YMUK Pension Plan

Defined Contribution Section

Chair's Statement
6 April 2025 to 5 April 2026

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01 Introduction

This is the Chair's Statement for the YMUK Pension Plan (the "Plan") covering the period 6 April 2025 to 5 April 2026.

As the Chair of the Trustees, I provide you with a yearly statement which explains what steps have been taken by the Trustees, with help from our professional advisers, to meet the governance standards as defined in the Occupational Pension Scheme (Charges and Governance) Regulations 2015. The law sets out what information must be included in my statement which, is designed to help members achieve a good outcome from their pension savings. The Trustees have considered relevant statutory guidance in the preparation of the Chair's statement.

The Plan provides Defined Benefit ('DB') and Defined Contribution ('DC') benefits to members, with the DC section being made up of "pooled investments" (i.e. held by the Trustees on the members behalf) with Legal & General Investment Management Limited (LGIM) and Aegon BlackRock Investment Management (UK) Limited. There is also one member remaining who holds Additional Voluntary Contributions (AVCs) with Reassure. Information has been requested from Reassure for the fund, but the Trustees have not received this at the time of publication. The Trustees will continue to request this information.

£3.01m

Total Defined Contribution funds in the Plan

All money held in the DC section results from member AVCs or transfers into the Plan from other arrangements. As a result of the transfers, some members have a Guaranteed Minimum Pension (GMP) underpin to their fund.

This statement covers the following:

- Net returns, member borne charges and transaction costs;
- Processing core financial transactions;
- Value for members, and
- Trustee knowledge and understanding

The Trustees are committed to having high governance standards and I welcome this opportunity to explain what the Trustees do to help ensure the controls and processes in place in connection with the Plan's investments and administration are run effectively.

01.01 Queries

If you have any questions about anything that is set out below, or any suggestions about what can be improved, please do contact the Plan Secretary Edward McNamara, XPS Pensions Limited on 0113 284 8078 or email Edward.McNamara@xpsgroup.com.

The Plan is governed by the Definitive Trust Deed and Rules dated 8 September 2015.

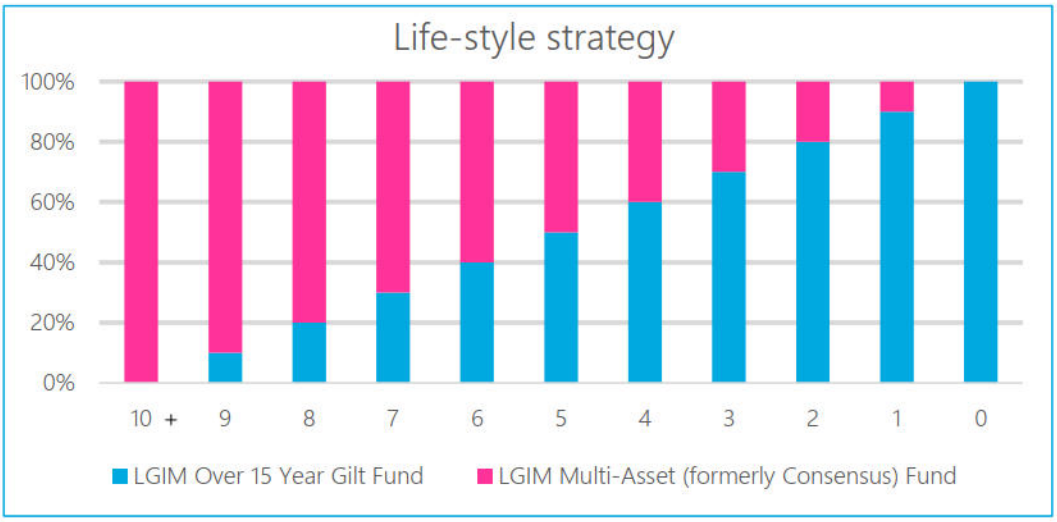
02 Default Investment Strategy

02.01 Default investment arrangement

None of the Sections have a "default arrangement" as defined in the appropriate regulations, for coverage in a statement like this. This is because the DC Section has never been used for the purpose of complying with automatic enrolment legislation.

The Plan therefore has no default investment but does offer members a range of investments including a lifestyle option and several 'self-select' options.

Currently, members can select to invest their DC benefits, including AVCs, in a range of self-select options or in line with the Plan's Life-style strategy. The Life-style strategy invests members' contributions in the LGIM Multi-Asset Fund (previously called the Consensus Index Fund) until 10 years prior to retirement, at which point they are gradually switched to the LGIM Over 15 Year Gilt Fund over the 10 years before their chosen retirement date as set out in the Life-styling strategy profile below.



The Life-style strategy is suitable for members typically looking to purchase an annuity with the whole of their pot at retirement and aims to reduce the risk of members being inappropriately invested at retirement when doing so.

In the early years, money is invested in a fund with greater potential for growth. As retirement approaches, the individual's account will be gradually and automatically switched into lower-risk investment funds which typically more closely match the price of buying an annuity.

On 5 April 2026, 12 out of 51 members) had their contributions invested in the Life-style strategy, with 39 invested in the self-select funds.

02.02 Reviewing the investment arrangements

The most recent formal strategic review was completed in January 2025.

The Trustees are expected to review the investment strategy at regular intervals.

Under legislation, a full review is required to be carried out at least every 3 years. The last formal strategic review was completed on 31 January 2025. The Trustees reviewed the investments in detail to consider amongst other things any possible alternative long-term arrangements for the Plan.

Default Investment Strategy
continued

As required under new rules, the Trustees are obliged to consider consolidation of the DC/AVC arrangements into a Master Trust. However, this was deemed impractical due to the GMP's underpinning some of the members' benefits but this is kept under review.

The last review also considered the range of investment options including a review of the Life-style strategy. In particular, the review looked to understand the objectives of the DC section and the needs of the membership.

The review concluded that the scheme does offer well-governed DC Investment options to help support members' retirement goals, providing a range of investment options to members that reflect different risk and return preferences including a lifestyling option for members which reflects members needs on the path to retirement should they take an annuity. The Trustees concluded from the review that no change was required to the Scheme's investments.

In addition to considering the membership profile, the Trustees also look at the level of risk and number of investment funds offered to members, changing long-term investment market conditions and the investment products and techniques available in the marketplace. The review revealed that the strategy and returns are consistent with their aims and objectives for the reasons explained above.

During the period covered by the Statement, the Trustees have continued to monitor the performance of the funds against the aims and objectives set out in the Statement of Investment Principles (SIP) which was reviewed and updated in November 2025. The Trustees believe they continue to meet these aims. This review included analysis of the fund returns against their benchmarks and consideration of general market trends. A copy of the latest SIP can be found here:

https://pipartnershipgroup.co.uk/wp-content/uploads/2025/11/YMUK-SIP-November-2025-Online-Version-ID-4006809.pdf

03 Net Returns, Charges and Transaction Costs

03.01 Net Returns

Trustees must report the net investment returns for the default arrangement(s) and for each fund which scheme members are, or have been able to select, and in which scheme members are invested during the scheme year.

Net investment returns refer to the returns on funds after the deduction of all transaction costs and charges and including them in this statement is intended to help members understand how their investments are performing.

03.02 Fund Performance

XPS provides the Trustees with regular investment performance information to monitor the investments, which it reviews and challenges in Trustee meetings. The Trustee raises performance questions directly with XPS, the appointed investment adviser. This table shows how the Life-style strategy has performed for members over the last one and five years with a target retirement date of 65.

	5 years (01/04/2021 - 31/03/2026)	1 year (01/04/2025 - 31/03/2026)
Life-style Strategy	%p.a.	%p.a.
Age 25	4.41	11.87
Age 45	4.41	11.87
Age 55	4.41	11.87

Source: Legal & General Investment Managers (LGIM) returns as at 31 March 2026 with a deduction for charges estimated by XPS based on LGIM TER charges at 31 December 2025. Aegon Figures at 31 March 2026 net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest.

03.03 Self-Select Funds

As self-select funds unlike the life-style strategy, are not automatically reallocated due to age or time to retirement, this means they can be shown as a single value for each fund. Fund performance has been shown for 5 years and the last Plan Year.

	5 years (2021-2026)	1 year (2025-2026)
Self-Select Funds	%p.a.	%p.a.
LGIM		
UK Equity Index Fund	11.06	21.42
Global Equity (70/30) Index Fund	10.95	20.26
Multi Asset Fund	4.41	11.87
Over 15 years Gilt Index Fund	-10.62	0.28
Cash Fund	3.20	4.05
Aegon		
Aegon BlackRock 60/40 Global Growth	7.67	11.92
Aegon BlackRock 70/30 Global Growth	7.80	11.59
Aegon BlackRock UK Growth	7.94	9.09
Balanced Growth Fund	6.34	10.56

Source: Aegon, Legal & General Investment Managers.. LGIM returns as at 31 March 2026 with a deduction for charges estimated by XPS based on LGIM TER charges at 31 December 2025. Aegon figures as at 31 March 2026.Figures are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get

Net Returns, Charges and Transaction Costs
Continued

03.04 Investment Manager Charges

Members self-select their investment strategy, investing in any of these funds in whatever proportions they choose

The Trustees have selected a range of funds which they believe to be appropriate for members of the Plan. The funds are managed by Legal and General Investment Management Ltd ('LGIM') and Aegon in respect of the Blackrock funds.

The funds available are a mix of "passively managed" funds, which means they aim to track an index and "actively managed" which make regular trades to try and achieve excess returns over passively managed funds. Members are required to self-select their investment strategy, investing in any of these funds in whatever proportions they choose. There is no default fund.

The charges and transaction costs applied to the self-select funds available to members during the Plan year were:

	Fund type	Total Expense Ratio	Transaction Costs and other expenses	Total Costs and Charges
LGIM		%	%	%
UK Equity Index Fund	Passive	0.11	0.00	0.11
Global Equity (70/30) Index Fund	Passive	0.17	0.00	0.18
Multi Asset Fund*	Passive	0.26	0.05	0.32
Over 15 years Gilt Index Fund*	Passive	0.10	0.06	0.16
Cash Fund	Active	0.13	0.14	0.27
*These form part of the Life-style strategy available to members to select				
Aegon BlackRock				
Aegon BlackRock 60/40 Global Growth	Active	0.45	0.58	1.03
Aegon BlackRock 70/30 Global Growth	Active	0.45	0.55	1.00
Aegon BlackRock UK Growth	Active	0.45	0.53	0.98
Balanced Growth Fund	Active	0.45	0.55	1.00

(Source: Aegon, Legal & General Investment Managers)

Members may select any of the funds above and switch between these options should they wish. The Trustees routinely compare the performance and charges to make sure they remain competitive, and the fees are noted to be broadly in line with similar providers.

Transaction costs consist largely of the cost of buying and selling assets, which vary from fund to fund and from day to day.

The Trustees monitor the performance and charges to make sure they remain competitive. Investment management fees are disclosed to members in materials distributed each autumn as part of the benefit statements. The Trustees have also set up processes to publish relevant information on the costs and charges of the default arrangement and self-select funds online (pipartnershipgroup.co.uk/client-regulatory-documents) and will notify members about this in their annual benefit statements.

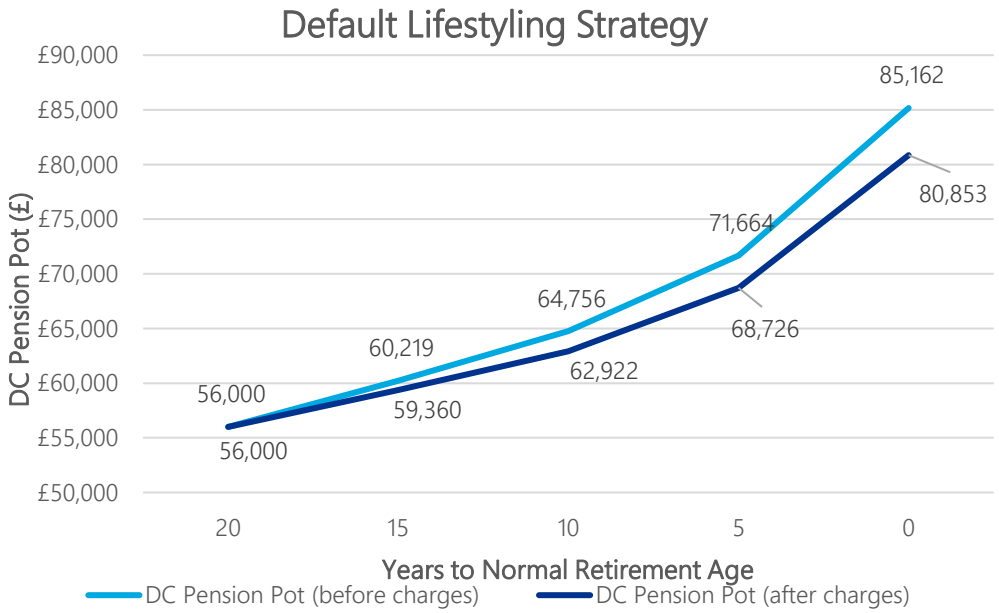
03.05 Administration Charge

All additional administration, governance and Trustee advice charges are met by the Company.

Net Returns, charges and transaction costs
Continued

03.06 An illustration of the charges levied on members

Below you can find an illustration of the effect of the total charges (called the 'Total Expense Ratio') and transaction costs met by a member, aged 45, on an example pension pot in the Life-style strategy over time.



This is for illustration purposes only. The actual returns received are likely to differ over time as will individual member's pension pot sizes. This illustration is based on:

> An initial pension pot of £56,000 – which was the average pot size in the period

> Investment returns estimated as 4.0% p.a. for the LGIM Multi Asset Fund and 7.0% for the LGIM Over 15 years Gilt Index Fund

> Inflation of 2.5% p.a.

Illustrations of the impact of charges on the funds with the highest and lowest charges available to members in the Plan, assuming the member is age 45, are shown in Appendix B of this statement.

The rules governing chair statement calculations require investment return assumptions to be set using a prescribed method based on the volatility of returns. This means that more volatile investments are assumed to deliver higher long-term returns. Over the 5 years to 30 September 2024, the bond market has experienced a higher than usual level of volatility which has led to a higher than usual return assumption for the Long-Dated Bond Fund. If members are invested in this fund, they may see a higher than usual growth assumption and projected pot. The assumption is based on recent market activity only and is an estimate only (actual pots could be lower or higher).

04 Core Financial Transactions

04.01 Assessing Core Transactions

During the year the Trustees ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Plan's core financial transactions were processed promptly and accurately by:

- having an agreement in place with XPS (as Plan administrator) committing them to defined service level agreements ('SLAs'). This covers, amongst other matters, the accuracy and timelines of all core financial transactions;
- having XPS report on their performance against the SLAs quarterly above as a means of monitoring the SLA requirements were being met and to cover what they did to ensure no issues arose; and
- having the Plan auditor independently test a sample of financial transactions for accuracy and timeliness as part of the annual audit process

Where any error or issue is identified, the Trustees take appropriate steps to resolve and take action as required. There are no material issues to report, and the Trustees believe that core financial transactions were processed promptly and accurately during the Plan year. A risk register is maintained to minimise the occurrence of any issues and to understand any root cause.

The Trustees are required to report to you on the processes and controls in place in relation to the 'core financial transactions. The law specifies that these include the following:

- Investing contributions paid into the Plan - the Plan's administrators must monitor the payment of any contributions made to the Plan, ensuring that these are paid within statutory timescales. Any occurrence of payment outside these timescales should be reported directly to the Trustees and appropriate action taken. The settlement of all funds is required to be actioned promptly by the administrator and the Trustees monitor the service standards of the Plan's administrator. Please note that no contributions are paid into the DC section of the Plan.
- The transfer of assets relating to members into and out of the Plan - comprehensive records of individual members' fund values are maintained and reconciled by the Plan's administrator. Investments withdrawn or transferred to another Plan are actioned within 15 working days following receipt of all relevant paperwork, subject to any investigation required where there is evidence of a potential pensions' liberation.
- Switching investments within the Plan - a robust review process for investment and banking transactions is in place to ensure any switches in the Plan are processed promptly and accurately.
- Payments to members – all payments out of the Plan in respect of members' benefits are made in line with standard checks and agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Plan's rules, legislation and complies with HMRC rules and guidance. In addition, every effort is made to check for incidents of pension liberation scams.

Noting the requirement for accurate member data to process contributions and payments correctly, the Trustees take steps to continually review and correct any problems with the member data held by the Plan administrator.

04.02 Administration

The Trustees are closely monitoring the administration function to ensure members get the best service possible to provide good value for members. The Trustees periodically review all service providers.

05 Value for Money for Members

05.01 Assessment of Value

The Trustees have reviewed 'Value for Members' considering the latest guidance from the Pensions Regulator and Department for Work & Pensions for relevant schemes such as the Plan. The Trustees have also taken advice from XPS Group on the requirements and the Trustees received a report from XPS Pensions in September 2026 to help consider whether the Plan provides good value. The Trustees' assessment included the consideration of whether the member borne costs and charges and the net returns for the Plan's investment options (net of all costs and charges) when compared against three alternative arrangements, offer good value to members. As part of the requirements, discussions were held with one comparator to assess the potential of accepting the benefits of the Plan should it be wound-up, although it is noted the Trustees have no plan to do so.

The Trustees have assessed the various elements of the DC section against this objective, as outlined below and have concluded that the Plan represents good Value for Money for members. In reaching this view, the Trustees considered the following points:

- Processes - that support the efficient administration and governance of the Plan. These include those explained in the 'Core financial transactions' and the 'Knowledge and understanding of the Trustees' sections of this statement, and the Trustees consider these all suitable.
- Net returns achieved by the investment funds - compared to large schemes (as required under regulations) and against the funds' own benchmarks. The Trustees consider these to be broadly performing appropriately, although some of the funds have performed below benchmarks and comparators and the trustees will continue to monitor these. The charges remain broadly comparable (or in some cases below) funds in other similar arrangements.
- Type and range of investment options – a range of funds allow members to choose from a diverse portfolio and align their investment choice with their chosen retirement outcome. The Trustees monitor both the performance and appropriateness of the funds and take action to make changes when required. Each year, the Trustees consider member investment choices to look at how members' funds are invested. The Trustees also consider whether the investments offered, are appropriate and offer members the opportunity to maximise the value of the contributions that have already been paid into the Plan.
- Quality of communications - reviewed on an annual and ad-hoc basis which are provided by the Plan's administrator within the legal timescale.
- The company pays for most services – with the exception of the investment charges shown in this statement.

05.02 Flexibility - accessing benefits

Upon request, the Trustees offer members who meet the conditions under legislation the option to take their funds as an Uncrystallised Funds Pension Lump Sum.

The members of the Plan who are still in employment with Yamazaki Mazak UK Limited also have an option to transfer benefits to a Master Trust arrangement called the SEI Master Trust (SEI). SEI offers members the full flexibility of 'Pension Freedom and Choice'. Details of SEI can be found at www.seimastertrust.co.uk.

Members' ability to transfer or access their benefits may be limited due to a Guaranteed Minimum Pension that underpins some of the DC funds and a requirement to receive financial advice given the defined benefit nature of the GMP.

The Company appointed an 'Independent Financial Adviser' - to give members impartial, unbiased advice on their retirement benefits and pension including transfers to provide a quality service to the Plan's members.

06 Trustee Knowledge and understanding

06.01 Knowledge and understanding of the Trustees

The Trustees are satisfied that they have complied with the knowledge and understanding requirements in section 248 of the Pensions Act 2004.

The Trustees collectively bring a broad range of skills and experience in finance, communications, human resources, payroll administration, and organisational development to their roles and are fully conversant with the Plan's documentation including the Trust Deed and Rules and Statement of Investment Principles.

The Trustee Board is chaired by a professional independent trustee who brings significant value, guidance and expertise to the Board. The decision-making process is enhanced through the knowledge provided through the independent trustee – Pi Consulting (Trustee Services Limited).

The Trustees have sufficient knowledge of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme. This is evidenced by the Board's interaction with its advisers as shown in Trustee Board Meeting minutes and the governance framework established by the Trustees in reviewing the performance of the Plan.

The Trustees have access to all key Plan documentation.

The Trustees have exercised their discretions and powers in line with the Trust Deed and Rules, current legislation and regulation and, where required, legal advice has been taken, demonstrating working knowledge of the Plan's Trust Deed and Rules and the Trustees' current policies.

Trustee Effectiveness was reviewed as part of the Effective system of governance and discussed in the Trustee meeting held on 22 October 2024.

In the last year, there have been no new Trustees appointed.

06.02 Trustee Training

Training is provided to the Trustees and the use of TPR's online training toolkit modules is encouraged. Any new Trustees would be expected to carry out this training and be fully conversant with the Plan's documentation within six months. A log of Trustee participation in training is maintained by the Plan Secretary and Trustees are regularly polled regarding the training that they would find most valuable and to identify any gaps in knowledge.

During the period covered by this statement the Trustee Board had a training session on the following topics:

- Administration Training
- Regulations and Compliance
- Investment Training

The Trustees also make use of a team of expert advisers that regularly attend meetings of the Trustee Board.

06.03 Conclusion

As a result of the training activities which have been completed by the Trustees individually and collectively as a Board and taking into account the professional advice available to the Trustees and the presence of a professional independent trustee, I am confident that the combined knowledge and understanding of the Board enable us to exercise properly our functions as Trustees of the Plan.

The annual production of this statement provides members with a narrative of how the Trustee Board looks after the members' interests.

07 **Conclusion**

"Overall, the conclusion is that the Plan is continuing to deliver value for money to the members"

The Board will continue to monitor this and report to members both in this annual statement and other communications as appropriate. In conclusion, with the continual monitoring and the reviews detailed here the Chair and Trustees are pleased to be able to submit this report in compliance with the Chair's Statement requirements, in the belief that in the reporting period the Plan was operated and governed appropriately and provided good value to members.

Signature	Date
	29/10/26

Name	Qualification
Paul Black	Chair of the Trustees

Appendix A – DC Section Investment strategy

Funds

Individual members follow their own investment strategy by investing in a range of funds. The Trustees have made the following funds available to members:

Fund (F)	Investment management type	Target	Benchmark (B)
Aegon BlackRock DC 60/40 Global Growth	Active	Aiming for a return in excess of the benchmark	60% UK equities 40% overseas equities
Aegon BlackRock 70/30 Global Growth	Active		70% UK equities 30% overseas equities
Aegon BlackRock DC UK Growth	Active		100% UK equities
Aegon BlackRock DC Balanced Growth	Active		"Fixed Weight Benchmark" (mainly equities, with lesser investments in government securities, cash and other fixed interest investments)
LGIM Multi-Asset*	Active	Aiming for a return in line with the benchmark	ABI UK Mixed Investment 40%-85% Pension Sector[1]
LGIM UK Equity Index	Passive		100% UK equities
LGIM Global Equity (70:30) Index	Passive		70% UK equities 30% overseas equities
LGIM Over 15 Year Gilts Index*	Passive		Over 15-year index-linked UK government bonds
LGIM Cash	Active		7 Day LIBID

*These form part of the life-style strategy also available to members

Appendix B – Assumptions and other notes

Pension pot value at the start of the projection period is £56,000, the average pot over the period.

Nil contributions are assumed.

All values, including charges, are estimates for "the average member". These cannot be guaranteed to apply for the future. Given the general nature of this projection, actual individual pots could accumulate differently.

Investment returns estimated as 4.0% p.a. for the LGIM Multi Asset Fund and 7.0% for the LGIM Over 15 years Gilt Index Fund

Inflation of 2.5% p.a.

The member is ages 45 and is 20 years from retirement.

		Lifestyle Fund		
Age	**Years to Normal Retirement Age**	***DC Pension Pot (before charges)***	***DC Pension Pot (after charges)***	***Effect of charges***
45	20	56,000	56,000	-
50	15	60,219	59,360	859
55	10	64,756	62,922	1,835
60	5	71,664	68,726	2,938
65	0	85,162	80,853	4,309

		Lowest TER Charge Fund			Highest Charge (TER) Fund		
		LGIM > 15yr Gilts			BlackRock 60/40 Global Growth Fund		
Age	**Years to Normal Retirement Age**	***DC Pension Pot (before charges)***	***DC Pension Pot (after charges)***	***Effect of charges***	***DC Pension Pot (before charges)***	***DC Pension Pot (after charges)***	***Effect of charges***
45	20	56,000	56,000	-	56,000	56,000	-
50	15	69,420	68,913	508	66,237	63,454	2,783
55	10	86,057	84,803	1,254	78,344	71,900	6,444
60	5	106,681	104,357	2,324	92,665	81,470	11,195
65	0	132,247	128,420	3,827	109,604	92,314	17,290

Appendix C– Fund breakdown by member and amount

Funds
Individual members follow their own investment strategy by investing in a range of funds. The table below shows the breakdown of total amount and number of members for each fund:

Manager	Funds	Total as at 31 March 2025 (£'000s)	Number of members with invested funds
LGIM	LGIM Multi-Asset (formerly Consensus Index)	654	23
	LGIM Over 15 Years Gilts Index	230	13
	LGIM Cash	68	1
	LGIM Global Equity (70:30) Index	238	6
	LGIM UK Equity Index	959	19
Blackrock	BlackRock DC Balanced Growth	432	13
	BlackRock DC 60/40 Global Growth	286	7
	BlackRock 70/30 Global Growth	128	4
	BlackRock DC UK Growth	102	2
	Total	**£3,097**	***88**

*Members may hold investments in more than one fund.

Appendix D – Statement of Investment Principles

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1. Introduction

This document constitutes the Statement of Investment Principles (the "SIP") required under Section 35 of the Pensions Act 1995 for the YMUK Pension Plan (the "Plan"). It describes the investment policy being pursued by the Trustees of the Plan and is in accordance with the Government's voluntary code of conduct for Institutional Investment in the UK (the "Myners Principles"). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

The Statement is intended to affirm the investment principles that govern decisions about the Plan's investments.

The Scheme Actuary is Nick Vine of XPS Pensions and the Investment Adviser is XPS Investment (collectively termed the "Advisers").

1.1 Advice and consultation

The Trustees confirm that, before preparing this SIP, they have consulted with the employer, Yamazaki Mazak UK Limited (the "Employer") and the Advisers and have obtained and considered written advice. The Trustees believe the Advisers to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the Plan requires.

The Trustees are responsible for the investment of the Plan's assets and the administration of the Plan. Where it is required to make an investment decision, the Trustees always receive advice from the Advisers first and they believe that this ensures that they are appropriately familiar with the issues concerned.

Given the size of the Plan, the Trustees have decided to invest the majority of their assets in pooled funds managed by organisations rather than directly appointing individual investment managers. Decisions about investments are made after receiving investment advice from an FCA regulated firm.

1.2 Review of the Statement

The Trustees, in consultation with the Advisers, will review this Statement and the investment policy at least every three years; or immediately following any significant changes in investment policy; or following any significant change in the demographic profile of relevant Members.

1.3 Declaration

The Trustees confirm that this Statement of Investment Principles reflects the investment strategy they have decided to implement. The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Plan are invested in accordance with these principles.

2. Plan governance

The Trustees are responsible for the governance and investment of the Plan's assets. The Trustees consider that the governance structure set out in this SIP is appropriate for the Plan as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the fund / investment managers and relevant advisers. The responsibilities of each of the parties involved in the Plan's governance are detailed in section 11 of this statement.

The Trustees have decided not to appoint an Investment Sub-Committee to deal with investment matters.

3. Investment objectives

The long-term objectives of the Plan are:

- To hold suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from members and the Employer, the cost of the current and future benefits which the Plan provides, as set out in the Trust Deed and Rules.
- To limit the risk of the assets failing to meet the liabilities over the long term, by considering the liability profile of the Plan when setting the asset allocation policy.
- To minimise the long-term costs of the Plan by maximising the return on the assets whilst having regard to the objectives shown above.
- To adhere to the provisions contained within the Plan's Statement of Funding Principles.

The Trustees believe the investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used by the Scheme Actuary.

4. Asset allocation strategy

The Trustees have taken the view that the investment objective is best achieved by determining, and investing in accordance with, an appropriate split between "return seeking" assets (e.g. equities, property, corporate bonds and credit assets) and "defensive" assets (e.g. index-linked gilts).

The allocation between the asset classes will vary over time to reflect, amongst other factors, the profile of the liabilities, the perceived relative value of the different asset classes and the perceived risk to the primary investment objective arising from any shortfall in the funding of the Plan. The current benchmark and target allocations are set out in Appendix A. Any changes in such allocations will only be made after receiving written advice from the Investment Adviser that such allocation remains consistent with the investment objectives.

Due to the size of the assets, the Trustees have decided to use pooled funds for the majority of the Plan's investments.

4.1 Alignment of Incentives

Based on the structure set out in the Appendix, the Trustees consider the arrangements with the Investment Managers to be aligned with the Plan's overall strategic objectives. Details of each specific mandate are set out in guidelines, agreements and pooled fund documentation with each Investment Manager.

The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time, within any scope given to them through any asset allocation parameters or guidelines set by the Trustees or governing the pooled funds in which the Plan is invested.

The Trustees will ensure that the Plan's assets are predominantly invested in regulated markets to maximise their security.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Plan's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations, including its selection / deselection criteria.

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Plan. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights in line with the investment mandate guidelines provided. This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns.

As covered in more detail in this document, section 10.3, the Trustees also require the Investment Managers to take ESG factors and climate change risks into consideration within their decision making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

4.2 Rebalancing policy

The Trustees, in conjunction with the Advisers, will monitor the actual asset allocation of the Plan on a quarterly basis via the governance report.

4.3 Rates of return

The benchmark and target rates of return are detailed in Appendix A.

4.4 Diversification

The Trustees have sought to achieve diversification by predominantly investing in pooled funds which have investment restrictions (i.e. funds which impose concentration limits on individual positions and limits on the exposure to individual issuers). Generally speaking, each asset class would expect to have different issuers and therefore add to the diversification of the Plan. The Trustees will monitor the strategy regularly to ensure that they are comfortable with the level of diversification.

4.5 Suitability

The Trustees have taken advice from the relevant Advisers to ensure that the asset allocation strategy is suitable for the Plan, given its investment objectives.

The Trustees have chosen to hold some of the Plan's assets in pooled funds invested in gilts to provide some degree of matching with the Plan's benefit obligations. Index-linked gilt funds have been chosen to provide a high degree of price inflation matching with the liabilities.

The aim of the return-seeking assets is to provide additional expected return above that achieved by the matching assets, consistent with the investment objectives.

4.6 Liquidity

The vast majority of the non-cash assets are held in pooled funds with frequent dealing dates.

4.7 Realisation of investments

The Trustees have considered how easily investments can be realised for the types of assets in which the Plan is currently invested. As such, the Trustees believe that the Plan currently holds an acceptable level of readily realisable assets. The Trustees will also consider how easily investments can be realised for any new investment classes they consider, to ensure that this position is maintained in the future.

5. Defined Contribution ("DC") section arrangements

The Plan has a DC section which provides a facility for members to pay additional voluntary contributions ("AVCs") and also includes historic transferred-in payments in respect of some members. With effect from 6 April 2006, the AVC facility was closed, although many members who were already paying AVCs at this date were permitted to continue to do so. The limit of a maximum overall member contribution of 15% of pensionable salary was removed. Existing members are offered a choice of funds in which to invest their AVC payments.

5.1 DC objectives

In general, the Plan's DC investment objectives and policies follow the same guidelines as outlined in the DB section. However, the Trustees' main objective with respect to the DC Section is to provide vehicles that enable all existing members to generate suitable long-term returns, consistent with their reasonable expectations.

In addition, the Trustees have the following other objectives in place for the DC Section:

- Offer well-governed DC investment options to help support members' retirement outcomes.
- Provide a range of investment options to the members that reflect different risk and return preferences.
- Provide a lifestyling option for members which reflects member needs on the path to retirement.

5.2 Review process

The choice of AVC providers and funds offered to members will be reviewed by the Trustees in accordance with their responsibilities, based on the result of their monitoring of performance and process. The Trustees commission regular reviews of the Plan's DC arrangements in light of the Pension Regulator's General Code.

5.3 Trustees' policy on illiquid assets

Illiquid assets are those that cannot be easily or quickly exchanged for cash.

The Trustees' policy is to consider the benefits of all available asset classes when constructing the investment strategy of the lifestyling arrangement. At present, the lifestyling arrangement has no allocation to illiquid assets, there are no illiquid assets available as a self-select option, and the Trustees do not currently have a policy relating to investments in illiquid assets. This is due to prior decisions on appropriate levels of charges for members, the need to better understand the risk and reward profile of that asset class, and the implementation costs of introducing this asset class.

The Trustees will monitor the asset class and will, in conjunction with training and research from their investment adviser, determine whether there are suitable, future opportunities to invest in illiquid assets.

6. Strategy implementation

6.1 Mandate and performance objectives

The Trustees have received advice on the appropriateness of each investment from the Investment Adviser and believe them to be suitable to meet the Plan's investment objectives. The benchmark for each fund currently held and its objectives are set out in Appendix A.

6.2 Manager agreements

The majority of the Plan's assets are invested in pooled funds but where needed the Trustees will directly appoint individual investment managers.

6.3 Diversification

The assets are predominantly invested in pooled funds with diversification requirements. Further diversification is achieved by investing in funds offered by two or more Investment Managers. The Trustees will monitor the strategy regularly to ensure that they are comfortable with the level of diversification being achieved.

6.4 Custody

Custody of the underlying assets is at the discretion of the pooled funds, whilst shares and/or units in the funds are held in book form only. Cash is held securely in separate accounts with approved counterparties.

7. Monitoring

7.1 Investments

The Trustees will receive regular performance monitoring reports from the Investment Adviser which consider performance over the quarter, one and three year periods. In addition, any significant changes relating to the Trustees' selection and deselection criteria that the Investment Adviser is aware of will be highlighted, which may lead to a change in the Investment Adviser's rating for a particular mandate.

These ratings help to determine an Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in depth review of a particular Investment Manager. Investment Managers will also attend Trustees' meetings as requested.

The Trustees will monitor the performance of the funds against their stated performance objectives.

The Trustees, or the Advisers on behalf of the Trustees, will regularly review the performance of the funds to satisfy themselves that the funds remain suitable. If the Trustees are not satisfied with the performance of the funds they will ask the manager of those funds what steps they intend to take to rectify the situation. If the funds still do not meet the Trustees' requirements, they will look to purchase other funds - potentially with a different manager - after consultation with the Investment Adviser.

The Investment Adviser has also carried out a review of how well the Trustees' guidelines in relation to ESG factors are incorporated into each Investment Manager's processes and the Trustees will re-assess progress on ESG issues periodically.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Adviser to ensure it is in line with the Trustees' policies and with fee levels deemed by the Investment Adviser to be appropriate for the particular asset class and fund type.

The Trustees may require the Investment Managers to report on actual portfolio turnover, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

Appointments of Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Investment Managers in accordance with their responsibilities.

7.2 Responsible investment

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Trustees may periodically meet with their investment managers to discuss engagement which has taken place. The Trustees will also expect their investment adviser to engage with the managers from time to time as needed and report back to the Trustees on the stewardship credentials of their managers. The Trustees will then discuss the findings with the investment adviser, in the context of their own preferences, where relevant. This will include considering whether the manager is a signatory to the UK Stewardship Code. The Trustees recognise the Code as an indication of a manager's compliance with best practice stewardship standards.

7.3 Advisers

The Trustees will monitor the advice given by the Advisers on a regular basis.

7.4 Other

The Trustees are required to review this SIP on a triennial basis, or, without undue delay, following any changes to the investment strategy.

8. Fees

8.1 Funds

The Trustees will ensure that the fees and expenses for the Plan's investments are consistent with levels typically available in the industry. The current fee basis for each of the funds is set out in Appendix A.

The Trustees are aware of the investment manager policy regarding soft commission arrangements. Information about the investment manager's fees, commissions and other transaction costs is available in the annual report of the pooled funds in accordance with the Financial Conduct Authority ("FCA") Disclosure Code.

8.2 Advisers

Fees paid to the Advisers are based either on actual time spent and hourly rates for relevant individuals, or on fixed fees agreed in advance for specifically defined projects.

8.3 Custodian

There is no custodian appointed directly by the Trustees.

8.4 Trustees

The Trustees may be paid directly for their duties. Trustee expenses are met and, where applicable, are given time off from their other employment duties to attend the periodic Trustees' meetings.

9. Risks

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

- The risk of failing to meet the objectives as set out in Section 3 – the Trustees will regularly monitor the investments to mitigate this risk.
- The risk of adverse consequences arising through a mismatch between the Plan's assets and its liabilities. This is addressed through the asset allocation strategy and through regular actuarial and investment reviews and the funding target.
- Risk of lack of diversification of investments – addressed through investing in pooled funds with diversification requirements and through the asset allocation policy.
- Risk of holding assets that cannot be easily sold should the need arise – addressed through the use of pooled funds with frequent dealing dates.
- Underperformance risk – addressed through monitoring closely the performance of each fund and taking necessary action when this is not satisfactory.
- Organisational risk – addressed through regular monitoring of the Investment Manager and the Advisers.
- Sponsor risk – the risk of the Employer ceasing to exist, which for reasons of prudence, the Trustees have taken into account when setting the asset allocation strategy.

The Trustees regularly commission analysis of the financial risks of the Plan by various methods, including Value at Risk ("VaR") analysis. VaR can be used to consider the down-side risks of the Plan under a given investment strategy.

The Trustees will keep these risks under regular review.

10. Other issues

10.1 Statutory funding requirements

The Trustees will obtain and consider proper advice on the question of whether the investments are satisfactory having regard to both the investment objectives and the requirement to meet statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation every three years.

The Trustees will consider with the Advisers whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement.

10.2 Corporate governance

The Trustees have considered corporate governance issues and have agreed that they will have no specific policy in place. The Trustees have agreed that all corporate governance decisions should be delegated to the Investment Manager.

10.3 Social, environmental and governance issues

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") risks and they believe there can be financially material risks relating to ESG. The Trustees have delegated the ongoing monitoring and management of ESG risks to the Plan's investment managers. The Trustees require the Plan's investment managers to take into consideration ESG risks within their decision-making, recognising that how they do this will be dependent on the characteristics of the asset classes in which they invest.

The Trustees will consider how best to take their views on ESG risks into account in any future investment manager selection exercises. Furthermore, the Trustees, through the Investment Adviser, will monitor the processes and operational behaviour of the investment managers to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement.

Where practically possible the Trustees are keen to align their policy with the Employer's approach to ESG for both financially material considerations and non-financial matters; where non-financial matters means the views of the members and beneficiaries on items such as: their ethical views, their views in relation to social and environmental impact, and their views on present and future quality of life of the Plan's members and beneficiaries (for example by trying to avoid investments in manufacturers of military equipment). Notwithstanding this the Trustees' general policy is that non-financial matters should not be taken into account in the selection, retention and realisation of investments.

10.4 Voting rights

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the investment managers and encourages them to vote whenever it is practical to do so.

As the Plan invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the Investment Managers.

The Trustees encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectations, then the Trustees may consider terminating the relationship with that Investment Manager.

11. Responsibilities

The Trustees are accountable for all aspects of the Plan's investments. However, the Trustees have delegated some of the decision-making powers and other responsibilities as set out below.

11.1 Trustees

The Trustees of the Plan are responsible for, amongst other things:

- Determining the investment objectives of the Plan and reviewing these from time to time.
- Taking in to account the advice from their Advisers, agreeing an investment strategy designed to meet the investment objectives of the Plan.
- Reviewing triennially the content of this SIP and modifying it if deemed appropriate, in consultation with the Advisers.
- Reviewing the suitability of the investment policy following the results of each actuarial or investment review, in consultation with the Advisers.
- Assessing the quality of the performance and process of the investments by means of regular reviews of the investment results and other information, by way of meetings and written reports, in consultation with the Advisers.
- Selecting investments which are consistent with the investment strategy after consultation with the Advisers.
- Assessing the ongoing effectiveness of the Advisers.
- Consulting with the Employer when reviewing investment policy issues.
- Monitoring compliance of the investment arrangements with this SIP on an ongoing basis.
- Informing the Advisers of any changes to Plan benefits or significant changes in membership.

11.2 Investment Adviser

The Investment Adviser will be responsible for, amongst other things:

- Participating with the Trustees in reviews of this SIP.
- Advising the Trustees how any changes within the Plan's benefits, membership and funding position may affect the manner in which the assets should be invested.
- Advising the Trustees of any changes in the funds that could affect the interests of the Plan.
- Undertaking reviews of the Plan's investment arrangements including reviews of the asset allocation policy and current investments and advising on the selection of new funds.

11.3 Scheme Actuary

The Scheme Actuary will be responsible for, amongst other things:

- Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.
- Commenting on the appropriateness of the investment strategy relative to the liabilities of the Plan at the triennial valuations.
- Advising the Trustees of any changes to contribution levels and funding level.

11.4 Investment Managers

Each Investment Manager's responsibilities will include:

- Investing in diversified portfolios of assets suitable for pension schemes in accordance with any guidelines and mandate given by the Trustees.
- At their discretion, but in accordance with any guidelines given by the Trustees, implementing changes in the asset mix and selecting individual securities and financial instruments within each asset class.
- Exercising, where appropriate, the rights attached to the underlying shareholdings so as to protect and enhance the long-term value.
- Incorporating ESG policies in investment processes in accordance with section 10.3 of this statement.

Appendix A: The Plan's asset strategy

Having considered advice from the Advisers, and also having due regard for the objectives, the current liabilities of the Plan together with their expected timing, the risks of and to the Plan and the covenant of the Employer, the Trustees have decided upon the following benchmark allocation:

Asset class	Fund	Benchmark allocation	Expected return
Index-linked government bonds	*LGIM Treasury 2047, 2050, 2055 Index Linked Gilt Funds*	25.0%	Aiming to return inflation + 3.1% p.a.
Equities	*LGIM All World Equity Index Fund*	15.0%	
Diversified growth	*LGIM Dynamic Diversified Fund*	25.0%	
Diversified growth	*Columbia Threadneedle Dynamic Real Return Fund*		
Multi sector credit	*Alcentra Global Multi-Credit Solutions Fund*	15.0%	
Private debt	*StepStone Senior Corporate Lending Europe Fund I*	20.0%	
	StepStone Senior Corporate Lending Fund III		

The Trustees are aware that the allocations will fluctuate in line with market movements. The allocation to StepStone is a fixed £ amount, agreed via a capital commitment contract. Whilst the value of this holding will vary with market conditions, the Trustees are not able to amend the amount being invested into this asset. In addition, not all of the StepStone allocation is invested at one time, it is "called" by the manager as investment opportunities arise. Until the capital is called, the Trustees will hold the assets to be invested with StepStone in *LGIM Dynamic Diversified Fund*. The Trustees note the impact of this on the benchmark allocation and will factor that into their rebalancing policy under Section 4.2.

Manager target returns and performance monitoring

Fund	Benchmark index	Objective	Fee[1] (p.a.)
LGIM 2047 Index Linked Gilt Fund	Treasury 2047 Index Linked Gilt	To perform in line with the benchmark index	
LGIM 2050 Index Linked Gilt Fund	Treasury 2050 Index Linked Gilt	To perform in line with the benchmark index	
LGIM 2055 Index Linked Gilt Fund	Treasury 2055 Index Linked Gilt	To perform in line with the benchmark index	
LGIM All World Equity Index Fund	FTSE All-World Index	To perform in line with the benchmark index	
LGIM Dynamic Diversified Fund	Bank of England Base Rate	To perform in line with the UK Base Rate + 4.5% p.a. (gross of fees) over a full market cycle, with a risk level of approximately 2/3 of the volatility of a global equity portfolio over the long term	
Alcentra Global Multi-Credit Solutions Fund	LIBOR	To perform in line with LIBOR + 4.5% p.a. (net of fees) over a full market cycle.	
StepStone Senior Corporate Lending Europe Fund I	n/a	Target a net return on the loans issues of 6.0% - 7.5% p.a. (once the capital has been invested).	
StepStone Senior Corporate Lending Fund III	n/a	The core direct lending allocation targets around 6.0% - 8.0% p.a. on its loans (although the actual return will depend on how quickly and for how long money is invested).	
Columbia Threadneedle Dynamic Real Return Fund	Consumer Price Index (CPI)	To provide a rate of return on your investment above inflation (defined as the Consumer Price Index (CPI)) and currently targets an average annual return of CPI +4% when measured over 3 to 5 years, before charges are deducted.	

Cash management policies

From time to time the Trustees will need to invest in or disinvest from the Plan's invested assets to meet the Plan's cashflow requirements.

For dealing with surplus or insufficient cash in the bank account the Trustees will initially default to disinvesting from/investing into the LGIM Dynamic Diversified Fund, as a liquid investment, which is currently being used to manage cashflow with respect to the StepStone fund.

The Trustees may decide to take a different action; in which case the source of investments and disinvestments will be determined by the Trustees after taking investment advice, as appropriate. In making their decision, the Trustees will consider this investment advice, together with other considerations such as:

- the Plan's benchmark allocations;
- investment conditions at the date of investment/disinvestment;
- the need for administrative simplicity; and
- any expected imminent changes to the Plan's investment strategy.

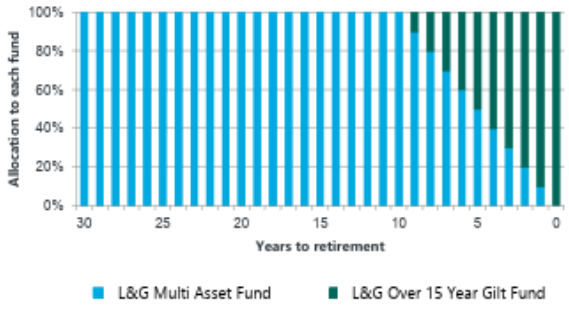
Appendix B: DC Section funds

Lifestyle Strategy

The lifestyle strategy has been designed by the Trustees to meet the perceived needs and characteristics of the membership. The aim of the lifestyle strategy is to gradually transition the assets toward the retirement target over the years leading up to retirement. Currently, this retirement target is annuity purchase. The lifestyling reduces the exposure to traditionally more volatile assets in exchange for less volatile assets over time, with the aim of investing members at retirement consistently with how annuities are priced (i.e. reducing retirement income uncertainty for members).

The lifestyle strategy invests in the LGIM Multi Asset Fund during the early years of the accumulation period. From 10 years before retirement, the Multi Asset Fund is gradually switched into LGIM's Over 15y Gilts Index Fund.

The chart below illustrates the change in the asset allocation over the period before a member's retirement:



Self-Select Funds

The funds available in the DC section are shown below.

Manager	Fund	Fee (p.a.)
BlackRock Investment Management UK Limited	*Balanced Growth Fund*	
	UK Growth Fund	
	60/40 Global Growth Fund	
	70/30 Global Growth Fund	
Legal & General Investment Management Limited	*Global Equity 70:30 Fund*	
	UK Equity Index Fund	

	Multi-Asset (formerly Consensus) Fund
	Over 15 Year Gilt Fund
	Cash Fund

Registration

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

XPS Pensions (RL) Limited, Registered No. 5817049.

XPS Pensions (Trigon) Limited, Registered No. 12085392

Penfida Limited Registered No. 08020393.

Polaris Actuaries and Consultants Ltd, Registered No. 09640309.

All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

Authorisation

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).