STATE STREET UK PENSION & LIFE ASSURANCE SCHEME

Annual Chair's Statement for period 1 September 2023 to 31 August 2024

Prepared in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "Regulations")

Regulations effective from 6th April 2015 require the Trustees of the State Street UK Pension & Life Assurance Scheme (the 'Trustees' of the 'Scheme') to prepare a statement showing how it has met certain minimum governance standards in relation to Defined Contribution ('DC') benefits. The Scheme is a hybrid arrangement and as such there are members of the Defined Benefit ('DB') Section who have Additional Voluntary Contributions ('AVCs') with Standard Life, as well as members in one of the two DC Sections in the Scheme ('DC Section 1' and 'DC Section 2').

As Chair of the Trustees, it is my pleasure to report to you on how the Trustees have embedded these standards over the 12 month period to 31 August 2024.

This Statement covers six principal areas:

1. Investment, with particular focus on the DC Section's default arrangements as well as the AVC Section;
2. Internal controls, with particular focus on the processing of core financial transactions;
3. Charges and transaction costs and the pounds and pence illustration of charges;
4. Value for Members, with particular focus on charges and transaction costs deducted from members' funds;
5. Net return on investments; and
6. The knowledge and resources available to the Trustees and how these help the Trustees ensure that the Scheme is governed effectively.

The Scheme is an unbundled Trust-based arrangement. All the investments in the DC Sections are invested via Fidelity's investment platform. A third party, Aptia UK Limited (Aptia) (formerly Mercer Limited), carries out the administration of the Scheme. The Scheme's With-Profits AVCs are invested via Standard Life, while the Scheme's unit-linked AVC assets are in the DC Section invested via the Fidelity's investment platform.

In addition to the Trustee Board, there are three sub-committees (the Administration and Risk Sub-Committee ('ARC'), Member Relations Sub-Committee ('MRC') and the Investment Sub-Committee ('ISC')) that support the running of the Scheme.

1. The Default investment arrangement

a) DC Sections 1 and 2

In accordance with the Administration Regulations, the Trustees have appended the latest copy of the Statement of Investment Principles (the 'SIP'), including 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, signed in September 2024.

The SIP is also available at: https://www.statestreet.com/web/disclosures-and-disclaimers/uk/statement-of-investment-principles-september-2024.pdf
Furthermore, this Chair's Statement will be published at https://www.statestreet.com/disclosures-and-disclaimers/gb/legal-disclosure

Both documents will be signposted in the annual benefit statements.
Following the conclusion of the Scheme year, the SIP has been revised to incorporate the Trustees' policy on Illiquid investment.

The SIP covers the following key matters in relation to the default arrangement:

- The Trustees' aims and objectives in relation to the investments held in the default arrangement;
- The Trustees' policies on issues such as: the kinds of investments to be held; the balance between different kinds of investments; risks, including the ways in which risks are to be measured and managed; the expected

return on investments; the realisation of investments; and the extent (if at all) to which social, environmental or ethical considerations are taken into account when selecting, retaining or realising investments; and
- An explanation of how these aims, objectives and policies (which together form the Trustees "default arrangement") are intended to ensure that assets are invested in the best interests of members whose benefits are invested in the default arrangement.

The Trustees are responsible for setting the Scheme's investment strategy and for appointing investment managers to carry out that strategy. The default arrangement targets income drawdown at retirement. It invests 100% of members' assets in the Growth Fund (50% Global Equity Fund / 50% Diversified Growth Fund) up to eight years prior to their normal or selected retirement age, at which point the assets are gradually switched into a pre-determined allocation of the Drawdown Fund and Cash Fund. At retirement, the allocation is 25% in the Cash Fund and 75% in the Drawdown Fund.

They must also establish a default arrangement for members who do not select their own investment options from the fund range available.

The Trustees recognise that individual members have differing investment needs and that these may change during the course of a member's working life. The Trustees also recognise that members have different attitudes to risk. The Trustees believe that members should be allowed to make their own investment decisions based on their individual circumstances.

In order to encompass these factors, the Trustees have agreed the following investment objectives:

- To make available a range of investment options so members can choose an investment strategy tailored to their personal investment needs and attitudes;
- To offer funds which allow diversification of risk and long-term capital growth; and
- To encourage members to seek independent financial advice to determine the profile of their own investments.

Members intending to take their retirement benefits through other formats have the option of building their own bespoke investment strategy from the self-select fund range which includes lifestyle strategies that target cash and annuity purchase at retirement.

In accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Trustees have identified that investment options listed in the table below are to be treated as additional 'default arrangements' (as defined by these regulations) in addition to the current default arrangement. These have been identified as 'default arrangements' as member contributions have been automatically directed to replacement funds as part of the transition to Fidelity without members having instructed the Trustees where their savings are to be invested.

Default arrangements from April 2021
State Street UK PLAS DC Passive Global Equity Fund
State Street UK PLAS DC Diversified Growth Fund
State Street UK PLAS DC Cash Fund
State Street UK PLAS DC Pre-Retirement Bond Fund
State Street UK PLAS DC Passive UK Equity Fund
State Street UK PLAS DC Passive Fixed Interest Gilt Fund
State Street UK PLAS DC Passive Index-linked Gilt Fund

This structure for the default arrangement and the default arrangements have been agreed having taken professional advice on the appropriate design for the members of the Scheme.

The Trustees review, on a quarterly basis, funds within the Scheme's default arrangements (including any new defaults created) and all other options offered to members have performed against their targets, taking input from professional investment advisors.

The Trustees keep the Scheme's investment arrangements under regular review and will amend them as appropriate, based on analysis of the likely requirements of the typical Scheme member.

Throughout the year to 31 August 2024, there were no changes to the Scheme's investment arrangements.

During the Scheme year, the Trustees undertook a comprehensive review of the investment strategy of the Scheme's DC section which was considered by the Investment Sub Committee on 27 November 2023. This review considered the demographic profile of the Scheme's membership, the architecture of the default investment option, alternative lifestyle strategies, and the spectrum of self-select funds (including supplementary default options). The following key changes were agreed:

- The suitability of retirement benefits targeted by default for each group (DC only and DC with DB) will be considered separately. For members with only DC benefits, Drawdown Lifestyle remains a suitable default lifestyle strategy. In contrast, for DC members with DB entitlements, the default strategy will transition to the Cash Lifestyle, as this better reflects the typical withdrawal patterns at retirement.
- Although the Diversified Growth fund and the equity components of the Growth Phase remain suitable and have performed as expected, the Nordea Diversified Fund will be introduced alongside the LGIM Diversified Fund within the multi-asset allocation of the DC Growth Fund. This will be launched as a separate white-labelled fund.

Asset Allocation in the default arrangements

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 introduce new requirements for trustees and managers of certain occupational pension schemes.

For the first scheme year that ends after 1 October 2023, trustees or managers of relevant occupational pension schemes, are required to disclose their full asset allocations of investments from their default arrangements.

There is also a requirement to disclose details of performance-based fees in the Scheme. There are currently no performance-based fees being charged to the Scheme as at 31 August 2024.

Information on the asset allocation for the default investment strategy as at 31 August 2024 is set out below:

	Percentage allocation - 25 years	Percentage allocation – 45 years	Percentage allocation - 55 years	Percentage allocation – 65 years (NRD)
Cash	1.7%	1.7%	1.7%	32.3%
Other Bonds	0.0%	0.0%	0.0%	0.0%
Corporate Bonds	19.8%	19.8%	19.8%	33.6%
Government Bonds	0.9%	0.9%	0.9%	7.4%
Listed Equities	74.2%	74.2%	74.2%	24.1%
Private Equity	0.4%	0.4%	0.4%	0.4%
Infrastructure	0.0%	0.0%	0.0%	0.0%
Property/Real Estate	2.1%	2.1%	2.1%	0.3%
Private Debt/Credit	0.9%	0.9%	0.9%	2.0%
Other	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

Source: LGIM, BlackRock and Mercer

Notes:

- Normal Retirement Date ("NRD") for the Scheme is age 65, members have the opportunity of selecting their own retirement date.
- The asset allocation will vary from time to time depending on market movements and how underlying managers allocate to their funds.
- The following describes the types of investments covered by the above asset classes:
    - ***Cash –*** Cash and assets that behave similarly to cash e.g. treasury bills. It only includes invested cash and not the cash balance held by the Scheme.
    - ***Bonds –*** Loans made to the bond issuer, usually a government or a company, to be repaid at a later date.
    - ***Listed Equity –*** Shares in companies that are listed on global stock exchanges. Owning shares makes the Scheme a part owner of the company, entitled to a share of the profits (if any) payable as dividends.
    - ***Private Equity –*** Unlisted equities that are not publicly traded on stock exchanges. Encompasses a broad range of investment styles, including:

        - *Venture Capital* – Small, early stage businesses that may have high growth potential, albeit at significant risk.
        - *Growth Equity* – Relatively mature companies that are going through a transformational event with potential for growth.
    - ***Infrastructure –*** physical structures, facilities, systems, or networks that provide or support public services including water, gas and electricity networks, roads, telecommunications facilities, schools, hospitals, and prisons
    - ***Property –*** Real estate, potentially including offices, retail buildings which are rented out to businesses.
    - ***Private Debt –*** Other forms of loan that do not fall within the definition of a 'Bond'.
    - ***Other –*** Any assets that do not fall within the above categories.

b) AVC Section

The AVCs in the Scheme relate to DB Section members. Unit-linked AVC funds are invested via Fidelity's investment platform and the With-Profits funds are invested with Standard Life. No changes have been made to the unit-linked and with-profits funds held in the Scheme during the Scheme year ended 31 August 2024. Additionally, the DB Section of the Scheme is closed to future accrual and so there are no members actively contributing to the AVC Section of the Scheme.

The Trustees do not operate a default arrangement in relation to AVC policies. For this reason, the Trustees believe that the disclosures required in the Regulations with regard to default arrangements are not applicable to AVCs. For the same reason, the Trustees' SIP does not contain wording relating to AVC default arrangements.

2. Core Financial Transactions

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

- Investment of contributions made to the Scheme by members and their employer(s);
- Transfers into and out of the Scheme of assets relating to members;
- Switches of members' investments between different funds within the Scheme; and
- Payments from the Scheme to or in respect of members (e.g. payment of death benefits).

The Trustees recognise the importance of processing financial transactions promptly and accurately as failure to do this may cause members to disengage with the Scheme and possibly have an adverse impact on member outcomes. The Trustees therefore operate measures and controls aimed at ensuring that all financial transactions are processed promptly and accurately. The DB Section of the Scheme is closed to future accrual and therefore no contributions are paid into the Scheme's AVCs. In addition, the DC Sections are closed to new entrants and there are no active contributors.

The Scheme's administration is outsourced to Aptia. Service levels and timescales have been agreed with Aptia for the processing of all member-related services, including core financial functions such as investment switches and benefit payments.

By implementing these processes, Aptia aims to maintain a high level of accuracy, efficiency, and compliance in member transactions and benefit processing activities. These measures help ensure that service level agreements (SLAs) are met and that members' transactions are processed in a timely and accurate manner. At Aptia, member transactions and benefit processing activities are recorded and managed through a work management system. This system assigns appropriate timescales to each task to ensure efficient processing and adherence to SLAs. The following processes are adopted by administrators to help meet the SLAs:

- Member and policyholder transactions go through an independent quality queue within the workflow process. Each transaction event has a number of specific pre-configured system quality steps in the workflow process. Quality is checked at each stage of the process to ensure accuracy and compliance.
- Banking accounts monitoring is conducted on a daily basis to ensure timely processing of transactions. Additionally, a separate cheque receipt log is maintained.
- Input onto the administration system and any subsequent changes approved by an authorised individual.
- Two individuals independently review and validate the Transactions to enhance accuracy and reduce errors.

From September 2023 to August 2024 (the most recent date available at time of writing), for all member transactions (including non-financial transactions), an overall service level of over 99.6% was achieved by Aptia.

During the Scheme year, the following additional arrangements were in place to ensure that core financial transactions are processed promptly and accurately:

- The Trustees operate a system of internal controls aimed at monitoring the Scheme's administration and management. Included in this system are mechanisms for ensuring the prompt and accurate processing of financial transactions, including core transactions such as the transfer of member assets into and out of the Scheme and the payment of benefits on retirement.
- The Trustees have an Administration and Risk Sub-Committee ('ARC') which normally meets monthly (at least eight times per year), who monitor the service levels and core financial transactions and report back to the main Board of Trustees on a quarterly basis;
- The Trustees receive regular administration reports to enable the service to be reviewed at ARC and Trustee meetings. These reports include any errors identified by the administrators in relation to the processing of core financial transactions, together with the steps taken to rectify those errors and changes implemented to ensure there is no repetition of such errors; and
- The Scheme's Risk Register outlines the risks to Scheme members in relation to financial transactions that are monitored and reviewed on a regular basis.

As part of a wider review of the Scheme's general administration, the Trustees receive the Scheme administrator's assurance report on internal controls. For the Scheme year, the report received covered the period 1 January to 31 December 2022 and included the Independent Service Auditor's opinion that, in all material aspects, its controls were suitably designed and those tested operated effectively. As at the date of this annual chair's statement, the report for covering the period 1 January to 31 December 2023 was requested and awaited.

As noted previously, the AVCs assets in with-profits funds are invested with Standard Life and the AVCs assets in unit-linked funds are invested via the Fidelity investment platform, with Aptia arranging for benefits to be quoted and settled with the DB Section benefits, liaising with Standard Life as appropriate.

The Trustees are satisfied that the Scheme's core financial transactions have been processed promptly and accurately during the period to which this Statement relates. The Trustees are committed to monitoring service on a regular basis to ensure that members receive service in line with expectations and there were no material issues identified during the Scheme year.

3. Charges and Transaction Costs

As required by the Administration Regulations, the Trustees are required to report on the charges and transaction costs for the investments used in the default arrangement as well as the wider fund choice available and assess the extent to which the charges and costs represent good value for members. When preparing this section of the statement the Trustees have taken into account the relevant statutory guidance.

Transaction costs are the expenses associated with a member trading in and out of a fund as well as the investment manager trading a fund's underlying securities, including commissions, taxes and other fees.

The transaction costs provided by the Scheme's investment managers have been reported separately to the Total Expense Ratio ('TER'). For the DC Sections, the TER includes the Annual Management Charge ('AMC'), additional expenses (where applicable) and administration fee.

DC Sections 1 and 2

The tables below set out the charges applying to each of the funds available to members, including those making up the Scheme's current default arrangement, as at 31 August 2024.

Table1: Scheme's current Passive Funds

Fund Name	TER (% p.a.)	AMC (% p.a.)	Administration fee (% p.a.)	Transaction Costs (% p.a.)[1]
State Street UK PLAS DC Passive Global Equity Fund	0.34	0.20	0.12	-0.01*
State Street UK PLAS DC Passive UK Equity Fund	0.28	0.16	0.12	0.03
State Street UK PLAS DC Passive Emerging Markets Equity Fund	0.41	0.23	0.12	-0.15*
State Street UK PLAS DC Sustainable Passive Global Equity Fund	0.58	0.46	0.12	0.09
State Street UK PLAS DC Passive Corporate Bond Fund	0.28	0.16	0.12	0.09
State Street UK PLAS DC Passive Fixed Interest Gilt Fund	0.28	0.16	0.12	0.03
State Street UK PLAS DC Passive Index-linked Gilt Fund	0.28	0.16	0.12	0.02

Source: *Fidelity. TER and AMC as at 31 August 2023. The TERs include the administration charge of 0.12% p.a.*

[1] *Transactions costs for the 12 month period up to 30 June 2024.*

** Transaction costs provided by Fidelity for this fund are currently negative. Negative transaction costs are not expected to persist over time*

Table 2: Scheme's current Active Funds

Fund Name	TER (% p.a.)	AMC (% p.a.)	Administration fee (% p.a.)	Transaction Costs (% p.a.)[1]
State Street UK PLAS DC Growth Fund*	**0.44**	**0.30**	**0.12**	**0.09**
State Street UK PLAS DC Drawdown Fund	**0.58**	**0.43**	**0.12**	**0.44**
State Street UK PLAS DC Cash Fund	**0.34**	**0.22**	**0.12**	**-0.08**
State Street UK PLAS DC Diversified Growth Fund	0.54	0.41	0.12	0.00
State Street UK PLAS DC Pre-Retirement Bond Fund	0.32	0.20	0.12	-0.05

Source: *Fidelity. TER and AMC as at 31 August 2024. The TERs include the administration charge of 0.12% p.a.*
**The State Street UK PLAS DC Growth Fund is composed of 50% State Street UK PLAS DC Passive Global Equity Fund (passively managed) and 50% State Street UK PLAS DC Diversified Growth Fund (actively managed).*

[1] *Transactions costs for the 12 month period up to 30 June 2024.*

*Funds highlighted in **bold** are part of the current default arrangement as at the Scheme year end.*

a) AVC Section

The table below set out the charges applying to each of the funds members were invested in during the period.

Fund name	TER (% p.a.)	Transaction Costs[1] (% p.a.)
State Street UK PLAS DC Passive UK Equity Fund	0.28	0.03
State Street UK PLAS DC Diversified Growth Fund	0.54	0.00
State Street UK PLAS DC Passive Global Equity Fund	0.34	-0.01
State Street UK PLAS DC Cash Fund	0.34	-0.08
State Street UK PLAS DC Pre-Retirement Bond Fund	0.32	-0.05
Standard Life Pension With Profits Fund	0.75	0.06
Standard Life Pension Millennium With Profits Fund	1.00	0.04

Source*: Fidelity and Standard Life. Fidelity TERs as at 30 June 2024*

[1] *Fidelity transactions costs for the 12 month period up to 30 June 2024 and Standard Life as at 30 September 2024..*

b) Illustration of the effect of transaction costs and charges on members' benefits.

Using the charges and transaction cost data provided by Fidelity and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustees have prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members we are required to show the effect on a member's savings of investment in the following (with the Scheme's relevant funds/strategies listed in brackets):

- The default arrangement (Drawdown Lifestyle Strategy Targets Drawdown and among its underlying components, there is the UK PLAS DC Growth Fund, the UK PLAS DC Drawdown Fund and the UK PLAS DC Cash Fund)
- The most expensive fund (State Street UK PLAS DC Drawdown Fund)
- The least expensive fund (State Street UK PLAS DC Passive UK Equity Fund)

And the Additional Defaults:
- State Street UK PLAS DC Passive Global Equity Fund
- State Street UK PLAS DC Passive UK Equity Fund (already included above)
- State Street UK PLAS DC Diversified Growth Fund
- State Street UK PLAS DC Pre-Retirement Bond Fund
- State Street UK PLAS DC Passive Index-linked Gilt Fund
- State Street UK PLAS DC Passive Fixed Interest Gilt Fund
- State Street UK PLAS DC Cash Fund

The illustrations that follow take into account the following elements:

- Initial savings pot size;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

To illustrate the impact of charges on a typical deferred member's pension pot, we have provided the below illustrations, which accounts for all estimated member costs, including the TER, transaction costs and inflation.

Illustration 1: A typical deferred member invested in the DC fund range

	Default Arrangement		**Highest cost fund: State Street UK PLAS DC Drawdown Fund**		**Lowest cost fund: Street UK PLAS DC Passive UK Equity Fund**		**State Street UK PLAS DC Passive Global Equity Fund**		**State Street UK PLAS DC Diversified Growth Fund**	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
49	£38,980	£38,980	£38,980	£38,980	£38,980	£38,980	£38,980	£38,980	£38,980	£38,980
50	£40,345	£40,168	£39,619	£39,335	£40,344	£40,231	£40,734	£40,595	£39,565	£39,351
55	£47,924	£46,676	£42,976	£41,160	£47,916	£47,117	£50,762	£49,732	£42,622	£41,260
60	£56,160	£53,398	£46,617	£43,070	£56,910	£55,181	£63,259	£60,926	£45,916	£43,261
65	£61,685	£56,883	£50,566	£45,069	£67,591	£64,625	£78,832	£74,639	£49,465	£45,360

Age	State Street UK PLAS DC Cash Fund		State Street UK PLAS DC Pre-Retirement Bond Fund		State Street UK PLAS DC Passive Fixed Interest Gilt Fund		State Street UK PLAS DC Passive Index-linked Gilt Fund	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
49	£38,980	£38,980	£38,980	£38,980	£38,980	£38,980	£38,980	£38,980
50	£38,785	£38,653	£40,344	£40,215	£39,625	£39,454	£40,739	£40,620
55	£37,825	£37,060	£47,916	£47,004	£43,015	£41,911	£50,800	£49,915
60	£36,889	£35,532	£56,910	£54,938	£46,694	£44,522	£63,346	£61,337
65	£35,976	£34,068	£67,591	£64,212	£50,688	£47,295	£78,990	£75,374

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustees have based this assumed member on data sourced from the administrator. The assumed member is age 49, with a normal retirement age of 65, using a starting pot size of £38,980 (shown in the top line above). The member is assumed to be making no further contributions to the Scheme.
4. Inflation is assumed to be 2.5% per annum.
5. Charges, transaction costs and estimated growth rates are assumed as follows:

	TER	Transaction costs	Growth rate assumptions
Current Default Arrangement (Drawdown Lifestyle)	0.44% p.a. for members 8 or more years from retirement, falling to 0.52% p.a. for members at retirement	0.00% p.a. for members 8 or more years from retirement; an average of 0.07% for members within 8 years of retirement	6.00% p.a. before inflation for members 8 or more years from retirement, falling to 3.50% p.a. before inflation for members at retirement
State Street UK PLAS DC Drawdown Fund	0.58% p.a.	0.14% p.a.	4.00% p.a. before inflation
Street UK PLAS DC Passive UK Equity Fund	0.28% p.a.	Nil*	6.00% p.a. before inflation
State Street UK PLAS DC Passive Global Equity Fund**	0.34% p.a.	Nil*	7.00% p.a. before inflation
State Street UK PLAS DC Diversified Growth Fund**	0.54% p.a.	0.00% p.a.	4.00% p.a. before inflation
State Street UK PLAS DC Cash Fund**	0.34% p.a.	Nil*	2.00% p.a. before inflation
State Street UK PLAS DC Pre-Retirement Bond Fund**	0.32% p.a.	Nil*	6.00% p.a. before inflation
State Street UK PLAS DC Passive Fixed Interest Gilt Fund**	0.28% p.a.	0.15% p.a.	4.00% p.a. before inflation
State Street UK PLAS DC Passive Index-linked Gilt Fund**	0.28% p.a.	0.01% p.a.	7.00 % p.a. before inflation

Charge and costs figures provided by Fidelity; growth rate assumptions calculated by Mercer using the version TM1 V5.1 The Regulations require that where possible the transaction costs assumed in these illustrations are based on an average of the previous five years' transaction costs for each fund, where available. As Fidelity is unable to provide historic transaction costs for these funds, the transaction costs shown above are an average of the costs provided for the 4 year periods to 30 June 2024.

*These funds have reported an average negative transaction cost according to the methodology stated above; we have therefore assumed these costs to be nil, as negative costs are not expected to continue consistently over time.

**These are Additional Default Arrangements.

Illustration 2: The youngest deferred member invested in the DC fund range

	Default Arrangement		Highest cost fund: State Street UK PLAS DC Drawdown Fund		Lowest cost fund: Street UK PLAS DC Passive UK Equity Fund		State Street UK PLAS DC Passive Global Equity Fund		State Street UK PLAS DC Diversified Growth Fund	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
38	£29,020	£29,020	£29,020	£29,020	£29,020	£29,020	£29,020	£29,020	£29,020	£29,020
40	£31,089	£30,816	£29,980	£29,551	£31,087	£30,913	£31,691	£31,475	£29,897	£29,575
45	£36,928	£35,809	£32,519	£30,923	£36,922	£36,204	£39,492	£38,559	£32,208	£31,010
50	£43,864	£41,611	£35,274	£32,358	£43,851	£42,400	£49,214	£47,238	£34,697	£32,514
55	£52,104	£48,353	£38,263	£33,859	£52,081	£49,657	£61,330	£57,870	£37,378	£34,091
60	£61,059	£55,316	£41,505	£35,430	£61,856	£58,156	£76,429	£70,896	£40,267	£35,745
65	£67,065	£58,926	£45,021	£37,074	£73,466	£68,110	£95,244	£86,853	£43,379	£37,479

	State Street UK PLAS DC Cash Fund		State Street UK PLAS DC Pre-Retirement Bond Fund		State Street UK PLAS DC Passive Fixed Interest Gilt Fund		State Street UK PLAS DC Passive Index-linked Gilt Fund	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
38	£29,020	£29,020	£29,020	£29,020	£29,020	£29,020	£29,020	£29,020
40	£28,731	£28,535	£31,087	£30,888	£29,989	£29,730	£31,698	£31,513
45	£28,019	£27,359	£36,922	£36,102	£32,554	£31,582	£39,527	£38,725
50	£27,326	£26,232	£43,851	£42,197	£35,338	£33,549	£49,288	£47,586
55	£26,650	£25,150	£52,081	£49,320	£38,361	£35,638	£61,461	£58,475
60	£25,990	£24,114	£61,856	£57,645	£41,642	£37,858	£76,639	£71,856
65	£25,347	£23,120	£73,466	£67,376	£45,204	£40,216	£95,566	£88,300

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustees have based this assumed member on data sourced from the administrator. The assumed member is age 38, with a normal retirement age of 65, using a starting pot size of £29,020. The member is assumed to be making no further contributions to the Scheme.
4. Inflation is assumed to be 2.5% per annum.
5. Charges, transaction costs and estimated growth rates are assumed as follows:

	TER	Transaction costs	Growth rate assumptions
Current Default Arrangement (Drawdown Lifestyle)	0.44% p.a. for members 8 or more years from retirement, falling to 0.52% p.a. for members at retirement	0.00% p.a. for members 8 or more years from retirement; an average of 0.07% for members within 8 years of retirement	6.00% p.a. before inflation for members 8 or more years from retirement, falling to 3.50% p.a. before inflation for members at retirement
State Street UK PLAS DC Drawdown Fund	0.58% p.a.	0.14% p.a.	4.00% p.a. before inflation
Street UK PLAS DC Passive UK Equity Fund	0.28% p.a.	Nil*	6.00% p.a. before inflation
State Street UK PLAS DC Passive Global Equity Fund**	0.34% p.a.	Nil*	7.00% p.a. before inflation
State Street UK PLAS DC Diversified Growth Fund**	0.54% p.a.	0.00% p.a.	4.00% p.a. before inflation
State Street UK PLAS DC Cash Fund**	0.34% p.a.	Nil*	2.00% p.a. before inflation
State Street UK PLAS DC Pre-Retirement Bond Fund**	0.32% p.a.	Nil*	6.00% p.a. before inflation
State Street UK PLAS DC Passive Fixed Interest Gilt Fund**	0.28% p.a.	0.15% p.a.	4.00% p.a. before inflation
State Street UK PLAS DC Passive Index-linked Gilt Fund	0.28% p.a.	0.01% p.a.	7.00 % p.a. before inflation

Charge and costs figures provided by Fidelity; growth rate assumptions calculated by Mercer using the version TM1 V5.1 The Regulations require that where possible the transaction costs assumed in these illustrations are based on an average of the previous five years' transaction costs for each fund, where available. As Fidelity is unable to provide historic transaction costs for these funds, the transaction costs shown above are an average of the costs provided for the 4 year periods to 30 June 2024.

*These funds have reported an average negative transaction cost according to the methodology stated above; we have therefore assumed these costs to be nil, as negative costs are not expected to continue consistently over time.

**These are Additional Default Arrangements.

4. Value for Members

In accordance with regulation 25(1)(b), the Trustees undertake an annual review of the charges and transaction costs incurred by members to ascertain whether or not they represent good value for members, relative to peers and alternative arrangements that are available.

The value for members assessment examined the current investment management charges relative to standard institutional fees for equivalent size mandates, Mercer Manager Research Ratings and historical performance. Where funds offered to members are highly rated by Mercer, are being offered at a competitive fee rate, and are performing in line with their objectives over the longer term, they are considered to be offering good value for money for members. The value for money assessment covering the investments with Fidelity since inception up to 31 August 2024 covered the following aspects:

- Investment charges for the default arrangement and self-select funds, when benchmarked against comparable funds;
- Net of fees investment performance; and
- Investment fund range and ratings.

Each investment manager will incur underlying transaction costs associated with purchasing and selling individual securities (such as equities or bonds). Currently, reporting is somewhat fragmented, and analysis of transaction costs is not possible as the data does not allow like-for-like comparison. The Trustees, with assistance from their advisors, will look to comment on transaction costs compared to the wider industry once this data becomes uniformly available and include this in future value for member assessments.

In November 2024, the Trustees, in conjunction with their professional advisors, undertook a formal value for members' assessment for the DC Sections of the Scheme. Due to the recent inception of the current investment arrangements only a maximum of three-year performance has been assessed. However, the Trustees will include longer term performance in subsequent reports, when available.

The review concluded that the Scheme's overall benefits represent **good** value for members. The reasons underpinning this conclusion include:

- Following the reduction in the member-borne DC administration charge (from 0.30% per annum to 0.12% per annum, effective 1 July 2023), the Scheme continues to benefit from fee arrangements that are at or below the median for 11 out of the 12 funds available to members. The Passive Sustainable Equity Fund, however, remains above the upper quartile. Therefore, the Trustees are considering negotiating a fee reduction with the platform provider and/or underlying investment manager.
- The Scheme's current default arrangement is a lifestyle strategy targeting drawdown and is compliant with the charge cap of 0.75% per annum. All its underlying components were considered to be offering a good value in terms of price assessment.
- The majority of the Scheme's funds (9 out of 12) are either passively managed or invested in cash, and they have performed in line with their respective benchmarks, with the exception of the Pre-Retirement Bond Fund. The historical performance for the Scheme's three multi-asset (DC Growth, DC Diversified Growth and DC Drawdown) funds have been behind expectations over the three-year period to 30 September 2024. Among the funds that make up the default arrangement, the UK PLAS DC Cash Fund was assessed as offering good value in terms of performance, while the UK PLAS DC Growth Fund, DC Diversified Growth Fund and UK PLAS DC Drawdown Fund was assessed as offering overall reasonable value which takes account of underperformance of these funds over the 3 years period performance to 30 September 2024.
- Due to the more recent Scheme-specific inception dates, three-year period performance was not available for the UK PLAS DC Passive Sustainable Equity Fund and the UK PLAS DC Passive Corporate Bond Fund.
- Notwithstanding that historical performance for some of the Scheme's funds has been behind expectations, the underlying funds used by the Scheme remain highly rated by our investment advisors as having good prospects of achieving their objectives.
- Members also benefits from the additional features of the Scheme, including:
  - Ongoing Trustee oversight and review of the default arrangement and the DC fund range which are paid for by the Company;
  - The efficiency of the administration processes and the Trustees' and Company's governance of the services;
  - The wide-ranging support and governance of the Scheme from the Trustees, the Company and the Trustees' professional advisers.
- Assessing the value for money for a with-profits fund is directly related to an individual's attitude towards, and capacity for, investment risk. Therefore, we consider it inappropriate to reach a general conclusion on value for money from the With-Profits Funds, as this will vary by member.

The Trustees periodically review the AVC Section to ensure the quality of the products and suitability for the members. The last review of the AVC arrangements was carried out in August 2023 and included a review of the performance and the ongoing suitability of the investment arrangements. There are nine members, all are aged 50 or over, invested in With-profits funds. As a result of this review, Trustees have concluded members remain in a suitable AVC arrangement.

Overall, the Trustees concluded that members received **good** value over the Scheme year to 31 August 2024.

5. Net Return on Investments

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduced new requirements for trustees of 'relevant' occupational pension schemes, which required the Trustees to calculate and state the return on investments from their default arrangement and self-select funds, net of transaction costs and charges. Statutory guidance has been followed when preparing this section.

The tables below set out annualised net performance for the 1 year and since inception period up to 31 August 2024 for the default arrangement (for age 25, 45, and 55), as well as the annuity and cash arrangements and for the self-select fund range. The 5 year performance figures are not shown as the funds were only launched in March 2021.

Default arrangement (Drawdown Lifestyle Strategy)	Annualised returns to 31 August 2024 (%)	
Age of member at start of period	**1 year**	**Since Inception**
25	13.9	5.4
45	13.9	5.4
55	13.9	4.9

Source: *Fidelity. Inception date taken as 31 March 2021.*
Fund performance is net of all charges and transaction costs.

Annuity Lifestyle Strategy	Annualised returns to 31 August 2024 (%)	
Age of member at start of period	**1 year**	**Since Inception**
25	13.9	5.4
45	13.9	5.4
55	13.9	3.5

Source: Fidelity. Inception date taken as 31 March 2021.
Fund performance is net of all charges and transaction costs.

Cash Lifestyle Strategy	Annualised returns to 31 August 2024 (%)	
Age of member at start of period	**1 year**	**Since Inception**
25	13.9	5.4
45	13.9	5.4
55	13.9	4..0

Source: Fidelity. Inception date taken as 31 March 2021.
Fund performance is net of all charges and transaction costs.

Self-select funds	Annualised returns to 31 August 2024 (%)	
	1 year	Since Inception
UK PLAS DC Growth Fund	13.9	5.4
UK PLAS DC Drawdown Fund	9.9	2.8
UK PLAS DC Cash Fund*	5.3	2.6
UK PLAS DC Passive Global Equity Fund*	17.5	7.7
UK PLAS DC Diversified Growth Fund*	10.3	3.1
UK PLAS DC Pre-Retirement Bond Fund*	4.9	-7.0
UK PLAS DC Passive Sustainable Equity Fund	13.6	4.2
UK PLAS DC Passive UK Equity Fund*	16.2	8.2
UK PLAS DC Passive Emerging Markets Equity Fund	8.4	-1.1
UK PLAS DC Passive Index-Linked Gilt Fund*	3.5	-9.0
UK PLAS DC Passive Fixed Interest Gilt Fund*	13.9	5.4
UK PLAS DC Passive Corporate Bond Fund**	9.3	6.2

***Source**: Fidelity. Inception date taken as 31 March 2021, except for UK PLAS DC Pre-Retirement Bond Fund (30 April 2021), UK PLAS DC Passive Emerging Markets Equity Fund (31 July 2021) and UK PLAS DC Passive Sustainable Equity Fund (13 October 2021).*

Performance shown net of manager and platform fees and transaction costs, but gross of admin fees.

Performance of standalone self-select options is independent of age, therefore performance is shown in a different format to the lifestyle performance on the previous page.

** These are Additional Default Arrangements.*

AVC Funds	Unit Price Growth Rates (annual equivalent %) – Total Growth Rate*	Performance*	
	01/02/24 until further notice	1 Year (%)	5 Year (% p.a.)
Standard Life Pension With Profits Fund	4.0 **	6.9	1.5
Standard Life Pension Millennium With Profits Fund	2.3	9.4	5.0

***Source**: Standard Life. * Performance shown net of TER.*

*** based on contractual guarantees.*

Performance might diverge from growth rate due guarantees and bonuses or the smoothing process which avoids big changes in the size of bonuses each year, the insurer will hold back some of the return from 'good' years to provide a reasonable return during 'bad' years.

In With Profits funds members typically receive annual bonuses, which do not fully reflect the underlying fund's investment performance due to smoothing (keeping some of the return back in good years to support bonus rates in years where the investment return has been lower). The timing of the annual bonus varies by Provider. The amount a member will receive will depend on when they take their benefit and any terminal bonus payable at the time. The level of terminal bonus is dependent on a number of factors and typically is only guaranteed at the normal retirement age under the policy, or death.

6. *Trustee Knowledge and Understanding*

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 which, together with the professional advice that is available to them, enables them to properly exercise their functions and duties in relation to the Scheme.

The Trustees have a working knowledge of the Trust Deed and Rules, the current Statement of Investment Principles, as well as knowledge of all documents setting out the Trustees compliance. Details are provided in the table below, including the actions undertaken by the Trustees to ensure they have sufficient knowledge and understanding of the law relating to pensions and trust and relevant principles relating to funding and investment.

Requirement	How Met
Trustees must have sufficient knowledge and understanding of the law relating to pension and trusts, as well as the relevant principles relating to the funding and investment of the Scheme	The Trustees consider their annual training plan on a quarterly basis, which includes specific consideration of whether any further training is required in respect of these statutory areas. In addition, the Trustees receive updates from their advisers at regular Trustee sub-committee meetings and throughout the year to keep abreast of recent developments in these areas. They are also required to complete the Pension Regulator's Trustee Toolkit and any new/revised relevant modules released. At each of their meetings, the Trustees consider a report that summarises forthcoming changes to regulations, their potential impact on the Scheme and the actions that are required to ensure compliance. The Trustees view these regular and ongoing training opportunities as an essential part of expanding their combined knowledge to exercise their functions as Trustees of the Scheme. During the Scheme year, the Trustees undertook ongoing training both as a group within the regular meetings and individually including: • Training regarding Transfer Out process, Pension Scams, Pension Dashboard, and The Pensions Regulator - General Funding Code and General Code of Practice were discussed at the October 2023 Trustee Training session; • Investment Strategy Review (DC Section) discussion at the December 2023 meeting; • The Pensions Regulator – General Code of Practice discussed at the April 2024 Trustee Meeting; • Annual ESG review (DC) was discussed at the June 2024 ISC Meeting.
Trustees must have a working knowledge and be conversant with the Scheme's own documentation including Trust Deed and Rules, the current Statement of Investment Principles and of all documents setting out the Trustee's current policies	The Trustees' quarterly review of their training requirements includes specific consideration of whether any further training is required in respect of these documents. During the Scheme year the Trustees: • Considered and made preparation for the DC Value for Members Assessment requirements from ongoing reviews in light of the new requirements at the ISC meeting on 24 November 2023. • Reviewed the performance of its investment consultancy provider against in respect of the objectives it had been set quarterly. • The Risk Register was reviewed periodically during the Scheme year. After the Scheme year, • The SIP was reviewed on 27 September and changes were made to incorporate the Trustees' illiquid assets policy.

Knowledge and resources generally	There is a documented induction process for new Trustees. All new Trustees are sent a link to Scheme documents including the latest Trust Deed and Rules. The Member Nominated Trustee (“MNT”) nomination process includes checks on ‘fitness to act’ as a Trustee. The nomination form (in the communication to members) contains a declaration of fitness checklist for the candidate to confirm and sign. The successful candidate must complete the trustee toolkit within three months of acceptance of the role. Furthermore, the Trustees follow the same process with new Company appointed Trustees, who are required to sign a declaration of their fitness to act as a Trustee. The Board comprises of individuals with diverse professional skills and experiences, reflecting the varied nature of the challenges that its governance must address. The Trustees maintain a training log that sets out individual and whole-board based training activity. The Trustees’ professional advisors attend all meetings and are asked to input into the agenda. All policy and document changes, as well as any decisions, made by the subcommittees, are subsequently reviewed and ratified by the Board at quarterly Trustee Meetings.

Mercer provides professional advice to the Trustees and supports the Trustees in reviewing the performance of the Scheme. Squire Patton Boggs provide legal advice to the Trustees and supports the Trustees in governing the Scheme in line with the Scheme’s Trust Deed and Rules. The advice received by the Trustees along with their own knowledge and experience, allows them to properly exercise their function as Trustees. During the Scheme year the Trustees have received legal, accounting, investment and consulting advice as and when required.

Chair’s declaration

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together ‘the Regulations’) and I confirm that the above statement has been produced by the Trustees of the State Street UK Pension & Life Assurance Scheme. Signed for and on behalf of the Trustees of the State Street UK Pension and Life Assurance Scheme on 10 February 2025, by the Chair of Trustees, Andrew Todd.

Appendix 1

Asset Allocation in the additional default arrangements

In order that members invested in the Scheme's additional default arrangements can see how their savings were invested as at 31 August 2024, the tables below show the percentage of each of the main asset classes held by each of the Scheme's additional default arrangements.

State Street UK PLAS DC Passive Global Equity Fund	Asset Allocation (%)
Cash	1.2
Other Bonds	0.0
Corporate Bonds	0.0
Government Bonds	0.0
Listed Equities	98.8
Private Equity	0.0
Infrastructure	0.0
Property/Real Estate	0.0
Private Debt/Credit	0.0
Other	0.0
Total	100.0

Source: BlackRock, LGIM and Mercer calculations.

State Street UK PLAS DC Diversified Growth Fund	Asset Allocation (%)
Cash	2.2
Other Bonds	0.0
Corporate Bonds	39.6
Government Bonds	1.8
Listed Equities	49.6
Private Equity	0.8
Infrastructure	0.0
Property/Real Estate	4.1
Private Debt/Credit	1.8
Other	0.0
Total	100.0

Source: BlackRock, LGIM and Mercer calculations.

State Street UK PLAS DC Cash Fund	Asset Allocation (%)
Cash	90.0
Other Bonds	00.0
Corporate Bonds	10.0
Government Bonds	00.0
Listed Equities	00.0
Private Equity	00.0
Infrastructure	00.0
Property/Real Estate	00.0
Private Debt/Credit	00.0
Other	00.0
Total	100.0

Source: LGIM

State Street UK PLAS DC Pre-Retirement Bond Fund	Asset Allocation (%)
Cash	0.0
Other Bonds	0.0
Corporate Bonds	62.6
Government Bonds	37.4
Listed Equities	0.0
Private Equity	0.0
Infrastructure	0.0
Property/Real Estate	0.0
Private Debt/Credit	0.0
Other	0.0
Total	100.0

Source: LGIM and Mercer calculations.

State Street UK PLAS DC Passive UK Equity Fund	Asset Allocation (%)
Cash	0.1
Other Bonds	0.0
Corporate Bonds	0.0
Government Bonds	0.0
Listed Equities	99.2
Private Equity	0.0
Infrastructure	0.0
Property/Real Estate	0.0
Private Debt/Credit	0.0
Other	0.7
Total	100.0

Source: SSGA.

State Street UK PLAS DC Passive Fixed Interest Gilt Fund	Asset Allocation (%)
Cash	-0.2
Other Bonds	100.2
Corporate Bonds	0.0
Government Bonds	0.0
Listed Equities	0.0
Private Equity	0.0
Infrastructure	0.0
Property/Real Estate	0.0
Private Debt/Credit	0.0
Other	0.0
Total	100.0

Source: SSGA. The negative allocation to Cash at the time of reporting was due to a timing issue.

State Street UK PLAS DC Passive Index Linked Gilt Fund	Asset Allocation (%)
Cash	0.1
Other Bonds	99.9
Corporate Bonds	0.0
Government Bonds	0.0
Listed Equities	0.0
Private Equity	0.0
Infrastructure	0.0
Property/Real Estate	0.0
Private Debt/Credit	0.0
Other	0.0
Total	100.0

Source: SSGA.

Appendix 2

STATE STREET UK PENSION & LIFE ASSURANCE SCHEME

Statement of Investment Principles – September 2024

1. **Introduction**

1.1 The Trustees of the State Street UK Pension & Life Assurance Scheme (the "Scheme") have drawn up this Statement of Investment Principles (the "Statement") to comply with the requirements of the 1995 Pensions Act (the "Act") and related regulations. It sets out the principles that govern decisions about the investments of the Scheme. A description of the Scheme's current investment arrangements, based on these principles, can be found in the Scheme's Investment Policy Implementation Document ("IPID").

1.2 Under the requirements of the Act, the Trustees have also taken and considered written advice from its investment advisor, Mercer Ltd, whom the Trustees believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

1.3 As required under the Act the Trustees have consulted a suitably qualified person and have obtained written advice from Mercer Limited ("Mercer"), which is regulated by the Financial Conduct Authority ("FCA"). The Trustees in preparing this Statement have also consulted State Street Bank & Trust Company (the "Company"), as Sponsor of the Scheme, in particular on the Trustees' investment objectives. The Trustees have sought to adopt investment arrangements that are in keeping with best practice, including the Principles for Investment Governance as published by the Regulator's Investment Governance Group.

1.4 The Scheme divides into two components. The Defined Benefit Section is dealt with in Section 2, while the Defined Contribution Section is covered in Section 3. Sections 4 to 9 apply to both Sections.

2. **Defined Benefit ("DB") Section**

2.1 **Investment Policy**

Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustees acting on advice from their investment consultant, Mercer, and is driven by their investment objectives as set out below. The remaining elements of policy are part of the day-to-day management of the assets, which is delegated to professional investment managers.

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 considered their investment objectives and adopted the following:

- To ensure that there are sufficient assets to meet benefit payments as and when they fall due.

- To maintain a high probability of achieving and maintaining a fully funded position on the Scheme's actuarial valuation basis in accordance with advice received by the Actuary and as agreed with the Company from time to time.

2.2 The Trustees' policy with regard to managing and monitoring risk

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

- Funding level and mismatching risk – The Trustees invest in asset classes which are expected to demonstrate volatility when compared to the development of the Scheme's liabilities, measured on a Technical Provisions basis. This policy is adopted in anticipation of achieving returns based on a prudent set of assumptions consistent with those assumed in the actuarial valuation. The Trustees have considered a number of investment strategies with varying degrees of risk relative to the Scheme's liabilities. In determining an appropriate level of risk (or expected volatility) the Trustees have considered:

  a) The strength of the Company's covenant and attitude to risk (see below).

  b) Future contribution rate requirements.

  c) Likely fluctuations in funding level.

  d) The required return to retain a fully funded position for the life of the Scheme in conjunction with the funding policy.

  e) The Trustees' tolerance to deterioration in the funding level as a result of taking risk.

  f) The term and nature of the Scheme's liabilities.

  To monitor the volatility of the Scheme's funding level and the success or otherwise of the investment decisions, the Trustees monitor on a quarterly basis:

  a) The return on the assets, the benchmark and the liabilities.

  b) Estimated funding level development.

- Sponsor Risk – There is the risk that the Company may not have the ability to meet its financial commitments to the Scheme. The Trustees have assessed the Company's ability to underwrite investment risk in this regard.

- Manager risk – There is the risk that the performance of the investment manager does not meet the expectations of the Trustees and underperforms relative to the benchmark set for the investment manager. The Trustees monitor the investment manager's performance on a quarterly basis and compare the investment returns with the appropriate performance objectives to ensure continuing acceptable performance. The Trustees also examine the risk being run by the investment manager. In particular, the performance reporting reviewed by the Trustees considers the variation in returns of the manager's portfolio against its benchmark and, if applicable, analyses the level of active manager risk taken to achieve the performance.

- Interest rate risk – The risk that the assets do not move in line with the value placed on the Scheme's liabilities in response to changes in interest rates. This risk is monitored through the funding level monitoring mentioned above. In practise this risk is partially mitigated by the high level of liability hedging provided by the Scheme's Liability Driven Investment (LDI) mandate.

- Inflation risk – Similar to interest rate risk but concerning inflation. This risk is measured as the nominal value of assets less inflation, resulting in the effective net value, or purchasing power of holdings. It is monitored through the funding level monitoring mentioned above. In practise this risk is partially mitigated by the high level of liability hedging provided by the Scheme's LDI mandate.

- Credit risk – The risk that payments due to bond investors might not be made. This risk is controlled through the mandate specifications of the Scheme's bond managers.

- Currency risk – The risk that the value of the overseas assets changes relative to the sterling based liabilities due to exchange rate fluctuations. The Trustees are comfortable with the level of exposure in the context of the broader risks facing the Scheme.

- Equity market risk – The risk that equity values fluctuate. This risk is considered when the Trustees undertake a review of the Scheme's investment strategy. The Scheme no longer has a standalone equity allocation; however, the Strategic Diversified Fund would be expected to hold a relatively material portion of the mandate in equities

- Liquidity risk – The risk that assets are not readily realisable. The Trustees have adopted a strategy that makes due allowance of the need for liquidity of the Scheme's assets.

- Concentration risk – The risk that the performance of the assets suffers to a large extent due to a high exposure to a single security, asset class or market. The Scheme has adopted a strategy that ensures that the risk of an adverse influence on investment values from the poor performance of a small number of individual investments is reduced by diversification of the assets:

  - by asset class (Equities and Fixed Interest)
  - by region (UK and overseas)
  - within asset classes (by the use of diversified pooled funds)

- Counterparty risk – State Street Global Advisers Limited ("SSGA") employ derivatives in the Scheme's liability hedging mandate for the purposes of gaining additional 'leveraged' market exposure. These derivatives are traded directly with other counterparties, which gives rise to counterparty risk, namely the risk that the counterparty is unable to honour their commitment at the maturity of the derivative contract.

- Collateral adequacy risk - As derivative instruments are used to hedge the Scheme's liabilities, SSGA employ leverage in the liability hedging mandate. Using leverage means small changes in underlying conditions can produce larger changes in the value of the Scheme's investment than if only physical assets were held (i.e. there is an implied 'lever effect'). Collateral adequacy is therefore the risk that underlying conditions negatively impact the Scheme to the extent that additional assets will need to be used to support the use of derivatives. SSGA inform the Scheme on a regular basis of the optimal level of collateral, and what relation the current available collateral has to these levels.

- Longevity risk – The risk that members will live longer than anticipated in the Scheme actuary's funding assumptions, leading to an increase in the value placed on the liabilities.

- Environmental, Social and Governance considerations (including but not limited to climate change) – The Trustee recognises that these risks are considered to be financially material. Further information is set out in Section 8.

- The risk and other factors set out above are those that the Trustee determines to be financially material over the Fund's anticipated lifetime.

The Trustees continue to monitor these risks.

2.3 Investment Strategy

The investment return objective is to achieve the required rate of return assumed in the Scheme's actuarial valuation without taking undue risk.

The Trustees have considered the risks identified in 2.2 in consultation with the Company and their advisors.

The Trustees have decided that the benchmark strategy should not be rigid and that the appropriateness of the investment strategy should be reviewed at least annually. The Trustees have concluded that the asset allocation appropriate to meet the objective set out in Section 2.1 is as follows:

Diversified Growth Fund	5.0%
Investment Grade Credit	30.0%
Gilts and liability matching assets	65.0%

The Trustees acknowledge that the Scheme's asset allocation will deviate from the investment strategy (see above) because of market movements. As part of their quarterly investment review, the Trustees will assess the Scheme's asset allocation relative to the investment strategy.

To assist with this, the Trustees have agreed a rebalancing policy to ensure that a suitable level of investment risk is taken by the Scheme. Details of the Trustee's rebalancing policy can be found in the IPID.

2.4 Day to Day Management of the Assets

The Trustees delegate the day to day management of the Scheme assets to the fund managers SSGA and AXA Investment Managers Limited ("AXA"). The Trustees are satisfied that the spread of investments by region and the investment managers' policies on investing in individual securities within each portfolio provides adequate diversification of investments given the circumstances of the Scheme. The custodians of the pooled funds in which the Scheme invests provide the safekeeping of the underlying assets.

Details of the Diversified Growth Fund, Investment Grade Credit and Gilts and Liability Matching portfolios are set out in the IPID.

3. DEFINED CONTRIBUTION ("DC") SECTION

3.1 Investment Objectives

The Trustees recognise that individual members have differing investment needs and that these may change during the course of a member's working life. The Trustees also recognise that members have different attitudes to risk. The Trustees believe that members should be allowed to make their own investment decisions based on their individual circumstances.

In order to encompass these factors, the Trustees have agreed the following investment objectives:

- To offer members who do not wish to actively select their own investment options, a Default Lifestyle Strategy (described in more detail below).
- To make available a range of investment options so members can choose an investment strategy tailored to their personal investment needs and attitudes.
- To offer funds which allow diversification of risk and long-term capital growth.
- To encourage members to seek independent financial advice to determine the profile of their own investments.
- To review the suitability of the options offered to members and investment manager arrangements on a regular basis.

The Trustees periodically review the suitability of the investment options provided and from time to time will change or introduce additional investment funds as appropriate.

3.2 The Trustees' Policy with Regards to Managing and Monitoring Risk

The Trustees recognise that "risk" in the context of a defined contribution pension plan is multi-faceted. In broad terms, it's regarded as the likelihood of failing to achieve the objectives set out in the previous section and have, on the advice of Mercer, taken several measures which are set out in this Statement to mitigate these risks, so far as is possible.

The Trustees have considered risks from a number of perspectives from a DC standpoint. The list below is not exhaustive but covers the main risks that the Trustees consider and how they are managed.

Risk	How it is managed	How it is measured
Inflation Risk The real value (i.e. post inflation) value of members' accounts decreases.	Members are provided with a range of funds, across various asset classes. The majority of funds are expected to keep pace with inflation (with the exception of the money market and fixed interest bond funds). Members are able to set their own investment allocations, in line with their risk tolerances.	Considering the real returns (i.e. return above inflation) of the funds, with positive values indicating returns that have kept pace with inflation.

Risk	How it is managed	How it is measured
Pension Conversion Risk Member's investments do not match how they would like to use their pots in retirement.	Three Lifestyle strategies, targeting income drawdown, annuity purchase and cash at retirement are available to members. The Lifestyle strategies automatically switch member assets as they approach retirement into investments that are expected to be less volatile relative to how they wish to access their pension savings. This aims to reduce the risk of a substantial fall in the purchasing power of their accumulated savings near retirement.	Considering the returns of the funds used within the switching phase of the lifestyle strategy both in absolute terms as well as relative to inflation, cash or annuity prices (depending on their selected retirement destination).
Market Risk The value of securities, including equities and interest bearing assets, can go down as well as up.	Members are provided with a range of funds, across various asset classes. Members are able to set their own investment strategy in line with their risk tolerances. For the funds managed on an active basis, many of these market risks are the responsibility of the investment manager to the extent that the funds objectives and constraints allow.	Regular performance monitoring of the investment funds.
Counterparty Risk A counterparty, either an underlying holding or pooled arrangement, cannot meet its obligation.	Delegated to external investment manager. Members are able to set their own investment allocations, in line with their risk tolerances.	Regular performance monitoring of the investment funds. Security of assets review.
Currency Risk The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.	The Trustees provide diversified investment options that invest in local as well as overseas markets and currencies. Delegated to investment managers. Members are able to set their own investment allocations, in line with their risk tolerances.	Regular performance monitoring of the investment funds. Considering the movements in foreign currencies relative to pound sterling. Within the State Street UK PLAS DC Passive Global Equity Fund, 95% of the developed overseas currency exposure is hedged back to sterling.
Operational Risk A lack of robust internal process, people and systems.	The Trustees have delegated day to day management of the assets to Fidelity, who in turn delegates responsibility for the investment of the assets to a range of underlying investment managers. Members are able to set their own investment allocations, in line with their risk tolerances.	Considering the ratings of investment strategies from their investment consultant and monitoring these on a regular basis.
Valuation Risk The value of an illiquid asset is based on a valuer's opinion. The realised value upon sale may differ from this valuation.	Some funds may hold illiquid assets and the management of valuation risk is delegated to the investment manager. The majority of investment managers invest solely in daily dealt funds with liquid quoted assets. This means that the value of the asset can be realised relatively quickly.	The underlying managers are responsible for monitoring and managing the liquidity of the underlying assets. Regular performance monitoring of the investment funds and where relevant, delegates the monitoring of valuation risk to the investment consultant.
Liquidity Risk Assets may not be readily marketable/ realisable when required.	The Trustees access daily dealt and daily priced pooled funds. Restrictions may be placed on redemptions in certain circumstances.	The pricing and dealing terms of the funds.
Manager Skill / Alpha Risk Returns from active investment management may not meet expectations, leading to lower than expected returns to members.	The Trustees make available a number of actively managed funds to DC members where they deem appropriate. The Trustees are selective when making actively managed fund available. The majority of funds available are passively managed.	The Trustees consider the ratings of investment strategies from their investment consultant during the selection process. The Trustees monitor performance and rating of funds on a regular basis relative to the fund's benchmark and stated targets/objective.

Risk	How it is managed	How it is measured
Environmental, Social and Governance Risk ESG factors can have a significant effect on the performance of the investments held by the Scheme e.g. extreme weather events, poor governance.	Delegated to investment manager. The Trustees' policy on ESG risks is set out in Section 8 of this Statement.	The Trustees review their external investment managers' policies and actions in relation to this on a regular basis. ESG ratings of managers are provided by the investment consultant.

The above are in relation to what the Trustees consider 'financially material considerations'. The Trustees believe the appropriate time horizon for which to assess these considerations should be viewed at a member level. This will be dependent on the member's age and their Target Retirement Date. It is for this reason that lifestyle options are available to members.

3.3 Investment Strategy

To satisfy the objectives outlined in Section 3.1 and help members address the risks they face (as described in Section 3.2), the Trustees offer members a broad range of funds, asset classes and investment approaches from which to choose. The current fund range is summarised below:

State Street UK PLAS DC Passive Global Equity Fund

State Street UK PLAS DC Passive UK Equity Fund

State Street UK PLAS DC Passive Emerging Markets Equity Fund

State Street UK PLAS DC Sustainable Passive Global Equity Fund

State Street UK PLAS DC Diversified Growth Fund

State Street UK PLAS DC Passive Corporate Bond Fund

State Street UK PLAS DC Pre-Retirement Bond Fund

State Street UK PLAS DC Passive Fixed Interest Gilt Fund

State Street UK PLAS DC Passive Index-linked Gilt Fund

State Street UK PLAS DC Cash Fund

In addition to the above funds, members can select one of the three lifestyle options. The Income Drawdown Lifestyle Strategy (detailed in section 3.4) is the default investment strategy, which is used for members who do not make an active investment choice. Further details on the three lifestyle strategies are set out in the IPID.

The State Street UK PLAS DC Drawdown Fund is used in the Drawdown Lifestyle Strategy but is not available for members to self-select.

When choosing from the fund range, members determine the balance between the different kinds of investments they hold. This balance will determine the expected return on member's assets and should be related to the member's own risk appetite and tolerances.

3.4 The Default Strategy

The default investment arrangement, known as the Income Drawdown Lifestyle Strategy, adopts a pre-set investment strategy. When a member is more than eight years away from their targeted retirement age, their account is invested in the State Street UK PLAS DC Growth Fund which aims for long-term growth in excess of inflation. Eight years from their target retirement age, assets are gradually switched into lower-risk funds which aim to reduce the downside risk, whilst maintaining a growth allocation, and allow the withdrawal of tax-free cash at their target retirement date.

Aims and Objectives

The aims of the DC Section's default strategy, and the ways in which the Trustees seek to achieve these aims are detailed below:

- To generate returns in excess of inflation during the growth phase of the strategy.

  The default strategy's growth phase structure invests 50% of member's savings in a passively managed global equity funds, the remaining 50% is invested in a diversified growth fund. These investments are expected to provide long-term growth, above inflation albeit with volatility.

- To provide a strategy that reduces investment risk for members as they approach retirement.

  As a member's account grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustees believe that a strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. Moreover, as members approach retirement, the Trustees believe the primary aim should be to provide protection against a mismatch between asset values and how the member is expected to take their benefits.

  In view of the above, the Trustees consider the level of risk within the default strategy in the context of a member using income drawdown during retirement and the withdrawal of tax-free cash at their target retirement date.

The Income Drawdown Lifestyle Strategy aims to reduce volatility near retirement via automated switches over an 8-year period prior to a member's selected retirement date. Investments are gradually switched from growth-oriented assets into a specialist income drawdown fund and a cash fund for capital preservation purposes.

- To provide exposure at retirement to assets that are broadly appropriate for how a member plans to take their retirement benefits.

  an individual planning to use utilise income *drawdown during retirement and take a 25%* tax-free cash lump sum at retirement.

At the member's selected retirement date, 75% of the member's assets will be invested in a specialist income drawdown fund and 25% in a cash fund with the aim to broadly match retirement benefits.

3.4.1 Policies in relation to the default strategy

The Trustees' policies in relation to the default strategy are:

- The default strategy manages investment risks through a diversified strategic asset allocation consisting of traditional assets i.e. equities, bonds and cash. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members.
- In designing the default strategy, the Trustees have explicitly considered the trade-off between expected risk and return.
- The Trustees have also taken into account the needs of members with regards to security, quality, liquidity and profitability of a member's portfolio as a whole. The Trustees have designed the default strategy taking account of the assets in the default strategy.
- If members wish to, they can opt to choose their own investment options from a limited range at any time. Members are supported by clear communications in the form of a members' booklet regarding the aims of the default strategy and the access to alternative funds, albeit the Trustees will not provide advice to members on their individual choice of investment options.
- Assets in the default strategy are invested in daily traded pooled funds, which hold highly liquid assets. The pooled funds are commingled investment vehicles with the management, selection, retention and realisation of assets delegated to the investment managers.
- The Trustees have considered risk from a number of perspectives in relation to the default investment option. The list below is not exhaustive but covers main risks.

Risk	How it is managed	How it is measured
Inflation Risk The real value (i.e. post inflation) value of members' accounts decreases.	During the growth phase of the default investment option the Trustees invest in a diversified range of assets which are likely to grow in real terms.	Considering the real returns (i.e. return above inflation) of the funds, with positive values indicating returns that have kept pace with inflation.
Pension Conversion Risk Member's investments do not match how they would like to use their pots in retirement.	The default investment option is a lifestyle strategy which targets income drawdown at retirement. The Trustees believe that a strategy targeting income drawdown minimises the overall pension conversion risk for members who would utilise income drawdown for their pension savings during retirement. Members have the option to invest in a lifestyle strategy that targets the purchase of annuity or a strategy that targets 100% cash at retirement or other self-select options.	Considering the returns of the funds used within the switching phase of the lifestyle strategy both in absolute terms as well as relative to inflation. As part of the triennial default strategy review, the Trustees review whether the default destination remains appropriate by considering the membership profile, market trends and how members have previously accessed their pension savings.

Risk	How it is managed	How it is measured
Market Risk The value of securities, including equities and interest bearing assets, can go down as well as up.	The default investment strategy is set with the intention of diversifying this risk to reach a level of risk deemed appropriate for the relevant members.	Regular performance monitoring of the investment funds.
Counterparty Risk A counterparty, either an underlying holding or pooled arrangement, cannot meet its obligation.	Delegated to external investment manager. Members are able to set their own investment allocations, in line with their risk tolerances.	Regular performance monitoring of the investment funds. Security of assets review.
Currency Risk The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.	The majority of the equity allocation of the default investment option during the growth phase is currency hedged. Investment strategy is set with the intention of diversifying this risk to reach a level of risk deemed appropriate for the relevant members by the Trustees.	Monitoring the performance of investment funds on a regular basis. Consideration to the movements in foreign currencies relative to pound sterling.
Operational Risk A lack of robust internal process, people and systems.	Incorporated into the investment consultant's manager ratings.	Considering the ratings of investment strategies from their investment consultant and monitoring these on a regular basis.
Valuation Risk The value of an illiquid asset is based on a valuer's opinion. The realised value upon sale may differ from this valuation.	Some multi-asset managers may hold illiquid assets. In such cases, the management of valuation risk is delegated to the external investment manager. The majority of underlying holdings within the default investment strategy are invested in liquid quoted assets.	Regular performance monitoring of the investment funds .
Liquidity Risk Assets may not be readily marketable/ realisable when required.	The Trustees access daily dealt and daily priced pooled funds. Restrictions may be placed on redemptions in certain circumstances.	The pricing and dealing terms of the funds.
Environmental, Social and Governance Risk ESG factors can have a significant effect on the performance of the investments held by the Scheme e.g. extreme weather events, poor governance.	Delegated to investment manager. The Trustees' policy on ESG risks is set out in Section 8 of this Statement.	The Trustees review their external investment managers' policies and actions in relation to this on a regular basis. ESG ratings of the managers are provided by the investment consultant.

- The risks identified in the above table are considered by the Trustees to be 'financially material considerations. The Trustees believe the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and their selected retirement age. It is for this reason that a number of lifestyle options have been made available to members including the default investment option.

- Member views on non-financial matters are not taken into account in the selection, retention and realisation of investments.

- If members wish to, they can opt to choose their own investment strategy or a lifestyle strategy on joining, but also at any other further date.

- <u>Policies in relation to Illiquid Assets</u>

The Trustees consider illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund. Within the Scheme's Drawdown Lifestyle Strategy, State Street UK PLAS DC Drawdown Fund is gradually introduced for members once they are 8 years from their selected retirement age, until a 75% allocation at-retirement. This fund has an indirect exposure to illiquid assets through its investment in the LGIM Retirement Income Multi-Asset Fund which is a multi-asset fund that include an allocation of 5.1%, to illiquid assets as at 30 June 2024. This comprises of exposure to the following illiquid asset classes: UK Physical Property (c.0.5%) and Illiquid debt (c.4.6%).

The other funds used in the both default investment strategies do not invest in underlying illiquid assets.

The Trustees are comfortable indirectly investing in a small proportion of illiquid assets through a diversified multi-asset fund, to experience the potential for higher returns and benefits of diversification relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer. While these benefits are recognised by the Trustees, they also aware of the risks of investment in illiquid assets to members. Given the potential for valuations of illiquid assets to not reflect their true value at a given time.

In selecting investments for the default investment option, the Trustees use both qualitative and quantitative analysis to consider the combined effects of strategic asset allocations. For any future investment, the Trustees carefully consider whether the investment provides value for members taking account of the potential for returns and associated risks. It is the Trustee's policy to review the default investment strategies on at least a triennial basis. Such reviews will include whether the incorporation of illiquid investments is appropriate.

3.4.2 Suitability of Default Investment Strategy

Based on their understanding of the Scheme's membership, the Trustees believe that the above objectives and policies reflect members' best interests. The rationale underpinning this belief is as follows:

- The Trustees believe that most members will opt to utilise income drawdown for their pension savings during retirement. The targeting of income drawdown at retirement during the consolidation phase is aligned with that objective. This does not mean that members have to take their benefits in this format at retirement - it merely determines the investment strategy that will be in place pre-retirement.

- The default strategy is aimed largely at members who do not wish to make investment decisions. Again, the Trustees believe that income drawdown is likely to be the preferred course for many such members.

- Members seeking an adequate income in retirement will likely need to achieve real investment returns for most of their period as pension savers. This requirement is addressed by the default strategy investing in growth oriented assets prior to eight years to the target retirement age.

3.5 Additional Defaults

In accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Trustees have identified that investment options listed in the table below are to be treated as 'default arrangements' (as defined by these regulations) in addition to the current default investment options (as detailed in 3.4). These have been identified as 'default arrangements' as member contributions have been automatically directed to replacement funds without members having instructed the Trustees where their savings and future contributions are to be invested.

The performance of these funds are monitored regularly, with a strategic review being carried out at least triennially since falling under the categorisation of a ‘default arrangement’.

3.5.1 **The following table provides details of these Additional Defaults:**

Following the transition of the Scheme’s DC Section investments to the Fidelity Investment Platform, the Trustees made a number of changes to the investment strategy. The Trustees, having taken advice from their investment consultants, decided to transfer members’ existing savings and future contribution choices in line with the mapping below on behalf of members (i.e. without their consent), creating additional default funds.

Previous Fund(s)	New Fund (categorised as a ‘default arrangement’)	Date categorised as a default arrangement
SSGA Global Equity Fund (hedged) - Passive	State Street UK PLAS DC Passive Global Equity Fund	April 2021
SSGA Dynamic Diversified Fund	State Street UK PLAS DC Diversified Growth Fund	April 2021
SSGA Cash Fund	State Street UK PLAS DC Cash Fund	April 2021
SSGA Pre-Retirement Bond Fund	State Street UK PLAS DC Pre-Retirement Bond Fund	April 2021
SSGA UK Equity Fund - Passive	State Street UK PLAS DC Passive UK Equity Fund	April 2021
SSGA UK Fixed Interest Gilt Fund - Passive	State Street UK PLAS DC Passive Fixed Interest Gilt Fund	April 2021
SSGA UK Index Linked Gilt Fund - Passive	State Street UK PLAS DC Passive Index-linked Gilt Fund	April 2021

Similar to the above mapping, following the transition to the Fidelity investment platform the Trustees, having taken advice from their investment consultants, made a number of changes to the investment strategy for the ‘Additional Voluntary Contributions’ unit-linked funds in the Scheme. The Trustees decided to transfer members’ existing savings and future contribution choices in line with the mapping below on behalf of members (i.e. without their consent), creating additional defaults.

<table>
<tr><th>Previous Fund(s)</th><th>New Fund (categorised as a ‘default arrangement’)</th><th>Date categorised as a default arrangement</th></tr>
<tr><td>European Equity Pension Fund</td><td rowspan="5">State Street UK PLAS DC Passive Global Equity Fund</td><td>April 2021</td></tr>
<tr><td>Stock Exchange Pension Fund</td><td>April 2021</td></tr>
<tr><td>Far East Equity Pension Fund</td><td>April 2021</td></tr>
<tr><td>North American Equity Pension Fund</td><td>April 2021</td></tr>
<tr><td>International Equity Pension Fund</td><td>April 2021</td></tr>
<tr><td>UK Equity Pension Fund</td><td>State Street UK PLAS DC Passive UK Equity Fund</td><td>April 2021</td></tr>
<tr><td>Standard Life Managed Pension Fund</td><td rowspan="2">State Street UK PLAS DC Diversified Growth Fund</td><td>April 2021</td></tr>
<tr><td>Property Pension Fund</td><td>April 2021</td></tr>
</table>

Previous Fund(s)	New Fund (categorised as a 'default arrangement')	Date categorised as a default arrangement
Multi Asset Managed (20-60%) Pension Fund		April 2021
Jupiter Distribution Pension Fund		April 2021
Deposit and Treasury Pension Fund	State Street UK PLAS DC Cash Fund	April 2021
Mixed Bond Pension Fund	State Street UK PLAS DC Pre-Retirement Bond Fund	April 2021

3.5.2 In addition to the Trustee's Investment Aims & Objectives (covered in Section 3.1), the Trustee's policies in respect of these Additional Defaults is summarised in the table below:

Fund	Trustee's policies
State Street UK PLAS DC Passive UK Equity Fund	***Trustee's Aims and Objectives*** To provide members with a fund that: – aims to invest in UK shares; and – aims to produce a return in line with performance of FTSE All-Share ex Controversies ex CW Index.
State Street UK PLAS DC Passive Global Equity Fund	***Trustee's Aims and Objectives*** To provide members with a fund that: – invests in passively managed equity funds, providing exposure to UK and Overseas markets, including emerging markets and developed small cap stocks. The fund hedges a significant portion of the developed overseas equity exposure back to sterling. – provides returns consistent with the markets in which it invests.
State Street UK PLAS DC Diversified Growth Fund	***Trustee's Aims and Objectives*** To provide members with a fund that – aims to provide long-term investment growth through exposure to a diversified range of asset classes
State Street UK PLAS DC Cash Fund	***Trustee's Aims and Objectives*** To provide members with a fund that – aims to have capital stability and a return in line with money market rates whilst providing daily access to liquidity and providing an income.
State Street UK PLAS DC Pre-Retirement Bond Fund	***Trustee's Aims and Objectives*** To provide members with a fund that – aims to provide diversified exposure to assets that reflect the investments underlying a typical level annuity product.
State Street UK PLAS DC Passive Fixed Interest Gilt Fund	***Trustee's Aims and Objectives*** To provide members with a fund that – aims to track the FTSE Actuaries UK Conventional Gilts All Stocks Index
State Street UK PLAS DC Passive Index-linked Gilt Fund	***Trustee's Aims and Objectives*** To provide members with a fund that – aims to track the FTSE Actuaries UK Index-Linked Gilts All Stocks Index

Fund	Trustee’s policies
Applies to All Additional Defaults	The following applies to each of the Additional Defaults noted above: ***Trustee’s Aims and Objectives*** – To provide members with a fund that is a suitable replacement for one that has been removed from the Plan. The following apply to each of the Additional Defaults noted above, as well as to the broader fund range: ***The extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments*** The Trustee considered the managers’ policies relating to social, environmental or ethical considerations on appointment of the manager and will continue to monitor the manager’s policies on an ongoing basis. However, given that these are pooled funds, the investment managers will have full discretion (within the constraints of their mandates) on how social, environmental or ethical considerations are implemented in the selection, retention and realisation of investments. Further information on the actions the Trustees take with regard to investing responsibly can be found in Section 8. ***The realisation of investments*** The Trustees have considered these manager and mandate appointments noting that the selection, retention and realisation of assets within the pooled funds are delegated to the respective investment managers in line with the mandates of the funds.

Further information on these Additional Defaults in the Plan are included in the IPID.

4. The Trustees’ policy with regard to diversification and suitability

The Trustees manage the investments in the expectation that the Scheme will continue. If they become aware of circumstances which lessen their certainty over this, the Trustees will take steps to adjust the investment strategy as appropriate.

The Trustees, in consultation with their advisors, consider the diversification of assets within the various funds in both the DB and DC sections (including the default fund) of the Scheme to be suitable with regard to the liability profile of the Scheme and that the diversification has been achieved without undue concentration in any particular asset. In view of the possibility that the liability profile of the DB section may change, the Trustees will periodically re-examine the suitability of the approach in conjunction with their advisors.

The Agreements with SSGA, AXA and Fidelity and the terms and conditions with the other investment managers include a number of guidelines which, among other things, are designed to ensure diversification of assets and that only suitable investments are held by the funds. These agreements provide for diversification and limits on individual holdings.

5. Other assets

Members have AVC investments in with-profit funds with Standard Life for investment of Additional Voluntary Contributions (AVCs). In addition, the Trustees use a bank account administered by Mercer.

6. Realisation of investments

In the event the Trustees need to raise cash from the investment manager(s) they will instruct the manager(s) or platform provider to sell units. The manager(s) or platform provider will do this by realising underlying investments as necessary.

7. Monitoring the investment managers

The Trustees retain Mercer as investment consultants to provide independent analysis of the returns associated with the DC section achieved by the investment managers and the monitoring of the DB section's assets, liabilities and estimated funding level.

8. Responsible Investment and Corporate Governance

The Trustees believe that good stewardship and environmental, social and governance ("ESG") are important issues which materially impact investment returns, 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.

Financially material considerations are considered by the Trustees. They include, but are not limited to, ESG considerations (including but not limited to climate change).

The Trustees have given appointed investment managers full discretion when evaluating ESG factors, including climate change considerations, and in exercising rights and stewardship obligations attached to the Scheme's investments (including the default fund in the DC section).

Similarly, the Scheme's voting rights are exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code (the Code).

With the assistance of their advisors, the Trustees undertake an assessment, usually annually, of the Scheme's investment managers with regards to how ESG, climate change and stewardship is integrated within investment processes. The Scheme's investment managers are monitored and rated by the investment consultant for their integration of ESG into their investment process and for their engagement with companies on these issues, where this is relevant for the Scheme. In the past, the Trustees have challenged the ESG integration processes of the Scheme's credit investment managers, contributing to the managers making improvements in these areas. These considerations are also taken into account when appointing new investment managers. The Trustee also intends to assess climate risk as part of the formal investment strategy review process with the assistance of their advisors.

The Trustees are mindful of the Company's commitment to ESG, which specifically focuses on Climate Change and Diversity, Inclusion and Equality ("DI&E"). For the DB section assets, the Trustees periodically gather information from their managers on the carbon intensity of the strategies held to check it is not exposed to undue transition risk but further work is planned in this area. DI&E is an important input to the investment advisors views on the investment managers and the Trustees have considered these views when assessing their managers.

Member views

Member views in respect of non-financial matters are not taken into account in the selection, retention and realisation of investments, but members can make their views known to the Trustee. This position is reviewed periodically.

Investment Restrictions

As the Trustees invest in pooled investment vehicles they accept that they have no ability to set any investment restrictions on the appointed investment managers in relation to particular products or activities. Any restrictions would be set by the investment managers.

Aligning manager appointments with investment strategy

In line with sections 2-4 of this SIP, investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required of the asset class they are selected for.

The Trustees look to their investment consultant for their forward looking assessment of a manager's ability to outperform and / or meet the objective set (e.g. in the case of "passive" or "buy and maintain" management) 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 or strategy 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 termination of manager appointments. The Trustees are satisfied that the current managers are rated favourably by the investment consultant.

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

The majority of the underlying strategies invested in through the Diversified Growth Fund are passively managed whilst the asset allocation of the Fund is actively managed. The part of the Investment Grade Credit portfolio is actively managed and the Trustees will periodically review the appropriateness of using actively managed funds (on an asset class basis).

As the Trustees invest 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.

The Trustees will also consider, on an annual basis, the investment consultant's assessment of how each investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustees' responsible investment policy. This includes the investment managers' policy on voting and engagement where appropriate. The Trustees will use this assessment in decisions around selection, retention and termination of the manager.

The Trustees can review the decisions made by their managers, including voting history (in respect of equities) and engagement activity where appropriate, and can challenge such decisions to try to ensure the best performance over the medium to long term.

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.

Evaluating investment manager performance

Trustees receive investment manager performance reports on a quarterly basis, which present performance information over 3 months, 1 year, 3 years and since inception. The Trustees review the absolute performance and relative performance against a suitable index used as the benchmark, on a gross of fees basis. The Trustees' focus is on long term performance but may still engage with managers if there are particular short to medium term performance concerns.

In relation to the DC assets, as part of the annual Value for Members ("VfM") assessment, the Trustees review the investment manager fees, past performance, the investment consultant's manager ratings and overall member experience.

Portfolio turnover costs

For DB assets, the Trustees do not currently monitor portfolio turnover but may consider doing this where information is available and as part of future governance reviews.

For DC assets, the Trustees consider portfolio turnover costs as part of the transaction cost charges disclosures provided for the annual Value for Members' assessment. The Trustees will continue to monitor industry improvements concerning the reporting of portfolio turnover costs. In future, the Trustees may ask managers to report on portfolio turnover cost. They may assess this by comparing portfolio turnover across the same asset class, on a year-on-year basis for the same fund, or relative to the manager's specific portfolio turnover range in the investment guidelines or prospectus.

Manager turnover

The Trustees may engage with a manager if portfolio turnover is higher than appropriate, bearing in mind market circumstances. This may be assessed by comparing portfolio turnover across the same asset class, on a year-for-year basis for the same manager fund, or relative to the manager's specified portfolio turnover range in the investment guidelines or prospectus.

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

For all funds invested in by the Scheme (which are open-ended investment vehicles), 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.

All the funds are open-ended with no set end date for the arrangement. In relation to DC assets, the Fund Range and Default Strategy are reviewed on a regular basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.

9. Compliance with and review of this Statement

The Trustees will monitor compliance with this Statement annually. They will review the 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 Company which they judge to have a bearing on the stated Investment Policy. As part of the review, the Trustees will take expert investment advice and consult the Company. In the absence of any material changes, the Statement will be reviewed at least every three (3) years.