Statement of investment principles for the TotalEnergies UK Pension Plan September 2023

1. Introduction

1.1. What is the purpose of this Statement of Investment Principles?

This Statement of Investment Principles (or SIP) sets out the policy of TotalEnergies Pension Trustee UK Limited (the "Trustee") on various matters governing decisions about the investments of the TotalEnergies UK Pension Plan (the "Plan").

There are two sections within the Plan, the Defined Benefit ("DB") section and the Defined Contribution ("DC") section.

The current investment arrangements of the Plan, based on the principles set out in this SIP, are detailed in the Investment Policy Document ("IPD"). The Trustee is responsible for updating the IPD as necessary.

The Trustee will review this SIP from time to time and, with the help of its advisers, will amend it appropriately. These reviews will take place as soon as practicable after any significant change in investment policy or in the demographic profile of the relevant members in respect of the DC section, and at least once every three years.

1.2. Who has had input to the SIP?

This SIP has been formulated after obtaining and considering proper written professional advice from Lane Clark & Peacock LLP ("LCP"), the Trustee's investment adviser, whom the Trustee believes to be suitably qualified and experienced to provide such advice.

The Principal Employer was consulted on the SIP. The current investment managers of the Plan were given the opportunity to comment on a draft of those aspects of the SIP that are relevant to them. The managers are required to carry out their investment responsibilities in a manner consistent with this SIP.

1.3. What is the legal background to the SIP?

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ("OPSCGR 2015") (together, "the Regulations").

The Plan's assets are held in trust by the Trustee. The investment powers of the Trustee are set out in the definitive Trust Deed. A copy of the Trust Deed is available on request.

2. What are the Trustee's overall investment objectives for the DB section?

The Trustee's objectives are:

- that the DB section should be able to meet benefit payments as they fall due; and
- to target a return in excess of the change in the value of the liabilities, subject to an acceptable level of risk.

3. What risks does the Trustee consider and how are these measured and managed for the DB section?

When deciding how to invest the Plan's DB assets, the Trustee considers a wide range of risks, including, but not limited to, those set out in Appendix A.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

The level of investment risk of the Plan is measured by the 1-year Value-at-Risk under a "worst case" (95th percentile) outcome ("VaR95"). VaR95 is a measure of the downside risk due to the mis-match between the Plan's assets and the Plan's technical provisions.

4. What is the DB Section's investment strategy?

In order to achieve the objectives described in Section 2 above, the Trustee has set an investment strategy which provides an asset allocation framework for how the Plan's DB assets are managed on a day to day basis.

The Trustee, with the help of its advisers and in consultation with the employer, reviewed the investment strategy for the DB Section in June 2023.

The Trustee seeks to invest the Plan's assets in a wide range of asset classes of appropriate liquidity and security which will, together with contributions from the employer, generate income and capital growth to meet the Plan's liabilities as they fall due.

Strategic allocation

Around half of the Plan's assets are held in buy-in contracts, which insure a large subset of the Plan's pensioner population. The Plan's investment strategy excluding the buy-in contracts is to invest the assets broadly as follows:

Asset class	Asset allocation excluding the buy-in asset (%)	Control Ranges* (%)
Growth assets	***22***	***-5 to +5***
Equities	12	
Multi-asset absolute return	6	
Property	4**	
Defensive assets	***78***	***-5 to +5***
Equity-linked bonds***	53	
Bonds****	25	
Cash	0	
Sum	**100**	

* The control ranges are a guide rather than a trigger for automatic rebalancing. They are monitored by the Trustee's Investment Committee ("IC") at quarterly meetings.

** A full redemption of the Plan's property investments has been submitted. The allocation is expected to be zero by the end of 2024.

*** The target level of equity exposure achieved from the equity-linked bond portfolio is 7.5% of the DB Section's asset value excluding the buy-in contracts.

**** The bonds, combined with the bonds in the equity-linked bond portfolio, are intended to hedge a high proportion of the Plan's interest rate and inflation risk (as measured on a technical provisions basis).

5. How was the investment strategy determined?

The Trustee, with the help of its advisers and in consultation with the Employer, set the investment strategy taking into account a number of risks, including, but not limited to, those set out in Appendix A.

The asset allocation was determined with regard to the characteristics of the Plan, in particular the strength of the funding position and the liability profile. From the investment strategy review in June 2023, the Plan's expected return above gilts is estimated to be 0.9% pa, using 31 March 2023 assumptions.

In setting the strategy, the Trustee considered:

- a wide range of asset classes;
- the risks and rewards of a number of possible asset allocation options;
- the suitability of each asset class within each strategy, both across asset classes and within asset classes;
- the need for appropriate diversification between different asset classes, and within asset classes;
- the circumstances of the Plan, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant;
- the views of the sponsoring employer; and

- the Trustee's investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

The Trustee's key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity and illiquidity are rewarded risks;
- in some markets, investment managers who can consistently spot and profitably exploit market opportunities are difficult to find and therefore the Trustee will consider passive management if it is not convinced by active management;
- environmental, social and governance ("ESG") factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors; and
- costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

The Trustee has signed agreements with the investment managers setting out in detail the terms on which the portfolios are to be managed. The investment managers' primary role is the day-to-day investment management of the Plan's investments. The managers are authorised under the Financial Services and Markets Act 2000 (as amended) to carry out such activities.

6. What is the Trustee's overall investment objective for the DC section?

The Trustee's objective is to provide a range of investments that are suitable for meeting members' long and short-term investment requirements.

What risks does the Trustee consider and how are these measured and managed?

The Trustee recognises the key risk is that members will have insufficient funds in retirement or funds that do not meet their expectations. This could be due to a number of factors, including insufficient contributions, lower than expected investment returns or adverse fluctuations in annuity prices if a member was to purchase a pension from an insurer. The Trustee considered the key risks when setting the investment options and strategy for the Plan. The Trustee's policy in respect of risk measurement methods and risk management processes is set out below.

The Trustee considered the following sources of risk and mitigated them as follows:

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.

  The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle options on a regular basis.

- Risk of fund managers not meeting their objectives.

  This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.

The Trustee monitors the performance of the assets compared to the benchmarks on a regular basis, usually quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

- Risk of the lifestyle options being unsuitable for the requirements of some members.

  The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle options on a regular basis.

- The risk of fraud, poor advice or acts of negligence.

  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.

The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle options on a regular basis.

7. What is the DC section's auto-select (default) investment strategy?

Members are able to invest in a wide range of individual asset class funds as well as a number of multi asset funds, where the allocation is to a number of asset classes and managers selected by the Trustee. There are also three "lifestyle" fund options, where the underlying asset allocation is altered as a member approaches their target retirement date.

Members who do not make an active investment choice will be invested in the "auto-select lifestyle" strategy. The auto-select lifestyle strategy is intended for members who will draw down from their investment point gradually once they retire. It is structured to maintain, what the Trustee believes to be, a reasonable and diverse exposure to growth assets, as well as a provision for the taking of a tax-free cash lump sum, at retirement. It is designed to be broadly appropriate for a typical member within the Plan, but it will not be suitable for all members.

There is also an auto-select lifestyle for DB members who hold additional voluntary contributions in the DC Section. It is structured to maintain a reasonable and diverse exposure to growth assets, before transitioning to an asset allocation targeting a cash lump sum at retirement. DC members can also choose to select this option.

The third lifestyle strategy is intended for members that wish to buy a pension with an insurer at retirement. It is structured to maintain a reasonable and diverse exposure to growth assets, before transitioning to an asset allocation targeting an annuity purchase and a cash lump sum at retirement.

All three lifestyle strategies have a common growth phase until 5 years to a members' target retirement date.

The funds and lifestyle strategies offered in the DC section of the Plan were selected by the Trustee considering the funds' objectives and investment process, expected returns, risks and other characteristics, and the Trustee's view of the needs and circumstances of the membership.

The Trustee realises that whilst no single option will be sufficient to manage all the various risks associated with defined contribution investment, the range is designed to be wide enough to enable individuals to manage the risks identified as they become relevant, according to each member's individual requirements.

8. Appointment of investment managers and custodian

The Trustee has signed investment management documentation with the investment managers setting out in detail the terms on which the portfolios are managed, including the need for suitable and appropriately diversified investment.

The Trustee has signed agreements with the DC platform provider, who makes available a range of investment options to members of the DC section.

The managers are all authorised under the Financial Services and Markets Act 2000 to carry out such activities.

Details of the investment managers and their investment benchmarks and guidelines are given in the Investment Policy Document.

The custodian's primary role is the safekeeping of the assets. The custodian is authorised under the Financial Services and Markets Act 2000 to carry out such activities. The Trustee has appointed Northern Trust as the Plan's custodian. Furthermore, where the Plan invests in pooled funds, the fund managers have appointed custodians for the pooled funds.

9. Other matters

9.1. What is the Trustee's policy on the realisation of investments?

The investment managers have discretion over the timing of realisation of investments of the Plan and in considerations relating to the liquidity of investments.

When appropriate, the Trustee, on the administrators' recommendation, determines the amount of cash required to meet obligations of the Plan to its beneficiaries and other outgoings and informs the investment managers of any liquidity requirements. The Trustee's preference is for investments that are readily realisable but recognises that achieving a well-diversified portfolio may mean holding some investments that are less liquid (eg property).

9.2. What is the Trustee's policy on illiquid investments relating to the DC Section's default arrangement?

Illiquid assets are investments that may not be easily or quickly sold or exchanged for cash. Investments in the default lifestyle arrangement include illiquid assets through a small investment in UK real estate. Members aged between 40 and 65, assuming a target retirement age of 65, hold an investment in illiquid assets. The investment is held via a collective investment scheme that invests in UK freehold and leasehold property. At the same point in the default lifestyle arrangement there is also an investment in diversified growth funds, held via a collective investment scheme that can have invest in illiquid assets if the investment manager chooses to do so. The Trustee has included these allocations within the default arrangement because it believes it will help achieve the overall investment objective for the DC section by increasing returns for members and providing diversification benefits for members in the approach to retirement.

The Trustee believes long-term net investment returns can be enhanced by investing in illiquid assets and as such, is monitoring the market for developments for potential inclusion in the strategy. The Trustee recognises, however, that there are a number of risks with these types of assets such as the inability to easily realise holdings should the need arise. As such, the Trustee will assess further illiquid investments on a fund-by-fund basis, including but not limited to, fund availability on the investment platform, the expected return, the fees paid to managers and the structures in place to minimise the risks of investing in less liquid investments.

9.3. What is the Trustee's policy on financially material and non-financial matters?

The Trustee has considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Plan and its members.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice. The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages managers to improve their practices where appropriate.

With regard to climate risks, the Trustee has agreed that it:

- Wants to follow best practice when it comes to regulatory requirements.
- Believes that climate change represents a systemic risk to society, the economy and the financial system.
- Believes that climate change is a financially material risk for the DB and DC Sections of the Plan.
- Believes that a transition to a low carbon economy presents risks and opportunities for financial markets.
- Believes that its fund managers should maintain awareness of climate risks and opportunities, such as emerging technologies and green markets, when selecting investments in the Plan's portfolios.
- Believes that transitioning energy investments to sustainable energy options and encourage fossil-fuel holdings to manage the climate transition appropriately is a better way to manage climate risk than disinvesting from these holdings.
- Believes that engagement with the Plan's investments, delegated to the fund managers, is an essential component in order to move to a low carbon economy.

The Trustee primarily considers financial matters (i.e. matters affecting risk and return, including climate change and other ESG considerations) for the selection, retention and realisation of investments in the DB Section. It will consider non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries) on a secondary basis.

In the DC Section, the Trustee recognises that some members may wish for non-financial matters to be taken into account in their investments and therefore has made available an equity investment option to DC members to address this demand.

9.4. What is the Trustee's policy on the exercise of investment rights?

The Trustee has examined how rights, including voting rights, attached to investments should be exercised. In doing so, the Trustee has considered The UK Stewardship Code issued by the Financial Reporting Council.

The Trustee supports the Principles set out in the UK Stewardship Code. In appointing and reviewing investment managers it will pay regard to the extent to which they support the Code and will take measures to ensure that managers' report regularly (at least annually) to the Trustee on their compliance with the Principles.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

9.5. Voting and engagement

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, can protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issues of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debtor equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time reviews how these are implemented in practice.

The Trustee has selected some priority ESG themes to provide a focus for monitoring the investment managers' voting and engagement activities. The Trustee reviews the themes regularly and update them as appropriate. The current priorities are climate change, human rights and business ethics.

The Trustee has communicated these stewardship priorities to the investment managers.

If the Trustee's monitoring identifies areas of concern, the Trustee will engage with the relevant manager in line with the escalation policy as outlined in the IPD.

9.6. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee has limited influence over managers' investment practices where the Plan's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. They assess this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates.

9.7. What are the responsibilities of the various parties in connection with the Plan's investments?

Appendix B contains brief details of the respective responsibilities of the Trustee, the investment adviser, the investment managers and the custodian. Appendix B also contains a description of the basis of remuneration of the investment adviser, the investment managers and the custodian.

9.8. Does the Trustee make any investment selection decisions of its own?

Before making any investment selection decision of its own, it is the Trustee's policy to obtain written advice. The written advice considers the suitability of the investment, the need for diversification and the principles contained in this SIP. It is also the Trustee's policy to review its own investment selection decisions on a regular basis (at least annually), based on written advice.

9.9. Review

The Trustee will, from time to time, review the appropriateness of this SIP with the help of its advisers, and will amend the SIP as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

For and on behalf of TotalEnergies Pension Trustee UK Limited

SHAUN KENNY

November 29, 2023 | 9:16 AM CET

The Trustee's policy towards risk, risk measurement and risk management

The Trustee considers that there are a number of different types of investment risk that are important for the DB and DC sections. These include, but are not limited to:

A1. Mismatching risk

Mismatching risk is the risk that the performance of the DB section's assets and liabilities diverges in certain financial and economic conditions. This risk has been taken into account in the Trustee's investment strategy review, and will be monitored by the Trustee on a regular basis.

The Trustee will review the DB section's investment strategy at least every three years in light of the various risks faced by the Plan.

A2. Inadequate long-term returns

A key objective of the Trustee for the DB section is that, over the long-term, the Plan should have adequate resources to meet its liabilities as they fall due. The Trustee therefore invests the assets of the Plan to produce a sufficient long-term return in excess of the liabilities. There is also a risk that the performance of the Plan's assets and liabilities diverge in certain financial and economic conditions in the short term. This risk has been considered in setting the investment strategy.

In the DC Section, as members' benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the default strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustee has made the default option a "lifestyle" strategy which automatically combines investments in pre-defined proportions that vary, and aim to decrease the level of expected investment risk, towards a member's retirement age.

A3. Buy-in insurer risk

This is the risk that the Plan's buy-in insurer fails to pay the benefits secured under the buy-in contract.

This risk is mitigated by having selected a reputable insurer on the basis of advice from LCP, and by negotiating a collateral arrangement so that in the event of the insurer's failure to pay (amongst other prescribed events) the Trustee can take control of a portfolio of collateral assets.

A4. Investment manager risk

Investment manager risk is the risk that the investment managers fail to meet their investment objectives.

The Trustee received investment advice from a suitably qualified individual on the selection of the fund managers. The Trustee monitors the investment managers on a regular basis.

A5. Risk from lack of diversification

Risk from lack of diversification is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Trustee's ability to meet its investment objectives.

The Trustee believes that the Plan's DB assets and DC default strategies are adequately diversified between different asset classes, within each asset class and across different investment managers. It also believes that the DC self-select options provide a suitably diversified range for members to choose from.

A6. Illiquidity/marketability risk

Liquidity/marketability risk is the risk that the DB section is unable to realise assets to meet benefit cash flows as they fall due.

The Trustee is aware of the DB section's cash flow requirements and believes that this risk has been mitigated through a combination of purchasing the buy-in policy, and by investing the majority of the remainder in liquid assets.

For the DC section, this is the risk that core financial transactions, such as investing members' contributions, are not processed promptly due to lack of liquidity in the investments. The Trustee manages this risk by only using pooled funds with daily dealing within the default strategies and diversifying the strategies across different types of investment.

A7. Custodian risk

Custodian risk is the risk that the custodian fails to ensure the safe-keeping of the Plan's assets, or fails to properly carry out its administrative duties.

The Trustee undertook investment advice on the selection of the custodian, and the Trustee monitors the reviews the performance of the custodian on a regular basis.

A8. Currency risk

Whilst the majority of the currency exposure of the Plan's assets is to Sterling, the Plan is subject to currency risk because some of the Plan's investments are held in overseas markets. The Trustee considers overseas currency exposure in the context of the overall investment strategy, and believes that the currency exposure that exists diversifies the strategy and is appropriate.

A9. Interest rate and inflation risk

The Plan's DB and DC assets are subject to interest rate and inflation risk because some of the Plan's assets are held in bonds (including inflation index-linked bonds), via pooled funds. However, the interest rate and inflation exposure of the Plan's DB assets hedges part of the corresponding risks associated with the Plan's liabilities.

The net effect of the Trustee's approach to interest and inflation risk will be to reduce the volatility of the funding level, and so the Trustee believes that it is appropriate to manage exposures to these risks in this manner and to review them on a regular basis.

For the DC section, funds that invest in bonds via pooled funds are included in the Annuity Lifestyle in particular, which targets annuity purchase at retirement. This reduces the volatility of the members' assets relative to annuity prices to give them more certainty. Bond funds are also included in the self-select fund range offered to members and may be used to diversify against other types of risk.

A10. ESG risks

ESG factors are sources of risk to the Plan's investments, some of which could be financially significant, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and from time to time reviews how these risks are being managed in practice.

A11. Risk from excessive charges

Within the DC section, if the investment management charges together with other charges, (for example, platform services, transition costs and additional expenses) are excessive, then the value of a member's account will be reduced unnecessarily. The Trustee is comfortable that the charges applicable to the Plan are in line with market practice and assess annually whether these represent good value for members.

A12. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Plan is subject to credit risk because it invests in bonds via pooled funds. The Trustee manages its exposure to credit risk by only investing in pooled funds that have a diversified exposure to different credit issuers. The Plan invests in some funds which invest in bonds that are classified as both "investment grade" and "non-investment grade" – the latter carrying greater credit risk but having a higher yield to compensate investors.

A13. Other risks

The Trustee recognises that there are other, non-investment, risks faced by the Plan. Examples include:

- mortality risk (the risk that members live, on average, longer than expected);
- sponsor risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Plan as anticipated). The Trustee has taken into account the strength of the employer's covenant in setting the Plan's investment strategy; and
- operational risks (eg the risk of errors and omissions in the handling of the Plan's assets or payment of Plan benefits)

The Trustee also has in place processes to consider and monitor these non-investment risks on a regular basis.

Responsibilities and charges

B.1. Responsibilities and investment decision-making structure

The Trustee has decided on the following division of responsibilities and decision-making for the Plan. This division is based upon the Trustee's understanding of the various legal requirements placed upon it, and its view that this division allows for efficient operation of the Plan overall, with access to an appropriate level of expert advice and service.

B.2. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- setting structures and processes for carrying out its role;
- selecting and monitoring the planned asset allocation;
- appointing an Investment Committee;
- appointing a DC Outcome & Governance Committee;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act.
- selecting direct investments; and
- considering recommendations from the Investment Committee and the DC Outcomes & Governance Committee.

The Trustee has delegated consideration of certain investment matters to the Investment Committee ("IC"), although any decisions remain the responsibility of the Trustee.

B.3. Investment Committee

In broad terms, the Investment Committee is responsible in respect of investment matters for:

- making recommendations to the Trustee covering:
  - the planned asset allocation;
  - the selection of investment advisers and fund managers;
  - investment structures and their implementation;
  - direct investments
- monitoring the investment advisers and fund managers;
- making ongoing decisions relevant to the operational principles of the Plan's investment strategy; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

B.4. DC Outcome & Governance Committee ("DCOG")

In broad terms, the DCOG is responsible in respect of investment matters for:

- the appropriateness of the Plan's 'auto-select' option for contractual/ auto-enrolment purposes;
- determining that the range of funds offered to members remains reasonable
- the continued appropriateness of, the Plan's 'Lifestyling' strategies; and
- the Plan's DC charging structure.

B.5. Investment managers

In broad terms, the investment managers will be responsible for:

- managing their respective portfolios, within the guidelines agreed with the Trustee;
- selecting individual investments with regard to their suitability and diversification; and
- providing the Trustee with regular information concerning the management and performance of their respective portfolios.

B.6. Investment platform provider

The investment platform provider will be responsible for:

- providing access to a range of funds managed by various investment managers;
- ensuring funds are priced correctly; and
- providing the Trustee with regular information concerning the management and performance of the assets.

B.7. Custodian

In broad terms, the custodian will be responsible for:

- the safekeeping and reconciliation of the Plan's investments;
- monitoring the buy-in collateral assets
- settling transactions; and
- administering income and tax payments.

B.8. Investment consultants

In broad terms investment consultants will be responsible, as requested by the Trustee / Investment Committee, for:

- advising on how material changes within the Plan's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- advising on the selection, and review, of the investment managers and custodian;
- providing any required training on investment matters; and
- participating with the Trustee in reviews of this SIP.

B.9. Charging structures

All investment managers and platform receive fees calculated by reference to the market value of assets under management.

The Trustee has agreed terms of business with the Plan's investment advisers. The investment advisers receive a fixed fee for core services, and fee bases are agreed on case-by-case basis for any other projects.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee's view as to the most appropriate arrangements for the Plan. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.

B.10. Performance assessment

The Trustee is satisfied, taking into account the external expertise available, that there are sufficient resources to support its investment responsibilities. The Trustee believes that it has sufficient expertise and appropriate training to carry out its role effectively.

It is the Trustee's policy to assess the performance of the Plan's investments, investment providers and professional advisers from time to time. The Trustee will also periodically assess the effectiveness of its decision-making and investment governance processes and will decide how this may then be reported to members.

B.11. Working with the Plan's employer

When reviewing matter regarding the Plan's investment arrangements, such as the SIP, the Trustee seeks to give due consideration to the employer's perspective. While the requirement to consult does not mean that the Trustee needs to reach agreement with the employer, the Trustee believes that better outcomes will generally be achieved if the Trustee and employer work together collaboratively.