3 years**	**5 years**	**10 years**	**15 years**
Assumed age up to age 50 – GP4	14.27	6.13	6.43	7.39	8.98
Assumed age 55 – GP5 Annuity/DD	13.00	4.39	5.12	6.48	N/A
Assumed age 60 – GP6 Annuity/DD	10.35	1.67	2.94	4.62	N/A
Assumed age 65 – RLP Annuity	5.08	-2.71	-0.43	N/A	N/A

Age Related Returns (%)					
Age	**1 year**	**3 years**	**5 years**	**10 years**	**15 years**
25	14.27	6.13	6.43	7.39	8.98
45	14.27	6.13	6.43	7.39	8.98
55	13.00	4.39	5.12	6.48	N/A

Annualised returns as at 30 June 2024 (%)					
Balanced Tracker Lifestyle Strategy (Drawdown)	**1 year**	**3 years**	**5 years**	**10 years**	**15 years**
Assumed age up to age 50 – GP4	14.27	6.13	6.43	7.39	8.98
Assumed age 55 – GP5 Annuity/DD	13.00	4.39	5.12	6.48	N/A
Assumed age 60 – GP6 Annuity/DD	10.35	1.67	2.94	4.62	N/A
Assumed age 65 – GRIP 3	10.18	2.24	3.30	5.03	N/A

Age Related Returns (%)					
Age	**1 year**	**3 years**	**5 years**	**10 years**	**15 years**
25	14.27	6.13	6.43	7.39	8.98
45	14.27	6.13	6.43	7.39	8.98
55	13.00	4.39	5.12	6.48	N/A

Linton Park Pension Scheme (2011) (“the Scheme”)
Defined Contribution (DC) section

Self-select funds

Annualised returns as at 30 June 2024 (%)					
Self-select fund	**1 year**	**3 years**	**5 years**	**10 years**	**15 years**
RLP/BlackRock Aquila Global Blend	17.65	7.10	7.77	8.59	10.18
RLP Medium (10yr) Gilt	6.25	-6.72	-3.45	0.87	2.42
RLP Medium (10yr) Index Linked	2.75	-2.96	-1.09	1.51	3.15
RLP Deposit	4.98	2.51	1.45	0.74	0.56
Governed Portfolio 5 (Tracker)	13.00	4.76	5.31	6.48	8.25
RLP/BlackRock Aquila Consensus	13.07	4.65	5.66	6.58	8.09

Linton Park Pension Scheme (2011) ("the Scheme") Defined Contribution (DC) section

Core financial transactions

The Trustee has a service level agreement in place with the administrator which covers all core transactions. The Trustee Directors receive and review reports from our administrators quarterly to monitor and ensure that core financial transactions are processed promptly and accurately (including a relevant review process), and are informed of any delays or errors in administration if applicable.

The reports include:

- investment of contributions into the Scheme;
- transfers of members' assets between different investments within the Scheme;
- transfers of members' assets into and out of the Scheme;
- payments from the Scheme to, or in respect of, members.

Regular contributions are deducted from members' pay by the Employer(s) and paid directly to Royal London. Royal London allocate contributions to the relevant members and investment funds, with appropriate monitoring of adherence to timescales in place. Based on the reports provided by the administrators, the Trustee Directors are satisfied that during the Scheme year, there have been no significant delays in processing any of the above transactions for our members.

Good value for money

While the Trustee is not required to undertake a formal Value for Money assessment, as the overall value of Scheme assets is over £100 million, the Trustee Directors wish to abide by the spirit of the regulations.

As such, for a pension scheme to offer good value for money, the Trustee Directors expect to see certain qualities that are in line with the costs being charged. In particular, the elements the Trustee Directors consider in assessing whether the Scheme provides good value for members are:

- Scheme governance and management
- Investment design and options
- Administration service
- Communications
- Charges

Scheme governance and management

The Trustee Directors have appointed First Actuarial LLP as the administrator, including secretarial and consultancy support, Barnett Waddingham LLP as investment adviser and Assure UK as independent auditor. Royal London specifically administer the DC section contributions and investment of members' funds. The governance of the Scheme is reviewed at every quarterly Trustee meeting and at regular Investment Sub-Committee meetings.

Linton Park Pension Scheme (2011) ("the Scheme") Defined Contribution (DC) section

Investment design and options

The Trustee Directors wish to ensure that the investment fund options provide good value for members. Periodic reviews are undertaken to ensure the investment funds (net of fees) continue to deliver appropriate returns in accordance with the Scheme's investment objectives set out in the Statement of Investment Principles.

Administration service

Royal London hold the membership data, with First Actuarial keeping skeleton member records and dealing with members on a day to day basis including when they wish to take their benefits or amend their investment choice (members also have the option of direct on-line access to their DC section benefits via the Royal London website). Royal London provide net promoter scores and First Actuarial have service level agreements in place and provide regular reports on the accuracy and timeliness of all core services. The administration reports demonstrate to the Trustee Directors that the Scheme is receiving the expected level of administration service.

Following changes to retirement options introduced by legislation in 2015, the Trustee Directors allow members to take a single lump sum at retirement as an alternative to the existing options of a tax-free lump sum and purchasing an annuity. It was decided not to allow income drawdown within the Scheme in view of the administrative implications; members can access drawdown by transferring to another pension arrangement of their own choice if they wish.

Communications

Scheme communications with members are tailored for the purpose required and are hence Scheme specific. Communication is primarily paper based, with the main regular communication being the annual benefit statement, including the Statutory Money Purchase Illustration. When dealing with individual members email is also used.

At retirement, in addition to the details about a member's options (including those from the DB section), members receive the MoneyHelper leaflet "Your pension: your choices" and are also provided with details of the Pension Wise service. Members can also speak to an administrator at First Actuarial on the telephone, by letter or e-mail, to discuss the information they have received and the options available to them.

Charges

The Employer(s) pay the cost of running the Scheme. The charges borne by the members within the DC section are the AMCs and transaction costs, as outlined above. These charges cover the cost of Royal London's work in administering the DC section and managing the investments.

The Trustee Directors consider that these charges are reasonably competitive in the current market.

Taking these elements into consideration the Trustee Directors are satisfied that the DC section continues to provide good value for members.

Linton Park Pension Scheme (2011) ("the Scheme") Defined Contribution (DC) section

Trustee Knowledge & Understanding

It is important that the Trustee Directors continue to have sufficient knowledge and understanding to fulfil their duties. Some Trustee Directors are long-standing and experienced, with any new Trustee Directors undertaking training following their appointment. All Trustee Directors have a working knowledge of the Scheme's documents, including the Trust Deed and Rules, Statement of Investment Principles and other policies.

Each Trustee Director maintains a personal training log detailing the relevant training (e.g. reading, discussion or courses) undertaken during the Scheme year. This includes their progress through the Trustee Toolkit, an on-line training resource provided by the Pensions Regulator, which helps assess individual learning needs and builds a personal development plan. Some training is delivered during Trustee meetings when the Trustee Directors are considering specific issues, the understanding of which is enhanced through training. Recent training received during the Scheme year includes a review of the Mansion House speech pension reforms, the Autumn Statement, changes to the Lifetime Allowance and The Pensions Regulator's general code of practice.

Vidett Trust Corporation Limited are professional trustees with experience across a wide range of DC arrangements and their staff undertake regular training and maintain training logs. Vidett is subject to an annual AAF audit that requires yearly reviews of training completed and continuing competence. Vidett hold copies of all scheme documents on their secure filing system and are required to have a working knowledge of them. The intention is to ensure that the professional trustee has a high level of knowledge and understanding which they are able to use when supporting the other trustees, exercising Trustee discretions and setting the Scheme's strategic direction. The Trustee team working on the Scheme have passed the Pension Regulator's trustee toolkit and are APPT Accredited Trustees.

The Trustee Directors are supported by other independent and professional advisers who ensure that they are kept up to date on the latest legislative, regulatory and market developments that apply to the Scheme. These advisory appointments are also periodically reviewed.

The Trustee Directors believe that they have met the appropriate level of knowledge and understanding to properly exercise their responsibilities.

Linton Park Pension Scheme (2011) (“the Scheme”) Defined Contribution (DC) section

How to contact the Trustee

If you have any further queries regarding the Scheme, please contact:

Linton Park Pension Scheme (2011) Trustee Limited
c/o First Actuarial LLP
Fosse House
182 High Street
Tonbridge
Kent TN9 1BE or e-mail lintonpark@firstactuarial.co.uk

Mike Birch

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Mike Birch
Chair of Linton Park Pension Scheme (2011) Trustee Limited

Date 21 January 2025

Attached: Statement of Investment Principles dated September 2021

Linton Park Pension Scheme (2011) (“the Scheme”) Defined Contribution (DC) section

Appendix – Cumulative impact of costs and charges

The Trustee has taken account of the statutory guidance when preparing these illustrations.

The tables below show the cumulative impact of costs and charges (as set out in the main body of this Statement) for a typical member in the default fund as well as the highest and lowest cost funds. No allowance has been made for Royal London’s ProfitShare arrangement.

Active members

Projected Pension Pot In Today’s Money						
	Balanced Tracker Lifestyle Strategy (Cash) – Default		BlackRock Aquila Consensus – Highest Cost Self-Select Fund		RLP Medium (10yr) Index Linked – Lowest Cost Self-Select Fund	
Years	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges
1	£91,974	£91,501	£91,891	£91,415	£88,871	£88,454
3	£115,389	£113,742	£115,098	£113,444	£104,891	£103,535
5	£140,302	£137,152	£139,743	£136,586	£120,752	£118,319
10	£208,102	£199,636	£208,247	£199,677	£159,715	£154,018
15	£280,041	£264,090	£287,863	£271,032	£197,714	£187,984
19	£323,998	£301,570	£360,757	£334,788	£227,435	£213,966

Assumptions:

1. Projected pension pot values are shown in today’s terms and do not need to be reduced further for the effect of future inflation
2. Contributions are assumed from age 46 to 65 and increase in line with assumed earnings inflation of 2.5% each year
3. Values shown are estimates and are not guaranteed
4. The illustration is based on a member who has 19 years to go until their retirement at age 65
5. The starting salary is assumed to be £53,100
6. The assumed total future contribution rate is 16% of salary each year
7. The starting pot size is assumed to be £80,800
8. The projected growth rates for each fund in the lifestyle strategy are
   Governed Portfolio 4 3.15% above inflation
   Governed Portfolio 5 2.85% above inflation
   Governed Portfolio 6 2.20% above inflation
   RLP Deposit -0.50% above inflation
9. The projected growth rates for the self-select funds are
   Blackrock Consensus 3.05% above inflation
   RLP Medium (10yr) Index Linked -0.50% above inflation

Linton Park Pension Scheme (2011) ("the Scheme") Defined Contribution (DC) section

Deferred members

Projected Pension Pot In Today's Money						
	Balanced Tracker Lifestyle Strategy (Cash) – Default		BlackRock Aquila Consensus – Highest Cost Self-Select Fund		RLP Medium (10yr) Index Linked – Lowest Cost Self-Select Fund	
Years	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges
1	£44,045	£43,807	£44,003	£43,764	£42,487	£42,277
3	£46,864	£46,109	£46,730	£45,972	£42,063	£41,444
5	£49,862	£48,531	£49,626	£48,292	£41,643	£40,628
10	£58,226	£55,159	£57,676	£54,617	£40,612	£38,656
15	£67,954	£62,657	£67,031	£61,770	£39,607	£36,780
20	£78,380	£70,366	£77,903	£69,860	£38,627	£34,995
25	£87,593	£76,624	£90,540	£79,009	£37,671	£33,297
28	£89,123	£76,766	£99,085	£85,064	£37,109	£32,318

Assumptions:

1. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation
2. Inflation is assumed to be 2.5% each year
3. Values shown are estimates and are not guaranteed
4. The illustration is based on a member who has 28 years to go until their retirement at age 65
5. No further contributions are assumed
6. The starting pot size is assumed to be £42,700
7. The projected growth rates for each fund in the lifestyle strategy are
   Governed Portfolio 4 3.15% above inflation
   Governed Portfolio 5 2.85% above inflation
   Governed Portfolio 6 2.20% above inflation
   RLP Deposit -0.50% above inflation
8. The projected growth rates for the self-select funds are
   Blackrock Consensus 3.05% above inflation
   RLP Medium (10yr) Index Linked -0.50% above inflation

Linton Park Pension Scheme (2011)

Statement of Investment Principles

Date prepared: September 2021

Date signed: September 2021

Contents

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustee of the Linton Park Pension Scheme (2011) (the Scheme). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010;
- the Occupational Pension Schemes (Charges and Governance) Regulations 2015;
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018; and
- the Occupational Pension Schemes (Investment and Disclosures) (Amendment) Regulations 2019.

1.2. In preparing this statement the Trustee has consulted Linton Park plc, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.

1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.

1.4. The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.

1.5. The investment powers of the Trustee are set out in Clause 5 of the Revised Trust Deed and Rules, dated 27 June 2011. This statement is consistent with those powers.

1.6. The Scheme consists of the Defined Benefit (DB) Section and the Defined Contribution (DC) Section.

2. Choosing investments

2.1. The Trustee's policy for the DB Section is to set the overall investment target and then monitor the performance of their managers against that target. For the DC Section, the Trustee's policy is to offer a default investment arrangement suitable for the Scheme's membership profile plus a core range of investment funds into which members can choose to invest their contributions and those contributions made by the employer. In doing so, the Trustee considers the advice of its professional advisers, who it considers to be suitably qualified and experienced for this role.

2.2. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in the Appendices to this statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.

2.3. The Trustee reviews the appropriateness of the Scheme's DB and DC investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustee will also consult the employer before amending either the DB or DC investment strategy.

3. Investment objectives

3.1. The Trustee has discussed key investment objectives in light of an analysis of the Scheme's liability profile (for the DB Section) and the Scheme's membership profile (for the DC Section) as well as the constraints the Trustee faces in achieving these objectives.

3.2. The Trustee's main investment objectives for the DB Section are:

- to ensure that the Scheme can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to achieve a long-term positive real return;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the DB Section's required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions, the cost of current benefits which the DB Section provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives.

3.3. The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the DB Section's liabilities. The Trustee has obtained exposure to investments that they expect will meet the DB Section's objectives as best as possible.

3.4. The Trustee's main investment objectives for the DC Section are:

- to provide a suitable default investment option that is likely to be suitable for a typical member of the DC Section;
- to offer an appropriate range of alternative investment options so that members who wish to make their own investment choices have the freedom to do so, recognising that members may have different needs and objectives; and
- to provide value for money for members.

3.5. Within the DC Section, the Trustee is responsible for the design of the default investment option and for choosing which funds to make available to members. Members are responsible for their own choice of investment options.

4. Kinds of investments to be held

4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives.

4.2. The Scheme invests in Liability Driven Investment ("LDI") funds. The objective of these funds is that their value moves broadly in line with the change in value of the Scheme's Technical Provisions liabilities to interest rate and inflation expectations. Their use of derivatives allows the Scheme to more accurately match the interest rate and inflation sensitivity of the liabilities than would be possible otherwise, reducing the overall level of investment risk taken.

4.3. The Trustee monitors from time-to-time the employer-related investment content of their DB Section portfolio as a whole and will take steps to alter this should they discover this to be more than 5% of the portfolio. Typically this check is carried out annually by the Scheme's auditors.

5. The balance between different kinds of investments

5.1. The DB Section invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within Appendix 1 to this statement.

5.2. For the Scheme's DC Section, members are able to choose to invest in a lifestyle strategy or elect to invest in a core range of funds. Where members do not choose where their contributions, and those made on their behalf by the employer, are invested, the Trustee will invest these contributions according to the chosen default investment strategy.

5.3. The Trustee considers the merits of both active and passive management for the various elements of each Section's portfolio and may select different approaches for different asset classes. The current arrangements are set out in the Appendices to this statement.

5.4. From time to time the DB Section may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate for any short-term cashflow requirements or any other unexpected items.

5.5. The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and therefore the asset allocation of the DB Section will be expected to change as the Scheme's liability profile matures and the asset allocation of the DC Section may change as the membership profile evolves.

6. Risks

6.1. The Trustee has considered the following risks for the DB Section with regard to its investment policy and the Scheme's liabilities, and considered ways of managing/monitoring these risks:

Risk versus the liabilities	The Trustee will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.
Covenant risk	The creditworthiness of the employer and the size of the pension liability relative to the employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	The risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustee is aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
Asset allocation risk	The asset allocation is detailed in Appendix 1 to this statement and is monitored on a regular basis by the Trustee.
Liquidity risk	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.

6.2. For the DC Section, investment risk lies with the members themselves. However, the Trustee has considered the following risks when making available suitable investment choices:

Inflation risk	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustee makes available investment options that are expected to provide a long-term, real rate of return.
Conversion risk	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. In the lifestyle arrangements made available to members (see Appendix 2), there is an increase in the proportion of assets that more closely match how members are expected to access their retirement savings. The different lifestyle arrangements reflect the differing ways that a member could access their savings in retirement.
Retirement income risk	The risk that a member's retirement income falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid. The Trustee periodically reviews the appropriateness of the fund range offered to members to ensure member outcomes can be maximised.

6.3. The following risks have been considered in the context of both the DB and DC Section:

Investment manager risk	The Trustee monitors the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary, usually on an annual basis. The Trustee has a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustee has considered long-term financial risks to the Fund and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Fund's investments in order to avoid unexpected losses.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. Currency hedging may be employed to manage the impact of exchange rate fluctuations.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7. Expected return on investments

7.1. The Trustee has regard to the relative investment return and risk that each asset class is expected to provide. The Trustee is advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

7.2. The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

7.3. In considering the expected return from investments, the Trustee recognises that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities of the DB Section.

7.4. Having established the investment strategy, the Trustee monitors the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions (and the DB Section's funding position). The Trustee meets the Scheme's investment managers as frequently as is appropriate, in order to review performance.

8. Realisation of investments

8.1. The Trustee has delegated the responsibility for buying and selling investments to the investment managers. The Trustee has considered the risk of liquidity as referred to above.

8.2. Ultimately, the DB Section investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustee is aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

9. Financially material considerations, the exercise of rights and engagement activities, and non-financial matters

9.1. The Trustee has set policies in relation to these matters. These policies are set out in Appendix 3.

10. Policy on arrangements with asset managers

10.1. The Trustee has set out their policies in relation to the arrangements that they enter into with any asset managers in Appendix 4.

11. Agreement

11.1. This statement was agreed by the Trustee, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the investment managers, the actuary and the Scheme auditor upon request.

Signed:.. **Date:** September 2021

On behalf of the Linton Park Pension Scheme (2011)

Appendix 1 - Note on investment policy of the Scheme's DB Section in relation to the current Statement of Investment Principles dated September 2021

The balance between different kinds of investment

The Scheme has a strategic asset allocation as set out in the table below, which has been agreed after considering the Scheme's liability profile, funding position, expected return of the various asset classes and the need for diversification.

Rebalancing

The Trustee recognises that the asset allocation of investments in different asset classes will vary over time as a result of market movements. There is no automatic rebalancing between the investment managers; however if there is a material deviation from the Scheme's strategic asset allocation, the Trustee and the employer will discuss if any remedial action is required to redress the balance between the investment managers.

The LDI portfolio is intended to broadly hedge 100% of movements in the Scheme's Technical Provisions liabilities due to interest rate and inflation expectation changes. The Trustee seeks to preserve this hedging level over time, which may require that the allocation to the LDI portfolio moves away from its benchmark allocation.

Portfolio	Asset class	Allocation (%)
Growth portfolio	Multi-asset	25.0
	Global equities	25.0
Protection portfolio	LDI and liquidity	40.0
	Corporate bonds	10.0
Total		**100.0**

Choosing investments

The Trustee has appointed the following investment managers to carry out the day-to-day investment of the Scheme:

- Multi-asset mandates – Newton Investment Management Limited and BlackRock Investment Management (UK) Limited;
- Global equity mandate – Baillie Gifford & Co Limited and Fundsmith LLP;
- Corporate bond mandate – M&G Investments;
- LDI mandate – Insight Investment Management.

The investment managers are authorised and regulated by the Financial Conduct Authority.

The Trustee has AVC contracts with Standard Life, Clerical Medical, Prudential, and ReAssure for the receipt of members' Additional Voluntary Contributions. These arrangements are reviewed from time to time.

The investment benchmarks and objectives for each investment manager are given below:

Investment manager	Fund	Benchmark	Objective
Baillie Gifford	60:40 Worldwide Equity Fund	60% of the FTSE All Share Index and 40% of an overseas composite based on the corresponding FTSE indices for America and Europe and MSCI indices for Developed Asia Pacific and Emerging Markets	To outperform its benchmark by 1.0% - 1.5% p.a. over rolling 3 year periods (before fees)
Fundsmith	Equity Fund	MSCI World Index	To outperform its benchmark over a business cycle
Newton	Real Return Fund	1-month sterling LIBOR index	To outperform its benchmark by 4.0% p.a. over rolling 3 to 5 year periods (before fees)
BlackRock	BlackRock Dynamic Diversified Growth Fund	3-month sterling LIBOR index	To outperform its benchmark by 3.0% p.a. (after fees) over rolling 3 years
M&G	All Stocks Corporate Bond Fund	iBoxx Sterling Non-Gilts Index	To outperform its benchmark by 0.80% p.a. over rolling 3 year periods (before fees)
Insight	Fixed Interest Gilt Funds (partially & fully funded)	Liability benchmark based on fixed notional cashflows	To move in line with the benchmark
	Index-Linked Gilt Funds (partially & fully funded)	Liability benchmark based on index-linked notional cashflows	To move in line with the benchmark
	Liquidity Plus Fund	SONIA	To provide diversified exposure and a competitive return in relation to the benchmark

The performance of the investment managers will be monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

The AVC arrangement is reviewed from time to time.

Investments and disinvestments

Investments and disinvestments are usually made so as to move the actual asset allocation more in line with the high-level target asset allocation.

LDI re-leveraging and de-leveraging events

The Trustees have an automated process in place with Insight for handling re-leveraging and de-leveraging events. A re-leveraging event occurs when the leverage in an LDI fund hits its lower limit, allowing cash to be distributed from the fund. A de-leveraging event occurs when the leverage in an LDI fund hits its upper limit, requiring cash to be paid into the fund if hedging levels are to be maintained.

In the case of a re-leveraging event, the distributed cash will be paid into the Insight Liquidity Plus Fund.

In the case of a de-leveraging event, the additional funds will be taken from the Insight Liquidity Plus Fund. If there is insufficient cash in the fund to cover the collateral call, the Trustee will then consider potential actions on a case-by-case basis.

Appendix 2 - Note on investment policy of the Scheme's DC Section in relation to the current Statement of Investment Principles dated September 2021

Choosing investments

The Trustee has appointed Royal London as the provider of investment options to members of the Scheme's DC section. Royal London, who are authorised and regulated by the Financial Conduct Authority, are able to delegate the day-to-day investment of the Scheme to the underlying investment managers (one of which is Royal London).

The performance of the investment managers will be monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

The balance between different kinds of investment

The Trustee offer members lifestyle arrangements as well as access to the a range of asset classes for members who want to make 'self-select' decisions about where their savings are invested. The asset classes available include:

- Equities
- Property
- Bonds
- Cash
- Multi Asset
- Other alternative asset classes

Lifestyle strategies

The Trustee has made available three different lifestyle strategies that target the following ways in which members may wish to access their pension savings in retirement:

- **Balanced Tracker Lifestyle Strategy – Target Cash** – for those members wanting to take their whole pot as cash;
- **Balanced Tracker Lifestyle Strategy – Target Annuity** – for those members wanting to secure an income for life via the purchase of an annuity;
- **Balanced Tracker Lifestyle Strategy – Target Drawdown** – for those members wanting to draw down an income in retirement.

Within the lifestyle strategies, a member's assets are automatically invested in line with a pre-determined strategy that changes as the member gets closer to accessing their retirement savings. Emphasis is placed on medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term, inflation-protected growth whilst the member is a long way off accessing their retirement savings. During this growth phase, the equity portion of the lifestyle strategy (which is a large portion of the underlying holdings), is managed passively. Over the years preceding the member's target retirement date, the investments automatically switch into a blend of assets that are expected to be a suitable investment strategy for a typical member that wishes to receive certain types of benefits (e.g. cash, annuity or drawdown). For example, the Balanced Tracker Lifestyle Strategy – Target Cash lifestyle option is shaped around being invested in cash or cash-like investments as members approach retirement such that the strategy at retirement provides stability of capital value for those members wanting to take their benefits as a cash lump sum.

Single fund self-selection options

Below is a list of the funds that the Trustee has made available to members who do not wish to be invested in a lifestyle strategy and wish to create their own investment strategy. For the avoidance of doubt, members cannot invest in a lifestyle strategy and a blend of the funds below.

Asset class	Fund name
Global equities	RLP/BlackRock Aquila Global Blend
Fixed interest bonds	RLP Medium (10 year) Gilt
Index-linked bonds	RLP Medium (10 year) Index Linked
Cash	RLP Deposit
Multi-asset	RLP Governed Portfolio 5 (Tracker)*
	RLP/BlackRock Aquila Consensus

*This fund requires a 100% investment of a member's savings.

Default option

Balanced Tracker Lifestyle Strategy – Target Cash

The Trustee acknowledges that members will have different attitudes to risk and different aims for accessing their retirement savings, especially in light of the DC pension flexibilities introduced in April 2015, and so it is not possible to offer a default investment option that will be suitable for all. However, the Trustee decided that the Balanced Tracker Lifestyle Strategy – Target Cash lifestyle arrangement represents a suitable investment option for members who do not make a choice about how their contributions (and those made on their behalf by the employer) are invested.

Following a review of the investment strategy of the DC section and membership analysis carried out by the Trustee's advisers, it was found that a large amount of the DC membership are expected to have relatively small retirement pots within the DC Section. In addition, many members are also DB Section members, ceasing DB accrual late in 2016 and beginning their DC Section contributions. For these members, the majority of their benefits on retirement from the Scheme are likely to be in the form of a regular pension from the DB Section. This suggests that these members are likely to take their smaller DC pension as a cash lump sum on retirement, rather than draw this amount down over time or buy an annuity. A further review was carried out in 2021, where the same conclusion was reached in light of high-level data and comparison to the initial review. Based on this information, it is therefore currently expected that more members will access their pot at retirement as a cash lump sum, rather than accessing their retirement savings in other ways. For this reason, the Trustee decided that the default arrangement should be based around this method of accessing benefits in retirement.

Balanced Tracker Lifestyle Strategy – Target Annuity

Some members have historically chosen to invest in a lifestyle strategy that targets annuity purchase on retirement. As part of the review of investment arrangements, the Trustee agreed to transfer these members' assets to the newly governed annuity-targeting lifestyle strategy unless the member choose otherwise. The Trustee agreed that this remains an appropriate strategy for these members (for the same reason) as part of their 2021 investment review.

Appendix 3 - Note on financially material considerations, the exercise of rights and engagement activities, and non-financial matters for both the DB and DC sections

Policy on financially material considerations

Having received training from their investment advisors the Trustee have considered the financial materiality of environmental, social and governance issues, including climate change (referred to together as "ESG issues"), within the DB section and within the DC section's default investment strategy and self-select member options. The Trustee views ESG within an investment context as financially material – that is, they have the potential to impact the value of the members' investments in both the DB and DC sections over the length of time until the Scheme's life comes to an end. This is expected to be more than 10 years from the date of this Statement in the case of the DB section. The Trustee is comfortable that the funds currently invested in by the Scheme (for the DB Section and the default strategy in the DC Section) are managed in accordance with their views on financially material factors, as set out below.

The Trustee invests in pooled investment vehicles. The choice of underlying funds is made by the Trustee after taking advice from their investment consultant. The Trustee expects the managers of the underlying funds to take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments. The Trustee will consider ESG, voting and engagement issues in the selection, retention and realization of investments when appointing and reviewing managers (and reviewing the investment strategy of either the DB or DC Section) to ensure that they are appropriately taken into account given the asset class involved.

The Trustee appreciates that taking ESG into account within an investment strategy and process will yield different returns and/or risks for different asset classes. The Trustee's views on ESG integration within each asset class is outlined below and is relevant for investments held in both the DB and DC sections including the DC default investment strategy:

Passive equities – The Trustee accepts that when investing passively in equity index tracker funds, there is little that the manager can do within the investment process selecting stocks. However, the Trustee believes that positive engagement on ESG issues can lead to improved risk-adjusted returns. Therefore, the Trustee looks to the passive equity manager to positively engage with companies where there is scope to improve the way ESG issues are taken into account when running the company. The lifestyle strategies within the DC Section make use of a passive equity fund whereby the Developed market exposure within the index aims to track an index that includes an ESG screen, and the Emerging Market exposure aims to track an "ESG Leaders" index. By the choice of indices, ESG factors are taken into account in the selection, retention and realisation of investments.

Gilts, LDI and Liquidity - the Trustee does not believe there is scope for ESG issues to improve risk-adjusted returns within the Scheme's gilt, LDI and liquidity holdings regardless of whether they are actively or passively managed.

Active equities - The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's active equity managers. The investment process for each active equity manager should take ESG into account in the selection, retention and realisation of investments. Further to this, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Credit - The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's credit holdings. The investment process for each credit manager should take ESG into account in the selection, retention and realisation of investments. The Trustee also supports engagement activities, although they appreciate that fixed income assets do not typically provide voting rights. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Multi-asset funds - the Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's multi-asset fund managers. The investment process for each multi-asset fund manager should take ESG into account in the selection, retention and realisation of investments. Further to this, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Property - the Trustee believes that ESG issues can be financially material to the risk-adjusted returns achieved by the Scheme's property manager. Environmental issues are particularly important when selecting appropriate properties for the property portfolio, and so the Trustee looks to the manager to incorporate environmental issues into their investment process.

Policy on the exercise of rights and engagement activities

The Trustee acknowledges the importance of ESG and climate risk within their investment making framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustee is of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities i.e. that they apply to equity, credit and property instruments or holdings. The Trustee also recognises that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustee considers it to be a part of their investments managers' roles to assess and monitor developments in the capital structure for each of the companies in which the manager invests on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units. The Trustee also considers it to be part of the investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme. Where the Trustee uses pooled funds the Trustee expects the investment manager to employ the same degree of scrutiny.

Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

The Scheme's investment managers are granted full discretion over whether or not to hold the equity, debt or other investment in the Sponsoring employer's business. Through their consultation with the Sponsoring Employer when setting this Statement of Investment Principles the Trustee has made the Sponsoring Employer aware of their attitude to ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Scheme's investment consultants, Barnett Waddingham, are independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest.

The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee/investment manager and the investee companies.

In selecting and reviewing their investment managers, where appropriate, the Trustee will consider investment managers' policies on stewardship and engagement and how these policies have been implemented.

The Trustee delegates responsibility for stewardship activities (exercise of rights (including voting rights) and engagement) attaching to the Scheme's investments to its investment managers. Managers are expected to exercise voting powers with the objective of preserving and enhancing long-term shareholder value. In addition to the exercise of voting rights, managers are expected to engage with key stakeholders (which may include issuers of debt or equity, corporate management, regulators and governance bodies) relating to their investments in order to improve corporate behaviours and governance, improve performance and social and environmental impact and to mitigate financial risks.

The Trustee periodically reviews engagement activity undertaken by their investment managers to ensure that the policies outlined above are being met and may explore these issues with its investment managers as part of the ongoing monitoring of the ESG integration and stewardship activities of its investment managers, and will use this to form the basis of the implementation report prepared each year.

Policy for taking into account non-financial matters

The Trustee does not consider any non-financial matters (such as member ethical views) when constructing the investment strategy for the DB section, the default DC investment strategy, the self-select offerings and/or when selecting or reviewing fund managers.

Appendix 4 - Note on investment manager arrangements as at September 2021 in relation to the current Statement of Investment Principles

Aligning the investment strategy and decisions of investment managers with the Trustee's investment policies

Prior to appointing the investment manager, the Trustee discusses the investment manager's benchmark and approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how they are aligned with the Trustee's own investment aims, beliefs and constraints.

When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustee also considers how ESG and climate risk are integrated into these. If the Trustee deems any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

The Trustee carries out a strategy review at least every 3 years where they assess the continuing relevance of the strategy in the context of the Scheme and their aims, beliefs and constraints. The Trustee monitors the investment managers' approach to ESG and climate related risks on an annual basis.

In the event that the investment manager ceases to meet the Trustee's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment may be terminated. The investment managers understand this.

Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

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

The Trustee is mindful that the impact of ESG and climate change may have a long-term nature. However, the Trustee recognises that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustee has considered this in their investment management arrangements.

When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustee assesses these over an agreed predetermined rolling timeframe. The Trustee believes the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. The Trustee monitors the investment managers' approach to ESG and climate related risks on an annual basis.

Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustee expects this to be sufficient to ensure an appropriate alignment of interests.

The Trustee expects investment managers to be voting and engaging on behalf of the Scheme's holdings and the Trustee monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short term targets.

How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for asset management services are in line with the Trustee's policies

Evaluation of investment managers' performance

The Trustee monitors the performance of their investment managers over medium to long time periods that are predetermined and consistent with the Trustee's investment aims, beliefs and constraints.

Remuneration of investment managers

Details of the fee structures for the Scheme's investment managers are contained in the Trustee's Investment Manager Arrangement Summary document.

The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less.

The Trustee believes that this fee structure enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

The Trustee asks the Scheme's Investment Consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered at least every three years as part of the review of the Statement of Investment Principles.

How the Trustee monitors portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range

The Trustee acknowledges that portfolio turnover costs can impact on the performance their investments. Overall performance is assessed as part of the quarterly investment monitoring process.

During the investment manager appointment process, the Trustee may consider both past and anticipated portfolio turnover levels. When underperformance is identified deviations from the expected level of turnover may be investigated with investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices. Assessments reflect the market conditions and peer group practices.

The Trustee acknowledges that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

The duration of the arrangements with investment managers

For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustee's investment aims, beliefs and constraints is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.