

STATE STREET UK PENSION & LIFE ASSURANCE SCHEME

Statement of Investment Principles – August 2025

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 practice 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 Investment Management (“SSIM”) 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, SSIM 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. SSIM 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 SSIM 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, one of two Default Lifestyle Strategies (described in more detail below). The default strategy used is dependent on whether the member has benefits in the DB Section of the Scheme.
- To make available a range of investment options (including a further lifestyle strategy) 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
<p>Pension Conversion Risk Member's investments do not match how they would like to use their pots in retirement.</p>	<p>Three Lifestyle strategies, targeting drawdown, annuity purchase and cash at retirement are available to members.</p> <p>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.</p>	<p>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).</p>
<p>Market Risk The value of securities, including equities and interest bearing assets, can go down as well as up.</p>	<p>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.</p> <p>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.</p>	<p>Regular performance monitoring of the investment funds.</p>
<p>Counterparty Risk A counterparty, either an underlying holding or pooled arrangement, cannot meet its obligation.</p>	<p>Delegated to external investment manager.</p> <p>Members are able to set their own investment allocations, in line with their risk tolerances.</p>	<p>Regular performance monitoring of the investment funds.</p> <p>Security of assets review.</p>
<p>Currency Risk The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.</p>	<p>The Trustees provide diversified investment options that invest in local as well as overseas markets and currencies.</p> <p>Delegated to investment managers.</p> <p>Members are able to set their own investment allocations, in line with their risk tolerances.</p>	<p>Regular performance monitoring of the investment funds.</p> <p>Considering the movements in foreign currencies relative to pound sterling.</p> <p>Within the State Street UK PLAS DC Passive Global Equity Fund, 95% of the developed overseas currency exposure is hedged back to sterling.</p>

Risk	How it is managed	How it is measured
<p>Operational Risk A lack of robust internal process, people and systems.</p>	<p>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.</p> <p>Members are able to set their own investment allocations, in line with their risk tolerances.</p>	<p>Considering the ratings of investment strategies from their investment consultant and monitoring these on a regular basis.</p>
<p>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.</p>	<p>Some funds may hold illiquid assets and the management of valuation risk is delegated to the investment manager.</p> <p>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.</p>	<p>The underlying managers are responsible for monitoring and managing the liquidity of the underlying assets.</p> <p>Regular performance monitoring of the investment funds and where relevant, delegates the monitoring of valuation risk to the investment consultant.</p>
<p>Liquidity Risk Assets may not be readily marketable/ realisable when required.</p>	<p>The Trustees access daily dealt and daily priced pooled funds.</p> <p>Restrictions may be placed on redemptions in certain circumstances.</p>	<p>The pricing and dealing terms of the funds.</p>
<p>Manager Skill / Alpha Risk Returns from active investment management may not meet expectations, leading to lower than expected returns to members.</p>	<p>The Trustees make available a number of actively managed funds to DC members where they deem appropriate.</p> <p>The Trustees are selective when making actively managed fund available. The majority of funds available are passively managed.</p>	<p>The Trustees consider the ratings of investment strategies from their investment consultant during the selection process.</p> <p>The Trustees monitor performance and rating of funds on a regular basis relative to the fund's benchmark and stated targets/objective.</p>
<p>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.</p>	<p>Delegated to investment manager.</p> <p>The Trustees' policy on ESG risks is set out in Section 8 of this Statement.</p>	<p>The Trustees review their external investment managers' policies and actions in relation to this on a regular basis.</p> <p>ESG ratings of managers are provided by the investment consultant.</p>

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 Absolute Return 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 Drawdown Lifestyle Strategy and the Cash Lifestyle Strategy (both detailed in section 3.4) are the default investment strategies, which are 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 Growth Fund and State Street UK PLAS DC Drawdown Fund are used in the lifestyle options but are 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 Strategies

Based on the Trustees understanding of the DC Section membership, for members who do not have any benefits in the DB section of the Scheme, the Trustees have implemented a default investment arrangement, known as the Drawdown Lifestyle 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.

For DC members who have DB benefits within the Scheme, the Trustees have implemented a default lifestyle strategy option known as the Cash Lifestyle Strategy. When a member is more than eight years away from their selected retirement age, they are fully invested in the State Street UK PLAS DC Growth Fund. Eight years from their target retirement age, assets are gradually switched into lower-risk funds with the at retirement allocation invested 100% cash. This is in order to facilitate members taking their benefits as cash.

Aims and Objectives

The aims of the DC Section's default strategies, 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 strategies' 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 strategies in the context of a member using drawdown during retirement and the withdrawal of tax-free cash at their target retirement date (for Drawdown Lifestyle Strategy members) and a member taking all of their benefits as cash at their target retirement date (for Cash Lifestyle Strategy members).

The Drawdown and Cash Lifestyle Strategies aim to reduce volatility near retirement via automated switches over an 8-year period prior to a member's selected retirement date. In the Drawdown Strategy, investments are gradually switched from growth-oriented assets into a specialist income drawdown fund and a cash fund for capital preservation purposes, while in the Cash Lifestyle Strategy, investments are shifted into a mix of lower-risk funds, to reduce the potential downside risk and protect the accumulated retirement savings as the member approaches retirement, and a cash fund that aims to enhance stability and to safeguard the accumulating savings.

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

For a member invested in the Drawdown Lifestyle Strategy, at retirement the strategy is invested 90% in the State Street UK PLAS DC Drawdown Fund to be appropriate for the portion of their DC assets that the member is expected to drawdown during retirement and 10% in the State Street UK PLAS DC Cash Fund to provide liquidity at retirement to fund initial withdrawals.

For a member invested in the Cash Lifestyle Strategy, at retirement the strategy is invested 100% in the State Street UK PLAS DC Cash Fund in anticipation of the member taking 100% of their DC assets as cash.

3.4.1 Policies in relation to the default strategy

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

- The default strategies manage 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 strategies, 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 strategies taking account of the assets held within the default strategies.
- 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 strategies 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 strategies 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 strategies. 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 strategies, 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.

Risk	How it is managed	How it is measured
<p>Pension Conversion Risk Member's investments do not match how they would like to use their pots in retirement.</p>	<p>The pure DC members default investment strategy is a lifestyle strategy which targets drawdown and cash at retirement.</p> <p>The DC members with DB benefits default option targets cash at retirement.</p> <p>The Trustees believe that a strategy targeting income drawdown minimises the overall risk for members who would utilise drawdown for their pension savings during retirement.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
<p>Market Risk The value of securities, including equities and interest bearing assets, can go down as well as up.</p>	<p>The default investment strategies are set with the intention of diversifying this risk to reach a level of risk deemed appropriate for the relevant members.</p>	<p>Regular performance monitoring of the investment funds.</p>
<p>Counterparty Risk A counterparty, either an underlying holding or pooled arrangement, cannot meet its obligation.</p>	<p>Delegated to external investment manager.</p> <p>Members are able to set their own investment allocations, in line with their risk tolerances.</p>	<p>Regular performance monitoring of the investment funds.</p> <p>Security of assets review.</p>
<p>Currency Risk The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.</p>	<p>The majority of the equity allocation of the default investment strategies during the growth phase is currency hedged.</p> <p>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.</p>	<p>Monitoring the performance of investment funds on a regular basis.</p> <p>Consideration to the movements in foreign currencies relative to pound sterling.</p>
<p>Operational Risk A lack of robust internal process, people and systems.</p>	<p>Incorporated into the investment consultant's manager ratings.</p>	<p>Considering the ratings of investment strategies from their investment consultant and monitoring these on a regular basis.</p>

Risk	How it is managed	How it is measured
<p>Valuation Risk</p> <p>The value of an illiquid asset is based on a valuer's opinion. The realised value upon sale may differ from this valuation.</p>	<p>Some multi-asset managers may hold illiquid assets. In such cases, the management of valuation risk is delegated to the external investment manager.</p> <p>The majority of underlying holdings within the default investment strategy are invested in liquid quoted assets.</p>	<p>Regular performance monitoring of the investment funds .</p>
<p>Liquidity Risk</p> <p>Assets may not be readily marketable/ realisable when required.</p>	<p>The Trustees access daily dealt and daily priced pooled funds.</p> <p>Restrictions may be placed on redemptions in certain circumstances.</p>	<p>The pricing and dealing terms of the funds.</p>
<p>Environmental, Social and Governance Risk</p> <p>ESG factors can have a significant effect on the performance of the investments held by the Scheme e.g. extreme weather events, poor governance.</p>	<p>Delegated to investment manager.</p> <p>The Trustees' policy on ESG risks is set out in Section 8 of this Statement.</p>	<p>The Trustees review their external investment managers' policies and actions in relation to this on a regular basis.</p> <p>ESG ratings of the managers are provided by the investment consultant.</p>

- 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.

Policies in relation to Illiquid Assets

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 both of the Scheme's default investment strategies, the State Street UK PLAS DC Growth Fund is 100% of the growth phase allocation. This fund has an indirect exposure to illiquid assets through its investment in the LGIM Diversified Fund which is a multi-asset fund that includes an allocation of 4.8%, to illiquid assets as at 30 June 2025. This comprises of exposure to the following illiquid asset classes: Private Markets (c.4.8%).

Within the Scheme's Drawdown Lifestyle Strategy, the 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 includes an allocation of 6.7%, to illiquid assets as at 30 June 2025. This comprises of exposure to the following illiquid asset classes: UK Physical Property (c.2.3%) and Illiquid debt (c.4.4%).

The other funds used in 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 diversified multi-asset funds, 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 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 strategies are aimed largely at members who do not wish to make investment decisions. The Trustees believe that drawdown is appropriate for Pure DC members and cash is appropriate for DC members with DB benefits within the Scheme.
- Members seeking an adequate level of benefits at retirement will likely need to achieve real investment returns for most of their period as pension savers. This requirement is addressed by the default strategies 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

SSGA refers to "State Street Global Advisors Limited", now SSIM.

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.

Previous Fund(s)	New Fund (categorised as a 'default arrangement')	Date categorised as a default arrangement
European Equity Pension Fund	State Street UK PLAS DC Passive Global Equity Fund	April 2021
Stock Exchange Pension Fund		April 2021

Previous Fund(s)	New Fund (categorised as a 'default arrangement')	Date categorised as a default arrangement
Far East Equity Pension Fund		April 2021
North American Equity Pension Fund		April 2021
International Equity Pension Fund		April 2021
UK Equity Pension Fund	State Street UK PLAS DC Passive UK Equity Fund	April 2021
Standard Life Managed Pension Fund		April 2021
Property Pension Fund	State Street UK PLAS DC Diversified Growth Fund	April 2021
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	<p>Trustee's Aims and Objectives</p> <p>To provide members with a fund that:</p> <ul style="list-style-type: none"> – aims to invest in UK shares; and – aims to produce a return in line with performance of FTSE Custom All-Share ESG Screened Index.
State Street UK PLAS DC Passive Global Equity Fund	<p>Trustee's Aims and Objectives</p> <p>To provide members with a fund that:</p> <ul style="list-style-type: none"> – 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	<p>Trustee's Aims and Objectives</p> <p>To provide members with a fund that</p> <ul style="list-style-type: none"> – aims to provide long-term investment growth through exposure to a diversified range of asset classes

Fund	Trustee's policies
State Street UK PLAS DC Cash Fund	<p>Trustee's Aims and Objectives</p> <p>To provide members with a fund that</p> <ul style="list-style-type: none"> – 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	<p>Trustee's Aims and Objectives</p> <p>To provide members with a fund that</p> <ul style="list-style-type: none"> – 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	<p>Trustee's Aims and Objectives</p> <p>To provide members with a fund that</p> <ul style="list-style-type: none"> – aims to track the FTSE Actuaries UK Conventional Gilts All Stocks Index
State Street UK PLAS DC Passive Index-linked Gilt Fund	<p>Trustee's Aims and Objectives</p> <p>To provide members with a fund that</p> <ul style="list-style-type: none"> – aims to track the FTSE Actuaries UK Index-Linked Gilts All Stocks Index
Applies to All Additional Defaults	<p>The following applies to each of the Additional Defaults noted above:</p> <p>Trustee's Aims and Objectives</p> <ul style="list-style-type: none"> – To provide members with a fund that is a suitable replacement for one that has been removed from the Plan. <p>The following apply to each of the Additional Defaults noted above, as well as to the broader fund range:</p> <p>The extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments</p> <p>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.</p> <p>The realisation of investments</p> <p>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.</p>

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 SSIM, 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 investment managers are expected to provide the Trustees with information on turnover costs for each fund in which the Scheme invests. The Trustees review the information to ensure they remain in line with the turnover range expected for the asset class strategy.

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.