

Liberty Retail Pension Scheme (“the Scheme”) Statement of Investment Principles (“the Statement”)

Scope of Statement

This Statement 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).

The effective date of this Statement is 24 September 2020. The Trustees will review this Statement and the Scheme’s investment strategy no later than three years after the effective date of this Statement and as soon as is practical after any significant change in investment policy.

Consultations made

The Trustees have consulted with the Employer, Liberty Retail Limited, prior to writing this Statement and will take the Employer’s comments into account when they believe it is appropriate to do so.

The Trustees are responsible for the investment strategy of the Scheme. The Trustees have obtained written advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Aon Solutions UK Limited who are authorised and regulated by the Financial Conduct Authority.

The day to day management of the Scheme’s assets has been delegated to investment managers who are authorised and regulated by the Financial Conduct Authority. A copy of this Statement has been provided to the appointed investment managers and is available to the members of the Scheme.

Objectives and policy for securing objectives

The Trustees’ primary objectives are:

- “Funding objective” – to ensure that the Scheme is fully funded using assumptions that contain a margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the Employer.
- “Stability objective” – to have due regard to the likely level and volatility of Employer contributions when setting the investment strategy of the Scheme.
- “Security objective” – to ensure that the solvency position of the Scheme is expected to improve. The Trustees will take into account the strength of the Employer’s covenant when determining the expected improvement in the solvency position.

The Trustees recognise that these objectives may conflict and that, in resolving this conflict, it is necessary to accept some risk. The investment strategy chosen by the Trustees has the aim of maximising the likelihood of achieving these objectives.

Choosing investments

The types of investments held and the balance between them are deemed appropriate by the Trustees given the liability profile of the Scheme, the cash flow requirements, the funding level and the Trustees' objectives. The assets of the Scheme are invested in the assessed best interests of the members and beneficiaries.

The Trustees exercise their powers of investment to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk, a spread of assets is held. The diversification is both within and across the major asset classes.

Assets held to match the pension liabilities of the Scheme and are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable.

The assets of the Scheme are invested predominantly on regulated markets or in funds that invest in regulated markets (with investments not on regulated markets being kept to a prudent level). They are also properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Investment in derivatives is only made in so far as derivatives contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed so as to avoid excessive risk exposure to a single counterparty or other derivative operations.

The balance between different kinds of investments

The Trustees recognise that the key source of financial risk (in relation to meeting their objectives) arises from asset allocation. They therefore retain responsibility for setting asset allocation and take expert advice as required from their professional advisers.

The Trustees review their asset strategy for the Scheme following each formal actuarial valuation of the Scheme (or more frequently should the circumstances of the Scheme change in a material way). The Trustees take advice from their professional advisers regarding the appropriate investment strategy for the Scheme.

A broad range of asset classes has been considered. This includes so called "alternative" asset classes (for example property).

Investment risk measurement and management

The key investment risks are recognised as arising from asset allocation and are assessed triennially in conjunction with the actuarial valuation of the Scheme, following which, the Trustees take advice on the continued appropriateness of the existing investment strategy for the Scheme.

Risks associated with changes in the Employer covenant are assessed by monitoring the Failure Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy). The Trustees also have an agreement with the Employer to receive notification of any events which have the potential to alter the creditworthiness of the sponsoring Employer. In particular, the Trustees will be informed of Type A events, as defined in appropriate guidance issued by the Pensions Regulator and of Employer-related Notifiable Events. On receipt of such notification, the Trustees will re-consider the continued appropriateness of the Scheme's existing investment strategy.

The Trustees monitor the risks arising through the selection or appointment of investment managers on an annual basis via investment reports prepared by their professional advisors. The Trustees have appointed Aon Solutions UK Limited to alert them on any matters of material significance that might affect the ability of any investment manager to achieve its objectives.

The Trustees recognise that investment returns achieved outside the expected deviation (positive or negative) may be an indication that the investment manager is taking a higher level of risk than anticipated.

Custody

Investment in pooled funds gives the Trustees a right to the cash value of the units rather than to the underlying assets. The investment managers are responsible for the appointment and monitoring of the custodians of the pooled funds. The custodians are independent of the Employer.

Expected returns on assets

Over the long-term, the Trustees' expectations are:

- For "growth" assets to achieve a return which at least keeps pace with the increase in Average Weekly Earnings over the same period. The Trustees are willing to incur short-term volatility in asset price behaviour with the expectation that, over the long term, these assets will outperform asset classes which may be regarded as matching the liabilities.
- For "matching" assets, their values to move in a way that matches the sensitivity of the Scheme's pension liabilities to interest rates and inflation.

Projected 10 year investment returns for the asset classes taken from Aon Solutions UK Limited's Capital Market Assumptions at 31 March 2020 were: 7.2% pa for UK equities, 1.4% pa for 10-year UK investment grade corporate bonds, 0.4% pa UK 15-year fixed income government bonds and -0.2% pa UK 15-year index-linked government bonds.

Returns achieved by the investment managers are assessed against performance benchmarks set by the Trustees in consultation with their professional advisers.

Realisation of investments/liquidity

The Trustees recognise that there is a risk in holding assets that cannot be easily realised should the need arise. The majority of the Scheme's assets are realisable at short notice through the sale of units in pooled funds. However, the Trustees invest a proportion of the Scheme's assets in funds that deal fortnightly or monthly.

The Trustees have issued a redemption for a holding in a fund of hedge funds and the proceeds of this investment are being repaid to the Scheme in accordance with a schedule set out by the investment manager.

Environmental, Social and Governance considerations

The Trustees' primary concern when setting the investment strategy is to act in the best financial interests of the beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustees believe that, in order to fulfil this commitment and to protect and enhance the value of the Scheme's investments, they must act as responsible stewards of the investments.

The Trustees acknowledge that financially material considerations include environmental, social and corporate governance (ESG) factors, including climate change. Understanding these factors can help identify investment opportunities and financially material risks.

As part of their delegated responsibilities, the Trustees require the investment managers to include ESG considerations in the selection, retention and realisation of investments. Such decisions should consider, amongst other things, the sustainability of business models and not be influenced by personal, ethical or moral judgments.

The Trustees take the following steps to monitor and assess ESG related risks and opportunities:

- The Trustees undertake periodic training on Responsible Investment to understand how ESG factors, including climate change, may impact on the Scheme's assets and liabilities.
- As part of ongoing monitoring, the Trustees use information, where available, provided by Aon Solutions UK Limited of their assessment of the investment managers against ESG factors.
- On an annual basis, the Trustees require the investment managers to provide their policy on Responsible Investment to include details of how they integrate ESG in their investment decision making process. Should the Trustees look to appoint a new manager, they will request this information as part of the selection process. All responses are reviewed and monitored.

Stewardship – voting and engagement

The Trustees recognise the importance of their role as a steward of capital and the need to ensure high standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately creates long-term financial value for the Scheme and its beneficiaries.

The Trustees regularly review the suitability of the Scheme's appointed investment managers and take advice from their investment consultant regarding any changes. Where applicable, this advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent investment manager is found to be falling short of the standards the Trustees expect, the Trustees undertake to engage with the manager and seek a more sustainable position and may look to replace the investment manager.

The Trustees review the stewardship activities of the investment managers on an annual basis, covering both engagement and voting actions, and report on this information in the Engagement Policy Implementation Statement (EPIS). The Trustees review the alignment of their policies to those of the investment managers and look for the investment managers, or other third parties, to use their influence as major institutional investors to carry out the Trustees' rights and duties as a responsible shareholder and asset owner. The Trustees require the investment managers to vote and engage with underlying funds and investee companies to promote good corporate governance, accountability, and positive change.

The Trustees engage with the investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned.

The Trustees may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure and management of actual or potential conflicts of interest. When a concern is identified, the Trustees will engage with their investment consultant to consider the methods by which, and the

circumstances under which, they will monitor and engage with the investment managers and other stakeholders.

Arrangements with investment managers

The Trustees monitor the Scheme's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustees' policies.

Where the Scheme invests in funds that are regularly reviewed by the Trustees' investment consultant, the Trustees use conclusions drawn from these assessments to determine whether the funds and investment managers remain suitable.

Where the Scheme invests in funds that are not regularly reviewed by the Trustees' investment consultant, the Trustees will review these funds on an annual basis with the support of their investment consultant.

The above monitoring includes the extent to which investment managers:

- make decisions based on assessments about medium- to long-term financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustees receive quarterly reports and verbal updates from their investment consultant on various items including the investment strategy, performance and longer-term positioning of the portfolio. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme's objectives and assess the investment managers over the long-term.

In line with the required actions from the Pensions Regulator, on an annual basis the Trustees produce an EPIS which is included in the annual report and accounts.

Before appointment of a new investment manager, the Trustees review the governing documentation associated with the investment and consider the extent to which this aligns with the Trustees' policies. Where possible, the Trustees seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Scheme invests in a collective vehicle, then the Trustees will express their expectations to the investment manager and the results of this are monitored by the investments consultant.

The Trustees believe that having appropriate governing documentation, setting clear expectations to the investment managers, and regular monitoring of investment managers' performance and investment strategy, is sufficient to incentivise the investment managers to make decisions that align with the Trustees' policies which are based on assessments of medium- and long-term financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will first engage with the investment manager but will ultimately replace the investment manager where this is deemed necessary.

There is no set duration for arrangements with investment managers, although the continued appointment for any investment manager is reviewed if material causes for concern are identified.

Cost monitoring

The Trustees are aware of the importance of monitoring the investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustees recognise that in addition to annual management charges, other costs will be incurred by the investment managers that will increase the overall cost incurred by the investments.

The Trustees receive annual cost transparency reports covering all of their investments and require that the investment managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustees to understand exactly the total costs that they are paying to their investment managers. The Trustees work with their investment consultant and investment managers to understand these costs in more detail where required.

The Trustees believe that net of all costs performance assessments provide an incentive on investment managers to manage costs efficiently. However, they also understand that regular monitoring of these costs will improve the incentive of investment managers to control inefficiencies.

The Trustees accept that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs can be acceptable so long as it is consistent with the asset class characteristics, the investment manager's style, historic trends and performance against stipulated benchmarks. Where the Trustees' monitoring identifies a lack of consistency by an investment manager, the mandate will be reviewed.

The Trustees are aware of portfolio turnover costs, being the costs incurred as a result of the buying, selling, lending or borrowing of investments, associated with their underlying investments through the information provided by their investment managers. The monitoring of the target portfolio turnover and turnover range is monitored annually with the assistance of the Trustees' investment consultant.

Effective decision making

The Trustees recognise that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that, where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

Additional Voluntary Contributions arrangements

Some members obtain further benefits by paying Additional Voluntary Contributions (AVCs) to the Scheme. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. Details of the providers and funds are set out in Appendix I to this Statement.

From time to time, the Trustees review the choice of investments available to members to ensure that they remain appropriate to the members' needs.

Signed by

24 September 2020

ANDREW BLURTON

For and on behalf of the Trustees of the Liberty Retail Pension Scheme

Liberty Retail Pension Scheme Appendix I to Statement of Investment Principles

This Appendix sets out the Trustees' investment strategy for the Scheme and is supplementary to the Trustees' Statement of Investment Principles (the "attached Statement").

The Trustees' investment strategy has been established in order to maximise the likelihood of achieving the primary objectives set out in the attached Statement. The details are laid out below:

1. Asset Allocation

The table below sets out an approximate asset allocation for the Scheme. This weighting is reviewed in light of current circumstances, for example, when new investment decisions are made, when the triennial actuarial valuation is completed and when the financial statements for the most recent year ended 30 June are approved. The Trustees consult with their investment consultant and if changes are required they are implemented as soon as possible thereafter.

Asset Class	Weight (%)
Growth Funds	20
Bond Funds	55
Liability Driven Investment Funds	25
Total	100

The LDI funds are intended to match, as close as practical, 100% of the interest rate and inflation risk of liabilities of the Scheme, as measured using a gilt yield curve.

2. Investment Management Arrangements

The Trustees have appointed Aon Investments Limited (AIL), Insight Investment Funds Management Limited (Insight) and M&G Investments Limited to manage the investments of the Scheme. The assets are managed through pooled fund vehicles. The following describes the mandates given to the investment managers within each asset class, including the benchmark and target performance.

2.1 Growth Funds

Fund	Benchmark	Performance Target
AIL Absolute Return Strategy Fund	3 month LIBOR	To outperform the benchmark by 3% pa net of manager fees
M&G Alpha Opportunities Fund	1 month LIBOR	To outperform the benchmark by 3% pa net of fees
JP Morgan Multi Strategy II Fund	3 month US T-Bills	To outperform the benchmark by 5 - 7% pa (net of fees) over rolling three year periods

2.2 Bond Funds

Fund	Benchmark	Performance Target
AIL Return Seeking Bond Fund	3 month LIBOR	To outperform the benchmark by 2% pa net of manager fees
AIL Low Risk Bond Fund	3 month LIBOR	To outperform the benchmark by 1% pa net of manager fees

2.3 Liability Driven Investment Funds

Fund	Benchmark	Performance Target
Insight LDI Enhanced Selection Shorter Dated Nominal Fund	Gilt-based comparator	To match the Scheme's liabilities and to outperform gilts and swaps over the longer term
Insight LDI Enhanced Selection Longer Dated Nominal Fund	Gilt-based comparator	
Insight LDI Enhanced Selection Shorter Dated Real Fund	Gilt-based comparator	
Insight LDI Enhanced Selection Longer Dated Real Fund	Gilt-based comparator	

2.4 Cash balances

A working balance of cash is held for imminent payment of benefits, expenses, etc. Under normal circumstances, it is not the Trustees' intention to hold a significant cash balance and this is carefully monitored by the Scheme's administrator.

The investment manager is not permitted to hold cash, other than within the funds themselves and subject to the constraints set by the investment manager.

2.5 Other investments

In addition, the Trustees may, from time to time, hold insurance policies or other assets which are earmarked for the benefit of certain members. These may include, for example:

- i) Assets secured by Additional Voluntary Contributions (AVCs) or other arrangements made individually by the Trustees for the benefit of members; and
- ii) Deferred or immediate annuity policies purchased to match part or all of the Scheme's liabilities.

2.6 Rebalancing arrangements

The Trustees review the balance of the assets on a regular basis, following which appropriate corrective action may be taken.

3. Fee structure for advisers and managers

3.1 Advisers

The Trustees' investment advisers are paid for advice received on the basis of the time spent by the advisers. For significant areas of advice (for example one off special jobs, or large jobs, such as asset and liability modelling), the Trustees agree a project budget in advance of the work being undertaken.

These arrangements recognise the bespoke nature of the advice given. No investment decisions are delegated by the Trustees to any adviser.

3.2 Investment managers

For passive mandates, or mandates where the manager is seeking to add incremental value in excess of the performance benchmark, the investment manager is remunerated as a set percentage of the assets under management. This is in keeping with market practice.

Summary of investment management fee arrangements

Manager	Fund	Annual Management Charge
AIL	Absolute Return Strategy Fund	0.55% pa annual underlying management charge plus a fiduciary management fee of 0.28% pa
M&G Investments	Alpha Opportunities Fund	0.5% pa
JP Morgan	Multi Strategy II Fund	0.75% pa
AIL	Return Seeking Bond Fund	0.47% pa underlying management charge plus a fiduciary management fee of 0.2% pa
AIL	Low Risk Bond Fund	0.25% pa underlying management charge plus a fiduciary management fee of 0.125% pa
Insight	Insight Liability Enhanced Selection Nominal and Real Funds	0.08% pa on the exposure value of the holdings (i.e. broadly equal to the underlying value of the liabilities covered by the investment)

The fees with Insight are subject to a minimum fee of £10,000 pa

4. Additional Voluntary Contributions

The Trustees have provided the following investment options for the AVC contributions of members and which were available until the Scheme was closed to new members in May 2001.

- i Aviva – With-Profits Fund, Balanced Fund, UK Equity Fund, UK Index Tracker Fund, Deposit Fund and Lifestyle Fund.
- ii Utmost Life and Pensions – Automatic Investment Option (Investing by Age strategy).
- iii The Prudential Life Assurance Society With-Profits Fund.

Liberty Retail Pension Scheme

Appendix II to Statement of Investment Principles

Compliance with Myners Principles

Principle	Best Practice Guidance	Scheme's Current Status
<p>The high level principles are intended to be the accepted code of best practice throughout the industry in investment decision-making and governance. It is expected that trust boards will report against these on a voluntary "comply or explain" basis</p>	<p>The best practice guidance is intended to help trustees to apply the principles effectively. Trustees are not expected to implement every element of best practice. Trustees may use best practice examples where appropriate to help demonstrate whether compliance has been achieved.</p>	<p>An analysis of the Scheme's current status to the best practice guidance</p>
Principle	Best Practice Guidance	Scheme's Current Status – September 2020
<p>1. Effective Decision-Making</p> <p>Trustees should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation.</p> <p>Trustees should have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest</p>	<p>The board has appropriate skills for, and is run in a way that facilitates, effective decision-making.</p> <p>There are sufficient internal resources and access to external resources for trustees and boards to make effective decisions.</p> <p>It is good practice to have an investment sub-committee, to provide the appropriate focus and skills on investment decision-making.</p> <p>There is an investment business plan and progress is regularly evaluated.</p> <p>Consider remuneration of trustees.</p> <p>Pay particular attention to managing and contracting with external advisers (including advice on strategic asset allocation, investment management and actuarial issues).</p>	<p>The Trustees receive training on investment issues during Trustees' meetings and from training courses.</p> <p>The Trustees have an appointed investment adviser to provide specific investment advice. They can also draw on advice from the Scheme Actuary.</p> <p>In view of the size of the Trustee Board, a sub-committee is not considered essential.</p> <p>The Trustees have an annual business plan which is reviewed regularly.</p> <p>Provisions are available for the Trustees to be paid.</p>

Principle	Best Practice Guidance	Scheme's Current Status – September 2020
<p>2. Clear Objectives</p> <p>Trustees should set out an overall investment objective(s) for the fund that takes account of the scheme's liabilities, the strength of the sponsor covenant and the attitude to risk of both the trustees and the sponsor, and clearly communicate these to advisers and investment managers.</p>	<p>Benchmarks and objectives are in place for the funding and investment of the scheme.</p> <p>Fund managers have clear written mandates covering scheme expectations, which include clear time horizons for performance measurement and evaluation.</p> <p>Trustees consider as appropriate, given the size of the fund, a range of asset classes, active or passive management styles and the impact of investment management costs when formulating objectives and mandates.</p> <p>Consider the strength of the sponsor covenant.</p>	<p>Funding objectives are stated in the Statement of Funding Principles. Investment objectives are stated in the Statement of Investment Principles (SIP). The assets are invested in pooled funds and the Trustees form a view on the extent to which managers' pooled funds comply with the SIP. The investment managers set the individual fund objectives and risk parameters.</p> <p>Explicit mandates are in place with the investment managers. Performance is measured against specific benchmarks through reports from the investment managers and investment adviser. The investment managers are periodically invited to attend Trustees' meetings to discuss performance against those benchmarks.</p> <p>The Trustees review strategic asset allocation following each actuarial valuation. Consideration is given to a range of asset classes, styles of management, cost and attitude to risk.</p> <p>The strength of the Sponsoring Employer covenant is considered regularly. Where adverse changes are identified or are considered likely to occur, additional measures are agreed with the Sponsoring Employer. These can include agreement to increased annual contributions to the Scheme which are reflected in the Schedule of Contributions between the Sponsoring Employer and the Scheme.</p>

Principle	Best Practice Guidance	Scheme's Current Status – September 2020
<p>3. Risk and Liabilities</p> <p>In setting and reviewing their investment strategy, trustees should take account of the form and structure of liabilities.</p> <p>These included the strength of the sponsor covenant, the risk of sponsor default and longevity risk.</p>	<p>Trustees have a clear policy on willingness to accept underperformance due to market conditions.</p> <p>Trustees take into account the risks associated with their liabilities valuation and management.</p> <p>Trustees analyse factors affecting long-term performance and receive advice on how these impact on the scheme and its liabilities.</p> <p>Trustees have a legal requirement to establish and operate internal controls.</p> <p>Trustees consider whether the investment strategy is consistent with the scheme sponsor's objectives and ability to pay.</p>	<p>If the reasons for investment managers underperformance, are explained and justified the Trustees do not necessarily make changes to their asset allocation. However, underperformance is not tolerated over the medium term and in those situations changes are implemented.</p> <p>Factors affecting long-term performance and advice on how these impact the Scheme and its liabilities are considered as part of the triennial valuation process and when making changes to investment strategy. Advice is received from the Scheme Actuary and investment consultant.</p> <p>A formal risk register is in place. Reviews are held at least annually and more frequently when circumstances necessitate.</p> <p>The Trustees review the sponsor's covenant regularly. This view is factored into investment strategy considerations.</p>
<p>4. Performance Assessment</p> <p>Trustees should arrange for the formal measurement of the performance of the investments, investment managers and advisers.</p> <p>Trustees should also periodically make a formal policy assessment of their own effectiveness as a decision-making body and report on this to scheme members.</p>	<p>There is a formal policy and process for assessing individual performance of trustees and managers.</p> <p>Trustees can demonstrate an effective contribution and commitment to the role (for example measured by participation at meetings).</p> <p>The chairman addresses the results of the performance evaluation.</p> <p>State how performance evaluations have been conducted.</p> <p>When selecting external advisers, take into account relevant factors, including past performance and price.</p>	<p>The performance of investment managers is reviewed regularly. Whilst the Trustees place great importance on performance and this is monitored regularly, a formal process is not used to assess individual Trustees.</p> <p>The Trustees have set objectives against which to measure the performance of their investment consultant on an annual basis.</p> <p>Risk guidelines are specified in the investment management agreements. These guidelines are used to trigger reviews resulting from excessive relative returns.</p> <p>The Trustees review their advisers and investment arrangements on a regular basis. Key investment issues are identified and considered at Trustees' meetings.</p>

Principle	Best Practice Guidance	Scheme's Current Status – September 2020
<p>5. Responsible Ownership</p> <p>Trustees should adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents.</p> <p>A statement of the scheme's policy on responsible ownership should be included in the Statement of Investment Principles.</p> <p>Trustees should report periodically to members on the discharge of such responsibilities.</p>	<p>Policies regarding responsible ownership are disclosed to scheme members in the annual report and accounts or in the Statement of Investment Principles.</p> <p>Trustees consider the potential for engagement to add value when formulating investment strategy and selecting investment managers.</p> <p>Trustees ensure that investment managers have an explicit strategy, setting out the circumstances in which they will intervene in a company.</p> <p>Trustees ensure that investment consultants adopt the Institutional Shareholder Committee's (ISC) Statement of Practice relating to consultants.</p>	<p>The Statement of Investment Principles is available to members on request and includes a statement on the exercise of rights attaching to investments.</p> <p>Voting on underlying shareholdings is delegated to investment managers with reporting back to the Trustees on a regular basis. The Trustees encourage the investment managers to exercise voting rights and to vote in the best interests of the shareholders.</p> <p>The investment consultant's research rating of investment managers adheres to the Statement of Practice relating to consultants. Trustees monitor whether each investment manager will meet its performance objectives. The investment consultant assesses potential investment managers that do not comply with the Trustees' Statement of Principles.</p>
<p>6. Transparency and Reporting</p> <p>Trustees should act in a transparent manner, communicating with stakeholders on issues relating to the management of investment, its governance and risks, including performance against stated objectives.</p> <p>Trustees should provide regular communication to members in the form they consider most appropriate.</p>	<p><i>Reporting ensures that:</i></p> <ul style="list-style-type: none"> • <i>The scheme operates transparently and enhances accountability to scheme members; and</i> • <i>Best practice provides a basis for the continuing improvement of governance standards.</i> 	<p>The Trustees' Annual Report and Financial Statements, Statement of Investment Principles and other key documents are available to members on request.</p> <p>Communications are sent to members whenever important changes to the Scheme take place.</p>