Statement of Investment Principles

1. Introduction

This edition of the Statement has been prepared by the Trustees of The Equity Staff Pension Scheme in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended), and Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005, and any subsequent additional regulations. It supersedes the previous edition dated 18 June 2019.

In preparing this edition the Trustees have taken appropriate written advice from a suitably qualified individual, Simon Jagger FIA, Director of Jagger & Associates Limited. The Trustees have also consulted with the principal sponsoring employer. This Statement is consistent with the Scheme's governing documents.

The Scheme provides career average salary related benefits but some past service is final-salary-related. There is no formal employer-related investment made by the Trustees, and none is intended. The employer intends to remit all relevant contributions to the Trustees within the relevant timescales. The Scheme is registered with HM Revenue and Customs.

2. Delegation of Investment Management

The Trustees use a range of funds within a Pooled Fund Policy provided by Legal & General Investment Management. The details of the appointment, covering the roles of the various parts of the Legal & General organisation, and its various subsidiaries and associated companies, are covered in the proposal form and in any legally valid subsequent amendments thereof with effect from 1 April 1999, the date of the initial investment. The provider, where relevant, is suitably authorised under the Financial Services and Markets Act 2000.

The Trustees consider these investment products to be appropriate investments for the Scheme. In deciding to invest in these funds, the Trustees sought advice from their professional advisers as to the products' suitability. The Trustees will review their decision from time to time with their advisers.

3. The Investments Held

The invested assets of the Scheme are held in a Global Equity fund, a Diversified Growth fund, a Property fund, an Index-Linked Gilt fund, a Corporate Bond fund, and a High Yield Bond fund. The broad split of the assets between the funds is 30% Corporate Bonds, 15% High Yield, 15% Index Linked Gilts, 15% Diversified fund, 10% Property and 15% Global Equity. The Trustees will keep the allocation of the Scheme's invested assets between the relevant funds under review, however the SIP will not be revised other than for a change to any benchmark weight of more than 10%.

The Trustees can also use cash products at Legal & General, and also the Trustees' bank account, to facilitate the general management of the Scheme.

The Global Equity (50:50) Fixed Weights Fund is a passively managed fund-of-funds that is comprised of 50% UK Equities and 50% Overseas Equities. Each equity asset class tracks its own relevant index (for example the UK Equity portion tracks the FTSE All Share Index). The Overseas Equity distribution represents 1/3 in North America, 1/3 in Europe (ex-UK) and 1/3 in Asia (split between Japan and Asia Pacific). The fund may be held in currency-hedged or unhedged form, and the Trustees can move between these forms without triggering a review of the SIP.

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The Diversified Fund is a fund-of-funds arrangement that aims to provide exposure to a wide range of asset classes, to provide a similar rate of return as developed market equities over the long term.

The L&G Property Fund has the discretion to invest in UK commercial property.

The Index-Linked Gilt product is a passively managed fund that aims to track the relevant FTA Government Index-Linked Gilt Index on a total return basis.

The Corporate Bond product invests primarily in sterling denominated corporate bonds with a relevant term to maturity across a range of AAA, AA, A and BBB rated issuers. The fund may hold gilts to provide short-term liquidity when needed, but they only amount to a small proportion of the fund. The fund aims to replicate the relevant iBoxx Sterling Non-Gilts Index.

In both the Index-Linked Gilt and Corporate holdings, the holding may move between All-Dated and various forms of Long-Dated and between active and passive forms without triggering a review of the SIP.

The High Yield Bond product is an actively managed fund that invests in sub-investment grade US dollar, euro and sterling denominated corporate bonds. Its benchmark is the ICE BofA Global High Yield BB-B rated (ex-Financials) 2% constrained Currency Hedged Index.

4. Expected Return on Investments

Equity-based, growth-based and Property products are designed to produce a return in excess of both general salary and price inflation over the long term. The products used by the Trustees are expected to enhance the real value of the Scheme's assets over the long term, which is a fundamental element of the Trustees' investment policy.

The Global Equity Index Fund is a fund-of-funds product and so therefore does not aim to track a single index. The aim of each of the underlying funds is to match the performance of a corresponding index whilst aiming for a particular tracking error in two out of every three years. The details of the main indices and the current corresponding tracking errors are as follows:

Equity Fund	Index	Tracking error
UK	FTSE All-Share	+/- 0.25% p.a.
North America	FT World North American	+/- 0.50% p.a.
Europe (excluding-UK)	FT World Europe (ex-UK)	+/- 0.50% p.a.
Japan	FT World Japan	+/- 0.50% p.a.
Asia Pacific (excluding Japan)	FT World Asia Pacific (ex-Japan)	+/- 0.75% p.a.

Tracking errors may be revised from time to time, but this statement will not be revised for this in isolation.

The Diversified Fund aims to provide a similar rate of return as developed market equities over the long term, but this annual return can also be thought of as Gilts + 3.5%-4.0% (where Gilts are taken as the risk-free rate, rather than short term cash). The Fund's volatility is expected to be 2/3rds of that of global developed market equities over the long term.

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The managed property product aims to exceed the AREF/IPD Quarterly All Balanced Funds Index net of fees over rolling three and five-year periods.

It is the Trustees' expectation that the Index-Linked Gilt product will track the total return of the relevant FT-A Government Index-Linked Gilt Index to within +/- 0.25% p.a. for two years in three.

The Corporate Bond product may produce more volatile absolute returns over short-term periods than the Gilt product. However, in the longer term, it is the Trustees' expectation that the fund will produce a return in line with the relevant iBoxx Sterling Non-Gilt Index to within +/- 0.5% p.a. for two years in three.

The High Yield Bond product is an actively managed fund. It aims to produce returns superior to the Corporate Bond product due to both its active management and as compensation for the increased risk of default. It is the Trustees' expectation that the fund will produce gross-of-fees returns of 1.0% p.a. in excess of the specified benchmark over rolling 3-year periods.

5. Risk Management & Risk Measurement

The Trustees are satisfied that their manager is prudent and professional in its general approach to investment. The Global Equity and Diversified Growth products involve units in funds that hold diversified portfolios of shares to reduce the stock-specific risk to the Scheme of investing in equities, and the Property fund holds a range of commercial properties. Similarly, the Bond products each involve a diversified portfolio of securities to reduce the security-specific risk faced by the Scheme of investing in fixed and variable rate securities.

The funds used are viewed as appropriate investment vehicles for the investment strategy of an ongoing pension scheme. The fact that a large proportion of the total assets is invested in funds that are broadly passive removes the investment risks inherent in a more active manager strategy. The Trustees will keep the asset allocation under review.

The Trustees incorporate risk measurement within their performance monitoring and periodic strategy reviews.

6. Realisation of Investments

The Trustees' policy is to ensure that the assets invested are sufficiently realisable to enable the Trustees to meet their obligations to provide benefits as they fall due. The Trustees are satisfied that the arrangements in place conform to this policy. The Trustees monitor their net cashflow position, the likely need to realize capital, and hence any effect on asset allocation and the choice of investment funds.

7. Additional Voluntary Contributions

The Scheme does not allow AVCs.

8. Environmental, Social and Governance (ESG) Considerations including Voting and Engagement

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest in pooled funds and cannot therefore directly influence the environmental, social, and governance policies and practices of the companies in which the pooled funds invest. The Trustees exclude non-financial matters in the selection, retention and realisation of investments.

The Trustees have no formal policy on either ESG or delegation of voting rights. Instead, they have delegated the responsibility for these matters to their investment manager, who will from time to time report on their current and future actions in these areas.

The Trustees will consider a manager's ESG credentials during their appointment process, and will ask for at least an annual written update on each manager's activity for the products used by the Trustees. The Trustees will include a statement in the annual report to advise members that this has been done.

As the Trustees use pooled funds, their asset managers are not incentivised to align their investment strategy and decisions with the Trustees' policies, nor are they incentivised to make decisions based on assessments about medium to long-term performance of an issuer of debt or equity, nor to engage with those issuers in order to improve their performance. However, the managers may make such decisions and/or engage of their own accord.

Performance monitoring, manager remuneration and duration of manager appointments are covered elsewhere in this Statement. As the Trustees use pooled funds, there is no targeted portfolio turnover or turnover range.

As the Trustees use pooled funds, they do not need to have an engagement policy in relation to monitoring the capital structure of companies they invest in, or any associated potential conflicts of interest.

The Trustees publish their SIP online for general public access. In addition, the Trustees publish annually online an engagement policy implementation statement that outlines how the various requirements (set out above) have been followed during the year, and describes the voting behaviours of the asset managers on their behalf.

9. Compliance

The Trustees will formally review this statement as and when required, and at least every three years, with the assistance of their advisers. A copy of this statement is available for inspection by Scheme members. This statement has been agreed by the Trustees on .June......14TH.....2023..........

Signed on behalf of the Trustees by

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