

The MPS Pension Scheme

Statement of Investment Principles ("SIP")

Purpose of this Statement

This SIP has been prepared by the Trustee of The MPS Pension Scheme (the "Scheme"). This statement sets out the principles governing the Trustee's decisions to invest the assets of the Scheme.

In May 2024, the vast majority of the Scheme's assets were transferred to an insurer as part of a full Scheme buy-in. The Trustee therefore acknowledges that the policies set out in this statement may be less applicable or limited on the remaining assets held in respect of the Scheme. However, such policies remain relevant for the remaining assets managed by the Trustee until full wind-up of the Scheme.

The Scheme's investment strategy is derived from the Trustee's investment objectives. The objectives have been taken into account at all stages of planning, implementation and monitoring of the investment strategy.

Details of the Scheme's investment arrangements for the Scheme's remaining assets are set out in Appendix A.

Governance

The Trustee of the Scheme makes all major strategic decisions including, but not limited to, the Scheme's asset allocation and the appointment and termination of investment managers.

When making such decisions, and when appropriate, the Trustee takes proper written advice. The Trustee's investment adviser, Isio Group Limited ("Isio"), are qualified by their ability in, and practical experience of, financial matters, and have the appropriate knowledge and experience. The investment advisers' remuneration may be a fixed fee or based on time worked, as negotiated by the Trustee in the interests of obtaining best value for the Scheme.

Investment objectives

The Trustee invests the remaining assets of the Scheme with the aim of ensuring an appropriate balance between:

- Generating a modest investment return until full Scheme wind-up; and
- Capital preservation.

The current investment strategy aims to achieve a return of around 0.5% per annum above the return on Cash, as benchmarked by the Sterling Overnight Index Average ("SONIA").

Investment strategy

The Trustee takes a holistic approach to considering and managing risks when formulating the Scheme's investment strategy.

The Scheme's investment strategy was derived following careful consideration of the factors set out in Appendix B. In determining the investment strategy for the Scheme's remaining assets, the Trustee considered the merits of a range of asset classes and funds.

The Trustee recognises that the selected fund is subject to risks, as set out in Appendix B. These risks are monitored by regularly assessing the performance and the characteristics of the Scheme's assets.

The fund in which the Scheme's assets are invested is a pooled investment fund, which is traded on a regulated market.

Investment Management Arrangements

The Trustee has appointed Insight Investment Management Limited ("Insight") to manage the assets of the Scheme as listed in Appendix A. Insight are regulated under the Financial Services and Markets Act 2000.

All decisions about the day-to-day management of the assets have been delegated to Insight via a written agreement. The delegation includes decisions about:

- Selection, retention and realisation of investments, including taking into account all financially material considerations in making these decisions;
- The exercise of rights (including voting rights) attaching to the investments;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustee takes Insight's policies into account when selecting and monitoring them. The Trustee also considers the performance objectives Insight is evaluated on. Insight is expected to exercise powers of investment delegated to them, with a view to following the principles contained within this statement, so far as is reasonably practicable.

As the Scheme's assets are invested in a single pooled vehicle, the custody of the holdings is arranged by Insight.

Investment Manager Monitoring and Engagement

The Trustee monitors and engages with Insight and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustee seeks to engage on these matters.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	<ul style="list-style-type: none"> • On behalf of the Trustee, Isio monitors the Scheme's assets to ensure the selected fund continues to perform in line with expectations and its stated performance objective. • Isio engage with Insight on at least a quarterly basis to ensure their investment philosophy, process and risk management continues to be as expected. 	<ul style="list-style-type: none"> • The risk levels of the fund in which the Scheme's remaining assets are invested increases to a level above and beyond the Trustee's expectations. • Underperformance vs the performance objective over the period that this objective applies.
Environmental, Social, Corporate Governance "ESG) factors and the exercising of rights	<ul style="list-style-type: none"> • Insight provide annual reports on how they have engaged with investee companies regarding ESG issues. • The Trustee receives information from Isio on the Insight's approach to engagement, which is summarised in the Implementation Report contained within the Trustee Report and Accounts. • The Trustee acknowledges the remaining assets are held in a money market fund, and so engagement and ESG factor integration is limited. However, the Trustee ensures that Insight continue to meet Isio's ESG criteria at an overall firm level. 	<ul style="list-style-type: none"> • Where Insight has not acted in accordance with their policies and frameworks (including stewardship priorities). • If Insight's stewardship policies and priorities materially deviate from the Trustee's policies and any priorities in this area. • Should Isio's formal ESG rating of Insight be downgraded to "fails to meet ESG criteria".

Through the engagement described above, the Trustee (via Isio) work with Insight to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustee will review Insight's appointment and will consider terminating the arrangement.

Company-related and Direct investments

The policy of the Trustee is not to hold any Company-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 except where the Scheme invests in collective investment schemes that may hold Company-related investments. In this case, the total exposure to Company-related investments will not exceed 5% of the Scheme's total asset value.

Compliance

This Statement has been prepared in compliance with the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005. Before preparing or subsequently revising this Statement, the Trustee consulted the Company and took appropriate written advice. The Statement is reviewed at least every three years, and without delay after any significant change in the investment arrangements.

The Trustee confirms the information contained within this document reflects the Investment Strategy they have implemented for the Scheme. The Trustee acknowledges it is their responsibility, with guidance from the relevant Advisers, to ensure the Scheme's assets are invested in line with these Principles.

The Trustee holds a signed copy of this document on file.

Appendix A – Investment arrangements**Investment strategy breakdown**

Fund	Asset class	Strategic allocation	Return p.a. (above Gilts)	Volatility p.a.
Insight Liquidity Plus Fund	Cash / Liquidity	100.0%	-	1.5%

Source: Insight.

Manager performance objectives

Fund	Performance objective (net of fees)
Insight Liquidity Plus Fund	SONIA (Cash) + 0.5% p.a.

Appendix B – Risks, Financially Material Considerations (including ESG and climate change) and Non-Financial matters

Risks	Definition	Policy
Investment	The risk that the value of the Scheme's remaining assets deteriorates due to the assets underperforming.	<ul style="list-style-type: none"> Investing the Scheme's assets in a low-risk fund, which prioritises capital preservation and diversification of underlying money market exposures and counterparties.
Liquidity	Difficulties in releasing capital when required without adversely impacting the fair market value of the investment.	<ul style="list-style-type: none"> To invest only in liquid assets such that the Trustee can disinvest the Scheme's assets as and when required.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	<ul style="list-style-type: none"> To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
Credit	Default on payments due as part of a financial security contract.	<ul style="list-style-type: none"> To diversify this risk by investing in money market instruments with significantly high credit ratings, across a diverse base of counterparties.
Environmental, Social and Governance ("ESG")	Exposure to ESG factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	<ul style="list-style-type: none"> To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: <ol style="list-style-type: none"> Responsible Investment ('RI') Policy / Framework Implemented via Investment Process A track record of using engagement and any voting rights to manage ESG factors ESG specific reporting UN PRI Signatory UK Stewardship Code signatory The Trustee monitors the managers on an ongoing basis.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	<ul style="list-style-type: none"> Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Appendix C - Investment management arrangement policies

<p>How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.</p>	<ul style="list-style-type: none"> As the Trustee will only invest the Scheme's remaining assets in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustee's policies. However, the Trustee aims to invest in a portfolio of pooled funds that are aligned to their strategic objective.
<p>How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.</p>	<ul style="list-style-type: none"> The Trustee reviews any investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements (performance objectives are set out in Appendix A). The Trustee monitors any investment managers' engagement and voting activity as part of their ESG monitoring process. The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.
<p>How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.</p>	<ul style="list-style-type: none"> The Trustee reviews the performance of the Scheme's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. The Trustee evaluates performance over the time period stated in the investment managers' performance objective (typically 3 to 5 years).
<p>The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover (or range of).</p>	<ul style="list-style-type: none"> The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
<p>The duration of the Scheme's arrangements with the investment managers.</p>	<p>Duration is considered in the context of the type of fund the Scheme invests in:</p> <ul style="list-style-type: none"> For closed ended funds (or lock-in periods) the Trustee ensures the timeframe of the investment is in line with their objectives and Scheme's liquidity requirements. For open ended funds, the duration is flexible, and the Trustee will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.
<p>Voting and Engagement Policies - How the Trustee expects investment managers to vote and engage with investment managers, direct assets and others about 'relevant matters'.</p>	<ul style="list-style-type: none"> The Trustee has acknowledged responsibility for the voting and engagement policies that are implemented by the Scheme's investment managers on their behalf.