

AMNESTY INTERNATIONAL  
SUPERANNUATION SCHEME –  
DEFINED CONTRIBUTION SECTION  
STATEMENT OF INVESTMENT  
PRINCIPLES

JUNE 2022

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# 1 INTRODUCTION

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This Statement of Investment Principles (“the Statement”) has been prepared by the Trustees of the Amnesty International Superannuation Scheme (“the Scheme”), and relates to the Scheme’s Defined Contribution (“DC”) Section in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations. A separate document is in place for the Scheme’s Defined Benefit (“DB”) Section.

The Statement outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustees to ensure the effective implementation of these principles.

In preparing the Statement, the Trustees have:

- Obtained and considered written advice from a suitably qualified individual, employed by its investment adviser, Mercer Limited, whom they believe to have a degree of knowledge and experience that is appropriate for the management of the Scheme’s investments; and
- Consulted with the Principal Employer, although the Trustees affirm that no aspect of this strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustees’ investment policy for the Scheme.

The Trustees will review the Statement formally at least every three years to ensure its ongoing suitability. Furthermore, the Trustees will review the Statement following any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Principal Employer.

# 2 INVESTMENT RESPONSIBILITIES

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## 2.1 Trustees' duties and responsibilities

The Trustees are responsible for setting the investment objectives and determining the strategy to achieve their objectives.

The Trustees carry out their duties and fulfil their responsibilities as a single body. The duties and responsibilities of the Trustees include, but are not limited to, the following tasks and activities:

- Setting of investment objectives and formulating investment strategy, including for the default investment strategy
- Selecting funds for member choices
- The regular approval of the content of the Statement
- The appointment and review of the investment managers and investment advisers
- The compliance of the investment arrangements with the principles set out in the Statement

## 2.2 Investment adviser's duties and responsibilities

The Trustees have appointed Mercer as the investment adviser to the Scheme. Mercer provides investment advice as required by the Trustees, as well as raising any investment-related issues, of which it believes the Trustees should be aware. Matters on which Mercer expects to provide advice to the Trustees include the following:

- Setting of investment objectives
- Determining investment strategy and structure of the default investment strategy
- Advising on appropriate member fund choices
- Liaising with Mobius Life Limited (the "investment platform") to select and replace investment managers

In considering appropriate investments for the Scheme, the Trustees will obtain and consider written advice from Mercer, whom the Trustees believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995, as amended.

Mercer monitors the performance of the Scheme's investment funds against appropriate benchmarks. Mercer also 'rates' the funds, demonstrating the level of conviction held in those funds. Section 2.3 describes the arrangements with the investment platform and investment managers to the Scheme.

Mercer will also advise the Trustees of any significant developments of which it is aware relating to the investment managers, or funds managed by the investment managers in which the Scheme is invested, such that in its view there exists a significant concern that any of these funds will not be able to meet their long-term objectives. If the investment manager and fund are not covered by Mercer's manager research process, Mercer will advise the Trustees accordingly.

Mercer makes a fund-based charge for the services it provides for the funds as set out in its investment agreement with the Trustees.

Any additional services provided by Mercer will be charged for primarily on a time-cost basis.

In particular, Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of their advice and any discounts negotiated by the investment platform with the underlying managers are passed on in full to the Scheme.

The Trustees are satisfied that the investment arrangements, including the charging structure, are clear and transparent.

Both Mercer and the individual investment adviser who advise the Trustees are authorised and regulated to provide advice.

## 2.3 Arrangements with investment managers

The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The fund range and default investment strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment strategy or general fund range.

The Trustees, following advice from their investment adviser, will select investment managers suitable to each mandate within the Trustees' agreed asset allocation.

Investment managers are appointed by the Trustees, following advice from their investment adviser, based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

The Trustees will only invest in pooled investment vehicles. The Trustees therefore accept that they cannot specify the risk profile and return targets of the manager, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

If a manager is significantly downgraded by Mercer's Manager Research Team, the investment adviser will work with the Trustees to replace that manager with a suitable alternative (if deemed appropriate).

The Trustees, with the help of its investment adviser is also responsible for appointing a suitable investment platform, which will provide the infrastructure to support the Scheme's investments and host the underlying investment managers' funds. The current investment platform provider is Mobius Life Limited, whose appointment foregoes the need for a Custodian. Mobius Life Limited is authorised by the Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA.

The underlying investment managers are responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage.

In the case of multi-asset mandates, the underlying investment managers are responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes, the Trustees monitor the asset allocation of multi-asset mandates on a regular basis.

All of the investment managers that are utilised by the Scheme are authorised and regulated by the PRA, the FCA or both.

The underlying investment managers are remunerated by ad-valorem charges based on the value of the assets that they manage on behalf of the Scheme. Where possible, discounts have been negotiated by the investment adviser and investment platform with the underlying managers on their standard charges and the Scheme benefits directly from these discounts.

None of the underlying managers in which the Scheme's assets are invested have performance based fees which could encourage the manager to make short term investment decisions to hit their profit targets.

The Trustees therefore consider that the method of remunerating fund managers is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustees are satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund's stated characteristics. The Trustees are therefore satisfied that this the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustees' policies as set out in this SIP.

The Trustees believe that this is the most appropriate basis for remunerating managers.

## 2.4 Summary of responsibilities

A summary of the responsibilities of all relevant parties, insofar as they relate to the Scheme's investments, is set out in Appendix 2.

# 3 INVESTMENT OBJECTIVES

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## 3.1 Investment objectives

The Trustees' main objective is to provide members with an investment strategy aligned to the needs of their members that will optimise the return on investments in order to build up a savings pot which will be used in retirement.

The Trustees recognise that in a DC arrangement, members assume the investment risks themselves. The Trustees further recognise that members are exposed to different types of risk at different stages of their working lifetimes. Please see Section 6 below which covers the main types of investment risk and how they are monitored and managed. The Trustees have determined their investment policy in such a way as to address these risks.

The Trustees are mindful of their responsibility to provide members with an appropriate range of investment funds and a suitable default investment strategy.

Details of the approach the Trustees have taken to meet these investment objectives are set out in Section 4.

To help mitigate the most significant of the risks, the Trustees have:

- Made a lifestyle strategy available as the default investment strategy, which transitions members' investments from higher risk investments to lower risk investments as members approach retirement, and
- Offered a range of self-select funds across various asset classes.

When it comes to realisation of investments, the Trustees consider the impact of transaction costs before making any changes.

The Trustees will review the investment approach from time to time, and make changes as and when it is considered to be appropriate.

The items set out in Section 3, 4 and 6 of this Statement are in relation to what the Trustees deem as 'financially material considerations' both for the DC Section of the Scheme and the default investment strategy. The Trustees believe the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the members' age and when they expect to retire. It is for this reason that the default is a lifestyle strategy.

## 3.2 Fund choices

To balance the investment needs of members, the Trustees offer a range of self-select funds alongside the default investment strategy. Members can opt out of the default investment strategy as they have the option to invest in self-select funds. The range of investment options cover multiple asset classes and provide appropriate strategic choices for members' different savings objectives, risk profiles and time horizons.

The Trustees have made twelve funds available for self-selecting, details of which can be found in Appendix 1.

The Trustees will continue to keep the fund range under review, and will make changes if appropriate.

## 3.3 Types of investments to be held

The Trustees are permitted to invest across a wide range of asset classes. All of the funds in which the Scheme invests are pooled and unitised. Details of each fund can be found in Appendix 1.

## 3.4 Additional Voluntary Contributions (AVCs)

The Scheme provides a facility for members to pay AVCs to enhance their benefits at retirement. Members are offered the opportunity to invest AVCs in the same way as the main DC scheme investments.

# 4 INVESTMENT STRATEGY

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## 4.1 Aims and Objectives

For member not wishing to make their own selection of funds, the Trustees make available a lifestyle strategy as a default investment strategy. The default investment strategy is designed to be appropriate for a typical member of the Scheme. It has been tailored towards members who will take their 25% tax-free cash lump sum and will transfer their remaining savings into an income drawdown vehicle.

The default investment strategy for the Scheme comprises three white-labelled funds which reduces investment risk as members get closer to retirement. Members can opt out of the default investment strategy, and invest in an alternative lifestyle or any investment fund made available in the self-select fund range as described in Sections 4.3 and Appendix 1.

In determining the default investment strategy, the Trustees undertook extensive investigations and have received formal written investment advice from their investment advisers. Further information is set out below.

## 4.2 The Default Investment Strategy

The Trustees have assumed responsibility for setting an investment strategy that provides a broad level of protection against the key risks identified in Section 6. This is achieved by using a Lifestyle Strategy.

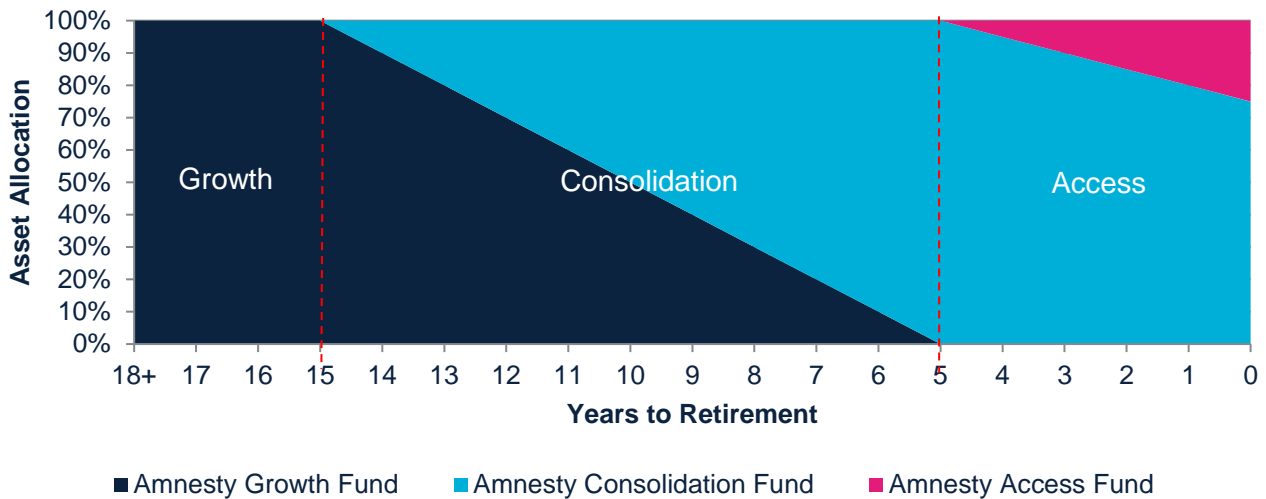
The default investment strategy is split into three distinct phases, as described below.

- **The Growth Phase** (more than 15 years from members' chosen retirement age), exposes members' retirement savings to a greater level of risk in order to achieve higher returns while members are further away from retirement. During this phase, all savings are invested in the **Amnesty Growth Fund**. The Trustees believe the level of risk is reasonable, and that members' funds will have sufficient time to recover from a period of poor market performance.
- **The Consolidation Phase** (between 15 and 5 years from members' chosen retirement age), aims to gradually switch investments into funds with less risk closer to retirement. During this phase, member savings gradually switch from the **Amnesty Growth Fund** to the **Amnesty Consolidation Fund**.
- **The Access Phase** (less than 5 years from members' chosen retirement age), aims to reduce risk further while still achieving some growth. During this phase, 25% of members' savings will be switched from the **Amnesty Consolidation Fund** to the **Amnesty Access Fund** and remain this way until all savings have been withdrawn by the member.

The current underlying holdings for the white-labelled funds are found in Appendix 1.

The default investment strategy is also illustrated below:





The white-labelled approach to fund structuring enables the Scheme’s investment strategy to be ‘future proofed’ and helps minimise the complexities of the Trustees’ governance requirements allowing the Trustees to focus on providing the best possible outcome for the members.

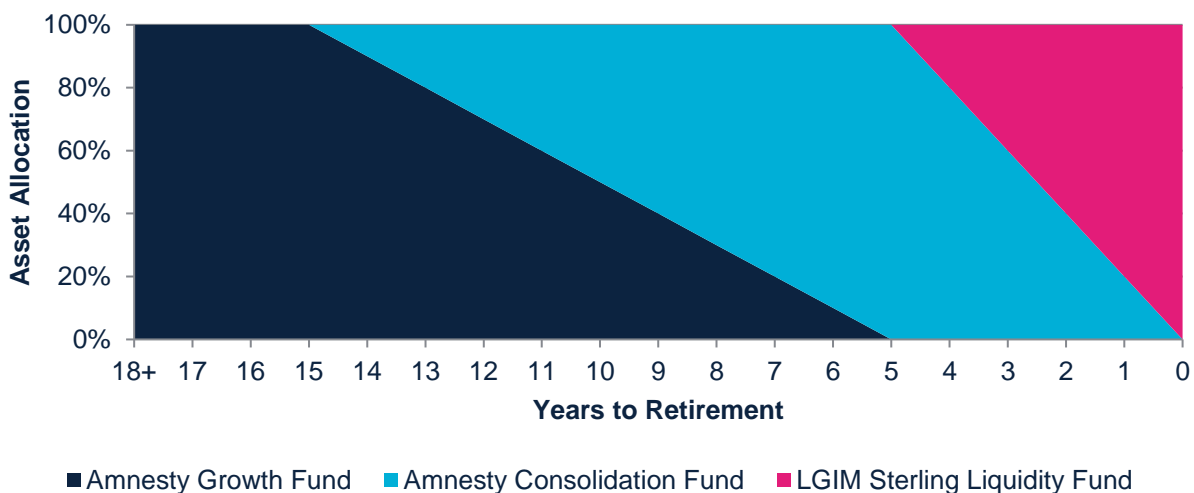
The objectives, risks and other factors referenced in this Statement are those that the Trustees consider to be financially material in relation to the default investment strategy. The Trustees believe that the appropriate time horizon within which to assess these considerations should be viewed at an individual member-level. This will be dependent on the members’ age and when they expect to retire.

### 4.3 Alternative Lifestyle Strategies

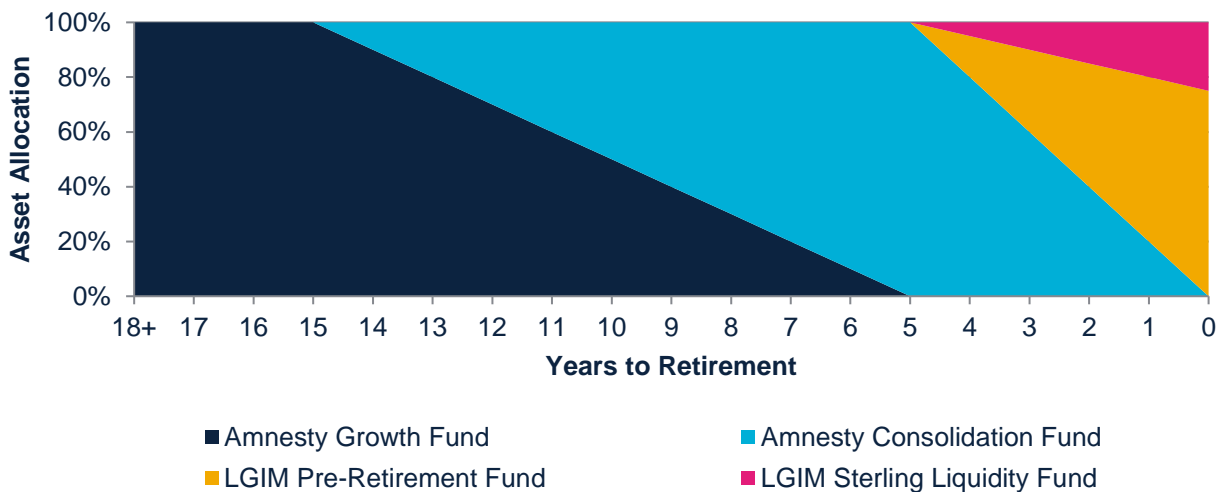
Keeping in line with the pension freedoms, two additional lifestyle strategies targeting cash and annuities respectively are also available to members should they feel that the lifestyle strategy employed by the default investment strategy (which targets income drawdown) is not appropriate for them.

In designing these alternative lifestyle strategies, the Trustees have explicitly considered the trade-off between risk and expected returns. The expected amount of risk is considered appropriate for the typical member and will differ by member depending on their age member and their expected retirement age.

**Cash Targeting Lifestyle** - For members who choose to target cash, their assets will be switched in a way where they will be 100% invested in the LGIM Sterling Liquidity Fund by their chosen retirement age. This is illustrated below:



**Annuity Targeting Lifestyle** – For members who choose to target an annuity purchase, their assets will be switched in a way where they will be 75% invested in the LGIM Pre-Retirement fund and 25% in the LGIM Sterling Liquidity Fund.



The current funds in the self-select range are found in Appendix 1.

#### 4.4 Members' Best Interests

The Trustees will carry out high level annual assessments (with an in-depth review triennially or following any significant change in membership) not only of the performance of the default investment strategy, but also of its design to ensure that it continues to remain appropriate for the membership profile. This is in addition to more regular performance monitoring, which takes place quarterly. The Trustees strive to ensure the strategy evolves in line with the Scheme's membership characteristics in order to ensure that assets are invested in the best interests of the members in the default investment strategy.

# 5 RESPONSIBLE INVESTING

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## 5.1 Financially Material Considerations

The Trustees understand that they must consider all financially relevant factors in making investment decisions on behalf of the Scheme's members. However, they will also consider any non-financial factors to the extent that they have the ability to impact the financial results of the Scheme's investments over the medium to long term.

The Trustees recognise that Environmental, Social and Governance (ESG) factors, including climate change, can influence the investment performance of the Scheme's investment options and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or at least mitigated as much as possible.

The Trustees believe that investing with managers that approach investments in a responsible way and takes account of ESG-related risks will lead to better risk-adjusted performance, as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken.

The Trustees consider how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. Monitoring is undertaken on a regular basis and the Scheme's investment adviser's ESG ratings are disclosed in the quarterly performance report which is reviewed by the Trustees.

In addition to incorporating an ESG focussed fund in the default investment strategy, the Trustees have made available Global and UK Ethical Funds as self-select choices for members. Furthermore, members can choose an Islamic global equity fund so that they have an opportunity to invest in line with their religious principles.

The Trustees will continue to review the available products and approaches in this space and strive for the Scheme to continue to deliver strong risk-adjusted returns, incorporating responsible investments principles into the process, where possible.

## 5.2 Non-Financial Considerations

The Trustees do not explicitly take into account non-financial matters in the selection, retention and realisation of investments.

## 5.3 Stewardship Policy

The Scheme could currently be regarded as a 'small' scheme by the size of assets; hence, bespoke segregated mandates are not currently available to the Trustees. Therefore, the Scheme's stewardship approach focuses on selection, monitoring and, where necessary, switching of underlying investment managers. The Trustees believe that choosing the right managers who fully engage with issuers of equity or debt instruments in their portfolios will lead to better financial results for members.

The Trustees are supportive of the UK Stewardship Code published by the Financial Reporting Council and encourage the Scheme's underlying managers who are regulated by the Financial Conduct Authority to comply with the UK Stewardship Code. Such managers are expected to report on their adherence to the Code on an annual basis. For managers that choose not to comply with any of the principles in the UK Stewardship Code, or not to follow the guidance at all, the Trustees will request a clear rationale from the managers on their alternative approach to stewardship. The Trustees review the investment managers' policies and engagement activities (where applicable) on an annual basis.

As the Scheme invests in pooled funds via an investment platform, the Trustees' scope to vote on the Scheme's shares directly is currently limited. The Trustees have therefore concluded that the decision on how to exercise voting rights should be left with the underlying investment managers who will exercise these rights in accordance

with their respective published corporate governance policies. These policies take into account the financial interests of shareholders, and should be for the members' benefit.

The Trustees will request annual reports on the voting undertaken by the Scheme's underlying investment managers during the period and review the voting to ensure it remains broadly consistent with the Trustees' view of good stewardship standards.

#### 5.4 Member Views

Whilst the Trustees do not explicitly take account of member views when selecting investments for the Scheme, but they are always in open discussion with their members. The Trustees believe that they have a good understanding of membership demographics, behaviours and preferences and strive to provide a fund range that meets both financial and non-financially relevant member needs. Furthermore, the Trustees have and will continue to consult with the Principal Employer to ensure that the Scheme's investments are aligned with the overall values and principles of the Employer.

To that end, in addition to incorporating the LGIM Future World Global Equity Index Fund in the default investment strategy, the Trustees have made available the LGIM Global Ethical Equity Fund and the LGIM UK Ethical Equity Index as self-select choices for members. The HSBC Islamic Global Equity Index Fund is also available to members to provide them with an opportunity to invest in line with their religious principles.

The Trustees are committed to reviewing this policy on an ongoing basis and by adopting a white-labelled approach for the default investment strategy are able to quickly implement changes to the Scheme's investments should their policy change on responsible investing in best interests of the members.

# 6 RISK

The Trustees are aware, and seek to take account, of a number of risks in relation to the Scheme’s investments, including those set out below. Under the Pensions Act 2004, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed.

The Trustees recognise that in a DC arrangement, members assume the investment risks themselves. The Trustees further recognise that members are exposed to different types of risk at different stages of their working lifetimes. Broadly speaking, five main types of investment risk can be identified, as noted below:

| Type of Risk  | Risk   | Description   | How is the risk monitored and managed?   |
|---|--|---|--|
| Market Risk   | Inflation Risk   | The risk that a member’s investments will not grow quickly enough to sufficiently outpace inflation (the cost of living).   | <p>The Trustees make available a range of funds across various asset classes, with the majority expected to keep pace with inflation.</p> <p>Members are able to set their own investment allocations, in line with their risk tolerances.</p> <p>The default investment strategy and white-labelled fund are designed with the intention of diversifying these risks to reach a level of risk deemed appropriate given the objectives. This is set with the advice from the investment adviser.</p> |
|   | Currency Risk  | This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the scheme may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return. |  |
|   | Credit Risk  | This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.  |  |
|   | Other Price Risk   | This is the risk that principally arises in relation to the return seeking portfolio, which invests in equities, equities in pooled funds, equity futures, hedge funds, private equity and property.  |  |
| Environmental and social and governance (“ESG”) risks | <p>This is the risk that ESG concerns, including climate change, have a financially material impact on the return of the Scheme’s assets.</p> <p>These risk factors can have a significant effect on the long-term performance of the assets the Scheme holds.</p> | <p>Where applicable these factors will be considered in the investment process but is considered the responsibility of the investment manager.</p> <p>Please see Section 5 for the Trustees’ responsible investment statement.</p>  |  |

|                                |  |  |
|--------------------------------|--|--|
| <p>Pension Conversion Risk</p> | <p>This is the risk where assets are invested to target a specific retirement objective which differs from how members are expected to use their pots at retirement.</p> | <p>The Trustees make available three lifestyle strategies, in line with the pension freedoms.</p> <p>The Trustees increases the proportion of assets that more closely match how they expect members to use their pots at retirement.</p> <p>The default investment strategy is a lifestyle strategy which automatically switches member assets into investments whose value is expected to be less volatile on an absolute basis.</p> |
| <p>Manager risk</p>            | <p>This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.</p>         | <p>It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process through the quarterly performance updates provided by Mercer, and by replacing any managers (following advice from the investment adviser) where concerns exist over their continued ability to deliver the investment mandate.</p>  |
| <p>Liquidity risk</p>          | <p>The risk that the Scheme's assets cannot be realised at short notice in line with member or Trustees' demand.</p>   | <p>As far as is practicable and necessary, the Trustees invest in liquid assets that can be quickly realised as required.</p> <p>It is managed by investing only in readily realisable pooled funds that can be bought and sold on a daily basis.</p>  |

# 7 MONITORING OF INVESTMENT ADVISER AND MANAGERS

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## 7.1 Investment adviser

The Trustees continually assess and review the performance of its adviser in a qualitative way.

## 7.2 Investment managers

The Trustees receive quarterly monitoring reports on the performance of the underlying investment managers from Mercer, which presents performance information over 3 months, 1 year and 3 years. The reports show the absolute performance and performance against the manager's stated target performance (over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying managers' performance.

The Trustees, with the help of their investment adviser, take a long-term view when assessing whether to replace the underlying investment managers, and such decisions would not be made based solely on short-term performance concerns. Instead, changes would be driven by a significant downgrade of the investment manager rating by Mercer's Manager Research Team. This in turn would be due to a significant reduction in Mercer's confidence that the investment manager will be able to perform in line with their fund's mandate over the long term.

## 7.3 Portfolio Turnover Costs

The Trustees consider portfolio turnover costs as part of the annual Value for Members assessment and asks investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustees.

The Trustees are also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

Given that the Scheme invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Scheme.

# 8 CODE OF BEST PRACTICE

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The Pensions Regulator is currently drafting a new single code on standards for DC schemes. The new code will consist of 51 shorter, topic-based modules that incorporate changes introduced by the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. These relate to effective systems of governance and their own-risk assessment. Particular attention has to be paid to the design of default strategies and on-going monitoring of their continuing suitability for scheme membership. The Code can be found here:

[Annex 1: Full draft of the new code of practice \(thepensionsregulator.gov.uk\)](https://www.thepensionsregulator.gov.uk)

When formulating their investment policy, the Trustees have acted in line with the new Code of Practice.



# 9 COMPLIANCE

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The Scheme's Statement of Investment Principles is available to members.

A copy of the Scheme's current Statement plus Appendices is also supplied to the Principal Employer, the Scheme's investment managers, auditors and administrators.

This Statement of Investment Principles, taken as a whole with the Appendices was approved by the Trustees.

# APPENDIX 1: INVESTMENT MANAGER INFORMATION AND DEFAULT LIFESTYLE STRATEGY

For members who are invested in the default lifestyle strategy the following table sets out the switches between the funds that will be carried out on a member's behalf up to their retirement date:

| 15 Year Lifestyle |                     |                            |                     |
|-------------------|---------------------|----------------------------|---------------------|
| Years to TRA*     | Amnesty Growth Fund | Amnesty Consolidation Fund | Amnesty Access Fund |
| 0                 | 0%                  | 75%                        | 25%                 |
| 1                 | 0%                  | 80%                        | 20%                 |
| 2                 | 0%                  | 85%                        | 15%                 |
| 3                 | 0%                  | 90%                        | 10%                 |
| 4                 | 0%                  | 95%                        | 5%                  |
| 5                 | 0%                  | 100%                       | 0%                  |
| 6                 | 10%                 | 90%                        | 0%                  |
| 7                 | 20%                 | 80%                        | 0%                  |
| 8                 | 30%                 | 70%                        | 0%                  |
| 9                 | 40%                 | 60%                        | 0%                  |
| 10                | 50%                 | 50%                        | 0%                  |
| 11                | 60%                 | 40%                        | 0%                  |
| 12                | 70%                 | 30%                        | 0%                  |
| 13                | 80%                 | 20%                        | 0%                  |
| 14                | 90%                 | 10%                        | 0%                  |
| 15                | 100%                | 0%                         | 0%                  |

\*Target Retirement Age

The Trustees, with the help of their investment adviser, are responsible for monitoring the suitability of the funds used on an ongoing basis and making changes as they consider appropriate, following formal advice from the investment adviser. The table overleaf shows the details of the current mandates with each manager.

## Default Strategy Funds

| Fund                       | TER (p.a.) | Fund Benchmark   | Underlying Fund(s)   | Objective  |
|----------------------------|------------|--|--|--|
| Amnesty Growth Fund        | 0.35%      | Composite benchmark: 50% SONIA +4% 50% FTSE4Good Global Equity Index | 50%: Columbia Threadneedle Multi-Asset<br>50%: LGIM Future World Global Equity Index   | The Fund aims to provide long-term capital growth through investment allocation predominately to equities and other return-seeking assets. The investment objective has been determined by the Trustees of the Pension Scheme, who are responsible for selecting the underlying fund(s), which may change from time to time. |
| Amnesty Consolidation Fund | 0.29%      | SONIA +3%  | 30%: Columbia Threadneedle Multi-Asset<br>30%: LGIM Future World Global Equity Index<br>20%: LGIM AAA-AA-A Corporate Bonds All Stocks Index<br>20%: LGIM Over 5 years Index-Linked Gilts | The Fund aims to provide a long-term investment return for a member that is approaching retirement, through a diversified allocation. The investment objective has been determined by the Trustees of the Pension Scheme, who are responsible for selecting the underlying fund(s), which may change from time to time.      |
| Amnesty Access Fund        | 0.19%      | SONIA  | 100%: LGIM Sterling Liquidity  | The Fund aims to provide capital protection for a member that is close to retirement. The investment objective has been determined by the Trustees of the Pension Scheme, who are responsible for selecting the underlying fund(s), which may change from time to time.  |

TERs shown as at June 2022.

## Self-Select Funds

| Fund                                 | Asset Class   | Management Style | TER (p.a.) | Fund Benchmark                          | Objective  |
|--------------------------------------|---------------|------------------|------------|---|--|
| Columbia Threadneedle Multi-Asset    | Multi-Asset   | Active           | 0.42%      | Bank of England +4%                     | To outperform the benchmark by 4% p.a. gross of fees over an economic cycle (expected to be 5-7 years) |
| LGIM Global Ethical Equity Index     | Global Equity | Passive          | 0.37%      | FTSE4Good Global Equity Index           | To track the benchmark within +/-0.5% each year for two years out of three                             |
| LGIM AAA-AA-A Bonds All Stocks Index | Bonds         | Passive          | 0.13%      | Markit iBoxx £ Non-Gilts (ex-BBB) Index | To track the benchmark within +/-0.5% each year for two years out of three                             |

|   |                        |         |       |   |  |
|---|------------------------|---------|-------|---|--|
| LGIM Over 5 years Index-Linked Gilts Index  | Index-Linked Gilts     | Passive | 0.11% | FTSE A Index-Linked (Over 5 Year) Index                 | To track the performance of the FTSE A Index-Linked (Over 5 Year) Index to within +/-0.25% p.a. for two years out of three   |
| LGIM Sterling Liquidity                     | Cash                   | Active  | 0.13% | SONIA   | To provide diversified exposure and a competitive return in relation to 7 Day LIBID.   |
| LGIM UK Ethical Equity Index                | UK Equity              | Passive | 0.27% | FTSE4Good UK Equity Index                               | To track the benchmark within +/-0.5% each year for two years out of three   |
| LGIM Pre-Retirement                         | Bonds/Gilts            | Passive | 0.13% | Composite of gilts and corporate bond funds.            | To provide diversified exposure to assets that reflect the investments underlying a typical traditional level annuity product.   |
| LGIM Managed Property                       | Property               | Active  | 0.75% | MSCI/AREF UK All Balanced Property Funds                | To exceed the benchmark over three and five year periods   |
| LGIM World Emerging Markets Equity Index    | Emerging Market Equity | Passive | 0.37% | Solactive L&G ESG Emerging Markets Index                | To track the performance of the FTSE Emerging Index (less withholding tax where applicable) to within +/-1.5% p.a. for two years out of three.   |
| LGIM Global Equity Fixed 50:50 Equity index | Global Equity          | Passive | 0.12% | Composite of 50/50 distribution between UK and overseas | To provide diversified exposure to UK and overseas equity markets. The Fund will invest 50% in the UK and 50% overseas.  |
| LGIM Diversified                            | Multi-Asset            | Passive | 0.39% | FTSE Developed World Index - 50% GBP Hedged             | To provide long-term investment growth through exposure to a diversified range of asset classes.   |
| HSBC Islamic Global Equity Index            | Global Equity          | Passive | 0.37% | Dow Jones Islamic Market Titans 100 Index               | To provide capital appreciation through investing in a varied portfolio of global securities, which meet the trading standards of Islamic investment principles as interpreted and stipulated by the Shariah Committee and provided to the Board of Directors. |

TERs shown as at June 2022.

The assets for the underlying managers are hosted on an investment platform provided by Mobius Life Limited. If one of the managers is significantly downgraded by Mercer's Manager Research Team, the Trustees will be informed and alternative managers will then be considered as a replacement (if deemed appropriate).

### **Realisation of Investments**

The funds are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore should be realisable at short notice, based on either Trustee or member demand. The selection, retention and realisation of investments within the pooled arrangements are the responsibility of the relevant investment manager.

# APPENDIX 2: RESPONSIBILITIES OF PARTIES

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## Trustees

The Trustees' responsibilities include the following:

- Reviewing at least triennially and more frequently if necessary, the content of this Statement in consultation with the Investment Adviser and modifying it if deemed appropriate
- Selecting the Investment Managers
- Assessing the quality of the performance and processes of the Investment Managers by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser
- Consulting with the Principal Employer regarding any proposed amendments to this Statement
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis
- Publishing this Statement on a publically available website and informing members of the location

## Investment adviser

The Investment Adviser's responsibilities include the following:

- Participating with the Trustees in reviews of the Statement of Investment Principles
- Production of quarterly independent performance monitoring reports
- Advising of any significant developments of which it is aware relating to the investment managers, or funds managed by the investment managers in which the Scheme is invested, such that in its view there is a significant concern that any of these funds will not be able to meet its long term objectives.
- Updating the Trustees on changes in the investment environment, and advising the Trustees, at its request, on how such changes could present either opportunities or problems for the Scheme
- Undertaking project work, as requested, including:
  - Reviews of the default investment strategy, white labelled funds and fund range; and
  - Research into and reviews of Investment Managers.
- Advising on the selection of new managers and/or custodians

## Investment managers

As noted in this SIP, the Trustees have appointed Mercer as the Investment Manager who will sub-contract with underlying investment managers on behalf of the Trustees.

The Investment Manager's responsibilities include the following:

- Providing the Trustees on a quarterly basis (or as frequently as required) with a statement and valuation of the assets and a report on their actions and future intentions, and any changes to the processes applied to their portfolios
- Informing the Trustees of any changes in the internal performance objectives and guidelines of any pooled fund in which the Scheme is directly invested as and when they occur
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments
- Managing their funds in accordance with their stated mandates set out within the Investment Management Agreement.