

AT&T ISTEEL Pension Plan (“the Plan”)

Statement of Investment Principles

Investment Objective

The Trustee aims to invest the assets of the Plan to ensure that the benefits promised to members are provided. In setting the current investment strategy, the Trustee first considered the lowest risk portfolio that it could adopt in relation to the Plan’s liabilities. The strategy it has selected is designed to achieve a higher return than the lowest risk strategy in order to achieve returns in excess of the growth in the liabilities, whilst maintaining a prudent approach to meeting the Plan’s liabilities.

In setting and monitoring the Plan against this objective, the Trustee has taken into consideration the Plan’s current and future liabilities, the strength of the sponsor covenant and the risk capacity of both the Trustee and sponsor.

The Trustee has consulted with the Sponsoring Employer when setting the investment objective.

The Trustee's objective is:

To invest the Plan’s assets in such a way that sufficient money is available to meet the liabilities of the Plan into the future.

STRATEGY

The Plan's current strategic asset allocation (as at March 2024) is set out below.

The Trustee will monitor the actual asset allocation versus the current target weight set out in the table below.

Asset Class	Target Weighting %
Liability Driven Investment (LDI)	64.0
Absolute Return Bond Investment (ARBI)	5.0
Global Equity	6.0
Fund of Hedge Funds	10.0
Multi-Asset Credit (MAC)	7.0
Property Debt	8.0

In addition to the assets set out above, the Trustee has secured a partial pensioner "buy-in" policy with Canada Life Limited. The policy was established in October 2020 and is intended to "match" the liabilities of broadly 60% of pensions in payment at the time of execution.

The Trustee regularly monitors the Plan's actual asset allocation versus the target weights and considers rebalancing the assets back towards the target weights should the actual allocation deviate significantly from the target. In October 2017, the Trustee agreed to fully redeem from its property mandate and therefore the property portfolio is now in 'sell-down'. In April 2018, the Trustee agreed to add a new asset class, property debt, into the strategy. This mandate is now in the distribution phase of its lifecycle, meaning that the allocation is expected to reduce overtime. As a consequence, the actual allocation may deviate from the target weighting.

The allocation to LDI assets is designed to reduce the Plan's interest rate and inflation risk by providing a match for the liabilities. Through the LDI assets, the Trustee is aiming to hedge approximately:

- All of the estimated interest rate risk associated with fully insuring the liabilities on a buy-in basis (allowing for discretionary increases from 2026 onwards and excluding the previously bought-in liabilities)
- All of the estimated inflation risk associated with fully insuring the liabilities on a buy-in basis (allowing for discretionary increases from 2026 onwards and excluding the previously bought-in liabilities).

The funding level is monitored regularly and the target hedge is reviewed on a quarterly basis. The Trustee has delegated the hedge rebalancing process to the Investment Sub-Committee (ISC).

The planned asset allocation strategy was determined with regard to the actuarial characteristics of the Plan, in particular the strength of the funding position and the liability profile. The Trustee's policy is to make the assumption that equities, hedge funds, ARBI, MAC and property debt will outperform gilts over the long term and the Trustee believes that active fund management can be expected to add value. However, the Trustee recognises the potential volatility in growth asset returns, particularly relative to the Plan's liabilities, and the risk that the fund managers do not achieve the targets set. When choosing the Plan's investment strategy, the Trustee considered written advice from its investment advisers and, in doing so, addressed the following:

- 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.

In addition, the Trustee also consulted with the sponsoring employer when setting this strategy.

RISK

The Trustee recognises that the key risk to the Plan is that it has insufficient assets to make provisions for 100% of its liabilities (“funding risk”). The Trustee has identified a number of risks which have the potential to cause a deterioration in the Plan’s funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors (“mismatching risk”). The Trustee and its advisers considered this mismatching risk when setting the investment strategy and have specifically structured the Plan’s assets to include an allocation to LDI funds to reduce the mismatching risk.
- The risk of a shortfall of liquid assets relative to the Plan’s immediate liabilities (“cash flow risk”). The Trustee and its advisers will manage the Plan’s cash flows, taking into account the timing of future payments in order to minimise the probability that this occurs. The Trustee maintains a cashflow & collateral management policy, which outlines how the Plan’s liquidity requirements are managed.
- The failure by the fund managers to achieve their performance objective (“manager risk”). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk (“risk of lack of diversification”). The Trustee and its advisers considered this risk when setting the Plan’s investment strategy.
- The possibility of failure of the Plan’s sponsoring employer (“covenant risk”). The Trustee and its advisers considered this risk when setting the investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence (“operational risk”). The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

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 (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

Having set an investment objective which relates directly to the Plan’s liabilities and having implemented it using a range of fund managers, the Trustee’s policy is to monitor, where possible, these risks quarterly. The Trustee receives quarterly reports showing:

- Actual funding level versus the Plan's specific funding objective.
- Performance of individual fund managers versus their respective benchmarks/targets.
- Any significant issues with the non-equity fund managers that may affect their ability to meet the performance targets set by the Trustee.

The Trustee also receives periodic updates showing any significant issues with the underlying equity managers that may affect the ability of the equity manager meeting

the performance target set by the Trustee. In addition, the Trustee periodically reviews the operational arrangements of the equity manager.

IMPLEMENTATION

Aon has been selected as investment adviser to the Trustee and Investment Sub Committee. They operate under an agreement to provide a service which ensures the Trustee and Investment Sub Committee are fully briefed to take decisions themselves and to monitor those they delegate. Aon is paid based on an ad-valorem fee. This includes all investment consultancy work except for any specific exclusions for which a fee would be agreed in advance. This structure has been chosen to ensure that cost-effective, independent advice is received.

The fund manager structure and investment objectives for each fund manager (“mandate”) are as follows:

LDI:

Insight Investment Management Limited

Benchmark: A series of future cashflows intended to be a proxy for the Plan's liabilities

Objective: To track the value of the cashflows within acceptable tolerance

ARBI

Insight Investment Management Limited (Bonds Plus 200)

Objective: To target a return of SONIA +2% per annum (p.a.), gross of fees

Global Equity:

Aon Investments Limited

Objective: To outperform a composite equity index (50% MSCI World Index NDR and 50% MSCI World Index 100% Hedged Net GBP) by 2.0% p.a. over rolling 3 year periods, net of base fees

Fund of Hedge Funds:

BlackRock Inc (BlackRock Appreciation Strategy Fund)

Objective: To achieve a net return commensurate with the long-term return on equities with half the volatility and low correlation to equity markets

Blackstone Alternative Asset Management LP (Blackstone Partners Offshore Sterling Fund)

Objective: To produce attractive long-term risk adjusted returns with low volatility and downside protection qualities as compared to traditional asset classes

Property (UK):

FRXL Co-Investment

Lend Lease UK Retail Partnership

Currently being sold down therefore no formal return target in place

<p><u>Property Debt:</u></p> <p>Invesco (Real Estate Finance Fund I) To target a net internal rate of return of 8%-10%</p>
<p><u>Multi-Asset Credit:</u></p> <p>M&G Investments (Sustainable Total Return Credit Investment Fund) Objective: Benchmark plus 300 bps p.a. net of fees over a rolling 3-year period</p> <p>Robeco (Sustainable Development Goals Credit Income Fund) Objective: The Fund aims to provide long term capital growth while at the same time promoting certain ESG (Environmental, Social and Governance) characteristics and integrating sustainability risks in the investment process.</p>

In addition to the managers listed above, the Trustee has purchased an insurance contract with Canada Life Limited. This insurance contract (buy-in) is an agreement for Canada Life Limited to pay the Plan an amount equivalent to the liabilities as they fall due for a select number of Pensioners. The asset protects the Plan from the interest rate, inflation and longevity risk associated with the pensioner population covered by the policy.

The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to the relevant fund manager through a written contract. When choosing investments, the Trustee and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4).

ARRANGEMENTS WITH FUND MANAGERS

The Trustee recognises that the arrangements with its fund managers are important to ensure that interests are aligned. In particular, the Trustee seeks to ensure that the managers are incentivised to operate in a manner that generates the best long-term results for the Plan and its beneficiaries.

The Trustee regularly monitors the Fund's investments to consider the extent to which the investment strategy and decisions of the fund managers are aligned with the Trustee's policies. This includes monitoring the extent to which fund managers:

- Make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- Engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this activity by its investment consultant. The Trustee receives quarterly reports and verbal updates from the investment consultant on various items including the investment strategy, performance, and longer-term positioning of the portfolio.

The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan objectives and assesses the fund managers over the long-term.

The Plan's fund managers are appointed directly by the Trustee, with the exception of the equity fund managers. The Plan's equity assets are managed by Aon Investments Limited ("AIL"). AIL invests in a range of underlying equity funds.

The Investment Sub-Committee will continue to engage with the Plan's fund managers on an ongoing basis to ensure they are investing the Plan's assets in a manner consistent with the Trustee's responsible investment policies.

The Trustee will review and, where appropriate, develop its policies in relation to responsible investment and how it engages with its fund managers on at least an annual basis.

Before appointment of any new fund managers, the Trustee reviews the governing documentation associated with the fund manager and will consider the extent to which it aligns with the Trustee's policies.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the fund managers by other means (where necessary), and regular monitoring of fund managers' performance and investment strategy, is in most cases sufficient to incentivise the fund managers to make decisions that:

- Align with the Trustee's policies
- Are based on assessments of medium- and long-term financial and non-financial performance.

Where fund managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the manager where this is deemed necessary.

There is typically no set duration for arrangements with fund managers, although the continued appointment for all managers will be reviewed periodically. For any closed ended vehicles, the duration may be defined by the nature of the underlying investments.

STEWARDSHIP

The Trustee recognises the importance of its role as a steward of capital and the need to promote high standards of governance. The Trustee promotes corporate responsibility in the underlying companies and assets in which the Plan invests, as this ultimately creates long-term financial value for the Plan and its beneficiaries.

The Trustee has delegated all voting and engagement activities to the Plan's asset managers. The Trustee accepts responsibility for how the managers steward assets on its behalf, including the casting of votes in line with each managers' individual voting policies. The Trustee reviews manager voting, engagement policies and stewardship policies of the Plan's asset managers including AIL on an annual basis to ensure they are in line with the Trustee's expectations and in members' best interests. The Trustee receives annual reports on stewardship activity carried out by AIL. These reports include detailed engagement information from the underlying managers. This supports

the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year. Prospective asset managers (excluding managers appointed by AIL) are also required to provide this information for the Trustee to review in advance of any new appointment.

Where a significant concern is identified, the Trustee may engage with its asset managers and AIL – who in turn is able to engage with underlying managers, investee companies or other stakeholders – on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of or relating to the underlying investments made. In relation to responsible investment standards in particular, if an incumbent manager is found to be falling short, the Investment Sub-Committee will undertake to engage with the manager to facilitate more systematic ESG integration and / or greater levels of stewardship activity and disclosure as necessary.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") CONSIDERATIONS

In setting the Plan's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

The Trustee considers investment risk to include ESG factors and climate change. These risks could negatively impact the Plan's investments. The Trustee considers these risks by taking advice from its investment adviser.

As part of the management of the Plan's assets, the Trustee expects its managers to:

- Where relevant, assess the integration of ESG factors in the investment process;
- Use their influence to engage with underlying managers, where appropriate, to ensure the assets are not exposed to undue risk; and
- Report to the Trustee on their ESG activities as required.

In setting and implementing the Plan's investment strategy the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to non-financial matters¹.

COST MONITORING

Understanding Costs:

Fund managers are remunerated on a performance related fee basis and/or an ad valorem basis which ensures the fund managers' interests are aligned with those of the Plan. In addition, fund managers pay commissions to third parties on many trades they undertake in the management of the assets and also incur other ad hoc costs.

The Trustee is aware of the importance of monitoring its fund managers' total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustee recognises that in addition to annual management charges (AMC), there are a number of other costs incurred by the fund managers that can increase the overall cost incurred by the Plan's investments.

¹ The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

The Trustee collects annual cost transparency reports covering all of its investments and asks that the managers provide this data in line with the appropriate Cost Transparency Initiative (“CTI”) template for each asset class. This allows the Trustee to understand what it is paying its managers. The Trustee works with its investment consultant and managers to understand these costs in more detail where required.

Evaluation of performance and remuneration:

The Trustee assesses the performance of the fund managers on a quarterly basis and the remuneration of the managers on at least an annual basis via collecting cost data in line with the CTI templates.

Transaction costs:

The Trustee is aware of the transaction costs (transaction costs, or 'portfolio turnover costs', are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated with its underlying investments through the information provided by the fund managers. The transaction costs are monitored annually, with the assistance of ClearGlass and the investment consultant.

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager’s style/ historic trends.

Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

The Trustee is supported in its cost transparency monitoring activity by its investment consultant and ClearGlass.

Ongoing reporting:

The Trustee will provide reporting on the implementation of the Plan’s cost transparency policy to the Plan's members via the annual Implementation Statement.

The Trustee will review its Stewardship, ESG and Cost Monitoring policies annually.

GOVERNANCE

The Trustee is responsible for the investment of the Plan's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether it has the appropriate training and expert advice in order to take an informed decision. The Trustee is aware of the impact diversity and inclusion can have on investment decisions. The Trustee has established the following decision-making structure:

<p>Trustee</p> <ul style="list-style-type: none"> • Monitor actual returns versus Plan investment objective. • Set structures and processes for carrying out its role. • Select and monitor planned asset allocation strategy. • Appoint Investment Sub Committee. • Select direct investments (see below). • Consider recommendations from the Investment Sub Committee. 	<p>Investment Sub Committee (ISC)</p> <ul style="list-style-type: none"> • Make recommendations to Trustee on: <ul style="list-style-type: none"> – Selection of investment advisers and fund managers. – Structure for implementing investment strategy. • Monitor investment advisers and fund managers. • Monitor direct investments. • Make ongoing decisions relevant to the operational principles of the Plan's investment strategy. • Follow advice in cases where decisions need to be made within a short timescale providing the advice does not contradict the general strategy or policy decisions agreed by the Trustee (as set out in the ISC's terms of reference).
<p>Investment Adviser</p> <ul style="list-style-type: none"> • Advise on all aspects of the investment of the Plan assets, including implementation. • Advise on this statement. • Provide required training. • Advise the Trustee on the suitability of the managers' benchmarks. 	<p>Fund Managers</p> <ul style="list-style-type: none"> • Operate within the terms of their written contracts. • Select individual investments with regard to their suitability and diversification.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments**.

The Trustee policy is to review the direct investments and to obtain written advice about them at regular intervals (normally annually). These include vehicles available for members' AVCs. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

Northern Trust are the custodian of the assets managed by Insight and some of the remaining assets within the residual property portfolio. The custodian provides safekeeping for the Plan's assets and performs administrative duties, such as the collection of interest and dividends and dealing with corporate actions. The remaining assets are held in pooled funds where each fund has its own custody arrangement.

The Trustee will review this Statement of Investment Principles (SIP) at least every three years and following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

AVCs & Defined Contribution funds

The AVCs and Defined Contribution (DC) funds are invested in an insurance policy issued by Zurich Assurance Limited. The Trustee also has a legacy AVC policy with Utmost Life and Pensions Limited. Investment in the insurance contracts is under the control of the Trustee and it is the Trustee's policy to review the investments and to obtain written advice about them periodically.

Zurich Assurance Limited and Utmost Life and Pensions Limited are both authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA.

Zurich Assurance Limited and Utmost Life and Pensions Limited both offer a range of unit-linked funds. Zurich Assurance Limited also offers a With Profits Fund. The Trustee decides the range of funds offered to members, but has no influence on the investment aims of each fund or how the investment managers choose the underlying investments within the fund, as the assets are pooled with many other investors to obtain economies of scale. Notwithstanding how the assets are managed, the Trustee has taken investment advice regarding the suitability of the relevant investment vehicles.

The key aim of the Trustee is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives, based on the Trustee's consideration of members' needs. Members' circumstances are taken into account, including the range of members' attitudes to risk and term to retirement. The Trustee does not explicitly take into account the views of members and beneficiaries in relation to non-financial matters, though it does offer an 'ESG' fund through the Zurich policy.

The fund range is reviewed from time to time to ensure that it continues to meet the needs of members. On an annual basis the Trustee considers performance information and the range of funds is considered at least on a triennial basis.

POLICY ON INVESTING IN ILLIQUID ASSETS

The Trustee does not currently hold any illiquid investments on behalf of DC members in the Utmost Life and Pensions 'Investing By Age' Strategy which may be considered a default arrangement. However, the underlying managers may invest in illiquid assets in future. Any such illiquid investments would be underlying holdings within wider pooled funds.

Whilst the Trustee recognises that illiquid investments may be associated with higher costs, and liquidity risks, it nevertheless believes that the benefits of diversification and access to an illiquidity premium should benefit members in the long term. The Trustee also believes the underlying managers are best placed to use their discretion as to the appropriateness of holding illiquid investments in the Multi-Asset Moderate and Multi-Asset Cautious Funds at any particular time, and to use the liquid portions of the fund to ensure members have sufficient access to liquidity.

ARRANGEMENTS WITH FUND MANAGERS

The Trustee monitors those investments used by the Plan to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies as set out in the Statement of Investment Principles, including those on non-financial matters. This includes monitoring the extent to which asset managers:

- Make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- Engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by its investment consultant.

Before adding a new investment to the range offered to members, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to express its expectations to the fund manager to try to achieve greater alignment.

The Trustee believes that regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies and are based on assessments of medium and long-term financial and non-financial performance.

Where asset managers are considered to be making decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with asset managers, although the continued appointment all for asset managers will be reviewed periodically, and at least every three years.

The investment managers are remunerated as a set percentage of the assets under management. This is in keeping with market practice. Annual investment management charges (including other annual charges levied by the investment manager and some administration charges) are met by the members by deduction from the unit price. The Trustee regularly monitors and reviews the level of charges, as part of an annual review of the AVC/DC arrangements provided by the Plan.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the scheme invests, as this ultimately creates long-term financial value for the scheme and its beneficiaries. The Trustee also recognises that these issues may be of particular interest to scheme members.

The Trustee reviews the suitability of the scheme's appointed asset managers, and takes advice from its investment consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee has set out in its policy, the Trustee endeavours to engage with the manager and seek a more sustainable position but may look to replace the manager.

The Trustee reviews the stewardship activities of its asset managers on an annual basis, covering both engagement and voting actions. The Trustee will review the alignment of its policies to those of the scheme's asset managers and ensure its managers, or other third parties, use their influence as major institutional investors to carry out the trustee's rights and duties as a responsible shareholder and asset owner. This will include voting,

along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

The Trustee will engage with its investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. This will take the form of annual reporting which will be commented on in the annual Implementation Statement.

In setting the range of funds available to members, the Trustee's primary concern is to seek the best return that is consistent with an appropriate level of risk. This includes the risk that environmental, social and governance factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly.

The AVCs and DC funds are held in pooled arrangements, managed by investment managers who are in a position to exert significant influence on the companies in which they invest on members' behalf. The Trustee therefore expects the underlying managers of funds offered through Zurich Assurance Limited and Utmost Life and Pensions Limited to:

- Where relevant, assess the integration of ESG factors in the investment process;
- Use their influence to engage with managers to ensure the assets are not exposed to undue risk; and
- Report to the Trustee on their ESG activities as required.

STEWARDSHIP – VOTING AND ENGAGEMENT

The Trustee believes that the exercise of rights (including voting rights) attaching to investments should be exercised by each investment manager, to whom the day to day responsibilities have been delegated. The Trustee believes that this will ultimately be in the best interests of the members. The Trustee also expects the Plan's investment managers to take into account social, environmental and ethical considerations in the selection, retention and realisation of investments.

COST MONITORING

It is the Trustee's view that long term performance, net of fees, is the most important metric on which to evaluate its asset managers.

Asset managers are remunerated by the deduction of set percentages of assets under management, which is in line with market practice. This avoids a short-term approach to investment performance that may be the result of any performance-related fees. The Trustee therefore believes it is important to understand all the different costs and charges, which are paid by members. These include:

- Explicit charges, such as the annual management charge, and additional expenses that are disclosed by fund managers as part of the Total Expense Ratio ('TER'); and

- Implicit charges, such as the portfolio turnover costs (transaction costs) borne within a fund. The Trustees define portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the fund's portfolio. These are incurred on an ongoing basis and are implicit within the performance of each fund.

Other costs of providing the AVC/DC arrangements (e.g. administration, communication, and adviser costs) are not currently charged to members.

The Trustee collects information on these member-borne costs and charges on an annual basis, where available, and set these out in the Plan's Annual Chair's Statement regarding DC Governance (the "Annual Chair's Statement"), which is made available to members in a publicly accessible location.

No specific ranges are set for acceptable costs and charges, particularly in relation to portfolio turnover costs. However, the Trustee expects its DC investment adviser to highlight if these costs and charges appear unreasonable when they are collected as part of the Annual Chair's Statement exercise.

The Trustee will review its Stewardship, ESG and Cost Monitoring policies annually.

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure.

Dated: March 2025

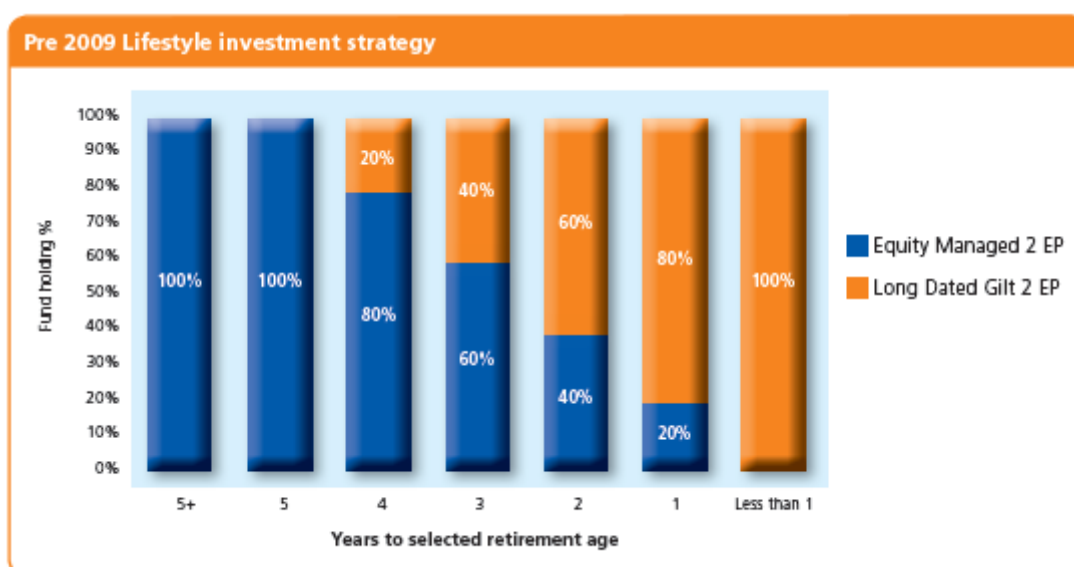
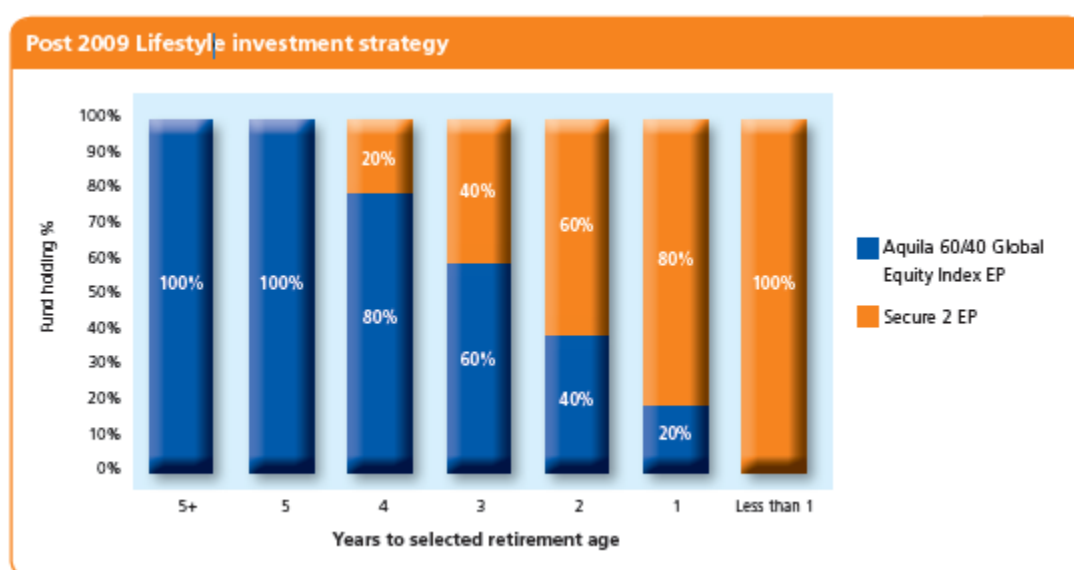
Appendix A: Current AVC & DC fund details

The fund range offered to members of the Zurich arrangements is set out below.

In addition, the Zurich policy offers two lifestyle strategies for AVCs and for DC funds. The lifestyle options manage risk for members by automatically moving the members' savings into more defensive investment options as the member approaches retirement.

The post 2009 Lifestyle investment strategy invests in the Aquila 60/40 Global Equity Index EP and the Secure 2 EP. From 2009, this was the default option for those members who did not make an active investment choice.

The pre 2009 Lifestyle investment strategy invests in the Equity Managed 2 EP fund, moving into the Long Dated Gilt 2 EP fund. From 2009, this lifestyle option was only open to those members already invested in it.

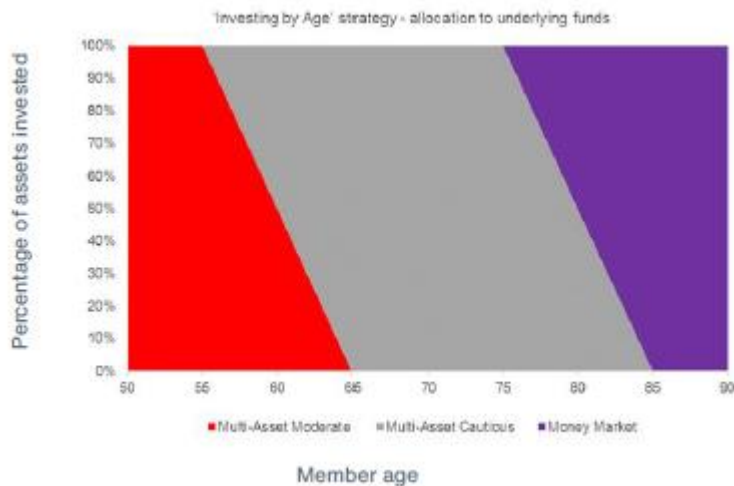


Funds – Zurich	Fund objective
American 2 EP	To outperform the S&P 500 Index over rolling 3-year periods, after the deduction of charges. The Fund invests at least 75% of its assets in shares of companies domiciled in the United States of America (US), or which have significant US business operations.
BlackRock ACS 60/40 Global Equity Index EP	To track closely the performance of the Fund's benchmark index FTSE Custom Composite UK All-Share 60% Dev Europe ex UK 13.3% US 13.3% Japan 6.7% Dev Asia Pacific ex Japan 6.7% Midday (12:00 UK) Net Tax (UK Pension) Index, before charges.
Aquila 50/50 Global Equity Index ZP	This fund invests into the BlackRock ACS 50:50 Global Equity Tracker Fund. It aims to provide a return by tracking closely the performance of the Fund's benchmark index (FTSE Custom Composite UK All-Share 50% Dev Europe ex UK 16.7% US 16.7% Japan 8.3% Dev Asia Pacific ex Japan 8.3% Midday (12:00 UK) Net Tax (UK Pension) Index).
Aquila Over 15 Years UK Gilt Index ZP	This fund invests in UK government fixed income securities (gilts) that have a maturity period of 15 years or longer. The fund aims to achieve a return consistent with the FTSE UK Gilts Over 15 Years Index, which is widely regarded as the benchmark for UK pension fund investment in the longer dated end of the UK gilt market.
Aquila UK Equity Index ZP	This fund invests in the Aquila Connect UK Equity Fund which in turn invests into the BlackRock ACS UK Equity Tracker fund. It aims to closely track the performance of the FTSE All-Share Custom ESG Screened Index.
Asia Pacific 2 EP	To outperform the MSCI AC Asia Pacific ex Japan Index over rolling 3-year periods, after the deduction of charges. The fund invests at least 75% of its assets in shares of companies domiciled in Asia (with the exclusion of Japan), or which have significant Asian (excluding Japan) business operations.
Equity Managed 2 EP	To invest in a broad spread of companies from the major world markets which, in the managers' views, hold good growth potential. It may also include fixed interest stocks, cash and property.
European 2 EP	To outperform the FTSE World Europe ex UK Index over rolling 3-year periods, after the deduction of charges. The Fund invests at least 75% of its assets in shares of companies domiciled in Continental Europe, or which have significant Continental European business operations.
Global Select 2 EP	This fund invests into the CT Global Select Fund. It aims to outperform the MSCI ACWI Index over rolling 3-year periods, after the deduction of charges. The Fund is actively managed, and invests at least 75% of its assets in shares of companies worldwide.
Henderson Global Sustainable Equity EP	To provide capital growth over the long term (5 years or more) by investing in companies whose products and services are considered by the Investment Manager (Janus Henderson) as contributing to positive environmental or social change. The Fund will avoid investing in companies (in some cases subject to thresholds) that the investment manager considers could contribute to environmental or societal harm and invest in companies that derive at least 50% of their revenues from products and services that are considered by the investment manager as contributing to positive environmental or social change and thereby have an impact on the development of a sustainable global economy.
Long Dated Gilt 2 EP	To achieve capital growth by investing in long dated (over 15 year) UK Government Bonds (gilts). Gilts offer a fixed income and a fixed capital value on maturity but fluctuate in value from time to time as economic conditions change.
Managed 2 EP	To achieve medium to long-term capital growth by investing in a mix of investments both by asset type and by economy (primarily in the UK but also globally). The fund invests in equity and property assets mainly to achieve growth, with the balance invested in gilts, deposits, money market instruments and other fixed interest securities to provide liquidity, security and income.
BNY Mellon Global Balanced ZP	To achieve a balance between income and capital growth over the long term (5 years or more). The Fund will invest anywhere in the world and invest at least 75% of the portfolio across a range of global asset classes including, without limitation, equities (company shares), fixed income (bonds), infrastructure, renewable energy, property, commodities and near cash. It will gain exposure to alternative asset classes, such as infrastructure, renewable energy, property and commodities, through stock exchange listed investments, other transferable securities and/or collective investment schemes. The Fund may invest in emerging markets, money market instruments, deposits, cash and near cash, bonds rated below investment grade (BBB-) by Standard & Poor's (or equivalent recognised rating agency), Contingent Convertible Securities.
Property 2 EP	The invest predominantly in the UK property market Properties are generally let on long-term leases to good quality tenants with regular rent reviews; some properties are acquired with the intention of carrying out development. This investment aim is intended to combine the prospects of good capital growth with a secure and rising rental income.
Secure 2 EP	This fund invests in short-term money market instruments which are actively managed by Columbia Threadneedle Asset Management Limited to combine competitive yields with security. The fund involves no risk to the unit price since this cannot fall.

UK Equity 2 EP	To outperform the FTSE All- Share Index over rolling 3-year periods. This fund invests 60% in the Columbia Threadneedle (CT) UK fund and 40% in the CT UK Equity Income fund. It invests at least 90% of assets in shares of companies listed on the London Stock Exchange; predominantly companies domiciled in the UK, or which have significant UK business operations. The funds select companies that exhibit above average income generation potential, as well as those considered to offer opportunities more by way of share price or dividend growth.
UK Preference and Fixed Interest 2 EP	To achieve a balance between maximising investment returns and achieving capital security. The core investment holding will predominantly be in British Government securities. Other Sterling fixed interest securities, including preference shares and index linked bonds, may be held.
Unitised With-Profits 5 EP	The fund invests in fixed and variable interest investments, shares, property, cash and more complex financial instruments. The fund works in a different way to other unit-linked funds in that the manager smooths the returns to minimise volatility and offer minimum fund guarantees at retirement or in the event of death before retirement. The returns are fairly shared out by a system of bonuses and market value reductions.

All members of the Utmost Life and Pensions arrangements invest in the ‘investing by age’ strategy.

The structure of this strategy is illustrated in the chart below.



Funds – Utmost Life and Pensions Limited	Objective												
Investing by Age Strategy	<p>The strategy spreads risk by investing in a range of investments. It reduces investment risk as members get older, based upon the member's age at the time, as shown in the table below.</p> <table border="1"> <thead> <tr> <th>Age</th><th>Investing by Age strategy - underlying funds</th></tr> </thead> <tbody> <tr> <td>Under 55</td><td>Multi-Asset Moderate Fund only</td></tr> <tr> <td>55 to 65</td><td>Gradual switch to Multi-Asset Cautious Fund</td></tr> <tr> <td>65 to 75</td><td>Multi-Asset Cautious Fund only</td></tr> <tr> <td>75 to 85</td><td>Gradual switch to the Money Market Fund</td></tr> <tr> <td>Over 85</td><td>Money Market Fund only</td></tr> </tbody> </table>	Age	Investing by Age strategy - underlying funds	Under 55	Multi-Asset Moderate Fund only	55 to 65	Gradual switch to Multi-Asset Cautious Fund	65 to 75	Multi-Asset Cautious Fund only	75 to 85	Gradual switch to the Money Market Fund	Over 85	Money Market Fund only
Age	Investing by Age strategy - underlying funds												
Under 55	Multi-Asset Moderate Fund only												
55 to 65	Gradual switch to Multi-Asset Cautious Fund												
65 to 75	Multi-Asset Cautious Fund only												
75 to 85	Gradual switch to the Money Market Fund												
Over 85	Money Market Fund only												
Multi-Asset Moderate	To provide capital growth in the long term by investing in a combination of asset classes including equities, fixed income, property and cash with the potential for moderate to high levels of price fluctuations.												
Multi-Asset Cautious	To provide capital growth in the long term by investing in a combination of asset classes including equities, fixed income, property and cash with the potential for low to moderate levels of price fluctuations.												
Money Market	To preserve capital whilst aiming to provide a return in line with prevailing short term money market rates.												