BEN – Motor and Allied Trades Benevolent Fund Staff Pension and Assurance Scheme

Statement of Investment Principles

18 October 2021

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustee of the BEN – Motor and Allied Trades Benevolent Fund Staff Pension and Assurance Scheme ("the Scheme"). This statement sets down the principles governing decisions about investments for the Scheme to meet the requirements of:

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

1.2. In preparing this statement the Trustee has consulted the BEN – Motor and Allied Trades Benevolent Fund ("the Employer"), and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultant. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority.

1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), Scheme Funding legislation and the Pensions Regulator's Investment Guidance for Defined Benefit Pension Schemes (issued in March 2017).

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

1.5. The investment powers of the Trustee are set out in Clause 15B of the Definitive Trust Deed & Rules, dated 5 April 2006. This statement is consistent with those powers.

2. Choosing Investments

2.1. The Trustee's policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustee considers the advice of their professional advisers, whom they consider to be suitably qualified and experienced for this role.

2.2. The day-to-day management of the Scheme's assets is delegated to one or more fund managers. The Scheme's fund managers are detailed in Appendix 1 to this Statement. The fund managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.

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

3. Investment Objectives

3.1. The Trustee has discussed key investment objectives in light of an analysis of the Scheme's liability profile as well as the constraints the Trustee faces in achieving these objectives. As a result, the Trustee's main investment objectives are:

- to ensure that they can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to achieve a long-term positive real return;

- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Scheme's required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from the participating Employer, the cost of current benefits which the Scheme provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives;
- to take account of long-term risks when making investment decisions.

3.2. The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities at any time. The Trustee has obtained exposure to investments that they expect will best meet the Scheme's objectives.

4. Kinds of investments to be held

4.1. The Scheme can invest in a wide range of asset classes including:

- Equities;
- Bonds;
- Cash;
- Property;
- Alternatives, including private equity, commodities, hedge funds, infrastructure, currency, high yield debt and derivatives;
- Annuity policies.

4.2. Any investment in derivative instruments is only made to contribute to a reduction in the overall level of risks in the portfolio or for the purposes of efficient portfolio management.

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

5. The balance between different kinds of investments

5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is shown in Appendix 1.

5.2. The Trustee considers the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1.

5.3. From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short term cashflows requirements or any other unexpected items.

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

6. Risks

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

Risk versus the liabilities	The Trustee will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration of the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.
Asset Allocation risk	The asset allocation is detailed in Appendix 1 and is monitored on a regular basis by the Trustee.
Fund manager risk	The Trustee monitors the performance of each of the Scheme's fund managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustee has a written agreement with each fund manager, which contains a number of restrictions on how each fund manager may operate.
Governance risk	Each fund manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustee has considered long-term financial risks to the Scheme, including environmental, social and governance ("ESG") factors and climate risk. The Trustee believes these are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.
Concentration risk	Each fund manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Loss of investment	The risk of loss of investment by each fund manager and custodian is assessed by the Trustee. Each fund manager monitors counterparty credit risk and evaluates counterparty credit quality on a continuous basis.
Liquidity risk	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cash flow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.
Covenant risk	The creditworthiness of the employer and the size of the pension liability relative to the employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustee is aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or

via currency management. Currency hedging may be employed in some of the Scheme's assets to manage the impact of exchange rate fluctuations.

7. Expected return on investments

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

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

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

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

8. Realisation of investments

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

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

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

9.1. The Trustee has set policies in relation to these matters. These policies are set out in Appendix 2 to this statement.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustee's investment policies

10.1. Prior to appointing a fund manager, the Trustee will discuss the fund manager's approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how their policies are aligned with the Trustee's own investment beliefs.

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

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

10.4. In the event that a fund manager ceases to meet the Trustee's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated. The fund manager understands this.

10.5. Fund manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the fund manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

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

10.7. When considering the management of objectives for a fund manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustee assesses these over a rolling timeframe. The Trustee believes the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the fund manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustee expects this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

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

Method and time horizon for assessing performance

10.9. The Trustee monitors the performance of their fund manager over medium to long term periods that are consistent with the Trustee's investment aims, beliefs and constraints.

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

10.11. The Trustee believes that this fee structure, including the balance between any fixed and performance related element, enables the fund manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

10.12. The Trustee asks the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered as frequently as the Trustee considers appropriate in light of the prevailing circumstances.

Portfolio turnover costs

10.13. The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as frequently as the Trustee considers appropriate in light of the prevailing circumstances.

10.14. During the fund manager appointment process, the Trustee may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the fund manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices. The Trustee acknowledges that for some asset classes (such as LDI), a higher turnover (of contracts such as repurchase agreements) can be beneficial to the fund from both a risk and cost perspective.

Duration of arrangement with asset manager

10.15. For the open-ended pooled funds in which the Scheme invests, the duration of arrangement is not predetermined under the terms of agreement with the fund manager.

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

11. Agreement

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

Date: 20/10/2021......................................

On behalf of the Trustee of BEN - Motor and Allied Trades Benevolent Fund Staff Pension and Assurance Scheme

Appendix 1 Investment policy of the Scheme as at July 2021 in relation to the current Statement of Investment Principles

Choosing investments

The Trustee has appointed the following fund manager to carry out the day-to-day investment of the fund:

- Legal & General Investment Management ("LGIM")

The fund manager is authorised and regulated by the Financial Conduct Authority.

The Trustee has appointed Barnett Waddingham LLP to advise on investment matters in addition to advice received from the fund manager on suitability of investments.

The fee arrangements with the fund manager are summarised below:

LGIM fund	Annual Management Charge (% p.a.)
Diversified Fund	0.300
Active Corporate Bond – All Stocks Fund	0.250
Matching Core Funds	0.240
Sterling Liquidity Fund	0.125

Barnett Waddingham is remunerated on a fixed fees basis, whereby the time taken for a particular piece of work is reasonably quantifiable in advance, and remunerated on a time-cost basis for ad hoc or project-based work.

Kinds of investments to be held

The Trustee has considered all asset classes and have gained exposure to the following asset classes

- Diversified Growth (which contains a range of asset classes including equities, bonds and alternative investments);
- Corporate bonds;
- LDI;
- Cash and money market investments.

The balance between different kinds of investment and rebalancing

The asset allocation has been agreed after considering the Scheme's liability profile, funding position, expected return of the various asset classes and the need for diversification.

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

LGIM Fund	Benchmark / Comparator	Objective
Diversified Fund	FTSE Developed World Index - 50% GBP Hedged	Provide long-term investment growth via exposure to a diversified range of asset classes
Active Corporate Bond – All Stocks Fund	Markit iBoxx £ Non-Gilts Index	To exceed the benchmark by 0.75% p.a. (before fees) over a three year rolling period
Matching Core Real Long	Markit iBoxx Real Long	To approximately match a proportion of the interest rate and inflation exposure of the liabilities
Matching Core Real Short	Markit iBoxx Real Short	
Matching Core Fixed Long	Markit iBoxx Fixed Long	
Matching Core Fixed Short	Markit iBoxx Fixed Short	
Sterling Liquidity Fund	SONIA	To provide diversified exposure and a competitive return in relation the benchmark

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

The Scheme has a strategic asset allocation as set out in the table below:

Asset class	Allocation (%)
Diversified Growth Fund	50
Corporate Bonds	30
LDI & Liquidity Portfolio	20
Total	**100**

The "best estimate" expected return on the investment strategy is approximately gilts + 2% p.a. (based on Barnett Waddingham's return assumptions as at 30 June 2021).

Matching portfolio

The Scheme's liability-matching portfolio is invested in leveraged, pooled liability-driven investment ("LDI") funds, a corporate bond fund and a liquidity fund.

The Trustee targets an interest rate hedge ratio of around 90% and inflation hedge ratio of around 100% (based on the Scheme's Technical Provisions funding basis). The matching portfolio has been modelled based on the liability cashflows from the 2019 actuarial valuation. The Trustee plans to update the matching portfolio from time to time to reflect updated liability and market data.

Rebalancing

The Trustee recognises that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The Trustee seeks to achieve a reasonable balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalances. The allocation to the matching portfolio (and hence the growth portfolio), and to the funds within it, may fluctuate over time in order to approximately maintain the prevailing target hedging ratios as market conditions change.

The Trustee will review the position from time to time, with a view to rebalancing where appropriate.

Investments and disinvestments

Investments and disinvestments (e.g. for cashflow purposes) may be made from time to time. The Trustee will consider each transaction on a case-by-case basis in order to achieve a reasonable balance between maintaining the asset allocation in line with its benchmark, maintaining the prevailing target hedging ratios and limiting the costs of rebalances.

LDI collateralisation calls

The Trustee has an automated process in place with LGIM for handling LDI collateralisation calls.

In the case of a "re-leveraging" event (where cash is distributed from the LDI funds, without any change to the level of hedging provided), the distributed cash will be invested in the LGIM Sterling Liquidity Fund in the first instance, to be held as a source of collateral for any future collateral calls.

In the case of a "de-leveraging" event (where LGIM requires additional funds to maintain the level of hedging provided by the LDI funds), the additional funds will be taken from the LGIM Sterling Liquidity Fund in the first instance.

Appendix 2 Note on financially material considerations, the exercise of rights and engagement activities, and non-financial matters

Policy on financially material considerations

The Trustee has considered the financial materiality of Environmental, Social and Governance considerations, which include climate change (hereafter referred to as "ESG issues") as they apply to the Scheme's investments.

In order to form this policy, the Trustee has taken the following actions:

- undertaken training on ESG issues
- reviewed the LGIM approach to ESG.

The Trustee believes that ESG issues (as defined above) have the potential to have a financially material impact – that is, they have the potential to impact the value of the Scheme's investments. The Trustee takes these factors into account, alongside other factors, when selecting or reviewing the Scheme's investments.

Given the maturity profile of the Scheme and the objective to fund future member benefits as they fall due, the Trustee has a long-term time horizon over which it takes into account the financial materiality of ESG issues (including climate change). The Trustee is also cognisant of the different investment timeframes that may apply to investments. The Trustee believes that ESG issues, including climate change issues, may have a greater impact over a longer timeframe (compared to investments that are held for a shorter timeframe).

The Trustee appreciates that the method of incorporating ESG within an investment strategy and process will differ between asset classes. A high-level summary of the Trustee's views on ESG integration within each asset class the Scheme invests in is outlined below:

Diversified growth funds

The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's diversified growth fund holdings. Although the underlying holdings in the LGIM Diversified Fund are predominantly passively managed, the manager is still expected to consider all financially material considerations (including but not limited to ESG factors) when managing the fund, i.e. at a strategic level and particularly when actively managed asset classes are used. The Trustee supports engagement with companies by the fund manager and, where relevant, the exercise of voting rights. However, the Trustee recognises that the fund manager will hold a blend of underlying asset classes and some of which, such as fixed income assets, do not typically provide voting rights.

Where the underlying holdings are passively managed, the Trustee accepts that the fund manager must invest in line with the specific indices and, therefore, may not be able to select, retain or realise investments based on ESG related risks and opportunities. The Trustee therefore requires that the investment manager takes into account ESG considerations by engaging with companies (where there is scope to improve the way ESG issues are taken into account when running the company) and by exercising voting rights. The Trustee does not believe that there is significant scope for ESG issues to improve the risk-adjusted returns where passive gilt holdings are utilised within the fund.

The Trustee is satisfied that the manager has suitable processes to consider ESG factors and take them into account in the selection, retention and realisation of the underlying investments within the fund (where applicable and relevant). The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Active Corporate Bonds

The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's active corporate bonds. This holding is actively managed and aims to generate a return in excess of the specified benchmark. The manager is therefore expected to consider all financially material considerations, including but not limited to ESG factors, when managing the fund. The Trustee recognises that fixed income assets do not typically provide voting rights, however, they support engagement with companies by the fund manager. The Trustee is satisfied that the manager has suitable processes to consider ESG factors and take them into account, where relevant, in the selection, retention and realisation of the underlying investments within the fund. The process of incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

LDI and money market

The Trustee believes there is limited scope for the consideration of ESG issues to improve risk-adjusted returns in these asset classes because of the nature of the instruments used within the LDI funds and the fact that money market investments are short term.

It is worth noting that when transacting in LDI and money market funds, the Trustee requires that due diligence is undertaken to assess the credit-worthiness of the counterparty both at the start of and throughout any investment, whilst at the same time looking to achieve best execution. The Trustee believes this is more relevant for longer term trades compared to shorter term trades and should incorporate ESG factors where these assist with the credit worthiness assessment.

The Trustee is comfortable that their current investment manager has a suitable approach to taking ESG into account in the management of the respective funds in each particular asset class, and within applicable guidelines and restrictions. This position is monitored periodically.

The Trustee will consider ESG, voting and engagement issues when appointing and reviewing managers (and when reviewing the Scheme's investment strategy) to ensure that they are appropriately taken into account given the asset class involved. When selecting new investments, the Trustee will consider information on ESG integration as part of the proposal.

The Trustee will continue to monitor and assess the investment managers' ESG polices, ESG integration process and ESG resources on an ongoing basis. From time to time, the Trustee may ask the Scheme's investment managers to attend meetings and provide updates on the funds, for which the Trustee may request to include an update on ESG considerations.

If, as part of this ongoing monitoring (or based on any ad-hoc updates), any issues specifically related to ESG factors are identified, the Trustee may request further information from the investment managers and engage with them in relation to these matters (either directly or indirectly through the Scheme's investment consultants).

Policy on the exercise of voting rights and engagement activities

Stewardship encompasses the exercise of rights (including voting rights) attaching to the Scheme's investments, and the engagement by and with investment managers. The Trustee believes that good stewardship and positive engagement can lead to improved governance and better risk-adjusted returns.

The Scheme currently invests in pooled investment funds only. As a result, the Trustee delegates responsibility for stewardship activities attaching to the Scheme's investments to its investment manager. The Manager is expected to exercise voting powers (where applicable) with the objective of preserving and enhancing long term shareholder value. In addition to the exercise of voting rights, the manager is expected to engage where appropriate with key stakeholders (which may include issuers of debt or equity, corporate management, regulators and governance bodies) relating to their investments in order to improve performance, and to mitigate financial risks.

The Trustee is comfortable with the current fund managers' strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustee, with support from the Scheme's investment consultant, will periodically review, at least on an annual basis, the stewardship policies, voting and engagement activities undertaken by their investment manager to ensure that the policies outlined above are being met and may explore these issues with the Scheme's investment manager (as part of the ongoing monitoring of the ESG integration and stewardship activities of its investment manager). Should any issues emerge in relation to the above, the Trustee will discuss these with the manager and discuss any remedial action taken.

The Scheme's investment manager is a signatory to the UN Principles of Responsible Investment and the Financial Reporting Council's UK Stewardship Code (which aims to enhance the quality of engagement between investors and companies). The Trustee is supportive of the UK Stewardship Code published by the Financial Reporting Council and expects the Scheme's investment manager to have corporate governance policies in place which comply with these principles. The Trustee will review the signatory status of the Scheme's manager following anticipated revisions to the UK Stewardship Code in 2019.

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

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

The Trustee considers it to be a part of their investment manager's role to assess and monitor developments in the capital structure for each of the companies in which the manager invests on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

The Trustee also considers it to be part of their investment manager's role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

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

The Scheme's investment manager is granted full discretion over whether or not to invest in the Principal Employer's business. Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustee has made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

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

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

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

Policy for taking into account non-financial matters

The Trustee does not take account of non-financial matters (such as Scheme members' and beneficiaries' ethical views, social and environmental impact, or present and future qualify of life of the members and beneficiaries) when setting the investment strategy or in the selection, retention and realisation of investments.