

CWU 2000 Pension Scheme

Statement of Investment Principles

September 2025

1. Introduction

This Statement of Investment Principles has been drawn up by the Trustee of the CWU 2000 Pension Scheme ("The Scheme") in accordance with Section 35 of the Pensions Act 1995, as amended by subsequent legislation.

A copy of this Statement will be made available to Scheme members on request to the Trustee or online.

2. Decision Making Process

The Trustee

The investment of the Scheme's assets is the responsibility of the Trustee and the Scheme Rules give the Trustee broad powers on investment. There are no restrictions (however expressed) on any power to make investments by reference to the consent of the Employer.

The Trustee's policy is to seek professional advice on investment strategy. They decide on the investment strategy after considering investment advice from the Investment Consultant. The Trustee recognises that their level of investment expertise must be kept under review in order to be able to critically evaluate this advice.

The Trustee meets regularly and ensure that adequate time is set aside to discuss investment issues. In determining their investment strategy, the Trustee addresses:

- the need to consider a full range of asset classes,
- the risks and rewards of a range of alternative asset allocation strategies,
- the suitability of each asset class,
- the need for appropriate diversification, and
- the Scheme's Investment and Funding Objectives

The Investment Consultant

The Investment Consultant advises on an investment strategy appropriate to the investment objectives. This advice is provided after each formal actuarial valuation and on a regular basis between formal valuations. The Investment Consultant also monitors and reports on the performance of the Investment Managers.

The Investment Consultant is paid a fee for their advice and their appointment is reviewed from time to time by the Trustee.

Broadstone Corporate Benefits Limited (Broadstone) has been appointed as the Investment Consultant to the Trustee on the basis that their representatives are reasonably believed by the Trustee to be suitably qualified by their ability in, and practical experience of, financial matters and have the appropriate knowledge and experience of the management of the investments of such schemes.

Broadstone is authorised and regulated by the Financial Conduct Authority.

The Employer

The Trustee will consult with the Employer (Communication Workers Union) as part of the process for deciding on their investment strategy.

Delegation

The Trustee has a policy of delegating all day-to-day powers of investment to the Investment Managers who are authorised and regulated by the Financial Conduct Authority. The ESG policies remain with the Trustee and have not been delegated.

The safe custody of the Scheme's assets is delegated to professional custodians via the use of pooled vehicles.

3. Investment Objectives

Funding Objective

The primary funding objective of the Scheme is to ensure, as far as possible, that there are sufficient assets to provide benefits to the Scheme members as and when these fall due.

Investment Objectives

The Trustee's high level objectives with regard to investing the Scheme assets are to:

- achieve a return which is sufficient, over the longer term, to meet the Funding Objective.
- adopt an approach that recognises the need to balance risk with the achievement of a satisfactory investment return.

Performance Objective

The Investment Manager has been set Performance Objectives to achieve returns in line with, or in excess of, a benchmark. The aim of the investments is to deliver the Investment Objectives above and the Expected Return detailed below.

4. Investment Strategy

The most recent strategy review was conducted during 2025, in which the private market allocation was replaced with more liquid growth assets. The strategic asset allocations were also adjusted.

Given their investment objectives, the Trustee has agreed the following long term strategic asset allocation which aims to deliver the target Expected Return described below.

	Asset Allocation
Growth / Return Seeking Portfolio	62%*
Protection / Liability Matching Portfolio	38%**

*62% allocation to growth assets is likely to increase over time, due to the investment of contributions paid by the Employer into the Scheme's Growth assets.

**38% is the broad allocation needed to target an interest rate and inflation hedge level of c.100% of the Scheme's assets (funded liabilities). The protection portfolio allocations are driven by what is needed to provide the required hedge level and therefore may fluctuate significantly over time.

The asset allocations are likely to vary over time from those shown in the table. While the Trustee will monitor these variations, this Statement of Investment Principles will not be updated solely due to variations from these allocations.

The Growth / Return Seeking Portfolio is made up of equity, corporate bond and diversified growth funds with a target of matching the expected return on assets, detailed below. The Protection / Liability Matching Seeking Portfolio consists of Liability Driven Investment (LDI) and liquidity funds.

The Trustee agreed the range of funds used in the strategy, taking into account the nature and maturity of the liabilities. The Investment Consultant, on the Trustee's behalf, has also undertaken due diligence on the funds the Scheme invests in. The Trustee is satisfied that the funds selected are consistent with their investment objectives and that the range agreed is sufficiently robust to allow easy adjustment between the funds as the risk appetite changes and the Scheme matures.

The Trustee may, from time to time, decide to change the funds used within the overall investment strategy and the investment allocation between the funds, as alternatives emerge, funds change and the Scheme develops.

5. Cash flow and Rebalancing

New money will be invested (or disinvestments required for cash flow purposes) across the Scheme's diversified growth and liquidity funds.

The Trustee will monitor the Scheme's actual asset allocation on a regular basis and will decide on a course of action which may involve redirecting cash flows, a switch of assets, or taking no action, taking into account advice from the Investment Consultant.

The Scheme has a waterfall structure in place to deal with LDI collateral calls. The Trustee, with help from their investment consultant, will regularly monitor the collateral levels of those funds that make up the Scheme's waterfall structure.

6. Expected Return

The Trustee expects the return on assets to be consistent with the investment objective and investment strategy outlined above.

The Trustee's objective is for the Scheme's assets to produce a return after fees that exceeds the growth in the value of its liabilities as measured on a Technical Provisions basis.

The Trustee recognises that, over the short-term, performance may deviate significantly from this long-term expectation.

7. Investment Monitoring

The Trustee employs Broadstone to assist in monitoring the performance of the Scheme's investment strategy and Investment Managers.

The Investment Manager provides the Trustee with quarterly reports setting out a valuation of the funds and a commentary on performance.

The Investment Consultant will provide periodic advice to the Trustee, commenting on performance and asset allocation.

8. Security of Assets

The day-to-day activities that the Investment Manager carries out for the Trustee are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate.

Safe-keeping of the Scheme's assets held with the Investment Manager is performed by custodians appointed by them.

The Trustee has considered the security of the Scheme's holdings with the Investment Manager, allowing for its status as a regulated firm, and consider the associated protection offered to be reasonable and appropriate.

9. Environmental, Social and Governance (ESG)

The Trustee believes that to protect and enhance the value of the investments, during the period over which the benefits are paid, they must act as a responsible asset owner.

The Scheme is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustee therefore does not explicitly seek to reflect any specific views through the implementation of the investment strategy, both financial and non-financial.

The Trustee's policies in respect of responsible investment are set out below:

Policy	
Financially Material Considerations	<p>The Trustee recognises that Environmental, Social and Governance (ESG) issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustee delegates day-to-day decisions on the selection of investments to the Investment Managers. The ESG policies remain with the Trustee.</p> <p>The Trustee has an expectation that the Investment Managers will consider ESG issues in selecting investments or will otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.</p> <p>The Trustee does not currently impose any specific restrictions on the Investment Managers regarding ESG issues but will review this position from time to time. The Trustee receives information on request from the Investment Managers on their approach to selecting investments and engaging with issuers with reference to ESG issues.</p> <p>Regarding the specific risk to the performance of the Scheme's investments associated with the impact of climate change, the Trustee takes the view that this falls within their general approach to ESG issues. The Trustee regards the potential impact of climate change on the Scheme's assets as a longer-term risk. The Trustee will continue to monitor market developments in this area with their Investment Consultant.</p>
Non-Financially Material Considerations	<p>Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects the Investment Managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.</p>
Engagement and Voting Rights	<p>The Trustee's voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustee believes that having this policy and aiming to improve how companies behave in the medium and long term are in the members' best interests. The Trustee will aim to monitor the actions taken by the Investment Managers on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the Manager.</p>

Policy

Capital Structure of Underlying Companies	Responsibility for monitoring the capital structure of investee companies is delegated to the Investment Managers. The Trustee expects the extent to which the Investment Managers monitor capital structure to be appropriate to the nature of the mandate.
--	--

The voting policies of the Scheme's current Investment Manager can be found at the following website: <https://am.landq.com/en-uk/institutional/responsible-investing/>

10. Conflicts of Interest

The Trustee maintains a separate conflicts of interest policy and register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Managers, while also setting out a process for their management.

11. Duration of Investment Arrangements

The Trustee is a long-term investors and have not set an explicit target to review the duration of their arrangement with the Investment Manager. However, the arrangements will be reviewed in conjunction with any review of the investment strategy.

12. Incentivisation of Investment Managers

The Investment Manager is primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

The Trustee does not directly incentivise the Investment Manager to align the approach they adopt for a particular fund with the Trustee's policies and objectives. Instead, the Investment Manager and the funds are selected so that, in aggregate, the returns produced are expected to meet the Trustee's objectives.

Neither does the Trustee directly incentivise the Investment Manager to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustee expects such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme.

13. Portfolio Turnover costs

The Trustee expects the Investment Manager to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustee therefore does not set a specific portfolio turnover target for their strategy or the underlying funds. The Investment Manager provides information on portfolio turnover and associated costs to the Trustee so that this can be monitored, as appropriate.

14. Employer Related Investments

The Trustee's policy is not to hold any Employer related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005.

15. Risks

The Trustee recognises that a number of risks are involved in the investment of the assets of the Scheme. They have identified the following principal risks which have the potential to cause deterioration in the Scheme's funding level:

- Solvency risk: The risk that the fund has insufficient assets to meet all its liabilities as they fall due.
- Mismatching risk: The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors.
- Manager risk: The failure by the Investment Managers to achieve the rates of investment return assumed.
- Liquidity risk: The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities. This includes liquidity risk in respect of the Scheme's LDI funds.
- Custodian risk: The risk of failed or inadequate performance by the custodian.
- Concentration Risk: The risk that the performance of any single investment that constituted a large proportion of the assets would disproportionately influence the overall level of assets.
- Political risk: The financial risk that a country's government will suddenly change its policies.
- Sponsor risk: The possibility of failure of the Scheme's sponsoring Employer.
- Counterparty risk: The risk that other parties in any trade or position will default, i.e. will renege on their contractual obligations, resulting in a financial loss to the Scheme.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review. Some of these risks may also be modelled explicitly during the course of such reviews.

The policy of the Trustee is to monitor, where possible, these risks on a regular basis. The Trustee therefore considers:

- The actual funding level versus the Statutory Funding Objective.
- Actual performance versus the Scheme's investment and funding objectives.
- Investment Managers' performance versus their respective benchmarks and targets.
- Any significant issues with the Investment Manager that may impact their ability to meet investment performance objectives set by the Trustee.

16. Fee Structures

The Investment Manager is paid a management fee on the basis of assets under management. The Investment Consultant is paid on a project basis which may be a fixed fee or based on time cost, as negotiated by the Trustee in the interests of obtaining best value for the Scheme.

The appropriateness of the Investment Manager's remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.

17. Additional Voluntary Contributions ('AVCs')

The Scheme enables members to pay Additional Voluntary Contributions (AVCs) to enhance their benefits at retirement. The current AVC provider is Prudential and the AVC assets are held separately from the other Scheme assets.

The AVC arrangements are reviewed from time to time to ensure that the investment performance achieved is acceptable and that the investment profile of the funds remains consistent with the objectives of the Trustee and the needs of the members.

18. Review of this Statement

The Trustee will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in, and experience of, financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

For and on behalf of CWU 2000 Pension Scheme

Date: 3 December 2025

Version	Date	Comment
Version 1	August 2016	Revision to format of SIP Revised strategy to include LDI
Version 2	May 2017	Inclusion of market triggers Amendments following growth strategy review
Version 3	January 2019	Revised strategy to bring forward the LDI planned LDI allocation and increase longer term target

Version 4	July 2019	Revised “Social, Environmental and Ethical Considerations” section in line with ESG compliance
Version 5	September 2020	Inclusion of diversified alternatives and Mobius platform Revised strategy now the target LDI allocation has been reached Updates to ensure compliance with 1 October 2020 legislation
Version 6	March 2023	General updates following investment strategy review. Added Engagement and Voting Rights section.
Version 7	September 2025	General updates, including revised ESG and engagement policies and updated asset allocations and investment managers.

Appendix: Investment Strategy Implementation Summary

A.1 Broad Asset Allocation

The broad asset allocations for the Scheme's assets is as follows:

Asset Class	Broad asset allocations
Growth / Return Seeking Portfolio	62.0%
Equities	20.0%
Corporate bonds	30.0%
Diversified Growth	12.0%
Protection / Liability Matching Portfolio	38.0%
Liability Driven Investment (LDI) solution, including liquidity	38.0%
Total	100.0%

The balance within the Growth assets and between the Growth and Protection portfolios will vary over time, and this document will not be updated for changes in these allocations. The underlying objective for these assets will be to maintain the Expected Return and the Target Hedging Ratios and assets will not be rebalanced if they vary from the allocations shown above.

If the LDI funds require collateral, this is sourced from liquidity assets in the first instance, then from the liquid growth assets.

A.2 Investment Managers

The Trustee entered into a contract with Legal & General Investment Management (LGIM), now Legal & General Asset Management (L&G) in February 2023. L&G undertakes day-to-day investment management of the Scheme's invested assets.

The Investment Manager is authorised and regulated by the Financial Conduct Authority (FCA).

A.3 Target Hedging Ratios

The target hedging ratios against the interest rate risk and inflation risk associated with the Scheme's funded Technical Provisions are summarised below. Due to the nature of the Scheme's liabilities and the pooled liability-matching funds used, the actual hedging ratios will not be exactly as below:

	Target Hedging Ratio (funded liabilities)
Long-term interest rates	100%
Long-term inflation expectations	90%