

KPMG Staff Pension Fund

Statement of Investment Principles

This document constitutes the Statement of Investment Principles (“the SIP”) required under Section 35 of the Pensions Act 1995 for the KPMG Staff Pension Fund. It describes the investment policy being pursued for the KPMG Staff Pension Fund (“the Fund”) by the Trustee and is in compliance with the Government’s voluntary code of conduct for Institutional Investment in the UK (“the 2001 Myners Principles” and subsequent revisions). This SIP also reflects the requirements of Occupational Pension Plans (Investment) Regulations 2005.

The Fund’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.

DB Section – KPMG Staff Pension Fund (pre-2000)

Investment Objective

The Trustee invests the assets of the KPMG Staff Pension Fund (pre-2000) (“DB Section”) with the aim of ensuring that all members’ accrued benefits can be paid. The DB Section’s funding target is specified in the Statement of Funding Principles, and the DB Section’s funding position will be reviewed quarterly to assess the position relative to the funding target and whether the investment policy remains appropriate to the DB Section’s circumstances.

To achieve this aim, the Trustee invests primarily in credit assets that aim to deliver a string of cashflows which match the Fund’s liabilities. By investing in this manner, the expected return on the strategy equates to 1.0% per annum above the return on UK Government Bonds (long term expected returns based on the strategic asset allocation as at 30 September 2025). We note that the strategy’s expected return is variable, and will move with wider changes in market conditions.

Investment Strategy

The Trustee takes a holistic approach to considering and managing risks when formulating the DB Section’s investment strategy.

The DB Section’s investment strategy was derived following careful consideration of the factors set out in Appendix B. The considerations include the nature and duration of the DB Section’s liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the DB Section, and also the strength of the sponsoring employer’s, KPMG LLP’s (“the Firm”), covenant. The Trustee considered the merits of a range of asset classes.

The DB Section’s strategy is to invest according to the following broad asset allocation.

Asset Class	Central Allocation	Expected Return as at 30 September 2025 (relative to fixed interest gilts)
Physical Assets		
<i>Buy & Maintain Bonds*</i>	30.0%	0.5%
<i>Multi Asset Credit</i>	10.0%	3.3%
<i>Liability Driven Investment ("LDI")*</i>	40.0%	0.0%
<i>Asset Backed Securities</i>	20.0%	2.0%
Total Physical	100.0%	0.9%
Synthetic Assets		
<i>Credit Default Swaps IG</i>	15.0%	0.6%
Total	115.0%	1.0%

*The LDI and Buy & Maintain Bonds mandates target a hedge in reference to 100% of the Fund's funding level. The cashflows generated from the ABF agreement are also incorporated into the hedge ratio.

The DB Section still has some residual exposure to BlueCrest (global macro) and Siguler Guff (distressed debt), not in the current strategy, due to the illiquid nature of these investments. We expect the exposure of these funds to decrease gradually over time.

The Trustee recognises that the investment strategy is subject to risk, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities. This risk is managed by investing in assets which are expected to grow in excess of the liabilities over the long term, and also by investing in a suitably diversified portfolio of assets with the aim of minimising (as far as possible) volatility relative to the liabilities. The assets of the DB Section consist predominantly of investments admitted to trading on regulated markets.

The DB Section also has an Asset Backed Funding ("ABF") agreement in place with the Firm, that provides regular monthly income. The characteristics of the ABF and the cashflows provided have been taken into account by the Trustee in determining the DB Section's investment strategy.

Leverage and collateral management

The Trustee will adhere to relevant regulatory guidance and requirements in relation to leverage and collateral management within the Fund's liability hedging (LDI) and credit default swap (CDS) portfolios.

The Trustee has a stated collateral management policy. The Trustee has agreed a process for meeting collateral calls should these be made by the Fund's LDI and CDS investment managers. The Trustee will review and stress test this policy on a regular basis.

Further details on this can be found in Appendix E.

Investment Management Arrangements

The Trustee has appointed several investment managers to manage the assets of the DB Section as listed in Appendix A. The investment managers 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 the investment managers 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 - the Trustee has communicated to each of the investment managers what the Fund's stewardship priorities are;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustee takes investment managers' policies into account when selecting and monitoring managers. The Trustee also takes into account the performance targets the investment managers are evaluated on. The investment managers are 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.

For the segregated investment mandates, the Trustee has appointed a custodian to operate alongside the investment managers in place. The custodian provides safekeeping for the assets and performs all associated administrative duties such as the collection of dividends.

As some of the DB Section's assets are invested in pooled vehicles, the custody of the holdings is arranged by the investment manager.

Investment Manager Monitoring and Engagement

The Trustee monitors and engages with the DB Section's investment managers 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 via their investment adviser, with investment managers and/or other relevant persons about relevant matters.

The Trustee has received training on Environmental, Social and Governance ("ESG") factors and how these can materially impact the DB Section's performance. The Trustee expects its investment managers to take account of financially material considerations, including climate change and other ESG issues.

Over the course of 2021, the Trustee formulated their own "ESG Policy" which specifically addresses the Trustee's views and beliefs on ESG considerations, how ESG risks should be managed within the Fund, and to what extent ESG factors should be integrated into the Fund's investment strategy. This ESG Policy has been formulated for both the DB and DC Sections of the Fund. Given the structure of the DB Section's investments, implementation of the ESG Policy was expected to take time to feedthrough the strategy. Any changes to the investment strategy are considered against the agreed ESG Policy.

The agreed ESG Policy can be found in full in Appendix D.

Under the new agreement, the Trustee will monitor the Fund's assets against the Policy on an ongoing basis, with the assistance of Isio.

The Trustee views the development of the Policy as an ongoing process as approaches to integrating ESG factors continue to evolve over time. When reviewing the Policy, the Trustee will take account of any significant developments in the market to ensure they are taking a best practice approach.

In 2024, the Trustee agreed a set of stewardship priorities for the Fund and shared them with the DB Section's investment managers. The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters (including the Fund's stewardship priorities) at least annually. The Trustee will ensure any agreed changes to the stewardship priorities are communicated to the investment managers in a timely manner to ensure alignment in voting and engagement activity.

With regards to monitoring the DB Section's investments, the Trustee receives a quarterly performance report which details information on the DB Section's underlying investment performance, strategy and overall risks, which are considered at a relevant Trustee meeting. To aid with monitoring, the DB Section's investment managers may also be invited to present to the Trustee on their performance, strategy and risk exposures.

The circumstances with which the Trustee would seek further monitoring and engagement are;

- Significant changes to the investment strategy
- An increase in the risk levels beyond the Trustee's expectations within the assets managed by the investment managers.
- Significant underperformance versus the performance objective over the relevant period.
- The manager has not acted in accordance with their policies and frameworks (including stewardship priorities).

Employer-Related Investments

The Trustee's policy is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 except where the DB Section invests in pooled vehicles that may hold employer-related investments, in which case the total exposure to employer-related investments will not exceed 5% of the DB Section's value.

Direct Investments

Direct investments, as distinguished by the Pensions Act 1995, are products purchased without delegation to a fund manager through a written contract. When selecting and reviewing any direct investments, the Trustee will obtain appropriate written advice from their investment advisors.

Governance

The Trustee of the DB Section make all major strategic decisions including, but not limited to, the DB Section's asset allocation and the appointment and termination of fund managers.

When making such decisions, and when appropriate, the Trustee takes proper written advice. The Trustee's investment advisor, Isio Group Limited, are qualified by their ability in, and practical experience of, financial matters, and have the appropriate knowledge and experience. The investment advisor's 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 DB Section.

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustee's behalf. In doing so, the Trustee expects that the investment managers will use their influence as major institutional investors to exercise the Trustee's rights and duties as shareholders, including, where appropriate, engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustee will monitor and engage with the investment managers about relevant matters (including business performance, strategy, capital structure, management of conflicts of interest, ESG, the Fund's agreed stewardship priorities and corporate governance matters), through the DB Section's investment advisor.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustee will, with input from their investment advisor, monitor and review the information provided by the investment managers. Where possible and appropriate, the Trustee will, through the DB Section's investment advisor, engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

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 Firm and took appropriate written advice. The Statement is reviewed at least every three years, and without delay after any significant change in investment policy.

Auditor Independence

The US Security and Exchange Commission ("SEC") regulation on audit firms states that any US audit firm must have independence from any US corporation and its affiliates to which it has an audit relationship with. This means that the DB Section cannot invest with any investment managers who are also audit clients of the Firm. If this situation were to arise, for example the Firm were to win work as part of a material audit function of an existing investment manager, then the Firm and the investment manager, through the relationship held by the DB Section, would be deemed independence conflicted.

In addition to restriction on investment managers, where the DB Section holds assets on a segregated basis, the DB Section cannot invest in any securities issued by companies who are audit clients of the Firm. In order to aid compliance with this, the DB Section maintains a list of permitted securities which is updated by the Firm's compliance team and shared with the investment managers who manage segregated assets on behalf of the DB Section.

If an independence conflict were to arise with one of the investment managers, then the Trustee would be asked to unwind the entire investment from that investment manager. Similarly, if an independence conflict were to arise with one of the segregated securities, then the Trustee would be asked to unwind the entire holding in that security. Unfortunately, the SEC do not prescribe the time period over which this disinvestment should occur and as such this should be done immediately to ensure compliance with the independence regulation.

Given these implications, the DB Section should hold the majority of its assets in liquid investments to ensure that the Trustee can efficiently unwind all of the DB Section's investments without incurring significant penalties and transfer the proceeds to an alternative manager.

At the current time, the majority of the DB Section's investments offer a suitable level of liquidity to be disinvested within 90 days, provided normal market conditions hold. Due to the illiquid nature of the DB Section's holdings with both BlueCrest and Sigular Guff, which are in the process of being wound down, disinvestment within a short time frame could potentially incur a loss to the DB Section should secondary market sales need to be utilised (for which best pricing may not be achievable). Importantly though, despite this potential loss, exposure to these managers can be removed within 90 days if required.

DC Section – KPMG Staff Pension Fund (Post 2000 Section)

Investment Objective

The members' and the Firm's contributions will be put into a pot and these will be invested until the members take their benefits from the KPMG Staff Pension Fund (Post 2000 Section) ("DC Section"). The Trustee appreciates that different members will have different saving needs and therefore has created a range of options to provide members with a suitable choice for their retirement savings. They have taken into account members of different ages and with different retirement benefit goals and have created the fund range to deliver long term positive returns which take into account a number of different risks.

Investment Mandates

The DC Section provides investment options sourced through insurance policies with Standard Life and Aviva, where a number of different investment managers and funds can be accessed via the platform used by the DC Section.

All decisions about the day-to-day management of the assets have been delegated to the investment managers 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 – the Trustee has communicated to each of the default arrangement investment managers what the Fund's stewardship priorities are;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The platform providers, Standard Life and Aviva, are remunerated through charges levied on the investment funds based upon a percentage value of the assets under management. The level of fund charges a member pays will depend on the specific funds in which they invest. The Trustee ensures that the charges are competitive, and makes members aware of them in the DC Section investment guide.

Information for Members

Detailed information on the full range supported by the provider is made available on www.mykpmgpension.com.

Investment Risks

The Trustee recognises that there are risks associated with investing retirement savings. In designing the range of funds for the DC Section, the Trustee has considered how best to safeguard members from these risks. The following list summarises some of the main risks and the Trustee's response to them:

Inflation – the value of the same basket of goods will increase in the future because of the effect of inflation. Therefore; the performance of member funds must keep pace with this

change, to protect what is known as the *real* value of member savings. The Trustee has defined its investment choices to provide options for members looking to grow the value of their savings and has set performance targets against this risk.

Shortfall – although the Trustee has no influence over how much money a member saves into the DC Section, there is the potential that members receive a retirement benefit less than they had hoped for. The Trustee will aim to provide clear communication on at least an annual basis to inform members of the likely value of their benefit at retirement. This will allow members to make informed decisions about both their level of savings and where they invest their contributions.

Performance ups and downs – the performance of the funds will go up and will also go down; we call this volatility. Those funds which have a chance of earning more money for members are likely to see greater volatility over short periods. The Trustee has provided a range of carefully considered choices which balance the need to increase value but without exposing members to too much of this risk.

Pension conversion – for members nearing their retirement, the potential impact of poor performance leading to a reduction in retirement benefit value is significantly increased, as they have less time to make up any lost money. The Trustee has created its choice of funds to cater for members looking to limit this risk to provide greater certainty as members approach their retirement. Further, the Lifestyle strategy automatically manages member's savings to limit this risk as they near retirement.

Manager – There is a risk that the manager of a selected fund goes on to make poor investment decisions. For the main fund choices in the DC Section, the Trustee has decided to include funds which significantly reduce this risk by limiting the way in which the manager can invest members' savings. These are typically referred to as 'passive investments'.

Diversification – Keeping all your eggs in one basket or holding a limited number of different investments increases the risk of losing money if one particular investment fails. So funds holding a greater number of different shares, or which hold different types of investments help to increase diversification and therefore reduce this particular risk. The Trustee has designed the fund range to provide appropriate levels of diversification in each of the fund options.

Liquidity – some investments such as property or shares in private companies are not easy to sell, meaning it can take some time to get money returned or transferred to another fund. The Trustee has limited this risk by offering funds designed to reduce this issue, which provide daily or weekly liquidity.

Environmental, Social and Governance risk – Management of investments with regard to Environmental, Social and Governance factors, including but not limited to climate change, can impact performance and member outcomes.

Consideration of material and non-financially material matters

The Trustee has considered how financially material considerations over the appropriate time horizon of the investments, including how those considerations ESG factors (which include climate change), are taken into account in the selection, retention and realisation of investments.

The DC Section is invested through pooled funds and the Trustee expects its investment managers to take account of financially material considerations (including climate change and

other ESG considerations). The Trustee recognises their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, 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 issuers 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 debt or 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 has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee does not consider member views in setting the investment strategy. However, the Trustee does make available a "save responsibly" lifestyle strategy for members who wish to invest in this manner.

Over the course of 2021, the Trustee formulated their own separate "ESG Policy" which specifically addresses the Trustee's views and beliefs on ESG considerations, how ESG risks should be best managed within the Fund, and to what extent ESG factors should be integrated into the Fund's investment strategy. This ESG Policy has been formulated for both the DB and DC Sections of the Fund. Implementation of the ESG Policy is currently underway with the Trustee reviewing the investment strategy of the DC Section of the Fund.

In 2024, the Trustee agreed a set of stewardship priorities for the Fund and shared them with the DC Section's default arrangement investment managers. The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters (including the Fund's stewardship priorities) at least annually. The Trustee will ensure any agreed changes to the stewardship priorities are communicated with the investment managers in a timely manner to ensure alignment in voting and engagement activity.

Investment Design

The Trustee is aware that some members will not want to make decisions about where to save their contributions at various stages of their working life, whilst others will want to have differing amounts of control. The Trustee has designed the fund range to best meet these differing needs. The Trustee reviews the range of options periodically to ensure their continued suitability. Additionally, the Trustee will encourage members to review their planned retirement age regularly.

The fund range is divided into two categories:

- The Lifestyle Strategies – these are automatically adjusted over time as the members get closer to retirement.
- Self-select options – these allow the members to select which funds they would like their pot invested in.

Lifestyle strategies

In the 2014 Budget, the UK government announced new ‘pensions flexibility’ rules allowing members to access their pension pots in a number of different ways. These rules became part of the new pensions regulations implemented in the April 2015 Budget.

Early in 2015 the Trustee reviewed the Lifestyle options and fund selection of the DC Section to better reflect the new flexibilities available to members at retirement.

Following KPMG’s appointment as auditors to Standard Life effective from 1st January 2017, additional arrangements were introduced for the membership in order to avoid a breach of KPMG’s independence requirements. A new default lifestyle strategy for Covered Persons was introduced on the Standard Life platform which replicates the overall objective of the existing default lifestyle but excludes any underlying funds managed by Standard Life Investments. In addition, a separate arrangement was established with Aviva, with comparable default and alternative options. Below we provide information on all three default options.

Standard Life Default

The default option is the ‘Flexible Retirement Default’ option. This default option invests 70% in a global equity fund and 30% across two DGF managers during the growth phase of the lifestyle strategy.

During the pre-retirement phase, members’ assets are phased to an allocation of 75% in the diversified growth mandate and 25% in a cash fund so as to protect assets and provide tax free cash at retirement. The current lifestyle switching period is based over seven years.

Members who were within seven years of their target retirement date when the Flexible Retirement Default was implemented were able to remain invested in the ‘Pre-2015’ default option, which targets annuity purchase and tax free cash at retirement. This is no longer available as a new selection.

Standard Life Covered Persons Default

The default option is the ‘Flexible Retirement Default – Covered Persons’ option. This default option invests 70% in a global equity fund and 30% across two diversified growth funds during the growth phase of the lifestyle strategy.

During the pre-retirement phase, member’s assets are phased to an allocation of 75% across two diversified growth funds and 25% in a cash fund so as to protect assets and provide tax free cash at retirement. The current lifestyle switching period is based over seven years.

Aviva Default

The default option is the ‘Aviva MyM Flexible Retirement Default’ option. This default option initially invests 100% in a white-labelled growth fund. The growth fund aims to have 70% global equity exposure and 30% diversified growth exposure.

Assets are switched into the white-labelled Pre-retirement fund seven years from retirement. From three years to retirement assets are switched such that 100% is invested in the white-labelled At-retirement fund. This fund consists of a 25% allocation to cash and 75% to diversified growth assets.

Across the providers, alternative lifestyle strategies ('Take More Risk' and 'Save Responsibly') are available to provide members with a choice of either seeking higher returns or investing in a socially responsible manner.

Details of the default options, alternative lifestyle strategies and underlying managers are set out in Appendix A.

During 2021, the Trustee commissioned their investment advisers, Isio Group Limited, to carry out a detailed review of the Fund's investment strategy to ensure ongoing appropriateness and suitability for members. The Trustee is in the process of discussing the findings and conclusions of the review.

In addition, there are a number of members who were previously invested in a legacy lifestyle, similar to the Standard Life default strategy and Standard Life covered persons default strategy, who were transferred out to the Aegon Master Trust during Q4 2020.

Self-select Options

In addition we also provide a summary table of the numerous self-select options which the Trustee has chosen taking into account past performance, charging structures, flexibility and the quality of administration. In addition, some funds may not be made available due to the managers being audit clients of KPMG.

Details of available funds are provided in the Investment Mandates document.

Additional Voluntary Contributions ("AVCs")

For members' AVCs the Trustee has chosen suitable investment vehicles taking into account past performance, charging structures, flexibility and the quality of administration.

The Trustee reviews the performance of the AVC providers periodically to ensure their continued suitability.

Signed:..... Date.....

On behalf of the Trustee of the KPMG Staff Pension Fund
KPMG Staff Pension Fund

Appendix A – Investment Mandates

DB Section

1. Schroders Plc – Corporate Bonds

The Trustee has selected Schroders to manage half of the DB Section's segregated Buy & Maintain Corporate Bonds mandate.

The mandate has a central allocation target of 15.0% of assets.

2. Schroders Plc – LDI & Credit Default Swaps

The Schroders mandate has a central allocation target of 20.0% of assets.

The Trustee has selected Schroders to manage half of the DB Section's LDI mandate and half of the DB Section's Investment Grade Credit Default Swap (CDS) exposure.

Schroders will target 50% of the DB Section's target LDI hedge with the corporate bond and LDI mandates and 50% of the overall Investment Grade CDS exposure.

3. BlackRock Investment Management (UK) Limited – Corporate Bonds

The Trustee has selected Blackrock to manage half of the DB Section's segregated Buy & Maintain Corporate Bonds mandate.

The mandate has a central allocation target of 15.0% of assets.

4. BlackRock Investment Management (UK) Limited – LDI & Credit Default Swaps

The BlackRock mandate has a central allocation target of 20.0% of assets.

The Trustee has selected BlackRock to manage half of the DB Section's LDI mandate and half of the DB Section's Investment Grade Credit Default Swap (CDS) exposure.

BlackRock will target 50% of the DB Section's target LDI hedge with the corporate bond and LDI mandates and 50% of the overall Investment Grade CDS exposure.

5. CQS (UK) LLP – Multi Asset Credit

The Trustee has selected CQS to manage the Multi Asset Credit mandate through their pooled Credit Multi Asset Fund.

The mandate has a central allocation target of 10% of assets.

6. PGIM, Inc – Asset Backed Securities

The Trustee has selected PGIM to manage the Asset Backed Securities mandate through their pooled Global Securitised Credit Fund.

The mandate has a central allocation target of 20% of assets.

7. SigulerGuff Advisors LLC – Distressed Debt

As part of the previous investment strategy, the Trustee had selected Siguler Guff Advisors LLC (“Siguler Guff”) to manage the DB Section’s Distressed Debt allocation through its Siguler Guff Distressed Opportunities Fund IV (F), LP (“SG fund”).

The SG fund draws down capital over time and distributes capital upon maturity of the underlying investments. The mandate does not have an allocation in the new investment strategy. However, the DB Section will retain a small allocation to the SG fund until all capital has been distributed.

8. BlueCrest Capital Management (UK) LLP – Global Macro

As at 31 March 2018 the DB Section retained a legacy allocation to BlueCrest Capital Management (UK) LLP (“BlueCrest”) through its AllBlue Fund.

The Trustee has now redeemed all units in this fund although a small residual holding is being temporarily retained due to the illiquid nature of the underlying investments.

DC Section

1. Default Lifestyle Strategy – Standard Life Main funds

BlackRock Investment Management (UK) Limited

The Trustee has selected BlackRock to manage the DC Section’s passive global equity allocation, part of the DGF allocation and the cash allocation. The Trustee has chosen to invest in the BlackRock Managed (50:50) Global Equity Pension Fund, the BlackRock Aquila Life Market Advantage Pension Fund (“BlackRock ALMA”) and the BlackRock Aquila Connect Sterling Government Liquidity Pension Fund.

The investment objective for the BlackRock Managed (50:50) Global Equity Pension Fund is to track the composite benchmark comprising 50% FTSE All-Share Index and 50% overseas developed equities. The composite index for overseas developed equities comprises 33.3% FTSE US Index, 33.3% FTSE All-World Developed Europe ex-UK Index, 16.7% FTSE Japan Index and 16.7% FTSE All-World Developed Asia Pacific ex-Japan Index.

The investment objective for the BlackRock ALMA fund is to achieve a return similar to a balanced portfolio (in this case balanced is defined as holding 60% equities and 40% bonds), with approximately 40% less risk than a balanced portfolio and with smoother returns during extreme market conditions. The fund uses a comparator of 3 month LIBOR + 3.5%.

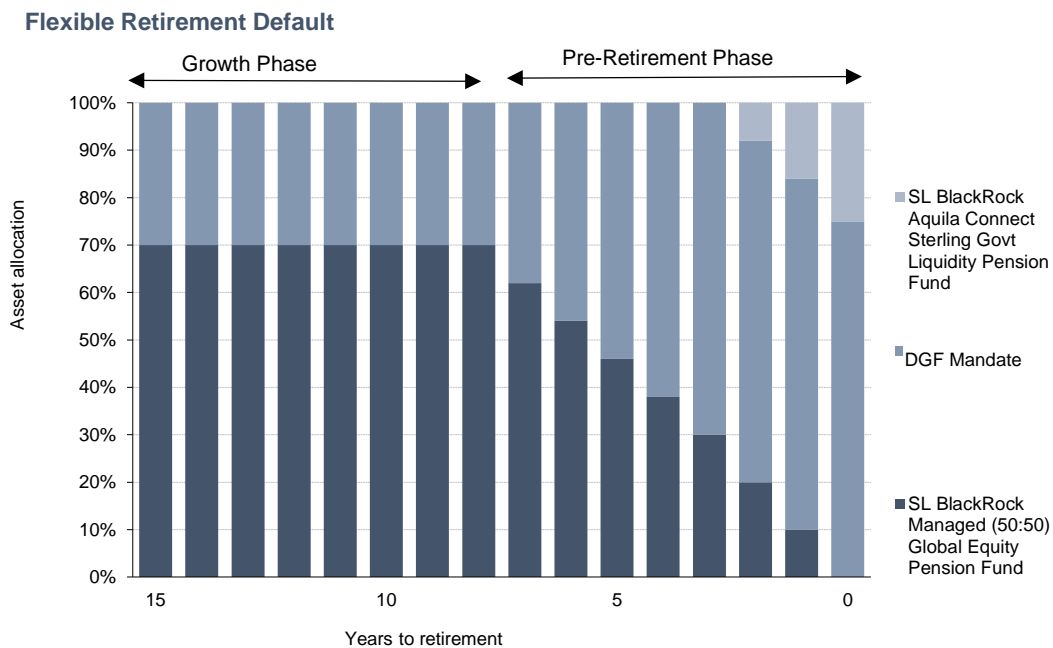
The investment objective for the BlackRock Aquila Sterling Government Liquidity Pension Fund is to achieve an investment return that is in line with short term government interest rate returns.

Schroder Investment Management

The Trustee has selected Schroder Investment Management to manage part of the Fund’s diversified growth fund by investing in the Schroder ISF Global Diversified Growth Pension Fund (“Schroders DGF”). The Schroders DGF has a performance target of CPI plus 5% per annum (gross of fees) over rolling three year periods.

Current default ‘Flexible Retirement Default’ option

The lifestyle strategy shown below is the default investment option for members of the DC section. The DGF mandate shown in the chart is a combination of 45% invested in the BlackRock ALMA fund and 55% in the Schroders DGF.



The Flexible Retirement Default option is intended to meet the aims of a member who has a balanced view of risk and reward. Savings are invested in a core of company shares selected from a global benchmark with the remaining portfolio invested in fully diversified funds to reduce the impact of significant stock market swings.

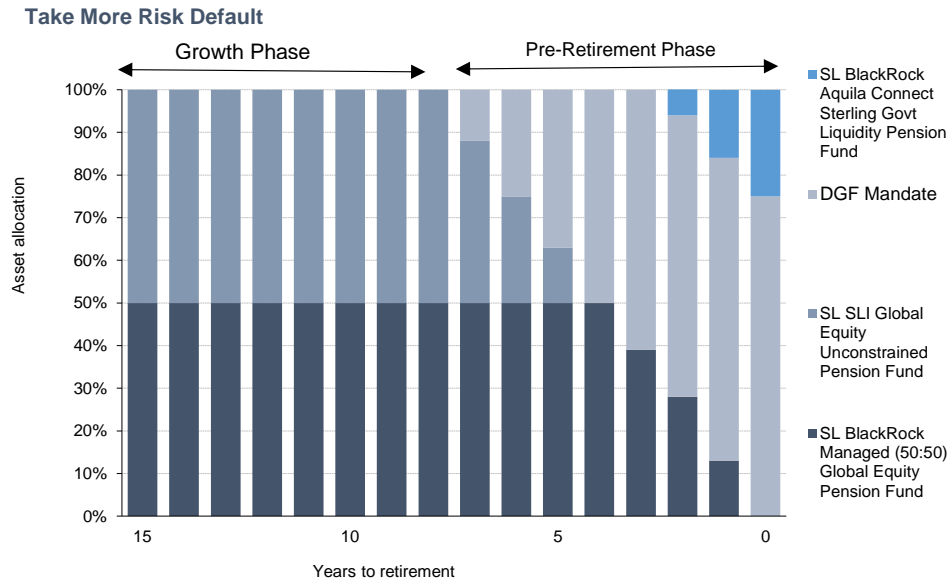
During the growth phase, assets will be invested 70% in the BlackRock Managed (50:50) Global Equity Pension Fund and 30% in the DGF mandate (the blend of the BlackRock ALMA fund (45%) and the Schroder DGF (55%).

During the pre-retirement phase (starting seven years from retirement), savings will be automatically moved away from the BlackRock Managed (50:50) Global Equity Pension Fund into the DGF mandate and BlackRock Aquila Connect Sterling Government Liquidity Pension Fund to better protect member savings and provide 25% tax free cash.

2. Alternative Lifestyle Strategies – Standard Life Main Funds

Below are the alternative lifestyle strategies made available to existing and new members of the DC Section.

‘Take More Risk’ Lifestyle option

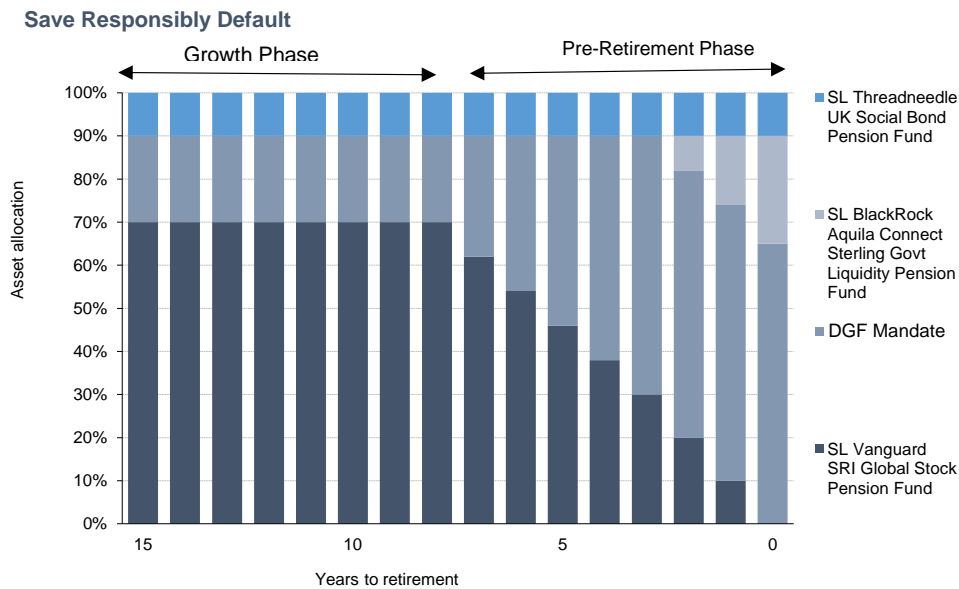


This option is intended to meet the aims of a member who appreciates the risk and rewards involved in investment and who is prepared to take a greater degree of risk in the belief that this may lead to higher growth than in the Flexible Retirement Default option.

This option invests 100% in equity markets during the growth phase, with a 50% managed on an active basis by Standard Life Investments and 50% passively managed by BlackRock.

As the member approaches retirement (seven years), assets will gradually be moved away from equities into the DGF mandate and BlackRock Aquila Connect Sterling Government Liquidity Pension Fund with the aim to better protect savings and provide tax free cash, an approach similar to the Flexible Retirement Default.

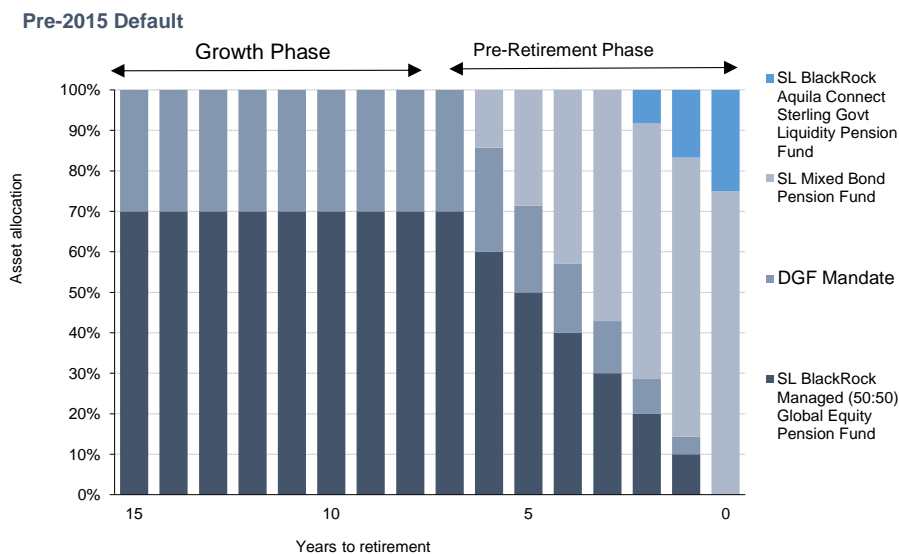
‘Save Responsibly’ Lifestyle option



The aim of this lifestyle is to follow the Flexible Retirement Default option but makes use of funds which are aligned to social and ethical criteria. This allows members the option to keep their savings away from businesses that violate UN Global Compact principles or produce land mines, cluster bombs and nuclear weapons. A small proportion of funds are also invested in a fund which is governed by the social investment arm of The Big Issue, which has a mission to back sustainable social enterprises and ventures in the UK.

As the member approaches retirement (seven years), assets will gradually be moved away from equities into investments that aim to better protect savings and provide tax free cash, an approach similar to the Flexible Retirement Default.

‘Pre-2015’ Lifestyle



The aim of this lifestyle is to provide growth in member’s assets during the early years by investing 70% in the BlackRock Managed (50:50) Global Equity Pension Fund and 30% in the DGF mandate (BlackRock ALMA and Schroders DGF). During the pre-retirement phase,

member's assets will be automatically phased out of growth assets so that assets are allocated 75% in the SL Mixed Bond Pension Fund and 25% in the SL BlackRock Aquila Connect Sterling Government Liquidity Pension Fund at retirement.

The view is to purchase an annuity and take tax free cash at retirement. This lifestyle option is no longer available as a new selection.

3. Default Lifestyle Strategy – Standard Life Covered Persons

BlackRock Investment Management (UK) Limited

The Trustee has selected BlackRock to manage the Fund's passive global equity allocation, diversified growth allocation and the cash allocation. The Trustee has chosen to invest in the BlackRock Managed (50:50) Global Equity Pension Fund, BlackRock Aquila Life Market Advantage ("BlackRock ALMA") Fund and the BlackRock Aquila Connect Sterling Government Liquidity Pension Fund.

The investment objective for the BlackRock Managed (50:50) Global Equity Pension Fund is to track the composite benchmark comprising 50% FTSE All-Share Index and 50% overseas developed equities. The composite index for overseas developed equities comprises 33.3% FTSE US Index, 33.3% FTSE All-World Developed Europe ex-UK Index, 16.7% FTSE Japan Index and 16.7% FTSE All-World Developed Asia Pacific ex-Japan Index.

The investment objective for the BlackRock ALMA fund is to achieve a return similar to a balanced portfolio (in this case balanced is defined as holding 60% equities and 40% bonds), with approximately 40% less risk than a balanced portfolio and with smoother returns during extreme market conditions. The fund uses a comparator of 3 month LIBOR + 3.5%.

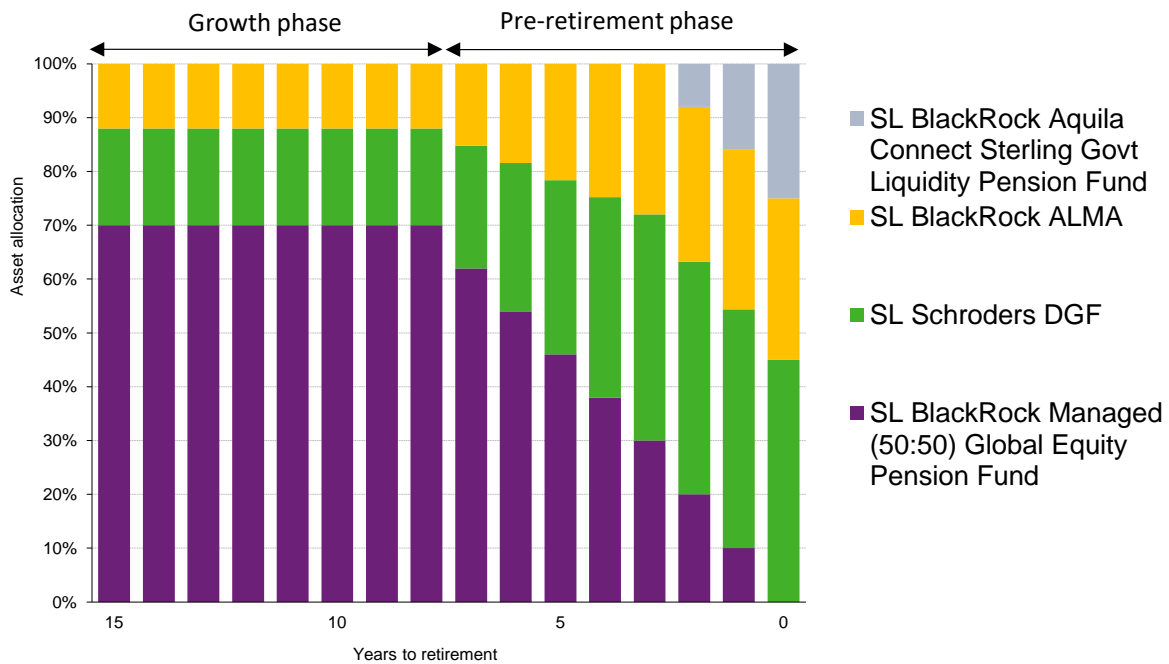
The investment objective for the BlackRock Aquila Sterling Government Liquidity Pension Fund is to achieve an investment return that is in line with short term government bond interest rate returns.

Schroder Investment Management

The Trustee has selected Schroder Investment Management to manage the Fund's diversified growth fund by investing in the Schroder ISF Global Diversified Growth Pension Fund ("Schroders DGF"). Schroders DGF has a performance target of CPI plus 5% per annum (gross of fees) over rolling three year periods.

Current default 'Flexible Retirement Default – Covered Persons' option

The lifestyle strategy shown below is an alternative investment option for members of the DC Section.



The Flexible Retirement Default – Covered person option is intended to meet the aims of a member who has a balanced view of risk and reward. Savings are invested in a core of company shares selected from a global benchmark with the remaining portfolio invested in a fully diversified fund to reduce the impact of significant stock market swings.

During the growth phase, assets will be invested 70% in the BlackRock Managed (50:50) Global Equity Pension Fund and 30% across the DGF mandate, (BlackRock ALMA fund and Schroders DGF).

During the pre-retirement phase (starting seven years from retirement), savings will be automatically moved away from the BlackRock Managed (50:50) Global Equity Pension Fund into the Schroders DGF, the BlackRock ALMA and BlackRock Aquila Connect Sterling Government Liquidity Pension Fund to better protect member savings and provide 25% tax free cash.

4. Alternative Lifestyle Strategies – Standard Life Covered Persons

Below we outline the alternative lifestyle strategies and the component funds for the ‘Covered Person’s section of the DC arrangements.

Lifestyle	
‘Take More Risk’	SL BlackRock Managed (50:50) Global Equity Pension Fund
	SL UBS Global Optimal Income
	SL Schroder ISF Global Diversified Growth Pension Fund
	SL BlackRock Aquila Life Market Advantage Fund
	SL BlackRock Aquila Connect Sterling Govt Liquidity Pension Fund
‘Save Responsibly’	SL Vanguard SRI Global Stock Pension Fund
	SL Schroder ISF Global Diversified Growth Pension Fund
	SL BlackRock Aquila Life Market Advantage Fund
	SL BlackRock Aquila Connect Sterling Govt Liquidity Pension Fund
Pre-2015	SL BlackRock Managed (50:50) Global Equity Pension Fund
	SL Schroder ISF Global Diversified Growth Pension Fund
	SL BlackRock Aquila Life Market Advantage Fund
	SL BlackRock Corporate Bond Tracker Pension Fund
	SL BlackRock UK Gilts All Stocks Tracker Pension Fund
	SL BlackRock Aquila Connect Sterling Govt Liquidity Pension Fund

5. Default Lifestyle Strategy – Aviva arrangements

BlackRock Investment Management (UK) Limited

The Trustee has selected BlackRock to manage the DC Section’s passive equity allocations, diversified growth allocation and the cash allocation. The Trustee has chosen to invest in a range of BlackRock index tracking funds. In addition it also invests in the BlackRock Aquila Life Market Advantage Fund (“BlackRock ALMA”) and the BlackRock Aquila Connect Sterling Government Liquidity Pension Fund.

The investment objective for the regional equity BlackRock funds is to track their underlying benchmarks.

The investment objective for the BlackRock ALMA fund is to achieve a return similar to a balanced portfolio (in this case balanced is defined as holding 60% equities and 40% bonds)

with approximately 40% less risk than a balanced portfolio and with smoother returns during extreme market conditions. The fund uses a comparator of 3 month LIBOR + 3.5%.

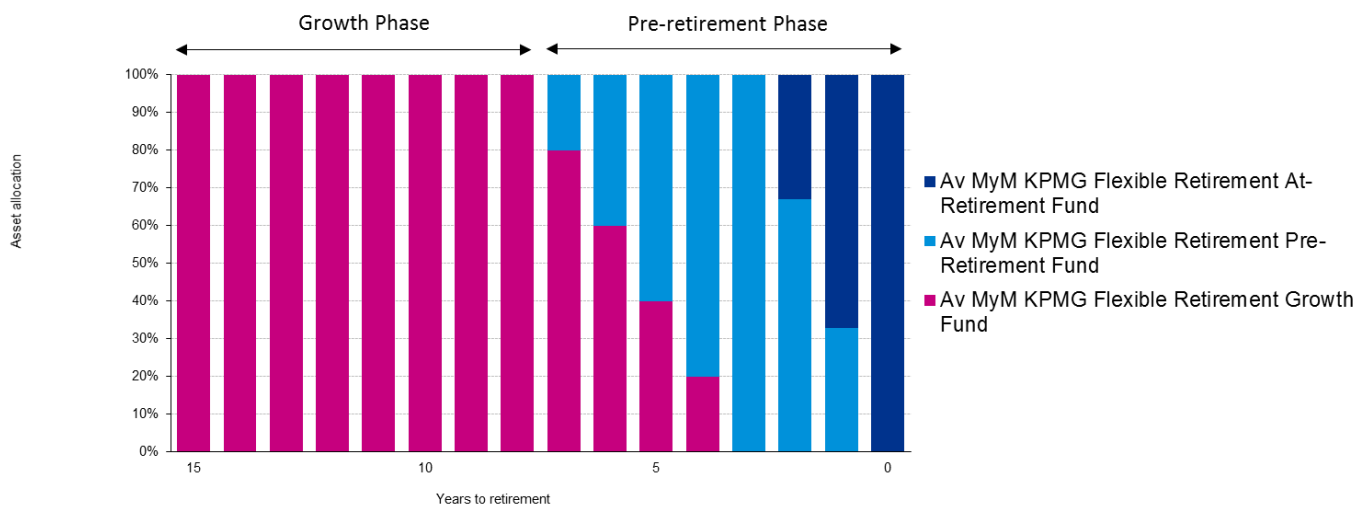
The investment objective for the BlackRock Aquila Sterling Government Liquidity Pension Fund is to achieve an investment return that is in line with short term government bond interest rate returns.

Aviva Investors

The Trustee has selected Aviva Investors to manage the DC Section’s diversified growth fund by investing in the Aviva Investors Multi-Strategy Target Return fund (“Aviva AIMS”). Aviva AIMS fund aims to provide a positive return under all market conditions by targeting an annual average return of 5% above that of the Bank of England base rate, before the deduction of charges, over a rolling three year period.

Aviva ‘Flexible Retirement Default’ option

The lifestyle strategy shown below is the default investment option for members of the DC section with Aviva.



The Flexible Retirement Default – option is intended to meet the aims of a member who has a balanced view of risk and reward. Savings are invested in a core of company shares selected from a global benchmark with the remaining portfolio invested in a fully diversified fund to reduce the impact of significant stock market swings.

During the growth phase, assets will be invested 100% in the Av MyM KPMG Flexible Retirement Growth Fund.

During the pre-retirement phase (starting seven years from retirement), savings will be automatically moved away from the Av MyM KPMG Flexible Retirement Growth Fund into the Av MyM KPMG Flexible Retirement Pre-Retirement Fund and from three years to retirement savings will be moved as such they are invested 100% into the Av MyM KPMG Flexible Retirement At-Retirement Fund.

The table below reflects how the three funds are invested across the underlying managers.

Funds	Growth Fund (%)	Pre-retirement Fund (%)	At-retirement fund (%)
BlackRock UK Equity Index	35.0	15.0	-
Aviva AIMS	23.0	53.0	56.0
BlackRock ALMA	7.5	18.0	19.0
BlackRock US Equity	11.5	5.0	-
BlackRock European Equity	11.5	5.0	-
BlackRock Pacific Rim	6.0	3.0	-
BlackRock Japan	6.0	3.0	-
BlackRock Aquila Connect Sterling Govt Liquidity	-	-	25.0

6. Alternative Lifestyle Strategies – Aviva arrangements

Below we outline the alternative lifestyle strategies and the component funds for the Aviva section of the DC arrangements.

Lifestyle	Funds
‘Socially Responsible & Multi-Asset lifestyle Investment Programme	Av MyM KPMG Socially Responsible & Multi-Asset Growth Fund
	Av MyM KPMG Socially Responsible & Pre-Retirement Fund
	Av MyM KPMG Socially Responsible & At-Retirement Fund
‘Stakeholder Legacy Lifestyle Investment Programme	Av MyM KPMG Growth Legacy Fund
	Av MyM KPMG Pre-Retirement Legacy Fund
	Av MyM At-Retirement Legacy Fund

7. Self-Select Options – all arrangements

Standard Life Main Funds

	Fund	Style	Benchmark	TER %
1	Standard Life UK Equity Pension Fund	Active	FTSE All Share	0.31%
2	SL BlackRock UK Equity Pension Fund	Passive	FTSE All Share	0.31%
3	Standard Life International Equity Pension Fund	Active	Morningstar ABI (Pension) Global Equities Mean	0.31%
4	Standard Life Global Equity 50:50 Pension Fund	Active	50% FTSE All-Share/50% MSCI World ex UK	0.30%
5	SL SLI Global Equity Unconstrained Pension fund	Active	Morningstar ABI (Pension) Global Equities Mean	0.84%

	Fund	Style	Benchmark	TER %
6	SL BlackRock Aquila Connect World (ex UK) Equity Pension Fund	Passive	FTSE All World Dev ex UK	0.32%
7	SL Blackrock Managed (50:50) Global Equity Pension Fund	Passive	50% FTSE All Share/50% Bespoke* Overseas Benchmark	0.32%
8	SL Vanguard SRI Global Stock Pension Fund	Passive	FTSE Developed All World	0.32%
9	Standard Life European Equity Pension Fund	Active	FTSE World Europe ex UK	0.32%
10	Standard Life North American Equity Pension Fund	Active	S&P 500	0.31%
11	SL BlackRock Aquila Connect Pacific Rim Equity Pension Fund	Passive	FTSE All World Dev Asia Pacific ex Japan	0.32%
12	Standard Life Japanese Equity Pension Fund	Active	MSCI Japan	0.32%
13	SL BlackRock Emerging Markets Equity Tracker Pension Fund	Passive	FTSE Emerging Index	0.51%
14	Standard Life Corporate Bond Pension Fund	Active	iBoxx Sterling Non-Gilts All Stocks	0.31%
15	Standard Life Index Linked Bond Pension Fund	Active	FTSE A UK Index-Linked Gilts Over 5 Years Index	0.31%
16	SL Blackrock Aquila Connect Over 15 year Gilt Pension Fund	Passive	FTSE UK Gilts Over 15 Years Index	0.31%
17	Standard Life Annuity Purchase Fund	Active	Composite benchmark**	0.31%
18	Standard Life Mixed Bond Pension Fund	Active	Morningstar (ABI) Sterling Fixed Interest Sector	0.31%
19	Standard Life Global Absolute Return Strategies Pension Fund	Active	6mth GBP Libor + 5%	0.80%
20	Standard Life Managed Pension Fund	Active	Morningstar (ABI) Mixed Investment 40%-85% Shares	0.32%
21	Standard Life BlackRock Aquila Connect Consensus Pension Fund	Passive	S&P Global Infrastructure Index	0.32%
22	Standard Life Property Pension Fund	Active	AREF/IPD UK PPFi All Balanced Funds Median	0.31%
23	Standard Life CF Macquarie Global Infrastructure Securities Pension Fund	Active	S&P Global Infrastructure Index	1.45%
24	Standard Life Ethical Pension Fund	Active	Morningstar (ABI) Mixed Investment 40%-85% Shares	0.31%
25	Standard Life Threadneedle UK Social Bond Pension Fund	Active	UK IA - Sterling Corporate Bond	0.86%
26	Standard Life Deposit and Treasury Pension Fund	Active	Sterling Overnight Interbank Average Index	0.31%
27	Standard Life Money Market Pension Fund	Active	Morningstar (ABI) Money Market Sector	0.31%
28	Standard Life BlackRock Aquila Connect Sterling Government Liquidity Pension Fund	Passive	Barclays Overnight GBP Cash	0.31%

Standard Life Covered Persons

	Fund	Style	Benchmark	TER %
1	SL BlackRock UK Equity Tracker Pension Fund	Passive	FTSE All Share	0.31%
2	SL BlackRock Overseas Equity Pension Fund	Passive	FTSE All World Dev ex UK	0.32%
4	SL BlackRock (50:50) Global Equity Pension Fund	Passive	50% FTSE All-Share/50% MSCI World ex UK	0.32%
5	UBS Global Optimal Pension Fund	Active	MSCI AC World	0.98%
8	SL Vanguard SRI Global Stock Pension Fund	Passive	FTSE Developed All World	0.32%
9	SL BlackRock Continental European Equity Tracker Pension Fund	Passive	FTSE World Europe ex UK	0.33%
10	SL BlackRock North American Equity Tracker Pension Fund	Passive	FTSE All World North America	0.32%
12	SL BlackRock Japan Equity Tracker Fund	Passive	FTSE Japan	0.32%
14	SL BlackRock Corporate Bond Tracker Pension Fund	Passive	BofA Merrill Lynch Sterling Non-Gilts All-Stocks	0.33%
15	Vanguard UK Inflation-linked Gilt Index	Passive	Barclays U.K. Government Inflation Linked Float Adjusted Bond	0.32%
17	SL BlackRock UK Gilts All Stocks Tracker Pension Fund	Passive	FTSE Actuaries UK Conventional Gilts All Stocks	0.32%
18	Henderson Strategic Bond Fund	Active	IA Sterling Strategic Bond	1.03%
19	SL Schroder ISG Global Diversified Growth Pension Fund	Active	CPI + 5%	0.99%
20	BlackRock Consensus 85 Pension Fund	Passive	ABI Mixed Investment 40-85% Shares	0.41%
22	Henderson UK Property Pension Fund	Active	ABI UK Direct Property Sector	1.08%
24	SL Vanguard SRI Global Stock	Passive	FTSE Developed	0.32%
28	SL BlackRock Aquila Connect Sterling Government Liquidity Pension Fund	Passive	Barclays Overnight GBP Cash	0.31%

Aviva arrangement

	Fund	Style	Benchmark	TER %
1	Av MyM Aviva Investors Multi Strategy Target Return	Active	3 Month LIBOR +5%	1.03%
2	Av MyM BlackRock (50:50) Global Equity Index (Aquila C)	Passive	Composite*	0.24%
3	Av MyM BlackRock World ex-UK Equity Index (Aquila C)	Passive	FTSE World ex UK	0.24%
4	Av MyM BlackRock (Aquila C) Market Advantage	Passive	3 Month LIBOR +3.5%	0.51%
5	Av MyM BlackRock All Stocks UK Gilt Index (Aquila C)	Passive	FTSE Actuaries UK Conventional Gilts All Stocks	0.23%
6	Av MyM BlackRock Consensus (Aquila C)	Passive	ABI Mixed Investment 40-85% Shares	0.25%
7	Av MyM BlackRock Corporate Bond All Stocks Index (Aquila C)	Passive	iBoxx Sterling Non-Gilts	0.25%
8	Av MyM BlackRock Emerging Markets Equity (Aquila C)	Passive	FTSE Emerging Index	0.47%
9	Av MyM BlackRock European Equity Index (Aquila C)	Passive	FTSE World Europe ex UK	0.24%
10	Av MyM BlackRock Institutional Sterling Liquidity	Active	Barclays Overnight GBP Cash	0.23%
11	Av MyM BlackRock Japanese Equity Index (Aquila C)	Passive	FTSE Japan	0.24%
12	Av MyM BlackRock Over 5 Year Index-Linked Gilt Index (Aquila C)	Passive	FTSE A UK Index-Linked Gilts Over 5 Years Index	0.23%
13	Av MyM BlackRock Pacific Rim Equity Index (Aquila C)	Passive	FTSE All World Dev Asia Pacific ex Japan	0.24%
14	Av MyM BlackRock UK Equity Index (Aquila C)	Passive	FTSE All Share	0.23%
15	Av MyM BlackRock US Equity Index (Aquila C)	Passive	FTSE USA	0.24%
16	Av MyM Kames Sterling Corporate Bond	Active	iBoxx Sterling Non-Gilts	0.78%
17	Av MyM Legal & General (PMC) Ethical UK Equity Index	Passive	FTSE 4Good Equity Index	0.49%
18	Av MyM Legal & General (PMC) Global Real Estate Equity Index	Passive	FTSE EPRA/NAREIT Developed Real Estate Index	0.64%
19	Av MyM Legal & General (PMC) Pre-Retirement	Passive	ABI Sterling Long Bonds	0.33%
20	Av MyM Schroder Life Intermediated Diversified Growth	Active	CPI + 5%	0.93%
21	Av MyM Threadneedle Global Equity Income	Active	MSCI AC World Total Return	0.98%

*Composite benchmark is 50% FTSE All Share, 17% FTSE World Americas Index, 17% FTSE World Europe ex UK Index, 8% FTSE World Japan Index, 8% FTSE World Pacific ex Japan Index

Appendix B – Risks, Financially Material Considerations and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the assets underperform the investment objective.	<ul style="list-style-type: none">- Selecting an investment objective that is achievable and is consistent with the DB Section's funding basis and the sponsoring company's covenant strength.- Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient DB Section assets available to cover ongoing and future liability cashflows.	<ul style="list-style-type: none">- Funding risk is considered as part of the actuarial valuation and the investment strategy review.- The Trustee will agree an appropriate basis in conjunction with the investment strategy to target the journey plan.
Covenant	The risk that the sponsoring company is unable to continue provide the required financial support to the DB Section.	<ul style="list-style-type: none">- When developing the DB Section's investment and funding objectives, the Trustee takes account of the strength of the covenant.

The DB Section and DC Sections are exposed to a number of underlying risks relating to the respective investment strategies, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the DB Section assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge all the interest and inflation risk relative to the funding level of the DB Section on a liability Funding basis.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members' benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where possible.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.
Environmental, Social and Governance ("ESG")	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the DB Section's investments.	<p>To delegate to investment managers the consideration of ESG factors in determining the appropriate holdings within their portfolios.</p> <p>Unless there is a good reason to do otherwise, the Trustee will appoint managers who have a Responsible Investment ('RI') Policy / Framework which is Implemented via the Investment Process.</p> <p>The Trustee monitors the managers on an ongoing basis.</p> <p>In addition, over the course of 2021, the Trustee formulated their own separate "ESG Policy" which specifically addresses the Trustee's views and beliefs on ESG considerations, how ESG risks should be best managed within the Fund, and to what extent ESG factors should be integrated into the Fund's investment strategy. This ESG Policy has been</p>

		<p>formulated for both the DB and DC Sections of the Fund. Implementation of the ESG Policy is currently underway as the Trustee is in the process of implementing a new strategy in the DC Section of the Fund following a review.</p> <p>Given the structure of the DB Section’s investments, implementation of the ESG Policy was expected to take time to feedthrough the strategy. Any changes to the strategy are considered against the agreed ESG Policy.</p> <p>Further information on the ESG policy is given in the main body of the SIP within the “Investment Manager Monitoring and Engagement” and “Governance” for the DB Section and “Consideration of material and non-financially material matters” section for the DC Section. The full ESG Policy is also included in Appendix D.</p> <p>In 2024, the Trustee agreed a set of stewardship priorities for the Fund, and shared them with the Fund’s investment managers. These priorities are set out in Appendix C.</p>
Currency	The potential for adverse currency movements to have an impact on the DB Section’s investments.	Hedge all currency risk on all assets that deliver a return through contractual income.
Non-financial	Any factor that is not expected to have a financial impact on the DB Section’s investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Illiquid Assets in DC Section

The Trustee recognises the potential benefits from illiquid investments (assets of a type which cannot easily or quickly be sold or exchanged for cash), including improved diversification and enhanced risk adjusted returns.

Illiquid assets are currently held within the Trust’s default arrangements through a direct allocation to property, predominantly UK commercial property, and indirectly to global real estate through collective investment schemes. These investments are made via the allocation to

Diversified Growth Funds which are liquid assets with daily dealing, these funds have a high allocation to other liquid asset classes such as equities and bonds.

The current investment in illiquid assets is the result of the default arrangement's strategic asset allocation. Allocations to illiquids are held during all phases of the default lifestyle profile, reducing in size once members are 7 years from retirement until a terminal allocation is reached at retirement age.

The Trustee's policy on investing in illiquids is currently limited to investments in property via publicly traded Diversified Growth Funds. Currently the Trustee is unlikely to change this position for the following reasons:

- The Fund is a closed arrangement with an aging membership profile. There is a declining population of members in the growth phase (where illiquidity premium can be leveraged the most due to the long investment horizon) which may limit the opportunity set. A significant proportion of the membership profile is expected to retire in the next 5 years.
- The Sponsoring Employer, KPMG LLP, is constrained by audit independence requirements. These requirements must also be followed by the Fund which requires flexibility to exit an investment quickly.

The Trustee recognises the potential benefits from illiquid assets, and while currently there are barriers to making an allocation, the Trustee will monitor developments in this area which may overcome the Fund's specific barriers to investment.

Appendix C– Manager Remuneration

The Trustee has the following policies in relation to the investment management arrangements for the Fund:

<p>How the investment managers are incentivised to align their investment strategy and decisions with the Trustee policies.</p>	<ul style="list-style-type: none"> ○ The Trustee has segregated arrangements with the investment managers, thereby allowing investment managers to align their strategy with the Trustee’s policies. This is reviewed on an ongoing basis. ○ The exception to this is the Fund’s Multi-Asset Credit mandate with CQS and Asset Backed Securities mandate with PGIM, which are implemented via pooled funds. As such there is not scope for the funds to tailor their strategy and decisions in line with the Trustee’s policies. ○ For the DC Section, assets are invested in pooled funds, there is no scope for these funds to tailor their strategy and decisions in line with the Trustee’s policies. However, the Trustee has selected to invest in a portfolio of pooled funds for members that are aligned to the DC Section’s 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 the investment managers’ performance relative to medium and long-term objectives as documented in the investment management agreements. ○ The Trustee monitors the investment managers’ engagement and voting activity on an annual basis 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 policies.</p>	<ul style="list-style-type: none"> ○ The Trustee will review the performance of all the Fund’s investments on a net of cost basis to ensure a true measurement performance versus investment objectives. ○ The Trustee will evaluate performance over the time period stated in the investment managers’ performance objective, which is typically 3 to 5 years. ○ Investment management fees are reviewed annually to make sure the correct amounts have been charged and that they remain competitive.
<p>The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range,</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. ○ For the DC Section, the investment managers are required to provide transaction cost information on an annual basis, on the slippage cost methodology, for disclosure to members.

<p>The duration of the Fund’s arrangements with the investment managers.</p>	<ul style="list-style-type: none"> ○ The duration of the arrangements is considered in the context of the type of fund the Fund invests in. <ul style="list-style-type: none"> ○ For closed ended funds or funds with a lock-in period the Trustee ensures the timeframe of the investment or lock-in is in line with the Trustee’s objectives and the Fund’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. ○ For the DC Section, assets are invested in pooled funds, the duration of which is flexible and the Trustee will from time-to-time consider the appropriateness of the fund range and whether they should continue to be held.
<p>Voting Policy - How the Trustee expects investment managers to vote on their behalf</p>	<ul style="list-style-type: none"> ○ The Trustee has acknowledged responsibility for the voting policies that are implemented by the Fund’s investment managers on their behalf. ○ The Trustee has set the following stewardship priorities for the Fund and has communicated these with their investment managers: <ul style="list-style-type: none"> ○ Climate change ○ Biodiversity ○ Labour rights
<p>Engagement Policy - How the Trustee will 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 engagement policies that are implemented by the Fund’s investment managers on their behalf. ○ The Trustee, via their investment advisers, will engage with managers about ‘relevant matters’ (including stewardship priorities) at least annually. ○ Example stewardship activities that the Trustee has considered are listed below. <ul style="list-style-type: none"> ○ Selecting and appointing asset managers – the Trustee will consider potential managers’ stewardship policies and activities ○ Asset manager engagement and monitoring –the Trustee will assess the voting and engagement activity of their asset managers. The results of this analysis feeds into the Trustee’s investment decision making ○ Collaborative investor initiatives – the Trustee will consider joining/ supporting collaborative investor initiatives

Appendix D – Environmental Social and Governance Policy Statement

1. Introduction

This Environmental, Social and Governance (“ESG”) Policy Statement (“the Policy”) has been prepared by Isio Group Limited (“Isio”) acting as the investment advisers to the Trustee of the KPMG Staff Pension Fund (“the Fund”). The purpose of the Policy is to sit alongside the Fund’s Statement of Investment Principles (“SIP”), formalising the Trustee’s ESG beliefs and its policy on how ESG factors should be integrated in investment decision-making. The Policy will be made available to members upon request.

This Policy is applicable to both the KPMG Staff Pension Fund (pre-2000) (“DB Section”) and the KPMG Staff Pension Fund (Post 2000 Section) (“DC Section”) of the Fund.

The Trustee defines Responsible Investment (“RI”) in line with the UN-backed Principle for Responsible Investing (“PRI”), which states that RI is an approach to investing that aims to incorporate ESG factors into investment decisions, to better manage risk and generate sustainable, long term returns.

2. Rationale for the Policy

The Fund is a large institutional investor, investing on behalf of its members. As part of the Trustee’s fiduciary duty, which includes a comprehensive approach to risk management, it has been recognised that ESG factors, including, but not limited to, climate change, can be financially material. The Trustee recognises that there is a need for the Fund to be a long-term, responsible investor in order to achieve sustainable returns.

The Trustee believes that they should be responsible stewards of their assets and consider the wider impacts of their investment decisions on the environment and society. Where possible, and in line with the beliefs set out in this Policy, positive ESG outcomes will be targeted within the investment portfolios.

3. Impact of the Policy on investment decision making

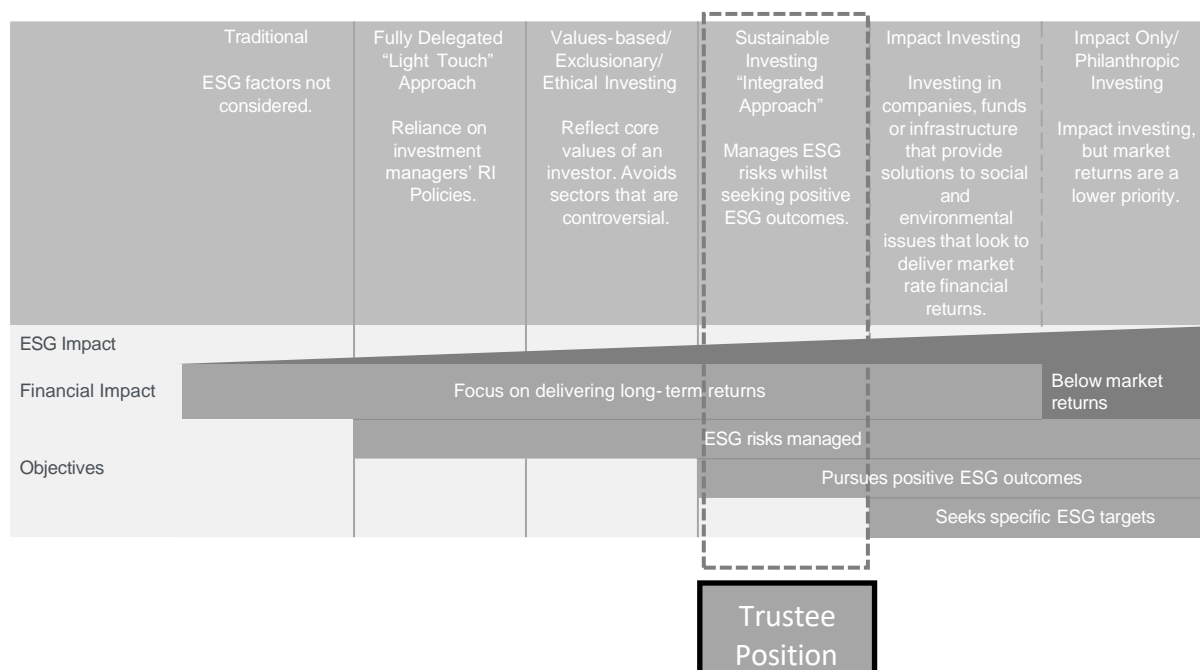
The Trustee decides the Fund’s investment strategy and asset allocation. This includes which asset classes the Fund should be invested in e.g. equity, property and credit. In making any portfolio construction decisions, the Trustee will have regard for the Policy.

Within each asset class, the Trustee delegates the day-to-day investment decision making to the investment managers – e.g. holding a bond issued by a particular company or exposure to a particular sector. In appointing and reviewing the Fund’s investment managers, the Trustee, with the assistance of Isio, considers the manager’s expertise, track record and stated policies and frameworks on ESG related issues. Going forward, as part of the initial and ongoing due diligence of the Fund’s investment managers, the Trustee will assess and monitor their considerations of ESG factors and how these are incorporated into their investment decision making.

In addition, the Trustee will consider opportunities that may arise from regulation on ESG factors or market dislocations and will receive training and updates periodically to update them on these trends and opportunities.

4. ESG Approach

As per the spectrum of ESG approaches chart presented below, the Trustee wishes to pursue a “sustainable” investment approach that integrates ESG risk analysis into investment decision-making. However, when targeting this approach, other constraints that are specific to the Fund and sponsor will be taken into consideration. The Trustee’s position is indicated on the spectrum chart below.



5. The Trustee’s ESG beliefs

The Trustee has formulated a set of ESG beliefs to help underpin overall investment decision making. The Trustee’s ESG beliefs have been summarised below.

Risk Management

- i. ESG factors can be financially material and managing risks such as climate change forms part of the Trustee’s decision-making process, where possible.
- ii. Whilst the Trustee recognises the importance of considering and integrating all ESG risk factors, the Trustee places particular importance on climate risk and therefore will consider making additional allowance for the Fund’s climate impact within investment strategy design and implementation.
- iii. Whilst the Trustee wishes to invest in managers and funds that exhibit best practice

in terms of ESG integration, the Trustee will continue to maximise the risk / reward profile of any investment. Any positive tilts to ESG factors will be made where the Trustee/investment manager(s) feels that these investments will generate superior long-term returns and/or lower risk.

- iv. The Trustee will consider the ESG values and priority areas of the sponsor. In addition, and specifically in respect of the DC Section of the Fund, the Trustee will aim to consider the ESG values and the views of the Fund's members where possible and appropriate.

Approach/Framework

- i. The Trustee will seek to understand how investment managers integrate ESG considerations into their investment decisions and include reference to ESG capabilities in future evaluation criteria when selecting new investment managers or funds.
- ii. The Trustee believes that sectors aiming for positive social and environmental impacts may outperform as countries transition to more sustainable economies. Where possible the investment strategy will seek to allocate to these sectors.

Voting & Engagement

- i. The Trustee will seek to understand, where available, each investment managers' approach to engaging with portfolio companies and the effectiveness of these activities.
- ii. The Trustee has set clear stewardship priorities which have been communicated to the Fund's investment managers to influence stewardship activity, engagement, and voting.
- iii. Managers investing in companies' debt, as well as equity, have a responsibility to engage with the management of investee companies on ESG issues.
- iv. The Trustee believes that engaging with managers is more effective to initiate change than divesting and so will seek to communicate key ESG actions to the managers.

Reporting & Monitoring

- i. ESG factors are dynamic and continually evolving; therefore, the Trustee will receive training to develop and maintain an understanding of these factors.
- ii. Through the Trustee's regular reporting and ongoing due diligence of the Fund's investment managers, supported by their investment consultant, the Trustee will seek to monitor suitable ESG metrics, where available, to understand the impact of investments.
- iii. The Trustee will take advice from their investment consultant to set appropriate ESG targets for the Fund.

Collaboration

- i. Investment managers should sign up and comply with common codes and practices such as the UNPRI & the UK Stewardship Code. If they do not sign up, they should provide a valid reason why.

- ii. Investment managers should engage and collaborate with other market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, social issues, risk management and debtholder rights.

6. Implementing the Policy

The Trustee will implement the policy through the following steps:

- i. The Trustee will continue to develop their understanding of ESG factors through annual training on ESG and keep themselves up to date on the latest sustainable investment opportunities.
- ii. The Trustee's ESG beliefs will be formally reviewed biennially or more frequently if required by the Trustee.
- iii. The Trustee will incorporate ESG criteria as part of new manager or fund selection exercises, with consideration of ESG factors for any segregated mandates.
- iv. The Trustee, with support from Isio, will undertake annual reviews of the investment managers' approach to integrating ESG factors.
- v. Following the initial review, actions will be identified where investment managers are misaligned with the Trustee's ESG beliefs. Isio will engage with each manager on the Trustee's behalf to remedy these issues where possible.
- vi. The investment managers' stewardship and engagement activities will be monitored on an ongoing basis to ensure they align with the Trustee's communicated stewardship priorities, and so that the Trustee can understand the effectiveness of these activities.
- vii. Specifically, in respect of the DC Section, the Trustee will aim to integrate ESG factors into the default investment strategy, with aspiration for this to be across all asset classes. The Trustee will take a broad approach to ESG integration in the default strategy, considering all three areas of ESG. In respect of the self-select fund range, this should include specialist funds which invest in-line with sustainable and/or responsible investment themes.

7. Monitoring and reviewing the Policy

The Trustee will monitor the Fund's assets against this Policy on an ongoing basis, with the assistance of Isio. The Trustee views the development of the Policy as an ongoing process as approaches to integrating ESG factors continue to evolve over time. When reviewing the Policy, the Trustee will take account of any significant developments in the market to ensure they are taking a best practice approach.

8.

A. What is the UN-backed Principles for Responsible Investment ("PRI")?

The PRI is a proponent of responsible investment.

The PRI aims to understand the investment implications of ESG factors and helps support its international network of signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The PRI is truly independent. It encourages investors to use responsible investment to enhance

returns and better manage risks, but does not operate for its own profit; it engages with global policymakers but is not associated with any government; it is supported by, but not part of, the United Nations. The PRI provide education, training and research on how ESG factors can be incorporated in investment decisions.

Source: www.unpri.org

B. What are the six UN-backed Principles for Responsible Investment?

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

Source: www.unpri.org

C. What are Environmental, Social and Governance (“ESG”) factors?

Examples of ESG factors include:

- Environmental
 - Climate change
 - Resource depletion, including water
 - Waste and pollution
 - Deforestation
- Social
 - Working conditions, including slavery and child labour
 - Local communities, including indigenous communities
 - Conflict
 - Health and safety
 - Employee relations and diversity
- Governance
 - Executive pay
 - Bribery and corruption
 - Political lobbying and donations
 - Board diversity and structure
 - Tax strategy.

Source: www.unpri.org

Appendix E – Collateral management policy

The Trustee is targeting a level of collateral sufficient to comply with each of the Fund's LDI managers' minimum requirements:

- **BlackRock LDI:** BlackRock require the Fund to hold a minimum total collateral waterfall buffer of 290 bps to maintain its liability hedge. An overall collateral waterfall buffer of 300-400bps is recommended.
- **BlackRock CDS:** The Fund utilizes the same pool of collateral used to support the LDI portfolio to support its CDS exposure. BlackRock require the Fund to hold collateral equivalent to 15% of the Notional Market Value of the CDS exposure in order to maintain its exposure.
- **Schroders LDI:** Schroders require the Fund to hold a minimum collateral buffer of 200 bps within its LDI assets to maintain its liability hedge, with an additional buffer of 200bps (total 400bps coverage) in assets invested on the wider Schroders platform.
- **Schroders CDS:** The Fund utilizes the same pool of collateral used to support to the LDI portfolio to support its CDS exposure. Schroders require the Fund to hold collateral equivalent to 10% of the Notional Market Value of the Investment Grade CDS exposure to maintain its exposure.

Due to the segregated nature of the Fund's LDI arrangements, the Trustee delegates management of the LDI portfolios to BlackRock and Schroders.

If the Fund's collateral reduces, the managers will revert to the Trustee and Isio to request additional capital prior to taking any further actions.

If additional funds cannot be paid across, the Trustee has granted the managers discretion to implement the use of corporate bond repo and/or total return swaps on debt securities within the buy and maintain portfolios, and/or sell assets in these portfolios, to restore collateral headroom. The Trustee has also granted the managers discretion to the extent to which these options are utilized and the level to which the collateral headroom is restored. When utilizing these options both BlackRock and Schroders will maintain ongoing dialogue with both the Trustee and Isio to make them aware of the action being taken, and to identify whether external funds are likely to be available.

The Trustee will review their collateral management policy at least annually, or as soon as possible in the event of significant market movements.

Signed:

Name:

Date: