

United Glass Pension Plan

Statement of Investment Principles

Barnett Waddingham LLP

December 2022

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1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustee of the United Glass Pension Plan (the Plan). This statement sets down the principles which govern the decisions about investments that enable the Plan to meet the requirements of:
 - the Pensions Act 1995, as amended by the Pensions Act 2004;
 - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010, the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Occupational Pension Schemes (Investment and Disclosure) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustee has consulted O-I Glass Limited, the Company, and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority for a range of investment business activities.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Plan Funding legislation.
- 1.4. The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.5. The investment powers of the Trustee are set out in Clause 7 of the Sixth Definitive Trust Deeds and Rules dated 20 April 2016. This statement is consistent with those powers.

2. Choosing investments

- 2.1. The Trustee's policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustee considers the advice of its professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2. The day-to-day management of the Plan's assets is delegated to one or more investment managers. The Plan's investment managers are detailed in Appendix 1 to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.
- 2.3. The Trustee reviews the appropriateness of the Plan's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustee will also consult the employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustee has discussed key investment objectives in light of an analysis of the Plan's liability profile as well as the constraints the Trustee faces in achieving these objectives. As a result, the Trustee's main investment objectives are:
- to achieve a long-term positive real return;
 - to manage the expected volatility of the returns achieved in order to control the level of volatility in the Plan's required contribution levels;
 - to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from the Company, the cost of current benefits which the Plan provides;
 - to reduce the risk of the assets failing to meet the liabilities over the long term;
 - to minimise the long-term costs of the Plan by maximising the return on the assets whilst having regard to the above objectives.
- 3.2. The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Plan's liabilities. The Trustee has obtained exposure to investments that they expect will meet the Plan's objectives as best as possible.

4. Kinds of investments to be held

- 4.1. The Plan is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives.
- 4.2. The Trustee monitors from time-to-time the employer-related investment content of their portfolio as a whole and will take steps to alter this should they discover this to be more than 5% of the portfolio. Typically, this check is carried out annually by the Plan's auditors.

5. The balance between different kinds of investments

- 5.1. The Plan invests in assets that are expected to achieve the Plan's objectives. The allocation between different asset classes is contained within Appendix 1 to this Statement.
- 5.2. The Trustee considers the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1 to this Statement.
- 5.3. From time to time the Plan may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected items.
- 5.4. The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and therefore the Plan's asset allocation will be expected to change as the Plan's liability profile matures.

6. Risks

6.1. The Trustee has considered the following risks for the Plan with regard to its investment policy and the Plan's liabilities, and has considered ways of managing/monitoring these risks:

Risk versus the liabilities

The Trustee will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. Liability driven investment is employed to manage the impact of fluctuations in interest rates and inflation on the Plan's funding level. The investment strategy is set with consideration to the appropriate level of risk required for the funding strategy as set out in the Plan's Statement of Funding Principles. The Trustee also receives regular funding updates such that it can review the development of the assets compared to the liabilities.

Covenant risk

The creditworthiness of the Company and the size of the pension liability relative to the Company's earnings are monitored periodically. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.

Solvency and mismatching

This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustee is aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Plan's funding basis.

Asset allocation risk

The asset allocation is detailed in Appendix 1 to this Statement and is monitored on a regular basis by the Trustee.

Investment manager risk

The Trustee monitors the performance of each of the Plan's investment managers on a regular basis via quarterly reporting from the investment consultant in addition to having meetings with each manager from time to time as necessary, on a regular basis. The Trustee has a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.

Concentration risk

Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.

Liquidity risk

The Plan invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Plan's cashflow requirements. The Plan's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.

Currency risk

The Plan's liabilities are denominated in sterling. The Plan may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. Currency hedging is employed to manage the impact of exchange rate fluctuations and around 80% of the current equity allocation is invested in the currency hedged fund.

Loss of investment

The risk of loss of investment by each investment manager and custodian is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). The Trustee undertakes regular reviews of the internal controls and processes of each of the investment managers.

7. Investment Sub Committee

7.1. To assist in the monitoring process for the Plan, the Trustee has established a permanent Investment Sub-Committee ("ISC"), with the following key powers:

- to consult with the Company regarding the Trustee's investment policy;
- to review the strategic asset allocation for the Plan's assets and appropriate measurement benchmarks;
- to review the structure of the investment arrangements;
- to consider the appointment or removal of investment manager(s), including the preparation of shortlists of candidate investment managers, and taking into account relevant factors such as past performance, quality of the investment process, role suitability, service and the ability of the investment manager(s) to meet performance objectives (including the alignment of investment strategies with investment policies described further in Appendix 2);
- to ensure that the Plan's Statement of Investment Principles reflects the Trustee's agreed policies and that appropriate agreements (including instructions or procedures relating to the investment and divestment of assets) are in place from time to time in respect of all investment and custody arrangements;
- to review periodically the performance of investment manager(s), including the performance of the AVC funds;
- to monitor developments within the investment manager's business that may impact on the management of the Plan's assets;
- to maintain a policy for the process by which pensions provided by members' AVCs are secured under the Plan; and
- to consider communications made available to Plan members about AVC investment options.

7.2. In addition to the above matters, where appropriate or where requested by the full Trustee Board the Sub-Committee is permitted by the Trustee to consider such matters (investment or otherwise) as are relevant to the Plan.

7.3. The Sub-Committee will make recommendations to the Trustee but all decisions relating to the matters listed above shall be made by and remain the responsibility of the full Trustee board.

8. Expected return on investments

8.1. The Trustee has regard to the relative investment return and risk that each asset class is expected to provide. The Trustee is advised by its professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

8.2. The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

8.3. In considering the expected return from investments, the Trustee recognises that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.

8.4. Having established the investment strategy, the Trustee monitors the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the

Plan's funding position. The Trustee meets the Plan's investment managers as frequently as is appropriate in order to review performance.

9. Realisation of investments

- 9.1. The Trustee has delegated the responsibility for buying and selling investments to the investment managers. The Trustee has considered the risk of liquidity as referred to above.
- 9.2. Ultimately, the investments will all have to be sold when the Plan's life comes to an end. In this situation, the Trustee is aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Plan accounts.

10. Environmental, Social and Governance factors, voting and engagement

- 10.1. The Trustee has set policies in relation to these matters. These policies are set out in Appendix 2.

11. Agreement

- 11.1. This statement was agreed by the Trustee, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the Company, the investment managers, the actuary and the Plan auditor upon request.

**Prepared by the Trustees of the United Glass Pension Plan
December 2022**

Appendix 1: Investment policy of the Plan as at December 2022

1. Choosing investments

The Trustee has appointed the following investment managers to carry out the day-to-day investment of the Plan:

- Legal & General Assurance (Pensions Management) Limited (“L&G”);
- Schroder Pension Management Limited (“Schroder”), and;
- Janus Henderson Investors (“Henderson”).

The Trustee also has a contract with L&G for the investment of members’ Additional Voluntary Contributions (AVCs).

The investment managers are authorised and regulated by the Financial Conduct Authority.

2. The balance between different kinds of investment

The Plan has a strategic asset allocation as set out in the table below, which has been agreed after considering the Plan’s liability profile, funding position, expected return of the various asset classes and the need for diversification.

Liability Driven Investment (“LDI”)

The Trustee has also instructed L&G to manage a Leveraged LDI Solution for the Plan. This is designed to target interest rate and inflation hedge ratios of around 85% of liabilities (on the gilts-only basis). The Trustee monitors the target hedge ratios regularly in the context of the level of transfer value payments out of the Plan and the funding level.

The Leveraged LDI Solution comprises L&G’s Matching Plus funds, which incorporates a range of corporate bonds, fixed interest gilts, index-linked gilts, leveraged fixed interest gilts, leveraged index-linked gilts and fixed, real and inflation swap funds. L&G will monitor the hedge ratios on a weekly basis and rebalance the Leveraged LDI portfolio where necessary in order to maintain the hedge ratios within the specified tolerances of the target hedge ratios.

Equity Allocations

L&G are responsible for ensuring that the Plan’s exposure to each asset sub-class within the equity allocation is within specified control ranges of the Plan’s strategic asset allocation as set-out in the table below. L&G will rebalance the Fund, on a monthly basis, if the exposure to any of these asset sub-classes deviates outside of these ranges (i.e. the weighting to that particular asset class will be brought into line with the benchmark), initially and where possible by the application of cash flow.

Fund	Allocation (%)	Control range (%)
Future World Global Equity Index Fund – GBP Hedged	80	± 4.00
Future World Global Equity Index Fund	20	± 4.00
	100	

Rebalancing

The Trustee recognises that the asset allocation of investments in different asset classes will vary over time as a result of market movements.

The Trustee is responsible for monitoring the overall split between equities, Diversified Growth Funds (“DGFs”), multi-asset credit (“MAC”) and protection assets, based on information provided by Barnett Waddingham. It is the Trustee’s intention that monthly cash disinvestments plus proceeds from L&G’s Notional Income Service (“NIS”) arrangement achieves much of the required rebalancing between the various asset classes for the Plan. If the required rebalancing cannot be achieved from the use of cashflows, Barnett Waddingham will assess on a quarterly basis (as part of the regular investment monitoring reports) if any transfers need to be made between growth assets and protection assets, in order to comply with the agreed rebalancing procedures.

The Trustee seeks to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalances.

The high level asset allocation is set out below:

	Target allocation (%)	Control range (%)
Growth assets	20	± 5
Equities (L&G)	5	± 2.5
DGF (Schroder)	5	± 2.5
MAC (Janus Henderson)	10	± 2.5
Protection assets	80	± 5
Gilts/LDI/Cash (L&G)	45	± 5
Corporate bonds (L&G)	35	± 5

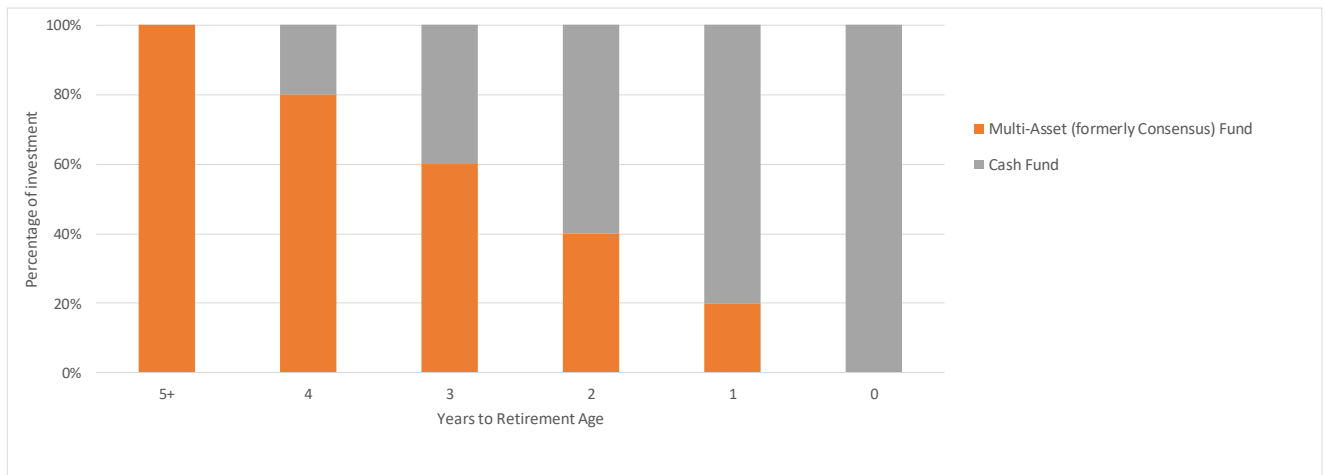
3. Investment benchmarks and objectives

The objectives for the LDI portfolio, including the hedging attributes provided by the corporate bonds, are contained within a separate agreement with L&G. L&G are able to invest in a range of pooled LDI funds covering gilts, index-linked gilts, leveraged gilts, leveraged index-linked gilts and leveraged swaps (real, nominal and inflation only). Each of these funds has their own objective, but the Trustee has an overall liability benchmark/objective which L&G seek to perform in line with.

The investment benchmarks and objectives for each investment manager, excluding the LDI funds and AVC provider are given below.

Fund	Benchmark	Objective
L&G Future World Global Equity Index Fund – GBP Hedged	Solactive L&G ESG Global Markets Index - GBP Hedged	Track the benchmark for two years out of three within +/- 0.60% p.a.
L&G Future World Global Equity Index Fund	Solactive L&G ESG Global Markets Index	Track the benchmark for two years out of three within +/- 0.60% p.a.
L&G Buy and Maintain Global Credit Fund	N/A	N/A
L&G Buy & Maintain Global Credit Maturing 20-24 Fund	N/A	N/A
L&G Buy & Maintain Global Credit Maturing 25-29 Fund	N/A	N/A
L&G Buy & Maintain Global Credit Maturing 30-34 Fund	N/A	N/A
L&G Buy & Maintain Global Credit Maturing 35-39 Fund	N/A	N/A
Schroder Life Diversified Growth Fund	ICE BofA Sterling 3-Month Government Bill Index	Outperform the benchmark by 4.5% p.a. (before fees) over rolling 5-year periods
Janus Henderson Multi Asset Credit Fund	SONIA	Outperform the benchmark by 4.0% p.a. (before fees) over any 5-year period

AVC Fund	Benchmark	Objective
L&G Multi-Asset (formerly Consensus) Fund	N/A	Provide long-term growth
L&G Over 15 Year Gilts Index Fund	FTSE A Government (Over 15 Year) Index	Track the benchmark for two years out of three within +/- 0.25% p.a.
L&G Global Equity Market Weights (30:70) Index Fund – 75% hedged	Composite of 30/70 distribution between UK and overseas, 75% GBP Hedged	Track the asset distribution of the benchmark, investing on a passive basis
L&G Cash Fund	7 day GBP LIBID	Perform in line with the benchmark
Lifestyle Strategy	N/A	Designed to invest in the L&G Multi-Asset (formerly Consensus) Fund until the member approaches five years from retirement, when there is a gradual reduction in risk, with quarterly switches into L&G Cash Fund (as highlighted in the chart below)



The performance of the investment managers will be monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

The AVC arrangement is reviewed from time to time.

4. Fee agreements

The fee arrangements with the investment managers are set out in the Trustees' Investment Manager Arrangement Summary document.

5. Investments and disinvestments

The Trustee makes monthly cash disinvestments from L&G. L&G are responsible for effecting these disinvestments from the most appropriate funds as part of their regular rebalancing. Where additional disinvestments (or investments) are required, they are usually made so as to move the actual asset allocation more in line with the target asset allocation, as advised by Barnett Waddingham.

Appendix 2: Note on financially material considerations, the exercise of rights and engagement activities, and non-financial matters

The Trustee believes that Environmental, Social and Governance (“ESG”) factors are financially material – that is, they have the potential to impact the value of the Plan’s investments from time-to-time. The Trustee appreciates that the method of incorporating ESG in the investment strategy and process will differ between asset classes.

The Trustee has reviewed the approach to ESG of all of the managers taking into account UN Principles for Responsible Investment scores where appropriate. The Trustee is comfortable that the funds currently invested in by the Plan are managed in accordance with their views on financially material factors, as set out in this policy. This position is monitored periodically, at least annually. As part of the monitoring process the Trustee is provided with quarterly updates on governance and engagement activities of the managers and input from the investment advisors on ESG matters. The Trustee has the opportunity to meet the managers and question them on policies. The views set out below will be taken into account when appointing and reviewing managers.

A summary of the Trustee’s views for each asset class in which the Plan invests is outlined below.

ESG Aware Passive Equities

The Trustee believes that ESG factors will be financially material to the risk-adjusted returns for equities over the Trustee’s intended time horizon. The Trustee accepts that fund managers must invest in line with the specified index, however, the Trustee has agreed to move to a passive fund range where ESG considerations are reflected, and some exclusions are made on ESG grounds provided that it does not have a meaningful impact on the tracking error of the fund. The Trustee believes that positive engagement on ESG issues can lead to improved risk-adjusted returns. Therefore, the Trustee looks to the passive equity manager to positively engage with companies where there is scope to improve the way ESG issues are taken into account when running the company. However, engagement activities (including the exercise of rights) should be consistent with, and proportionate to, the rest of the investment process.

Diversified Growth Funds

The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Plan’s diversified growth fund managers over the Trustee’s intended time horizon for the investment in question. The investment process for any diversified growth fund manager should take ESG into account when selecting holdings. The Trustee also supports engagement activities and, where relevant, the exercise of rights attaching to the investments by the Plan’s diversified growth fund manager. However, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Multi Asset Credit and Corporate Bonds

The Trustee believes that ESG issues will be financially material to the risk-adjusted returns achieved by the Plan’s credit holdings over the Trustee’s intended time horizon for the investment in question. The investment process for the manager should take ESG into account when selecting holdings. The Trustee also supports engagement activities, although they appreciate that fixed income assets do not typically provide voting rights. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Liability Driven Investment

The Trustee believes that ESG issues are not financially material to the risk-adjusted returns achieved by the Plan's Liability Driven Investment strategy, given its sole purpose is to provide a hedge against the Plan's exposure to movements in nominal interest rates and inflation.

Policy on the exercise of voting rights and engagement activities

The Trustee understands that investment rights (including voting rights) will be exercised by the investment managers in line with the investment managers' general policies on corporate governance, which reflect the recommendations of the UK Stewardship Code, and which are provided to the Trustee from time to time, taking into account the financial interests of the beneficiaries. The Trustee also expects managers to engage with companies in relation to ESG matters. The Trustee is comfortable with the investment managers' strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor.

When delegating investment decision making to their investment managers the Trustee provides managers with a benchmark they expect the managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustee is firmly of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities i.e. that they apply to equity, credit and property instruments or holdings. The Trustee also recognises that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustee considers it to be a part of their investments managers' roles to assess and monitor developments in the capital structure for each of the companies in which the manager invests on behalf of the Plan or as part of the pooled fund in which the Plan holds units. The Trustee also considers it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Plan. Where the Trustee uses pooled funds the Trustee expects the investment manager to employ the same degree of scrutiny.

Should an investment manager be failing in these respects, this should be captured in the Plan's regular performance monitoring carried out by the ISC (as described in section 7 above) and will be a relevant factor in the ISC's selection/deselection process for investment managers.

The Plan's investment managers are granted discretion over whether or not to hold the equity, debt or other investment in the employer's business (assuming that the holding would otherwise be permitted within the mandate). Through their consultation with the employer when setting this Statement of Investment Principles the Trustee has made the employer aware of their attitude to ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Plan's investment consultants, Barnett Waddingham, are independent and no arm of their business provides asset management services. This, and their FCA regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflicts of interest in this area.

The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes they have managed the potential for conflicts of interest

in the appointment of the investment manager and conflicts of interest between the Trustee/investment manager and the investee companies.

Policy for taking into account non-financial matters

The Trustee does not consider any non-financial matters, such as members' ethical views, when constructing the investment strategy and/or when selecting or reviewing fund managers.

Policy on arrangements with asset managers

Alignment of investment strategies with investment policies

Prior to appointing an investment manager, the Trustee discusses the investment manager's benchmark and approach to the management of ESG and climate related risks with the Plan's investment consultant, and how they are aligned with the Trustee's own investment aims, beliefs and constraints.

When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustee also considers how ESG and climate risk are integrated into these. If the Trustee deems any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will use another manager for the mandate.

The Trustee carries out a strategy review at least every three years where they assess the continuing relevance of the strategy in the context of the Plan and their aims, beliefs and constraints. The Trustee monitors the investment managers' approach to ESG and climate related risks on an annual basis.

In the event that the investment manager ceases to meet the Trustee's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated. The investment managers have been informed of this by the Trustee.

Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

Time horizon for making decisions and engagement

The Trustee is mindful that the impact of ESG and climate change may have a long-term nature. The Trustee recognises that the potential for change in value as a result of ESG and climate risk, may occur over a much shorter term than climate change itself. The Trustee has acknowledged this in their investment management arrangements.

When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustee assesses these over an agreed predetermined rolling timeframe. The Trustee believes the use of rolling timeframes, typically three to five years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustee expects this to be sufficient to ensure an appropriate alignment of interests.

The Trustee expects investment managers to be voting and engaging on behalf of the fund's holdings and the Plan monitors this activity within the Implementation Statement in the Plan's Annual Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short term targets.

Manager performance and remuneration

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

The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the actively managed funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less. Details of the fee structures for the Plan's investment managers are contained in the appendices.

The Trustee believes that this fee structure, including the balance between any fixed and performance related element, enables the active investment manager to focus on long-term performance without worrying about short-term dips in performance significantly affecting their revenue.

The Trustee asks the Plan's Investment Consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered every three years as part of the review of the Statement of Investment Principles.

Duration of arrangements with asset managers

For the open-ended pooled funds in which the Plan invests, there are no predetermined terms of agreement with the investment managers.

The suitability of the Plan's asset allocation and its ongoing alignment with the Trustee's investment aims, beliefs and constraints is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

Portfolio turnover costs

The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the regular investment monitoring process.

During the investment manager appointment process, the Trustee considers both past and anticipated portfolio turnover levels. When underperformance is identified deviations from the expected level of turnover may be investigated with investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

The Trustee acknowledges that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective and that such turnover does not necessarily reflect a change in the risk profile of the fund.