DCWW PENSION SCHEME
STATEMENT OF INVESTMENT PRINCIPLES

December 2023

Document Control

Document Name:	DCWW Pension Scheme Statement of Investment Principles		
Author:	BlackRock	Latest Version:	2.1

Publication History

Version	Version Date	Revised By	Description of Change(s)
1.0	04/12/2023	Original	

DCWW Pension Scheme
Statement of Investment Principles
December 2023

1. INTRODUCTION

1.1 Welsh Water Pension Trustee Limited ("the **Trustee**") as sole trustee of the DCWW Pension Scheme ("the **Scheme**") has prepared this Statement of Investment Principles ("**SIP**") to govern the investment decisions of the Scheme in order to meet its investment objective.

1.2 In preparing the SIP the Trustee has obtained and considered appropriate written advice from BlackRock (the "**Manager**"), and the Trustee will obtain and consider advice from an appropriate investment adviser in accordance with the requirements of the Pensions Act 1995 before revising the SIP in the future.

1.3 In preparing the SIP the Trustee has consulted Dŵr Cymru Welsh Water, the Scheme's principal employer (the "**Principal Employer**"), and the Trustee will consult the Principal Employer before revising the SIP in the future.

1.4 It is the Trustee's policy to review the SIP at least every three years and as part of any significant change in investment policy. As a minimum, the Trustee will review the SIP every three years. The Trustee will notify the Manager of any material changes to the Scheme's circumstances. Furthermore, any material changes to the employer covenant or Scheme will trigger a strategy review, at which point the Trustee will notify the Manager.

1.5 The SIP has been prepared in accordance with Section 35 of the Pensions Act 1995, as amended by the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005.

1.6 The SIP will be made available on a publicly accessible website at

https://corporate.dwrcymru.com/en/library/company-statements/dcww-pension-scheme-statement-of-investment-principles

1.7 The Trustee's investment powers are set out in the Scheme's trust deed and rules and this SIP is consistent with such powers.

2. INVESTMENT OBJECTIVE AND STRATEGY

2.1 The Trustee's primary objective is to invest the Scheme assets in an effective and efficient way to ensure members' accrued benefits are paid from the Scheme, and on the basis that the sponsoring employer is able and willing to support the Scheme over the long term.

2.2 Following a detailed and extensive review of the Scheme's investment strategy and having reviewed the Scheme's liability profile and received independent advice on the strength of employer covenant, the Trustee has designed a cashflow matching investment strategy such that, with appropriate input from the Scheme Actuary, the next following 10 years' cashflows from the Scheme are, so far as possible, matched; with an appropriate allocation of growth assets in respect of the longer-term liabilities.

2.3 The Trustee's investment strategy for the Scheme is to

- invest the Scheme assets in such a ways so that the Scheme achieves a return of RPI plus 2.9%;

- invest in a diversified portfolio of primarily investment grade fixed income securities which will provide an income stream in line with the cashflow matching requirements which are set by the Trustee on advice from the Scheme Actuary; and

- invest in a diversified portfolio of assets to achieve an efficient "risk versus reward" trade off with the objective of achieving sufficient returns to reach full funding on a technical provisions basis[1].

2.4 In determining the investment strategy for the Scheme, the Trustee took into account the following key considerations:

- The long-term funding obligations, with particular focus on the Scheme's cash flow requirements to meet the benefit payments due in the next following 10 year period;

- the profile of the Scheme's liabilities, membership, funding level and strength of employer covenant, including contingent funding support provided by the Principal Employer, noting particularly that:

  - The Scheme is closed to new members and to future service accrual for existing members. The Scheme is therefore maturing, with more retired members receiving benefits than employed members;

  - the employer covenant has been independently assessed as strong and is expected to remain strong due to the Company structure and its 25 year licence to operate; and

  - the sponsoring employer has declared its support for the cashflow matching strategy and has demonstrated its commitment to the Scheme over the long term by agreeing to an RPI Cover Arrangement and a Contingent Funding Agreement to protect the pension fund from inflation and fund deficits respectively.

- the best interests of the Scheme beneficiaries; and

- any considerations which the Trustee believe to be financially material over the appropriate time horizon for funding Scheme benefits.

3. **SCHEME DETAILS**

3.1 The Scheme operates for the sole purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries.

3.2 It is a defined benefit pension scheme which is closed to new members. The Scheme is also closed to future accrual with the exception of a very small number of Electricity Act 1989 "protected persons" who continue to be active members.

[1] Consideration is also to be given to how this interacts with a long-term funding target.

3.3 The Trustee holds AVC assets separately from the main fund in the form of individually earmarked policies with Standard Life Assurance Company ("**Standard Life**") and Utmost Life and Pensions ("**Utmost**"). For future contributions fund choices are available through the Standard Life and Utmost policies. The Trustee believes that the range of fund options available gives members access to a simple, efficient and diversified strategy and are suitable for meeting the members' long- and short-term investment objectives. They have taken into account members' potential circumstances and members' potential attitudes to risk.

3.4 The Scheme's AVC arrangement provides for benefits to be accrued by active members of the Scheme on a defined contribution basis. In selecting appropriate investments, the Trustee is aware of the need to provide a range of investment options, which broadly satisfy the risk profiles of all members, given that members' benefits will be directly determined by the value of the underlying investments.

4. GOVERNANCE

4.1 The Trustee is responsible for setting the general investment policy and ensuring that it is consistent with the Scheme's funding objectives and its assessment of the employer covenant. The Trustee is also responsible for:

- setting a policy in relation to financially material considerations, including those relating to ESG considerations;
- setting a policy on the exercise of rights, such as voting rights, and undertaking engagement activities in respect of the investments;
- ensuring that effective governance arrangements are in place, with such arrangements being appropriately documented and monitored;
- appointing, reviewing and assessing the performance of investment managers, advisers and consultants;
- reviewing and assessing the exercise of the investment powers which are delegated to investment managers;
- communicating with members as required and as appropriate in respect of investment matters;
- reviewing the content of this SIP from time to time and undertaking updates and modifications as appropriate; and
- consulting with the Principal Employer of the Scheme in respect of the SIP as required in accordance with section 35 of the Pensions Act 1995.

4.2 The Trustee has delegated the review of certain investment matters to the Funding and Investment Sub-Committee. Any decisions and actions taken, however, remain the ultimate responsibility of the Trustee.

4.3 The Trustee has appointed the Manager to manage the Scheme's assets in line with the Investment Management Agreement between the Trustee and the Manager (the "**IMA**"), dated 11 March 2020 and as subsequently amended from time to time.

4.4 The Trustee delegates the day-to-day investment decisions and management of the fund to the Manager. In particular, the selection of particular investments is left to the Manager.

4.5 The Manager will be responsible for having regard to the need for diversification of investments so far as appropriate and to the suitability of investments, and for giving effect to the principles contained in the SIP as far as reasonably practicable. In this respect, the Manager has full authority and discretion to enter into investments on the Trustee's behalf, without reference to the Trustee, provided that the Manager at all times complies with the restrictions and investment guidelines which are set by the Trustee from time to time.

4.6 The Manager will also be responsible for participating with the Trustee in reviews of this SIP in consultation with the Scheme's principal employer.

4.7 The Trustee will regularly review the investments over which it has control and obtain written advice regarding the suitability of investments, taking into account the interests of the Scheme beneficiaries, the overall investment of Scheme assets, the principle s of this SIP and compliance with relevant legislation and the Scheme's trust deed and rules. All investment advisers who are consulted will have the knowledge and experience required under the relevant provisions of the Pensions Act 1995.

4.8 Further details of the governance structure and advisers are set out in Appendix A.

5. DELIVERING THE INVESTMENT STRATEGY

5.1 The Trustee seeks to achieve the Scheme's investment objective through investing in a diversified mix of assets that balances investment return against volatility, and to balance the investments held against the current and future needs of the Scheme.

5.2 The Trustee has reflected its investment strategy and investment objective in the IMA with the Manager whereby, within certain permitted ranges, the Manager determines an appropriate asset allocation which seeks to achieve such investment objective. In doing so the Manager takes into account the restrictions contained within the IMA, which outlines the parameters the Manager must operate within. The IMA is subject to change over time as the strategy evolves.

5.3 The table below sets out the permitted ranges for asset allocation which the Trustee has set for the Manager:

Asset Allocation Table:

Portfolio Strategy	Permitted Ranges	
	Minimum (%)[1]	Maximum (%)[1]
Growth Strategy	**0.0%**	**80.0%**
Liquid Assets	0.0%	80.0%
Illiquid Assets	0.0%	35.0%
Cashflow Matching Strategy	**20.0%**	**100.0%**

[1] As a percentage of total portfolio assets by market value

6. RISK MANAGEMENT

6.1 The Trustee recognises that the key risk to the Scheme 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 Scheme's funding level and therefore contribute to funding risk. These are as follows:

6.1.1 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.

6.1.2 The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("**cash flow risk**"). The asset allocation has taken into account the Scheme's liability cashflow profile from the most recent Actuarial Valuation in 2019 and considering historic transfer activity for the Scheme. This should offer sufficient liquidity to meet liquidity needs. The Trustee receives an annual update on cashflow requirements and forecasts from the Scheme Actuary to support the investment strategy, this includes an RPI underpin agreement with the Company. Should liquidity requirements change then the Trustee will notify the Manager and update the IMA accordingly.

6.1.3 The failure by the Manager to achieve the rate of return required to meet the investment objective ("**manager risk**"). This risk is considered by the Trustee upon the initial appointment of the Manager and on an ongoing basis thereafter (for example by regular monitoring including direct meetings with investment managers). The Trustee can observe the performance of the Manager in achieving the rate of return required by the investment objectives through evaluation of the portfolio performance via the Manager's periodic investment reporting

6.1.4 The failure to spread investment risk ("**risk of lack of diversification**"). The Scheme's growth assets are invested across a range of pooled funds. The cashflow matching strategy is invested in a segregated portfolio that holds a diverse set of fixed income securities. At a scheme level the assets are well diversified in order to target the Scheme's investment objective.

6.1.5 The possibility of failure of the Scheme's sponsoring employer ("**covenant risk**"). The Trustee considered this risk by taking external advice when setting the Scheme's investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy. This was particularly relevant in the context of designing the cashflow driven investment strategy. In connection with this, therefore, the Trustee has entered into specific contingent funding agreements with the Principal Employer under which additional payments are made to the Scheme and engagement with the Principal Employer will take place with a view to additional funding being provided to the Scheme if there are material deteriorations in the Scheme's funding level. Outside of external covenant advice, the Trustee receives regular covenant updates from the sponsoring employer as part of the Integrated Risk Management plan.

6.1.6 The risk that exposure to overseas currencies has an adverse influence on investment values ("**currency risk**"). The Trustee considered this risk when setting the Scheme's investment strategy and this is managed by hedging a proportion of the overseas currency exposure. The Trustee receives appropriate investment advice in respect of hedging arrangements, and this is also addressed by the Manager's role in managing the cashflow driven investment portfolio.

6.1.7 The risk that environmental, social and governance factors have an adverse effect on the long- term performance of the Scheme assets ("**ESG Risks**"). The Trustee ensures that the Manager explicitly incorporates ESG information into investment decisions when considering the appointment and de-selection of investment managers.

6.1.8 The risk that a custodian defaults ("**custodian risk**"). Assets are managed primarily within pooled funds and custody-related risks in relation to underlying pooled fund investments are managed by management companies or operators of such pooled funds. Outside of the pooled fund investments, the Trustee has appointed a Scheme custodian (BNY Mellon) to manage cashflows and settle trades on time.

6.1.9 The risk that events outside the control of the Scheme have an adverse influence on investment values ("**event risk**"). The Trustee periodically reviews stress tests on the portfolio to understand the effect that extreme events could have on the Scheme's funding level so that they are able to plan accordingly. In addition, the Scheme invests in a diversified portfolio of assets to help manage volatility.

6.1.10 The risk that a counterparty fails to fulfil its side of the agreement it makes in connection with derivative transactions ("**counterparty risk**"). The Trustee has appointed the Manager to mitigate this risk by assessing the credit quality of the counterparties it transacts with, as well as ensuring appropriate counterparty diversification and that collateral payments are made where required.

6.1.11 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.

6.2 The Trustee considers risk holistically across the Scheme's portfolio and hence the Scheme's assets are invested across a diverse range of investments, which includes a cashflow driven investment strategy that will comprise of investment grade bonds. Asset classes and instruments that may be used as part of the investment strategy include, but are not limited to, the following:

6.2.1 Equities – both active and passive strategies invested across different regions;

6.2.2 Credit – both active and passive across the spectrum of risk including Investment Grade, High Yield, Emerging Market;

6.2.3 Alternatives – these are often less liquid than other “risk” assets where an illiquidity premium is rewarded. These are designed to offer a more diverse return stream to traditional risk assets such as equities. The Manager will seek approval from the Trustee prior to investing in this asset class;

6.2.4 Derivatives – the Manager may transact forwards and futures instruments for efficient portfolio management and to help manage risks. For example, management of currency risk.

6.3 The Trustee, with the aid of the Manager, monitors risk on both a qualitative and quantitative basis.

6.3.1 Examples of quantitative risk monitoring include the quarterly reporting of Long Term Absolute Risk, Value at Risk (VaR), and the impact on portfolio based on historical and hypothetical stress test analysis.

6.3.2 A qualitative risk scorecard, reviewed on a quarterly basis as part of the investment report, assesses risks associated with diversification , currency risk, custodian risk, operational risk.

7. **IMPLEMENTATION**

7.1 The Scheme assets will be invested in two component strategies:

7.1.1 **A growth strategy** that invests in a diversified portfolio of assets that includes exposure to equities, bonds and alternative assets.

7.1.2 **A cashflow matching strategy** that is designed to meet the cashflows of the scheme as they fall due. It therefore invests in a portfolio of investment grade bonds denominated in sterling, Euros and US dollars. Overseas currency exposure is hedged back to sterling using currency forward contracts.

7.2 Implementing portfolio investments has been delegated to the Manager under the IMA. The Manager has full authority and discretion to manage the Scheme asset allocation in such a way to achieve the Scheme’s investment objective, taking into account the restrictions set out in the Asset Allocation Table above, and the restrictions which are set by the Trustee from time to time.

8. **RESPONSIBLE INVESTING**

8.1 The Trustee recognises that ESG risks could impact the ability of the Scheme to meet its investment objectives and therefore the Trustee has considered how to evaluate and manage these risks when setting its investment strategy as set out in the following paragraphs (along with other matters).

8.2 The Trustee recognises that financially material considerations in addition to considerations of ESG risks should be taken into account. In this context, the Trustee takes the view that its primary responsibility is to act in the best financial interests of the Scheme's beneficiaries. Accordingly, the Trustee will consider and ensure that the Manager takes into account financially material considerations, alongside ESG risks, which are appropriate for the investment objective and time horizon of the Scheme throughout its investment decision making processes. For these purposes, the trustee considers the appropriate time horizon to reflect the Scheme's maturing liability profile.

8.3 The Trustee will request that:

8.3.1 the Manager, as part of its due diligence, assesses the approach of all the Scheme's investment managers in integrating ESG risks considerations into the selection, retention and realisation of investments, before appointing them;

8.3.2 As part of the Cashflow Matching Strategy the Manager will integrate ESG risk considerations into the selection, retention and realisation of investments.

8.3.3 The Manager, as part of its ongoing monitoring, will review the adherence of the Scheme's investment managers to their ESG principles and, on at least a quarterly basis, will report on key ESG metrics for the Scheme's investment managers and aggregate these to portfolio level where appropriate;

8.3.4 the Manager, as part of its ongoing monitoring, reviews the execution of voting and engagement responsibilities and periodically reports back its findings to the Trustee (for example where the Scheme invests in pooled funds, the Scheme's investment managers are responsible for exercising voting rights and reporting on how they have exercised those rights); and

8.3.5 where UK-domiciled investment managers are not signatories to the FRC's UK Stewardship Code, the Manager shall consider the investment manager's rationale for this position and, where appropriate, report back its findings to the Trustee.

8.4 The Trustee has decided not to take in to account non-financial material considerations in designing or implementing the investment strategy, including (but not limited to) the views of members and beneficiaries of the Scheme.

9. **STEWARDSHIP**

9.1 The Trustee understands that stewardship can enhance value over the long term and recognises that it has a responsibility to act as a good steward and protect and grow the long-term value of the Scheme for the benefit of the Scheme's members.

9.2 In order to be a good steward, the Trustee has set a policy to ensure that the Scheme's respective stakeholders undertake activities in relation to issues that have a material impact on the long-term value of the Scheme's investments.

9.3 The Trustee does not monitor or engage with issuers or other holders of debt or equity. The Trustee expects the Manager to ensure that the stewardship policy is appropriately implemented and monitored as far as is reasonably practicable and considering the long-term financial interests of the Scheme's beneficiaries, though the Trustee retains ultimate responsibility for the way in which each appointed manager acts as a steward of the Scheme's assets. The policy includes ensuring to the extent possible that the underlying or external managers exercise on the Trustee's behalf rights and duties as an investor. This should include, where appropriate, voting and engaging with underlying investee companies, as part of an effective stewardship approach that meets the Trustee's expectations. The Trustee expects that voting and engagement activities are carried out in the best financial interests of the assets being managed.

9.4 The Trustee has delegated monitoring of underlying or external managers to the Manager. As part of this responsibility, the Manager is expected to:

9.4.1 Request voting and/or stewardship policies of the underlying or external managers.

9.4.2 Enquire about underlying manager's voting activity with respect to their stated policies, where appropriate.

9.4.3 Request that underlying investment managers report on an annual basis a summary of the voting actions which have been taken and any votes cast which differ from the stated voting policy of that manager.

9.4.4 Provide a summary to the Trustee of the overall level of voting activity on an annual basis.

Further, the underlying managers are expected to having strong stewardship policies and processes, reflecting (where relevant) the recommendations of the UK Stewardship Code issued by the Financial Reporting Council.

9.5 The Trustee will engage with the Manager to understand any reports which have been provided and challenge any outcomes which it feels are not in keeping with policy. The Manager is expected to engage with the underlying or external managers as and when required to facilitate this. Where an underlying or external manager is not adhering to this policy in line with the Trustee's expectations, the Trustee would expect the Manager to consider appropriate actions having regard to the long-term financial wellness of the Scheme.

10. ARRANGEMENTS WITH MANAGERS

10.1 The Trustee recognises that the arrangements with all of the managers of the Scheme are important to ensure that its interests are aligned as far as is reasonably practicable. This includes arrangements with the Manager and the underlying or external managers. In particular, the Trustee seeks to ensure that the Manager is incentivised to act in a way which generates the best long-term results for the Scheme.

10.2 The Trustee agrees to share the SIP with the Manager and request that the Manager reviews the SIP and confirms that the investment strategy is aligned with the Trustee's policies.

10.3 The Trustee's policy on arrangements with asset managers will take into account the following five considerations:

10.3.1 How the arrangement with the Manager incentivises the Manager to align its investment strategy and investment decisions with the Trustee's investment policies.

10.3.2 How that arrangement incentivises the Manager to make decisions based on assessments about the medium to long-term financial and non-financial performance of issuers of debt or equity.

10.3.3 How the method and time horizon of the evaluation of the Manager's performance and the remuneration for services are in line with the Trustee's investment policies.

10.3.4 How the Trustee monitors "portfolio turnover costs" incurred by the Manager, and how they define and monitor targeted portfolio turnover or turnover range.

10.3.5 The duration of the arrangement with the Manager.

10.4 The Trustee recognises that there are different ways to engage with its managers including legal documentation as well as more informal arrangements such as ad hoc communication and reporting and monitoring deliverables provided by each manager.

10.5 The Trustee recognises that the predominant manager it has arrangements with is the Manager. The arrangement is governed by the IMA between the Trustee and the Manager. The Trustee ensures that appropriate restrictions are outlined in the IMA in order to seek to ensure that the decisions which the Manager makes are in line with the long-term interests of the Scheme. This includes, but is not limited to, setting a clear investment objective, eligible instruments, asset allocation ranges and which asset classes are in scope for active and/or passive strategies.

10.6 The Trustee has also ensured that the IMA (and the supplemental disclosures provided by the Manager) include conflicts of interest policies in order to seek to ensure that incentives are aligned between the Trustee and the Manager as far as is reasonably practicable.

10.7 The Manager provides the Trustee with an annual cost transparency report. The report provides information in line with latest regulatory requirements for fiduciary managers. On a quarterly basis the Manager reports total performance net of fees so that the Trustee is able to take into account the impact of fees and costs when evaluating performance. The Trustee believes that in order to appropriately assess the performance of its managers, the net of costs performance returns should be monitored over various time periods to ensure that managers are evaluated in line with the Trustee's policies.

10.8 The Trustee will review the arrangements with the Manager on a regular basis, however there is no restriction on the duration of any arrangement.

10.9 The Trustee expects the Manager to review arrangements with the underlying or external managers which also have no restriction on duration of any arrangement. The Manager is expected to review these arrangements on an ongoing basis and take action to seek to revise any arrangements where it is understood to be in the best long-term interests of the Scheme.

10.10 The Manager is required to take into consideration the Trustee's investment objective as well as Responsible Investing and Stewardship policies when selecting and/or appointing new underlying or external managers. The Manager is also expected to monitor the underlying managers or external managers and take into consideration the investments that they are permitted to make in order to seek that they are aligned with the long-term interests of the Scheme.

10.11 The Trustee believes that they have a governance framework in place in order to seek to ensure that the Manager's actions are aligned with the five issues listed above. If the Trustee has reason to believe that the Manager is acting outside of the Trustee's policies, the Trustee will bring this to the attention of the Manager as soon as is reasonably practicable and engage with the Manager so that the parties can understand such actions and seek to resolve any concerns.

10.12 The Trustee recognises that portfolio turnover and associated transaction costs are part of the overall investment management arrangements. The Trustee will require that such costs are incorporated into the investment advice which is given to the Trustee.

10.13 The Trustee assesses performance of the Manger by considering and reviewing performance over both short-term and longer-term periods. The duration of the Manager's appointment will depend on strategic considerations and the expected future performance of the Manager. The Trustees considers that the level of fees paid to the Manager and the potential for the Trustee to terminate the Manager's appointment on notice cause the Manager to be incentivised to provide a service which meets the Scheme's investment objective.

11. REALISATION OF ASSETS

11.1 The Manager has discretion over the timing of the realisation of the investments but shall have specific regard to the investment objective and liquidity requirements of the Scheme.

11.2 Assets can be held in pooled funds across a range of liquid and illiquid strategies or as segregated assets in the cashflow matching strategy which can be liquidated in accordance with the dealing cycle of the pooled funds or segregated assets that are invested in by the Scheme. Any allocation of Scheme assets to illiquid strategies will be considered with the Scheme's overall cashflow position in mind and requires prior Trustee approval.

12. MONITORING

12.1 The Trustee monitors the performance and risk exposures of the portfolio on a regular basis. The Trustee receives quarterly investment reports which includes all of the following metrics:

- 12.1.1 Commentary over the period covering performance, macroeconomic factors and portfolio positioning;
- 12.1.2 Risk decomposition across the portfolio, including scenario stress tests;
- 12.1.3 Return attribution across the portfolio, including underlying pooled fund monitoring;
- 12.1.4 Estimated funding ratio change, including a summary of contributors/detractors
- 12.1.5 Review of the funding level including any de-risking triggers;
- 12.1.6 Asset allocation summary versus the permitted ranges; and
- 12.1.7 Interest rate hedge ratios versus target.

12.2 Monitoring of the underlying investment managers' suitability is delegated to the Manager. The Manager has been delegated the responsibility for ensuring the underlying pooled fund investments are satisfactory and appropriate for the investment strategy.

Signed for and on behalf of the Welsh Water Pension Trustee Limited, as sole trustee of the DCWW Pension Scheme

Jill Mackenzie

7 December 2023

Appendix A – Governance and current advisors

The Trustee has established the following decision-making structure:

Trustee

- Set structures and processes for carrying out their role
- Determine overall investment strategy
- Appoint Funding and Investment Sub Committee ("**FISC**")

Role of the FISC

- Report to the Trustee Board on funding, actuarial and investment matters
- Supervise the activities of the investment managers and monitor their performance and risk against agreed benchmarks
- Report to the Trustee Board on the performance benchmarks and investment guidelines to be set for the investment managers and the custodian
- Report to the Trustee Board on the Scheme's membership and liability profiles, and its cash flow requirements
- Monitor and assess the cash flow driven investment strategy, including contingent funding arrangements with the Principal Employer and reviewing cash flow projections provided by the Scheme Actuary

Manager (the Manager)

- Select and monitor planned asset allocation
- Select and monitor fixed income securities as part of cashflow matching strategy
- Monitor actual returns versus Scheme investment objective
- Make ongoing decisions relevant to the operational principles of the Scheme's investment strategy
- Monitor the Scheme's investment strategy
- Make recommendations to the Trustee on
  - selection of investment advisers and fund managers
  - investment structures and their implementation
- Monitor investment advisers and fund managers
- Monitor direct investments
- Make day-to-day decisions relevant to operation of Scheme's investment strategy
- Advises on all aspects of the investment of the Scheme's assets, including implementation of strategy
- Advises on this Statement of Investment Principles
- Provides required training for Trustee and Funding and Investment Committee

The Scheme's current advisors are given below:

Scheme Actuary	Joanne Eynon, Quantum Advisory
Manager (the Manager)	BlackRock
Administrator	Quantum Advisory
Solicitors	Eversheds Sutherland (International) LLP
Auditors	PricewaterhouseCoopers