

Wall Colmonoy Limited Retirement Benefit Scheme

Statement of Investment Principles

January 2022

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1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustee of the Wall Colmonoy Limited Retirement Benefit Scheme (the Scheme). This Statement sets down the principles which govern the decisions about investments that enable 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 (Charges and Governance) Regulations 2015 and the Pension Protection Fund (Pensionable Service);
 - 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 Wall Colmonoy Limited, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham 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), and Scheme Funding legislation.
- 1.4. The Trustee will review this Statement at least every three years or if there is a significant change in any of the areas covered by the Statement.
- 1.5. The investment powers of the Trustee are set out in the Interim Trust Deed dated 25 May 1966 and a Supplemental Trust Deed and Rules dated 23 November 1981. 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, who 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 investment managers. The Scheme's investment managers are detailed in the Appendix to this Statement. The investment 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 investment 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 the Scheme can meet the members' entitlements as they fall due;
 - to manage the expected volatility of returns achieved in order to control the level of volatility in the Scheme's required contribution levels;
 - to minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives.
- 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. The Trustee has obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

4. Kinds of investments to be held

- 4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property and pooled Liability Driven Investment funds that make use of instruments such as gilt repurchase agreements and swap contracts and alternatives.
- 4.2. 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 contained within the Appendix to this Statement.
- 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 the Appendix to this Statement.
- 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 cashflow 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.

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 to the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.
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.
Asset allocation risk	The asset allocation is detailed in the Appendix to this Statement and is monitored on a regular basis by the Trustee.
Investment manager risk	The Trustee monitors the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary, usually on an annual basis. The Trustee has a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
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 cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
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 but the Trustee is mindful of the risk involved.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors this and will report on the managers' practices in their annual Implementation Statement.
Environmental, Social and Governance ("ESG") Factors, including climate risk	The Trustee has considered long-term financial risks to the Scheme and considers ESG factors, including (but not limited to) climate risk, as financially material across some asset classes and strategies. The Trustee will continue to develop their policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.

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 on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment 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 investment 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 investment managers as frequently as is appropriate, normally on an annual basis, in order to review performance.

8. Realisation of investments

- 8.1. The Trustee has delegated the responsibility for buying and selling investments to the investment 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. Environmental, Social and Governance factors, Engagement and Voting Rights

- 9.1. The Trustee has set out their policies in relation to these matters in Appendix 3.

10. Agreement

- 10.1. 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 investment managers, the Scheme Actuary and the Scheme auditor upon request.

Signed: 

Date: 15/02/2022

On behalf of the Trustee of the Wall Colmonoy Limited Retirement Benefit Scheme

Appendix 1 Note on the investment policy of the Scheme as at January 2022 in relation to the current Statement of Investment Principles

1. The balance between different kinds of investment

The Scheme has a strategic asset allocation as set out in the table below, which 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 Scheme's investments are currently managed by Aberdeen Standard Investments, who are authorised and regulated by the Financial Conduct Authority.

Portfolio	Asset class	Benchmark Allocation	Non-LDI allocation*	Control range within non-LDI allocation
Growth portfolio	Aberdeen Diversified Growth Fund	32%	41.5%	±4.0%
	Global Equity 50:50	22%	28.5%	±3.0%
Protection portfolio – non-LDI	Corporate Bonds	23%	30.0%	±3.0%
Protection portfolio - LDI	Liability Aware Nominal Profile Fund	4.9%		n/a
	Liability Aware Real Profile Fund	10.1%		n/a
	Liability Aware Nominal Long Profile Fund	2.2%		n/a
	Standard Life Deposit and Treasury Fund	5.8%		n/a
Total		100%		

*Figures subject to rounding

The Scheme is invested in Aberdeen Standard Investments' Liability Aware Fund range. These Funds make use of a range of financial instruments to improve the link between the interest rate and inflation sensitivities of the Scheme's assets and liabilities. The value of these investments can change materially over time due to movements in interest rates and inflation and therefore deviate from the initial benchmark allocation set out above. The Trustee will consider how any asset allocation rebalances affect the level of interest rate and inflation protection before taking action.

The Trustee has an arrangement in place with Aberdeen Standard Investments to monitor the allocation of the Aberdeen Diversified Growth Fund, Global Equity 50:50 Fund and Vanguard Investment Grade Bond Index Pension Fund on a quarterly basis and rebalance the funds towards the central benchmark allocation automatically if any holding is found to be outside of its control range. This ensures the Scheme's assets do not drift too far from the benchmark allocation while limiting the transaction costs incurred.

The Trustee has agreed a strategy whereby the proportion of protection assets will gradually increase over time as the proportion of pensioner liabilities increases. This is based on assuming that non-pensioner liabilities are backed by 80% growth assets and 20% protection assets, whilst the pensioner liabilities are backed 75% by protection assets and 25% by growth assets. The actual allocations will be reviewed periodically, normally after each actuarial valuation.

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

Fund	Benchmark	Objective
Aberdeen Diversified Growth Fund	1-Month GBP LIBOR	The Fund aims to outperform the benchmark by 4.5% p.a. (after fees) over rolling 5 years.
Global Equity 50:50 Tracker Pension Fund	50% FTSE All-Share Index 50% MSCI World ex UK Index	The Fund aims to provide a return in line with that of the benchmark.
Vanguard Investment Grade Bond Index Pension Fund	Barclays Global Aggregate UK Non-Government Bond Index	The Fund aims to provide a return in line with that of the benchmark.
Liability Aware Nominal Profile Fund	To capture the change in value caused by changing real and nominal yields of a series of real and nominal cashflows.	
Liability Aware Real Profile Fund		
Liability Aware Nominal Long Profile Fund		
Standard Life Deposit and Treasury Fund	n/a	The Fund aims to maintain capital and provide returns before charges in line with short term money market rates by investing in deposits and short-term money market instruments.

Investments in respect of AVCs are held in unit-linked and with-profits funds through Clerical Medical and Aviva.

The performance of the investment managers 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.

2. Fee agreements

The fee arrangements with the investment managers are summarised below:

Fund	Annual Management Charge (% p.a.)
Aberdeen Diversified Growth Fund	0.50%
Global Equity 50:50 Tracker Pension Fund	0.10%
Vanguard Investment Grade Bond Index Pension Fund	0.10%
Liability Aware Nominal Profile Fund	0.10%
Liability Aware Real Profile Fund	0.10%
Liability Aware Nominal Long Profile Fund	0.10%
Standard Life Deposit and Treasury Fund	0.15%

As well as the annual management charges given above, additional fund expenses will apply (covering legal, accounting and auditing fees for each fund). The additional fund expenses will vary from quarter to quarter but are expected to be in the region of 0.01% p.a. to 0.02% p.a. on the passive funds. For the Aberdeen Diversified Growth Fund, the additional fund expenses are estimated to be about 0.12% p.a. For the Liability Aware funds, additional expenses are capped at 0.10%.

The Trustee has appointed Barnett Waddingham LLP to advise on investment matters. Barnett Waddingham is normally remunerated on a time-cost basis, although fixed fees may be agreed for specific tasks.

3. Investments and disinvestments

Investments and disinvestments are usually made so as to move the actual asset allocation more in line with the target asset allocation.

Collateral calls and distributions from the Liability Aware holdings will typically be met by the Deposit and Treasury Fund in the first instance, then drawing upon the rest of the portfolio so as to re-balance back to benchmark, if required.

Appendix 2 Investment Consultant Objectives

The purpose of this appendix is to set out the objectives agreed between the Trustee of the Scheme ("the Trustee") and Barnett Waddingham LLP ("BW") for the purposes of the provision of Investment Consultancy Services to be provided by BW to the Trustee in respect of the Scheme. This document has been produced in order to comply with the requirements of The Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2019 ("the Regulations") and The Investment Consultancy and Fiduciary Management Market Investigation Order 2019 ("the Order").

The Trustee acknowledges that they are required under the Regulations and the Order to review the Investment Consultancy Services provided by BW at least annually against these objectives and must review and, if appropriate, revise the objectives every three years (or without delay after any significant change in investment policy).

Overall service

Provide high quality advice that helps the Scheme to achieve its investment objectives

Communicate advice clearly using plain English

Produce advice and other papers in a timely fashion

Investment strategy design

Help the Trustee to define appropriate Aims, Beliefs and Constraints for the strategy

Advise the Trustee on the design of investment strategy consistent with these ABCs

Appropriately allow for the Scheme's policy on ESG factors within the strategy

Manager selection and monitoring

Recommend appropriate investment managers and/or funds

Report to the Trustee on major developments or change in our opinion of managers/funds

Appropriately allow for the Scheme's policy on ESG factors when selecting managers

Implementation

Arrange the implementation of asset transfers in an efficient and timely manner

Advise on the management of cashflow

Advise the Trustee promptly on new investment opportunities or emerging risks

Provide training to enable the Trustee to take well informed investment decisions

Advise the Trustee of any actions required to ensure compliance with regulations

Appendix 3 Environmental, Social and Governance factors, Corporate Governance and Voting Rights

1. Financial Materiality

The Trustee believes ESG factors are financially material and therefore has a policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments. The Trustee will be reliant on the information presented by the investment managers and their investment advisors regarding the extent to which an investment manager allows for ESG in making their investment decisions. Furthermore, an investment manager's excellence in this area will not take precedence over other factors, including (but not limited to) historical performance or fees.

2. Trustee's Policy

The Trustee's policy on these matters, including engagement and the exercise of voting rights is set out below. 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 Trustee has not considered it appropriate to take into account individual members' views when establishing the policy on ESG issues, engagement and voting rights.

The Trustee has elected to invest the Scheme's assets through pooled funds. The choice of underlying funds is made by the Trustee after taking advice from their investment consultant. As an investor in pooled funds, the Trustee delegates the consideration of all financially material factors in relation to determining the underlying holdings within the pooled funds, including ESG factors, to the Scheme's investment managers as part of their day-to-day management. The Trustee's views on how ESG factors are taken into account for the selection, retention and realisation of the Scheme's investments are set out below.

- The Trustee will assess the investment managers' ESG integration credentials and capabilities, and their approach to stewardship and voting rights, as a routine part of requests for information/proposals as well as through other regular reporting channels. When selecting new investments, an investment manager's excellence in relation to these considerations will not take precedence over other factors, including (but not limited to) historical performance or fees.
- The Trustee will monitor ESG considerations on an ongoing basis by seeking information on the responsible investing policies and practices of the investment managers.
- The Trustee will also take those factors into account as part of its investment process to determine a strategic asset allocation and consider them as part of ongoing reviews of the Scheme's investments.

The Trustee will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- as part of ongoing monitoring of the Scheme's investment managers, the Trustee may use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and

- the Trustee will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.

3. Non-financially material considerations

The Trustee has not included any non-financial matters (such as ethical views) as constraints when setting investment strategy and/or when selecting or reviewing fund managers. The Trustee has not considered it appropriate to take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments. The Trustee will review the policy on whether to take account of non-financial matters periodically.

4. Stewardship, Voting Rights and Engagement

The Trustee believes that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns.

As an investor in pooled funds, the Trustee delegates the exercise of the rights (including voting rights) attaching to the Scheme's investments to the investment managers. Managers are expected to exercise voting powers with the objective of preserving and enhancing long-term stakeholder value. The Trustee will monitor how these delegated powers are exercised by the managers.

The Trustee also expects managers to engage with key stakeholders (which may include issuers of debt, equity, corporate management, regulators, and governance bodies) relating to their investments in order to improve corporate behaviours and governance, improve performance and social and environmental impact and to mitigate financial risks.

The Trustee assesses the investment managers' approach to stewardship, engagement and voting rights with the support of their investment consultant and consider these to be of a satisfactory standard. The Trustee will monitor and engage with the investment managers in relation to stewardship and engagement activities as follows:

- The Trustee will, with support from the investment consultant, request and review the stewardship policies, voting and engagement activities of the Scheme's investment managers on a regular basis. In case of any specific issues or questions being identified through this monitoring process, the Trustee will engage with the Scheme's investment managers for more information and discuss any remedial actions taken.
- The Trustee will request that any future manager presentations include an update on stewardship activities, including details of any voting rights exercised.
- When selecting investment managers, where appropriate and applicable, the Trustee will consider the investment managers' policies on stewardship and engagement, and how those policies have been implemented.
- The Trustee will take into account whether the Scheme's investment managers are signatories to the UN backed PRI and UK Stewardship Code (or equivalent).

The Trustee will ensure that the investment managers monitor the investee companies' capital structure as follows:

- When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers 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 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 managers' roles 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 managers' roles 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. Where the Trustee uses pooled funds, the Trustee expects the investment manager to employ the same degree of scrutiny.
- The Scheme's investment managers are granted full discretion over whether or not to hold the equity, debt or other investment in the Sponsoring Employer's business. Through their consultation with the Sponsoring Employer when setting this Statement of Investment Principles the Trustee has made the Sponsoring Employer aware of its attitude to ESG and climate related risks, how it intends to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

5. Conflicts of Interest

The Trustee will monitor actual and potential conflicts of interest in relation to their engagements as follows:

- 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.

6. Policy on arrangements with asset managers

Incentivising alignment with the Trustee's investment policies

The Trustee will ensure that the arrangements with the investment managers incentivise the investment managers to align their investment strategy and decisions with the Trustee's investment policies as follows:

- Prior to appointing an investment manager, the Trustee considers the investment manager's approach to the management of ESG and climate related risks and how their policies are aligned with the Trustee's own investment beliefs.

- When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, 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.
- The Trustee carries out a strategy review at least every three years where it assesses the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustee also monitors the investment managers' approach to ESG and climate related risks on an annual basis.
- In the event that an investment 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.
- Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

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

The Trustee will ensure that the arrangements with the investment managers incentivise the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term as follows:

- The Trustee is mindful that the impact of ESG and climate change may be long-term in 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.
- When considering the management of objectives for an investment 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 investment 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.
- The Trustee expects investment managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme 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 investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

The Trustee will ensure that the method (and time horizon) of the evaluation of the investment managers' performance and the remuneration for investment management services are in line with the Trustee's investment policies as follows:

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

- The Scheme invests exclusively in pooled funds. The investment managers are 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 investment manager, they receive more and as values fall they receive less. Details of the fee structures for the Scheme's investment managers are contained in the Fee agreements section mentioned above in Appendix 1.
- The Trustee believes that this fee structure enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.
- 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 regularly as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments.

During the investment 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 investment 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.

Duration of arrangements with investment managers

The durations of the arrangements with the investment managers are open-ended rather than being subject to a fixed duration contract. Aberdeen Standard Investments were appointed in October 2015.

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 deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.