UCW Pensions 2001

Statement of Investment Principles

June 2025

1 Introduction

This Statement of Investment Principles has been drawn up by the Directors of the UCW 2001 Trustee Company ("The Trustee"), in respect of the UCW Pension 2001 ("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 online to Scheme members on request to the Trustee.

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. It decides on the investment strategy after considering investment advice from the Investment Consultant. The Trustee recognises that its 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 its 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 has 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

The Trustee's overall investment policy is guided by the following objectives:

- The Trustee's primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustee also aims to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.
- The Trustee has considered the Principal Employer's covenant and has taken a long-term view to setting its funding and investment objectives. It is are aware of the relationship between the investments held and the funding level of the Scheme liabilities and believe that its investment objectives and the resultant strategy are consistent with the valuation of those liabilities.

The Scheme Actuary has confirmed during the process of revising the investment strategy in 2025 that the investment objectives and resultant strategy are consistent with the actuarial valuation methodology and assumptions used in the statutory funding objective.

4 Investment Strategy

Details of the investment strategy are set out in the Appendix to this Statement.

The Trustee's policies in setting the investment strategy are set out below:

Policy	
Selection of Investments	The Trustee may select investments from a wide range of asset classes from time to time, including, but not restricted to UK and overseas equities, government bonds, corporate bonds, commercial property and alternative asset classes, such as hedge funds, private equity and infrastructure. The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level. The Trustee may also: • Invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Scheme's investments. • Hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future liabilities due from it. • Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.
Target Asset Allocation	The Trustee will set a Target Asset Allocation from time to time, determined with the intention of meeting its investment objectives. The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustee's view of the Principal Employer's covenant, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment. The Trustee has agreed the range of funds to be used in the investment strategy, taking into account the maturity of the Scheme's liabilities, and the need to ensure the range is sufficiently robust to allow easy adjustment between the funds as the Trustee's risk appetite changes and the Scheme matures.
Delegation to Investment Managers	The Trustee will delegate the day-to-day management of the Scheme's assets to professional investment managers and will not be involved in the buying or selling of investments.
Maintaining the Target Asset Allocation and Target Hedging Ratios	The Trustee has responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation and Target Hedging Ratios. The Trustee monitors the asset allocation on a regular basis with the assistance of its adviser, Broadstone, and will consider switching assets between funds should the allocation move significantly away from the Target Hedging Ratios. Maintaining the Target Hedging Ratios will take precedence over maintaining the Target Asset Allocation.
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.

The Trustee has decided to invest in pooled funds because:

- the Scheme is not large enough to justify direct investment in equities or bonds on a cost-effective basis;
- pooled funds allow the Scheme to invest in a wider range of assets which serves to reduce risk; and
- pooled funds provide a more liquid form of investment than certain types of direct investment.

5 Cash flow and Rebalancing

The assets are held in a combination of pooled funds and the majority are readily realisable.

The Trustee makes disinvestments from the Investment Managers with the assistance of its Investment Consultant, as necessary, to meet the Scheme's cashflow requirements.

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 its investment consultant, will regularly monitor the collateral levels of those funds that make up the Scheme's waterfall structure.

6 Expected Return

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

Over the long term, the Trustee's expectations are to achieve the following rates of return from the asset classes they make use of:

Asset Class	Expected Returns
Multi-asset funds	To achieve a return well in excess of the risk-free rate, measured by reference to gilt yields, with reduced volatility compared to equities.
Equity	To achieve a return well in excess of the risk-free rate, measured by reference to gilt yields.
Securitised Finance	To achieve a return above that of the risk-free rate, measured by reference to gilt yields, whilst providing long term capital growth and income.
Secure Income	To achieve a return above that of gilts yields +2.50% per annum (before fees) over a rolling three-year period.
LDI funds	In line with the sensitivity of the Technical Provisions liabilities to changes in long term interest rates and inflation expectations, allowing for the target level of hedging specified by the Trustee from time to time.

7 Investment Monitoring

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

The Investment Manager provides the Trustee with regular reports setting out a valuation of the funds invested.

The Investment Manager supplies the Trustee with sufficient information each quarter to enable them to monitor financial and non-financial performance. The Trustee and Broadstone monitor the Investment Manager's performance against their performance objectives.

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.

The Trustee will consider on a regular basis whether or not the Investment Manager remains appropriate to continue to manage the Scheme's investments.

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	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 Manager. The ESG policies remain with the Trustee. The Trustee has an expectation that the Investment Manager 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. The Trustee does not currently impose any specific restrictions on the Investment Manager regarding ESG issues but will review this position from time to time. The Trustee receives information on request from the Investment Manager on its approach to selecting investments and engaging with issuers with reference to ESG issues. 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 its 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 its Investment Consultant.
Non-Financially Material Considerations	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 Manager, 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.
Engagement and Voting Rights	The Trustee's voting and engagement policy is to use its 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 its 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.
Capital Structure of Underlying Companies	Responsibility for monitoring the capital structure of investee companies is delegated to the Investment Manager. The Trustee expects the extent to which the Investment Manager monitors capital structure to be appropriate to the nature of the mandate.

The voting policies of L&G, as the Investment Manager, can be found at the following website:

L&G: https://am.landg.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 Manager, while also setting out a process for their management.

11 Duration of Investment Arrangements

The Trustee is a long-term investor and has not set an explicit target to review the duration of its 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 it adopts for a particular fund with the Trustees' policies and objectives. Instead, the Investment Manager is selected so that, in aggregate, the risk-adjusted 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 Scheme's assets. It has 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 Manager 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 consider:

- 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 Trustees in the interests of obtaining best value for the Scheme.

The appropriateness of the Investment Managers' 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 Review of this Statement

The Trustees 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 Trustees reasonably believe 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.

Rory Murphy

For and on behalf of UCW Pensions 2001

Date: 27 June 2025

Version	**Date**	**Comment**
Version 1	June 2025	Initial Broadstone SIP template

Appendix A Investment Strategy Implementation Summary

A.1 Target Asset Allocation

The Target Asset Allocation for the Scheme's assets is as follows:

Asset Class	Target Asset Allocation
Multi-asset	13.0%
Equity	15.0%
Fixed Income	23.0%
Secured Income	10.0%
Liability Driven Investment (LDI) solution	39.0%
Total	**100.0%**

The balance between the different asset classes will vary over time. The target allocations are indicative only and the underlying objective for these assets will be to maintain the target hedging levels, which protect against changes in long-term interest rates and inflation expectations, as well as deliver adequate expected return.

Note that the Trustee requested to disinvest its holding in the Aviva Lime Property fund during 2025. The redemption is expected to take place in early 2026, unless deferred by Aviva. In the meantime, the Scheme's equity allocation will be lower than target.

A.2 Platform Provider

The Trustee has appointed Mobius Life Limited ("the Platform Provider") to provide a platform for the Scheme's Aviva Lime Property fund and a cash fund. The Platform Provider is regulated under the Financial Conduct Authority and the Prudential Regulation Authority. The Trustee utilises Mobius Life to access the Aviva property fund investments, until these can be sold. The Investment Managers are regulated under the Financial Conduct Authority.

A.3 Investment Manager

The Trustee entered into a contract with Legal & General Asset Management (L&G) in February 2025. The Investment Manager undertakes day-to-day investment management of the Scheme's assets.

The Investment Manager is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000.

A.4 Target Hedging Ratios

The target hedging ratios against the interest rate risk and inflation risk associated with the Scheme's Technical Provisions are summarised below:

	Target Hedging Ratio
Long-term interest rates	100%
Long-term inflation expectations	100%

The L&G pooled LDI funds have an objective to provide a prescribed level of hedging against changes in the value of liabilities for a typical defined benefit pension scheme caused by interest rate and inflation risks. The practical method of implementing this level of hedging is delegated to the Investment Manager, with the expectation that the Investment Manager will choose the most cost-effective method.