

# Vodafone UK Defined Contribution Pension Plan

## Statement of Investment Principles

### 1. Introduction

This Investment Statement sets out the principles governing decisions about investments for the Vodafone UK Defined Contribution Pension Plan (“the Plan”) to meet the requirements of the Pensions Act 1995 and as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005. In doing so, the Vodafone DC Pension Trustee Company Limited (the “Trustee” of the Plan) has taken advice from its investment advisers, Mercer Limited (“Mercer”). Vodafone Group Plc (the “Principal Employer”) has also been consulted. The Plan is a defined contribution plan.

The Trustee’s investment responsibilities are governed by the Plan’s Trust Deed and this Statement takes full regard of its provisions. A copy of the Plan’s Trust Deed is available for inspection upon request.

### 2. Governance Structure

The Trustee has ultimate responsibility for the investment of the Plan's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take and which to delegate, the Trustee has taken into account whether it has the appropriate training and expertise in order to take an informed decision. The Trustee has established the following decision making structure:

#### Trustee

- Sets structures and processes for carrying out their role;
- Sets investment structures and their implementation, including the structure of the blended funds;
- Selects and monitors investment advisers and fund managers;
- Sets structures for implementing investment strategy;
- Selects and monitors direct investments (see below); and
- Makes on-going decisions relevant to the principles of the Plan's investment strategy.

#### Mercer Limited, the investment adviser

- Advises on all aspects of the investment of the Plan assets, including implementation;
- Advises on this Statement;
- Provides required training; and
- Advises the Trustee on the suitability of each fund's structure, composition and benchmark.

### **Zurich Assurance Limited, the investment platform provider**

- Operates within the terms of this Statement and the written contract.

Provides access to an investment platform through which third party funds can be accessed by the Trustee, for the Plan's members.

### **Underlying fund managers**

- Select individual investments with regard to their suitability and diversification.

### **Mercer Workplace Savings**

- Provides advice in selecting the investment platform provider;
- Provides on-going governance monitoring services (i.e. on the investment platform provider);
- Provides investment governance of the investment platform provider's fund range.

The Statement is divided into sections which the Trustee believes contain, in aggregate, the prescribed contents under the Act and subsequent legislation. Sections 3 to 6 deal with the strategic management of the Plan's assets which is fundamentally the responsibility of the Trustee. Sections 7 to 10 deal with the day to day management of those assets (which is delegated to professional investment managers).

The Trustee is committed to maintaining the accuracy of this Statement on an on-going basis. However, their fiduciary obligations to Plan members will take precedence over their wishes, should these ever conflict.

## **3. Investment Objectives**

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards their duty as making available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs.

The Trustee also recognises that members may not believe themselves qualified to take investment decisions. As such, the Trustee makes available a default option. The default option is one of the lifestyle options available and places the emphasis on aiming to deliver a good level of real return over members' working lifetimes and also encompasses a switch into asset classes designed to provide some protection against equity market falls in the years approaching the member's selected target retirement age. Further information on the default option is provided in Section 4.

The Trustee's objectives translate to the following principles:

- a. Offering lifestyle options that allow members to prepare for how they wish to take their savings at retirement:
  - i. The "Cash Lifestyle Strategy", which is the default investment option, is designed for members who wish to withdraw their retirement savings in the Plan as a lump sum on retirement.

- ii. The “Annuity Lifestyle Strategy” is designed for members who wish to use their retirement savings in the Plan to take a tax-free cash lump sum of 25% and purchase a fixed annuity on retirement (with the remainder 75%).
  - iii. The “Income Drawdown Lifestyle Strategy” is designed for members who wish to withdraw their retirement savings in the Plan gradually, throughout retirement, via transferring to an income drawdown arrangement.
- b. Making available a range of pooled investment funds which serve to meet the varying investment needs and risk tolerances of Plan members. This includes offering both passively and actively managed investment funds.
  - c. Actively managed funds will only be included to the extent that the Trustee has a high level of confidence in the respective investment managers achieving their performance objectives, net of active investment management fees.
  - d. The Trustee has a desire to offer members a range of pooled investment funds and lifestyle options (including the default) with strategies that are highly rated by the Trustee’s investment adviser. Specifically, the Trustee will only choose new pooled investment funds that have strategies with the highest rating from their investment adviser. However, the Trustee recognises that in some cases there may be acceptable reasons to have pooled investment funds with strategies that do not have the adviser’s highest rating. For example, if the Trustee’s investment adviser downgrades the rating of an investment strategy used within a pooled investment fund by one level, the Trustee will consider replacing it with another strategy with the highest rating; however, in some instances, the Trustee will not necessarily do so if their investment adviser recommends that there is a sound reason to retain a downgraded strategy. However, in the event of a further downgrade (ie. two levels below the investment adviser’s highest rating), a change to a new pooled investment fund that has a strategy with the adviser’s highest rating will be undertaken.
  - e. Adopting a framework which provides flexibility to change investment managers proactively and which allows efficient fund switching (e.g. without out-of-market risk) as required.
  - f. Providing general guidance as to the purpose of each investment option.
  - g. Encouraging members to seek independent financial advice from an appropriate party in determining the most suitable option for their individual circumstances.
  - h. In determining an appropriate balance between providing flexibility and choice, as well as simplicity and cost control, the Trustee aims to make available a range of options which satisfy the needs of the majority of members.

The Trustee regularly reviews the suitability of the options provided and from time to time will change or introduce additional investment portfolios as appropriate.

#### **4. Default Investment Option**

Typically, a proportion of members will actively choose the default option because they feel it is most appropriate for them. However, the vast majority of DC scheme members do not make an active investment decision and are invested in the default option. Hence, the Trustee has made available a default investment option, the “Cash Lifestyle Strategy”. The Trustee considers the default to be appropriate for a member intending to take their retirement savings as a cash lump sum on retirement. The Trustee recognises that this will not be appropriate for all members and therefore encourages members to make their own investment decisions.

#### 4.1 The Aims of the Default Option

- The Cash Lifestyle Strategy manages investment and other risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management.
- In designing the Cash Lifestyle Strategy, the Trustee has explicitly considered the trade-off between risk and expected returns.
- If members wish to, they can opt to choose their own investment strategy or an alternative lifestyle strategy on joining but also at any other future date.
- Assets in the Cash Lifestyle Strategy are invested in the best interests of members and beneficiaries, taking into account the profile of members.
- Assets in the Cash Lifestyle Strategy are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.
- Assets are invested mainly on regulated markets (those that are not must be kept to prudent levels).

#### 4.2 The Trustee's Policy in Relation to the Default Option

In addition to the Trustee's Investment Beliefs (covered in Section 6), the Trustee believes that:

- The Cash Lifestyle Strategy's growth phase structure, which invests in equities and other growth-seeking assets, will provide growth with some downside protection and some protection against inflation erosion.
- As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that the default strategy that seeks to reduce investment risk as the member approaches retirement is appropriate.
- Based on their understanding of the Plan's membership, an investment strategy that targets full cash withdrawal at retirement is likely to meet a typical member's requirements for income in retirement, at least for retirements over the next five years or so. This does not mean that members have to take their benefits in this format at retirement – it merely determines the default investment strategy that will be in place pre-retirement. Members who intend to take their retirement benefits through other formats have the option of switching to an alternative lifestyle strategy prior to retirement or even choosing their own investment strategy.
- Members' retirement patterns and membership demographics can change over time. Hence, the Trustee will monitor actual experience in these areas over time with a view of assessing the continued suitability of the Cash Lifestyle Strategy as the default investment option.

Taking into account the current demographics of the Plan's membership and the Trustee's views of how the membership will behave at retirement, the Trustee believes that the current default option is appropriate and will continue to review this over time, at least triennially, or after significant changes to the Plan's demographic, if sooner.

## **5. The Trustee's Policy with Regard to Risk**

The Trustee has considered investment risk from a number of perspectives. These are:

- a. The risk that the investment return over members' working lives will not keep pace with inflation and does not, therefore, provide adequate savings to meet members retirement income needs;
- b. The risk that investment market movements in the period immediately prior to retirement leads to a substantial reduction in the level of members' retirement savings;
- c. The risk that the investment vehicles in which monies are invested under-perform the expectations of the Trustee; and
- d. The risk that the pooled funds, through which the Trustee allows members to invest, do not provide the required level of liquidity.

The Trustee believes that the investment strategy outlined in sections 3 and 4 is appropriate for meeting the risks outlined above.

## **6. The Trustee's Investment Beliefs**

The Trustee expects:

- the long-term return on the investment options that invest predominantly in equities and other growth-seeking asset classes (e.g. Diversified Growth Funds) to exceed price inflation and general salary growth;
- the long-term returns on the bond and cash options to be lower than the predominantly equity options;
- bond funds to broadly match the price of annuities, and so investing in a bond fund is expected to provide some protection for the amount of projected pension that a member could expect to purchase at retirement; and,
- cash funds to provide protection against changes in short-term capital values, and may be appropriate for members taking (all or part of) their retirement benefits in the form of a cash lump sum (although it is not guaranteed that these funds will not fall in value).

In choosing the Plan's investment options, it is the policy of the Trustee to consider:

- A full range of asset classes, including alternative asset classes;
- The suitability of different styles of investment management and the need for investment manager diversification;
- The suitability of each asset class within a defined contribution scheme;
- The need for appropriate diversification.

## **7. Additional Voluntary Contributions**

Members can invest additional voluntary contributions into the same funds that are available for the investment of regular contributions paid into the Plan. The Trustee regularly reviews the continuing suitability of the Plan's investment arrangements. The Trustee utilises Mercer as an investment consultant to advise on investment strategy and provider appointments, and to assist in monitoring the funds available, both in the form of written reports and attendance at meetings.

The Plan also holds legacy money purchase additional voluntary contribution investment options relating to members within the Vodafone Group Pension Scheme. These legacy money purchase additional voluntary contributions are closed to new contributions. Further details of which are provided in section 9.

## **8. Day-to-Day Investment Management**

The fund range offered to members is accessed through Mercer Workplace Savings ("MWS") on the investment platform provided by Zurich Assurance Limited ("Zurich"). The Trustee accesses the investment platform via a long-term insurance contract with Zurich.

The Pensions Act 1995 (and subsequent legislation) 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 policy of the Trustee is to review their direct investments and to obtain written advice about them at regular intervals. 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 Scheme (Investment) Regulations 2005 and the principles contained in this Statement. The advisor will have knowledge and experience required under section 36(6) of the Pensions Act 1995.

Day-to-day management of the assets is delegated to professional Investment Managers who are all authorised or regulated. The Trustee expects the Investment Managers to manage the assets delegated to them under the terms of their contracts. The range of funds offered to members incorporates funds from a number of Investment Managers.

The Investment Managers have full discretion to buy and sell investments on behalf of the Plan, subject to agreed constraints and applicable legislation. They have been selected for their expertise in different specialisations.

The Trustee recognises that it is not possible to specify investment restrictions where assets are managed via pooled funds and furthermore, given that it is Zurich that has the direct relationship with the third parties offering the funds (and not the Trustee).

The Investment Managers have appointed custodians for the safe custody of assets held within their pooled funds in which the Plan is invested. The custodians are responsible for the safekeeping of the assets held and for performing various administrative duties, such as the collection of interest and dividends and dealing with corporate actions.

The Trustee assesses the continuing suitability of the Plan's Investment Managers on a periodic basis. The Trustee's investment adviser is available to provide help in monitoring the Investment Managers, both in the form of written reports or attendance at meetings as required by the Trustee.

The Trustee will review the appointment of any Investment Manager for any reason it considers appropriate. These will include, but will not be limited to:

- Breach of investment guidelines;
- Changes to the investment management process, personnel or business management of the Investment Manager that could lead to a loss of confidence in the Investment Manager’s ability to outperform its benchmark over a full market cycle;
- Changes to the investment management process that results in the Investment Manager no longer being suitable for the mandate for which it was appointed.

## 9. Investment Options

### 9.1 Lifestyle investment options

Cash Lifestyle Strategy (also the default investment option)

If members do not make an active choice in selecting investment options, they will be defaulted into the Cash Lifestyle Strategy. Details of the default investment option are shown below. This option is also available for members to self-select.:

Investment Option	Investment Brief
Cash Lifestyle Strategy (default investment option)	The “Cash Lifestyle Strategy”, which is the default investment option, offers a changing investment programme designed to meet a typical member’s perceived changing financial needs as they move through their working life and approach retirement. This arrangement is designed for members who wish to withdraw their retirement savings in the Plan as a lump sum on retirement. It is designed to provide some level of protection, close to retirement, against adverse changes in market conditions.

The table below sets out the allocations up to retirement for the Cash Lifestyle Strategy:

Years to Retirement	Melody Fund	Harmony Fund	Cash Fund
>20	100	0	0
20	100	0	0
19	90	10	0
18	80	20	0
17	70	30	0
16	60	40	0
15	50	50	0
14	40	60	0
13	30	70	0
12	20	80	0
11	10	90	0
10	0	100	0
9	0	100	0
8	0	100	0
7	0	100	0

Years to Retirement	Melody Fund	Harmony Fund	Cash Fund
6	0	100	0
5	0	100	0
4	0	100	0
3	0	75	25
2	0	50	50
1	0	25	75
0	0	0	100

### Annuity Lifestyle Strategy

This investment option is available for members to self-select. Details of this investment option are shown below.

Investment Option	Investment Brief
Annuity Lifestyle Strategy	The “Annuity Lifestyle Strategy” offers a changing investment programme designed to meet a typical member’s perceived changing financial needs as they move through their working life and approach retirement. This arrangement is designed for members who wish to use their retirement savings in the Plan to take a tax-free cash lump sum of 25% and purchase a fixed annuity on retirement (with the remainder 75%). It is designed to provide some level of protection close to retirement against adverse changes in the market conditions which may impact annuity prices.

The table below sets out the allocations up to retirement for the Annuity Lifestyle Strategy:

Years to retirement	Melody Fund	Harmony Fund	Pre-Retirement Fund	Cash Fund
>20	100	0	0	0
20	100	0	0	0
19	90	10	0	0
18	80	20	0	0
17	70	30	0	0
16	60	40	0	0
15	50	50	0	0
14	40	60	0	0
13	30	70	0	0
12	20	80	0	0
11	10	90	0	0
10	0	100	0	0
9	0	100	0	0
8	0	100	0	0
7	0	100	0	0
6	0	100	0	0

Years to retirement	Melody Fund	Harmony Fund	Pre-Retirement Fund	Cash Fund
5	0	100	0	0
4	0	100	0	0
3	0	75	19	6
2	0	50	37	13
1	0	25	57	18
0	0	0	75	25

### Income Drawdown Lifestyle Strategy

This investment option is available for members to self-select. Details of this investment option are shown below.

Investment Options	Investment Brief
Income Drawdown Lifestyle Strategy	The "Income Drawdown Lifestyle Strategy" offers a changing investment programme designed to meet a typical member's perceived changing financial needs as they move through their working life and approach retirement. This arrangement is designed for members who wish to withdraw their retirement savings in the Plan gradually, throughout retirement, via transferring to an income drawdown arrangement.

The table below sets out the allocations up to retirement for the Income Drawdown Lifestyle Strategy:

Years to Retirement	Melody Fund	Harmony Fund	Cash Fund
>20	100	0	0
20	100	0	0
19	90	10	0
18	80	20	0
17	70	30	0
16	60	40	0
15	50	50	0
14	40	60	0
13	30	70	0
12	20	80	0
11	10	90	0
10	0	100	0
9	0	100	0
8	0	100	0
7	0	100	0
6	0	100	0
5	0	100	0
4	0	100	0

Years to Retirement	Melody Fund	Harmony Fund	Cash Fund
3	0	94	6
2	0	87	13
1	0	82	18
0	0	70	30

## 9.2 Self-select investment options

As an alternative to the three Lifestyle Strategies available, members can choose to invest in any of the following funds:

Fund (Asset Class)	Investment Objective	Underlying Funds
Melody Fund (Global and Emerging Market Equities)	The aim of the Fund is to provide members with a high risk tolerance the potential to achieve growth over the longer term by investing in global and emerging market equities only. This fund is likely to be subject to a high level of volatility in the short term.	15% Active Emerging Market Equity Fund  85% Passive Global Equity Fund
Symphony Fund (Multi-asset)	The aim of the Fund is to provide members with a moderate to high risk tolerance the potential to achieve growth over the longer term by investing mostly in equities and bonds. This fund is likely to be subject to a moderate to high level of volatility in the short term.	15% Bond Fund  42.5% Melody Fund  42.5% Target Return Fund
Harmony Fund (Multi-asset)	The aim of the Fund is to provide members with a moderate risk tolerance the potential to achieve growth over the longer term by investing mostly in equities and bonds. This fund is likely to be subject to a moderate level of volatility in the short term.	35% Target Return Fund  30% Bond Fund  35% Melody Fund
Active Global Equity Fund (Global Equities)	The aim of the Fund is to provide members with a high risk tolerance the potential to achieve growth over the longer term by investing in global equities only. This fund is likely to be subject to a high level of volatility in the short term.	40% MFS Meridian Global Equity  40% Schroder QEP Global Active Value  20% Baillie Gifford Long Term Global Growth
Active UK Equity Fund (UK Equities)	The aim of the Fund is to provide members with a high risk tolerance the potential to achieve growth over the longer term by investing in UK equities only. This fund is likely to be subject to a high level of volatility in the short term.	40% Baillie Gifford UK Equity Alpha  40% Artemis Equity Income  20% Lindsell Train Unconstrained UK Equity
Active Emerging Market Equity Fund (Emerging Market Equities)	The aim of the Fund is to provide members with a higher risk tolerance the potential to achieve growth over the longer term by investing in emerging market equities only. This fund is likely to be subject to a higher	50% Dimensional Emerging Markets Value  50% First State Global Emerging Markets Leaders

Fund (Asset Class)	Investment Objective	Underlying Funds
	level of volatility in the short term.	0% Wells Capital Berkeley Street Emerging Markets Equity
Target Return Fund ( <i>Multi-asset</i> )	The fund seeks to achieve medium to high levels of capital growth, above inflation, over the long-term with medium to high risk by investing predominately in shares and other asset types	33.4% Newton Real Return 33.3% Schroder Diversified Growth 33.3% Insight Broad Opportunities
Bond Fund ( <i>UK Fixed Interest Bonds</i> )	The fund seeks to achieve moderate levels of capital growth over the long-term, with medium risk by investing predominately in bonds issued by sovereigns and corporations.	50% Legal & General All Stocks Gilts Index 50% Legal & General AAA-AA-A Corporate Bonds All Stocks Index
Passive UK Equity Fund ( <i>UK Equities</i> )	The fund aims to track the performance of the FTSE All-Share Index to within +/-0.25% a year for two years out of three.	Legal & General UK Equity Index
Passive Global Equity Fund ( <i>Global Equities</i> )	The fund aims to provide diversified exposure to global equity markets, with c.75% of the overseas developed market currency exposure hedged back to Sterling.	9% Legal & General Passive UK Equity Index 21% Legal & General World (ex UK) Developed Equity Index 70% Legal & General World (ex UK) Developed Equity Index - GBP Currency Hedged
Passive Global Equity Ethical ( <i>Global Equities</i> )	The fund aims to track the performance of the FTSE4Good Global benchmark to within +/-0.25% p.a. for two years out of three.	Legal & General Ethical Global Equity Index
Index-linked Gilt Fund ( <i>UK Index-linked Bonds</i> )	The fund aims to track the sterling total return of the FTSE A Index-Linked (Over 5 Year) Index to within +/- 0.25% p.a. for two years in three.	Legal & General Over 5 Year Index Linked Gilts Index
Pre-Retirement Fund ( <i>UK Fixed-Interest Bonds</i> )	The fund aims to invest in assets that reflect the investments underlying a typical non-inflation linked pension annuity product.	Legal & General Pre-Retirement
Property Fund ( <i>UK Property</i> )*	The fund invests primarily in UK commercial and industrial property and its objective is to outperform similar funds in the marketplace.	Legal & General Managed Property
Cash Fund ( <i>Money Market Instruments</i> )	The fund aims to achieve an investment that is in line with wholesale money market short-term interest rates. Specifically, the fund will aim to better the return of Seven Day LIBID before fees.	Legal & General Sterling Liquidity
Shariah Fund ( <i>Global and</i> )	The fund aims to offer investors the opportunity to grow their money in line with the	HSBC Amanah

Fund (Asset Class)	Investment Objective	Underlying Funds
<i>Emerging Market Equities</i>	performance of the Dow Jones Islamic Titans 100 Index. The fund invests in company shares from around the world and is compliant with Islamic Shariah principles. The fund invests in the HSBC Life Amanah Pension Fund.	

\* This fund is currently closed to future contributions.

The Plan also holds legacy money purchase additional voluntary contribution investment options relating to members within the Vodafone Group Pension Scheme. These additional voluntary contribution assets are managed in an Equitable Life With Profits policy which is closed to new contributions. This policy aims to provide some level of guarantee in their return. The Trustee receives annual updates on the Equitable Life policies from their adviser and then considers whether any action should be taken on behalf of members.

### 9.3 Fees

The table below details the Total Expense Ratio (TER) applicable for each investment option within the Plan (including the four options which make up the Lifestyle Strategy). The TER includes the annual management charge (AMC), the platform charge from Zurich and the fees for MWS services. It also includes other fund manager costs not included in the AMC, which can fluctuate from time to time. The TERs shown below are correct as at May 2017, unless otherwise stated, and may vary from this over time.

Fund	Benchmark	TER (% p.a.)
Melody Fund	15% MSCI Emerging Markets Index 7.5% FTSE All-Share 17.5% FTSE Developed (ex UK) Index 60.0% FTSE Developed (ex UK) Index – GBP Hedged	0.234
Symphony Fund	6.36% MSCI Emerging Markets Index 3.18% FTSE All-Share 7.5% FTSE Developed (ex UK) Index 25.45% FTSE Developed (ex UK) Index – GBP Hedged 14.17% CPI + 5% p.a. 14.17% 3 month Sterling LIBID + 5% p.a. 14.17% 1 month Sterling LIBOR + 4% p.a. 7.5% FTSE A UK Conventional Gilts All Stocks Index 7.5% iBoxx £ Non-Gilts (ex BBB) Index	0.429

<b>Fund</b>	<b>Benchmark</b>	<b>TER (% p.a.)</b>
Harmony Fund	5.24% MSCI Emerging Markets Index 2.62% FTSE All-Share 6.13% FTSE Developed (ex UK) Index 21% FTSE Developed (ex UK) Index – GBP Hedged 11.67% CPI + 5% p.a. 11.67% 3 month Sterling LIBID + 5% p.a. 11.67% 1 month Sterling LIBOR + 4% p.a. 15% FTSE A UK Conventional Gilts All Stocks Index 15% iBoxx £ Non-Gilts (ex BBB) Index	0.385
Active Global Equity Fund	80% MSCI World Index 20% MSCI AC Index	0.699
Active UK Equity Fund	FTSE All-Share Index	0.755
Active Emerging Market Equity Fund	MSCI Emerging Markets Index	0.803
Target Return Fund	33.33% CPI + 5% p.a. 33.33% 3 month Sterling LIBID + 5% p.a. 33.34% 1 month Sterling LIBOR + 4% p.a.	0.744
Bond Fund	50% FTSE A UK Conventional Gilts All Stocks Index 50% iBoxx £ Non-Gilts (ex- BBB) Index	0.104
Passive UK Equity Fund	FTSE All-Share Index	0.103
Passive Global Equity Fund	9% FTSE All-Share 21% FTSE Developed (ex UK) Index 70% FTSE Developed (ex UK) Index – GBP Hedged	0.111
Passive Global Equity Ethical	FTSE4Good Global Index	0.275
Index-linked Gilt Fund	FTSE A Index-Linked (Over 5 Year) Index	0.098
Pre-Retirement Fund	Not applicable	0.131
Active Property Fund (UK Property)*	AREF/IPD UK Quarterly All Balanced Property Funds Index	0.720
Cash Fund	Seven Day Sterling LIBID	0.159
Shariah Fund	Dow Jones Islamic Titans 100 Index	0.373

\*Closed to new contributions

## 10. Social, Environmental or Ethical Investment

The Trustee believes that good stewardship and environmental, social and governance (“ESG”) issues may have a material impact on investment returns. Due to the arrangement with Zurich to access pooled funds, the Trustee has given the Investment Managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations attached to the Plan’s investments. However, in choosing the funds available to members, the Trustee has decided to make available a separate Shariah-compliant fund.

Similarly, the Plan’s voting rights are exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

## 11. Buying and Selling Investments

The Investment Managers have responsibility for buying and selling the underlying assets. As already mentioned, the day-to-day activities which the investment manager carries out for the Trustee are governed by the arrangements between the Investment Managers and Zurich.

## 12. Compliance with this Statement

The Trustee, Zurich, and Mercer each have duties to perform to ensure compliance with this Statement. These are:

- The Trustee will review this Statement regularly on the advice of Mercer and will record compliance with it at the relevant Trustee’s meeting. The Trustee will monitor the arrangement with Zurich and MWS to ensure that the service continues to meet the Plan’s needs and objectives. The Trustee will also consult with the Principal Employer over any changes to the Statement.
- Zurich will provide full information in respect of transactions in units in the underlying funds and valuations of the units held by the Plan from time to time as required by the Trustee:
- Mercer will provide the advice needed to allow the Trustee to review and update this Statement annually (or more frequently if required).