THE R&A GROUP SERVICES LIMITED PENSION SCHEME

CHAIR'S ANNUAL GOVERNANCE STATEMENT

Introduction

I am pleased to present the Trustees' Statement of Governance, covering the period 1 January 2020 to 31 December 2020.

This Statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996 No. 1715) as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (SI 2015 No. 879).

This Statement covers four key areas:

1. The investment strategy relating to the Scheme's default arrangement;
2. The processing of core financial transactions;
3. Value, with particular focus on charges and transaction costs deducted from members' funds;
4. The Trustees' compliance with the statutory knowledge and understanding ("TKU") requirements.

The Scheme is a hybrid pension arrangement comprised of a Defined Benefit Section and a Defined Contribution Section. For both sections, both the Company (R&A Group Services Limited) and members paid monthly contributions until 31 December 2018.

From 1 January 2019, pension provision for former active members of the Defined Contribution Section of the Scheme is provided by the Aviva Master Trust. The Trustees, following consultation with the Company, undertook a bulk transfer without consent to the Aviva Master Trust of the Defined Contribution Section assets in December 2019.

As at 31 December 2020, the only remaining Defined Contribution ("DC") benefits in the Scheme were held with Scottish Widows. The "DC Only" proportion of these assets was transferred to the Scheme in 1993 and is predominately held in the Scottish Widows With-Profits fund.

There are also Additional Voluntary Contributions ("AVCs") funds held within the Scheme. The Trustees wrote to all of the Scheme's AVC members in February 2021 reminding them about their AVC investments and the options available to them in respect of these investments.

The term 'defined contribution' means that the value of a member's benefits on retirement is not known in advance and is not guaranteed, but is dependent on factors such as the amount of contributions paid in, investment returns earned and expenses incurred. The way in which members choose to withdraw their benefits will also have a bearing on their financial outcomes during retirement. The disclosures in this Statement relate entirely to the Defined Contribution Section and include those required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

This Statement will soon be made available at www.randa.org/.

1. The default investment strategy for the DC Section of the Scheme

There is no longer a default arrangement for the purposes of the Occupational Pension Scheme (Charges and Governance) Regulations 2015, because the Scheme is not used as a qualifying scheme for automatic enrolment purposes. The DC Section's previous default arrangement was transferred during the bulk transfer without consent to the Aviva Master Trust.

Statement of Investment Principles

In accordance with the Administration Regulations, the Trustees have appended (under Appendix A) the latest copy of the Statement of Investment Principles (the "SIP"), incorporating the default SIP, prepared for the Scheme in compliance with Section 35 of the Pensions Act 1995 and regulation 2 / regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, dated August 2020.

2. The processing of Scheme core financial transactions

As required by the Administration Regulations, the Trustees must ensure that "core financial transactions" are processed promptly and accurately.

The Trustees have noted that a number of items that are deemed as core transactions, such as the investment of contributions, are not relevant for this Scheme.

The Scheme's administration is outsourced to Mercer Limited. As part of that model, the Trustees have agreed timescales with Mercer Limited for the processing of all member-related services, including core financial functions. These timescales are well within any applicable statutory timescale.

The Trustees review this through the administration reports produced by Mercer Limited annually, which provide information to the Trustees on how promptly, and accurately transactions and member enquiries are dealt with.

Other controls that address the promptness and accuracy of core financial transactions include:
- The administrators record all member transactions and benefit processing activities in a work management system, which assigns the relevant timescale to the task. They must disclose annually to the Trustees their performance against these agreed timescales. The Trustees consider these disclosures at their November meeting. Furthermore, there are regular calls between the administrators and the Company's HR department, on behalf of the Trustees, to resolve any issues.
- The Trustees request additional disclosures on a spot-check basis in respect of transactions and benefit processing activity that have not been completed within the agreed timescales including the cause of the delay, the extent to which agreed timescales were breached and the proposed remedial measures.
- The Scheme's Risk Register outlines the risks to members and the Scheme, including those in relation to financial transactions, and considers the impact, likelihood, controls and possible mitigation techniques for each risk. The Register is monitored and reviewed on a regular basis.

In addition, the Scheme Auditor, Ernst & Young LLP, conducts spot-checks of the accuracy of financial transactions as part of its annual audit of the Scheme's Report and Accounts.

Based on the above, the Trustees are satisfied that the Scheme's core financial transactions have been processed promptly during the period to which this Statement relates.

3. Charges and transaction costs

As required by the Administration Regulations, the Trustees are required to report on the member-borne charges and transaction costs for the investments used in the DC Section of the Scheme, as well as AVCs, and assess the extent to which the charges and costs represent good value for members. The Regulator prescribes the content (including illustrations) in this section, over which the Trustees have little discretion.

<u>Charges and Transaction Costs</u>

The Company currently meets administration, member communication and advisory costs associated with operating the Scheme.

The Scheme provides details of the costs borne by members in two forms: the annual management charge ("AMC") and total expense ratio ("TER"). The AMC is the fee applied by the investment manager for managing the individual funds; the TER comprises the AMC and additional fund expenses ("AFEs"), for example, custody costs where applicable.

Following the bulk transfer of the DC Section to the Aviva Master Trust, the fund now most commonly used by members is the Scottish Widows Conventional With-Profits fund. There is no explicit annual management charge under this With-Profits fund.

For the range of alternative funds available, excluding the conventional With-Profits fund, annual management charges are around 0.92% p.a. to 0.95% p.a. of savings.

In addition to the investment managers' expenses included in the TER, investment funds are subject to other implicit costs, such as those associated with trading a fund's underlying securities, commissions and stamp duty. These expenses are not explicitly deducted from the fund but are captured by a reduction in investment returns.

The table below summarises charges and transaction costs of the funds currently used in the Scheme as at 31 December 2020.

Fund Name	AMC (% p.a.)	TER (% p.a.)	Transaction Costs Total (%)
DC Only			
Scottish Widows Conventional With-Profits	*	*	0.20%
AVCs			
Scottish Widows Unitised With-Profits	**	**	0.20%

Fund Name	AMC (% p.a.)	TER (% p.a.)	Transaction Costs Total (%)
Scottish Widows Consensus	0.875%	0.948%	***
Scottish Widows Mixed	0.875%	0.920%	-0.09%

Source: Scottish Widows. Fees and transaction costs are as at 31 December 2020

** TERs do not apply to the Conventional With-Profits fund*

*** There is an equivalent charge for With-Profits units, which Scottish Widows currently expect to be at a yearly rate of about 1.000%*

****Scottish Widows did not provide Cost information at the time of writing.*

In the context of a DC pension scheme, transaction costs arise from the buying and selling of assets when members buy and sell units of funds or when managers trade within pooled funds. These costs of manager trading are borne by members. Transaction costs are those which members may incur when switching their investments between the investment funds that are available.

In reporting these transaction costs, the Trustees confirm that the guidance provided by the Financial Conduct Authority regarding calculations and disclosures of transaction costs was followed. The Trustees received transaction cost information from Scottish Widows, which is available to members on request.

The transaction costs provided by Scottish Widows, as set out in the tables above, are calculated using the 'slippage cost' methodology. This method looks at the change in the value of an investment between the time the decision to buy or sell the investment is taken and the time that the transaction is actually executed. As the value of the investments can increase or decrease, this means that the transaction costs identified by this method can be positive or negative.

<u>Reporting Costs and Charges</u>

Based on statutory guidance and in accordance with the regulatory requirements, the Trustees have prepared the following illustrations detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot.

The illustrations below take into account the savings pot size; the real terms investment return gross of costs and charges; adjustments for the effect of costs and charges; and the investment horizon.

To make this representative of the membership, the Trustees have based the illustrations on the demographics of the remaining members in the Scheme. The illustrations shown below are based on the median age of members, 61 years old, and a median pot size of £4,500. As the Scheme closed to contributions on 31 December 2018, there are no assumed contributions. Annual inflation is assumed to be 2.5% per year.

Where transaction costs return a negative value, it is prudent to reflect this as 0% within the illustration as it is unlikely that members will gain in every year of their investment term.

Typical Member (aged 61)

	Conventional With-Profits		Unitised With-Profits		Consensus		Mixed	
Year End	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	4,622	4,613	4,577	4,522	4,618	4,569	4,614	4,570
2	4,747	4,728	4,655	4,544	4,739	4,639	4,732	4,641
3	4,875	4,846	4,734	4,566	4,863	4,709	4,852	4,713
4	5,007	4,967	4,815	4,588	4,991	4,781	4,975	4,787

Notes
1. Projected pension pot values are in today's terms i.e. they represent the value of the funds in 2020 and have not been adjusted for the effect of price inflation.
2. Projections are estimates and are not guaranteed
3. The expected gross return above inflation, TERs and transaction costs, provided by Scottish Widows for each fund, are as follows:
   A. Conventional With-Profits: Return: 2.5% per year, TER: 0.0%, Transaction Costs: 0.20%
   B. Unitised With-Profits: Return: 1.5% per year, TER: equivalent charge of 1.0%, Transaction Costs: 0.20%
   C. Consensus: Return: 2.5% per year, TER: 0.95%, Transaction Costs: 0.12%
   D. Mixed: Return: 2.5% per year, TER: 0.92%, Transaction Costs: 0.04%

Value for Money
In accordance with regulation 25(1)(b), the Trustees are required to undertake a review of the charges and transaction costs incurred by members in order to ascertain whether or not they represent good value for members, relative to peers and alternative arrangements that are available. The Trustees last completed a review in June 2020, and concluded that the Scheme's overall benefits represent reasonable value for money. The Trustees are completing a detailed review of their provisions in 2021, and the outcome of this assessment is due for completion in August 2021.

4. Trustees' Knowledge and Understanding (TKU)

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustees are required to maintain an appropriate level of knowledge and understanding that, together with professional advice available to them, enables them to properly exercise their functions and duties in relation to the Scheme.

The Trustees assess their training needs annually in light of their business plan priorities and keep a training log.

The table below shows how these requirements have been met during the year.

Requirement	How met
Trustees must describe how, through the scheme year, the trustees have demonstrated a working knowledge of the trust deed and rules.	Over the Plan Year, the Trustees have demonstrated a working knowledge of all Plan governing documents and overarching law relating to pensions. The Trustees receive regular current issues updates from their advisors and consider whether these require any amendments or updates

	to the Scheme's governing Trust deed and Rules. No such changes were required in the Scheme year.
Trustees must describe how, through the scheme year, the trustees have demonstrated a working knowledge of the current SIP.	The Trustees are conversant with, and have a working knowledge of, the current SIP, which was updated in August 2020.
Trustees must describe how, through the scheme year, the trustees have demonstrated a working knowledge of all documents setting out the trustees' current policies.	The Trustees are conversant with, and have demonstrated a working knowledge of, the Scheme documents. With support from their advisers, Mercer Limited, Scheme documents are maintained in line with current legislation. The Trustees are made aware when updates are required. The Risk Register is monitored and reviewed on a regular basis.
Trustees must describe how, through the scheme year, the trustees have demonstrated that they have sufficient knowledge and understanding of the law relating to pensions and trusts.	The Trustees' professional advisers attend all formal meetings and give the Trustees an overview of market and legislative developments, including the Trustees' duties and requirements for strong governance. The Trustees also consult with their legal advisers on changes to the law relating to pensions and trusts. In addition, the Trustees may request specific training on any relevant aspect ahead of any Scheme reviews or new legal requirements. This provides the Trustees with knowledge and understanding of the law relating to pensions and trusts.
Trustees must describe how, through the scheme year, the trustees have demonstrated that they have sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes.	The Trustees regularly review their training needs to ensure that any new needs that arise are identified and that a plan is put in place to address them. During the Scheme year, the Trustees received training on: • Potential impact and implications of the Coronavirus pandemic (April 2020); • TPR consultation on the future of DB funding (April 2020); • Actuarial factors (August 2020); • Fiduciary investment management and journey planning (November 2020). This has provided them with knowledge and understanding of these areas relating to the funding and investment of occupational pension schemes.
Trustees must describe how, through the scheme year, the trustees have demonstrated that their combined knowledge	The Trustees receive professional advice from their professional advisers to support them in reviewing the performance of the Scheme and in governing the Scheme in line with the Trust Deed and Rules. The relevant skills and

and understanding, together with available advice, enable them to properly exercise their functions.	experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers. The Trustee board contains trustees with wide ranging skills and experience. The advice received by the Trustees, along with their own experience and combined knowledge, allows them to properly exercise their function as Trustees. The Company and the Trustees’ advisers who attend each Trustee meeting are available to support the Trustees at any time during the year and answer any queries or concerns they may have.

The Trustees of the Scheme will also on an ongoing basis review and assess whether their systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator’s Code of Practice 13.

Chair’s declaration

I confirm that the above Statement has been produced by the Trustees of the R&A Group Services Limited Pension Scheme.

Signature: ______________________________

Name: Anthony Neil Andrews

Chair of the R&A Group Services Limited Pension Scheme

Date: 26 July 2021

Appendix

Statement of Investment Principles effective August 2020

THE R&A GROUP SERVICES LIMITED PENSION SCHEME

Statement of Investment Principles

1. INTRODUCTION

The Trustees of The R&A Group Services Limited Pension Scheme ("the Scheme") have drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of:

- The Pensions Act 1995, as amended by the Pensions Act 2004;
- The Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015; and,
- Subsequent legislation.

As required under the Act the Trustees have consulted a suitably qualified person in obtaining written advice from Mercer Limited ("Mercer"). The Trustees in preparing this Statement have also consulted the Sponsoring Employer, in particular on the Trustees' objectives.

Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustees acting on expert advice and is driven by their investment objectives. The remaining elements of policy are part of the day to day management of the assets which is delegated to professional investment management and described in Section 3.

The investment objectives and strategies for the Scheme are set out in Section 2.

2. INVESTMENT OBJECTIVES AND RISK

2.1 Investment Objectives

To guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed, the Trustees have adopted the following objectives:

- The Trustees' investment policy is guided by an overall objective of achieving, over the long term, a return on the investments which is consistent with the long term assumptions made by the Actuary in determining the funding of the Scheme.
- Over the shorter term the objective is to achieve a favourable return against the benchmark detailed in Section 3.1. The Trustees believe that the investment strategy adopted for achieving this objective will also be appropriate for achieving a further objective of seeking to avoid the need for additional contributions arising from a mismatch between the assets and liabilities.

2.2 Risk

There are various risks to which any pension scheme is exposed. In particular the Trustees have considered the following:

- The risk of deterioration in the Scheme's funding level.
- The risk that the day to day management of the assets will not achieve the rate of return expected by the Trustees.

The Trustees consider the total risk of the investment policy in terms of the potential impact on the level and potential volatility in the funding level and, by association, additional (or 'deficit') contributions. The Trustees have explicitly considered the interest rate and inflation sensitivity of the assets and liabilities and have implemented a Liability Driven Investments mandate with Insight

Investments to reduce the mismatch between assets and liabilities in this area. The investment policy is based on the Trustees' and the Sponsoring Employer's view and tolerances with regard to these risks.

The Trustees believe that the investment strategy outlined in this Statement is appropriate for meeting the risks outlined above. The Trustees also monitor the Scheme's investments on a six monthly basis.

2.3 Investment Strategy

Following a review of investment strategy, the Trustees have determined, based on expert advice from Mercer, a benchmark mix of asset types and ranges within which the investment managers may operate; these guidelines are set out in Section 3.

The Trustees review the appropriateness of the investment strategy on a regular basis. Such analysis enables the Trustees to assess the appropriate level of risk given the objectives and risks identified above, which are also reviewed on a regular basis and in response to any material changes to the circumstances of the Scheme and the Sponsoring Employer.

The Trustees target an annual return on the Scheme's assets in line with the Actuary's assumptions and believe that the resulting asset mix is currently appropriate for controlling the risks identified in Section 2.2.

3. DAY TO DAY MANAGEMENT OF THE ASSETS

3.1 Main Assets

The Trustees invest the main assets of the Scheme in pooled funds operated by five investment managers. The equity assets are split between Baillie Gifford, Veritas and Dodge & Cox. The bond assets are invested with Insight Investment Management, and the Diversified Growth Fund ("DGF") assets are held with Baillie Gifford. The long-lease property mandate is held with M&G.

The Trustees are satisfied that the spread of assets by type and the investment manager's policy on investing in individual securities within each type provides adequate diversification of investments. The overall investment strategy and structure is shown in the table below:

Manager	Asset Class	Benchmark %	Most Suitable Benchmark	Outperformance Target (% p.a.)
Baillie Gifford	Global Equities (Global Alpha Fund)	11.7	MSCI AC World Index	+2.0 - 3.0% p.a. (gross of fees)
Veritas	Global Equities	11.7	MSCI World Index	CPI +6.0%-10.0% p.a. (gross of fees)
Dodge & Cox	Global Equities	11.7	MSCI World Value Index [(a)]	+2.0%-3.0% p.a. (gross of fees) [(a)]
Total Equities		**35.0** [(b)]		
Baillie Gifford	Diversified Growth Fund	12.5	UK Base Rate	+4.15% p.a. (gross of fees)
Total DGF		**12.5**		
M&G	Secured Property Income Fund	10.0	RPI [(c)]	+4% p.a. (gross of fees) [(c)]
Total Long-Lease Property		**10.0**		
Insight	Long Corporate Bonds	4.0	iBoxx Sterling Non-Gilts Over 10 Years Index	+1.0% p.a. (gross of fees)
Insight	Buy and Maintain	8.0	Markit iBoxx GBP	n/a

	Bond Fund		Collateralized and Corporates excluding Tier 1 and Upper Tier 2 Index [d]	
Insight	Liability Driven Investments	30.5	Bespoke benchmark	n/a
Total Bonds		**42.5**		
Total		**100**		

(a) *Dodge & Cox do not stipulate an explicit benchmark or return targets for the fund, but have stated that they would expect to outperform the MSCI World Value Index by 2-3% p.a. over a full market cycle.*

(b) *A split of 11 and two thirds percentage over the three equity managers. Totals may not sum due to rounding.*

(c) *The Fund does not have an explicit target, however the anticipated mid to long term total return is RPI +4% p.a.*

(d) *Given structural differences in composition between the Index and the Fund (including the strategic nature of holdings in the Fund in comparison with the likely on-going changes to the composition of the Index), the Fund is likely to experience prolonged periods of markedly different performance from that of the Index.*

3.2 Cash Flow and Rebalancing Policy

All new contributions are to be invested to bring each manager's asset allocation in line with its target, as outlined in Section 3.1 above. This will be monitored and reviewed if necessary in order to achieve the investment strategy above.

Mercer produces regular performance updates for the Trustees which monitor the current split of assets relative to the overall benchmark in Section 3.1 above. The Trustees will assess the position and, if it is felt necessary, will rebalance the assets accordingly.

3.3 Fee Structure

The following fees apply to the Scheme:

Manager	Asset Class	Fee (% p.a.)
Veritas	Equities	0.75
Dodge & Cox	Equities	0.60
Baillie Gifford	Equities	0.65 [a]
	DGF	0.65
M&G	Long-Lease Property	0.50 [b]
Insight	Corporate Bonds – Buy & Maintain	0.15
	Long Corporate Bonds	0.30
	Liability Driven Investments (fully funded index-linked gilts)	0.05

(a) *0.55% p.a until 30 November 2013, under a preferential fee structure agreed with Baillie Gifford on entering the Global Alpha Pension Fund.*

(b) *The standard management fee of 50 bps of NAV per annum would apply to the gross asset value of the Fund. In addition, there are further fees paid directly by the Fund at the sub-trust level (administrator, valuer and custodian fees) which are typically c. 8bps per annum.*

3.4 Additional Assets

Assets in respect of members' additional voluntary contributions are held in a fully insured contract with Scottish Widows.

3.5 Monitoring Performance

Mercer prepares regular investment monitoring reports for the Trustees which provide an overview of the performance of the managers, the underlying funds and the Scheme as a whole. The Trustees are also kept up to date with developments at each of the managers which may impact the Scheme's investments.

The Trustees also meet the investment managers from time to time.

3.6 Realisation of Investments

In general, the Scheme's underlying investment managers have discretion in the timing of the realisation of investments and consideration of the liquidity of these investments. The Trustees believe that the assets of the Scheme are capable of being realised if circumstances so require.

The Trustees are aware of the investment in the M&G Secured Income Property Fund not being as liquid as the other investments. Property is a relatively illiquid asset class in comparison to others. The Fund has a 1-month notice period for exit; although we note that selling during periods of market volatility may result in depressed pricing.

4. SOCIALLY RESPONSIBLE INVESTMENT AND CORPORATE GOVERNANCE

4.1 ESG, Stewardship, and Climate Change

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustees have taken into account the expected time horizon of the Scheme when considering how to integrate these issues into the investment decision making process.

The Trustees have given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations. Where applicable the Trustees expect the Scheme's investment managers to exercise all voting rights attaching to shares or securities and take account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The managers are authorised to exercise discretion to vote as they think, but in doing so reflect the best interests of the Scheme.

The Trustees consider how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. Monitoring is undertaken on a regular basis and is documented at least annually.

The Trustees have not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future. The Trustees do not explicitly consult members when making investment decisions but regularly update members via newsletters and by making a copy of the Statement of Investment Principles available on request.

4.2 Engagement with the Investment Managers

The policy in relation to the Trustees' arrangements with their investment managers are set out below.

A <u>Incentivising the asset managers to align its investment strategy and decisions with the Trustee policies:</u>

In line with section 3 of the SIP, investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

The Trustees look to their investment consultant for their forward-looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Scheme invests in. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustees and are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective of a particular fund changes, the Trustees will review the fund appointment to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.

The Scheme's investment mandates with Veritas, Dodge & Cox, Baillie Gifford, M&G and Insight, are reviewed following periods of sustained underperformance from their respective targets. The Trustees will review the appropriateness of using active and passive managed funds (on an asset class basis) on an ad-hoc basis.

As the Trustees invest the bulk of the Scheme's assets in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

B Incentivising the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of a holding company, and to engage with holding companies in order to improve their performance in the medium to long-term:

The Trustees will consider the investment consultant's assessment of how the investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the investment managers' policy on voting and engagement.

The Trustees meet with the investment manager at Trustee meetings as required and may challenge decisions made including voting history (in respect of equities) and engagement activity.

The Trustees delegate all voting and engagement activities to the investment manager. When required the Trustees will question managers' voting decisions if they deem them out of line with the investment fund's objectives or the objectives / policies of the scheme.

The investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustees are dissatisfied, then they will look to replace the manager.

C Aligning the evaluation of the asset manager's performance and the remuneration for asset management services with the Trustees' policies:

The Trustees receive investment manager performance reports on a 6 monthly basis, which presents performance information over six months, one year, three year and since inception periods. The Trustees review the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager's stated tracking error (over the relevant time period).

If the manager is not meeting their investment objectives or the mandate has changed, the Trustees may review the mandate including the annual management charge levied by the manager.

D Monitoring portfolio turnover costs incurred by the asset manager:

The Trustees receive MiFID II reporting from their investment managers but do not analyse the information.

The Trustees do not currently monitor portfolio turnover costs but may look to do so in the future.

E The duration of the arrangement with the asset manager:

The Trustees are long term investors and are not looking to change the investment arrangements on a frequent basis.

The funds invested in are open-ended funds and therefore there is no set duration for the manager appointments. The Trustees will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointment has been reviewed and the trustees have decided to terminate.

5. COMPLIANCE WITH THIS STATEMENT

The Trustees will monitor compliance with this Statement regularly.

6. REVIEW OF THIS STATEMENT

The Trustees will review this Statement in response to any material changes to any aspects of the Scheme, its liabilities, finances and the attitude to risk of the Trustees and the Sponsoring Employer which they judge to have a bearing on the stated Investment Policy.

This review will occur no less frequently than every three years to coincide with the Actuarial Valuation. Any such review will again be based on written, expert investment advice and will be in consultation with the Sponsoring Employer.

Date of Amendments

Original Statement :	July 2000
First Amendment:	June 2003
Second Amendment:	December 2003
Third Amendment:	July 2005
Fourth Amendment:	December 2006
Fifth Amendment:	November 2008
Sixth Amendment:	July 2009
Seventh Amendment	June 2010
Eighth Amendment	November 2010
Ninth Amendment	July 2013
Tenth Amendment	October 2013
Eleventh Amendment	July 2015
Twelfth Amendment	June 2016
Thirteenth Amendment	November 2017
Fourteenth Amendment	November 2018
Fifteenth Amendment	September 2019
Sixteenth Amendment	August 2020