



AMNESTY INTERNATIONAL SUPERANNUATION SCHEME

Statement of Investment Principles

January 2016

Trigon Pensions Limited
Trigon House
The Promenade
Clifton
Bristol
BS8 3NG

▶ CONTENTS

Background	3
Investment Objectives	4
Investment Strategy - Final Salary Section	5
Performance Objectives - Final Salary Section	6
Annual Management Charges - Final Salary Section	7
Investment Strategy - Money Purchase Section	8
Performance Objectives and Annual Management Charges - Money Purchase Section	9
Additional Voluntary Contributions (AVCs)	10
Trustees' Policy on Risk	11
Realisation of Investments	13
Socially Responsible Investment and Voting Rights	14
Compliance with this Statement	15

▶ BACKGROUND

1. This statement sets out the principles governing the investment of the assets of the Amnesty International Superannuation Scheme (the "Scheme") in accordance with the requirements of the Occupational Pension Schemes (Investment) Regulations 2005.

Under Section 35 of The Pensions Act 1995, the Trustees are required to prepare a written Statement of Investment Principles, dealing with specified matters.

2. This statement has been agreed by the Trustees, who have obtained appropriate professional advice from their appointed Investment Consultants, Trigon Pensions Limited. The Trustees have also consulted the Principal Employer, Amnesty International Limited (the "Company"), regarding the investment policy described in this statement.
3. The Scheme comprises of two sections: a final salary section and a money purchase section.

The Scheme's final salary benefits are preserved entitlements. Active members accrue benefits on a money purchase basis. This section of the Scheme is open to new entrants which are automatically enrolled in line with automatic enrolment legislation.

4. The Scheme's assets are held under trust by the Trustees. The Trustees' investment powers are set out in Clause 20 and 21 of the Scheme's governing Rules dated 6 April 1997. The content of this Statement does not conflict with those powers.
5. The Trustees employ Baillie Gifford Life Limited (BG), Legal and General Investment Management Limited (LGIM) and Psigma Investment Management Limited (Psigma) to manage the final salary section assets. LGIM is also employed to manage the assets of the money purchase section. Together, BG, LGIM and Psigma are known as "the Investment Managers".

The investments with BG and LGIM comprise of units in pooled managed funds. The Investment Managers are responsible for the day-to-day investment management of the Scheme's assets held with them.

The Financial Conduct Authority regulates the Investment Managers.

6. The portfolios of securities and cash underlying the units issued by the Investment Managers are held by independent corporate custodians and are regularly audited by external auditors.
7. The Trustees have signed investment management agreements with the Investment Managers setting out in detail the terms under which the portfolio is operated.
8. The management of the Scheme's assets is required to be consistent with this Statement.
9. The Trustees employ Trigon Pensions Limited as their Investment Consultants to advise on general matters relating to the investment of the Scheme's assets and on reviewing this Statement of Investment Principles. Trigon Pensions Limited is authorised and regulated by the Financial Conduct Authority.

▶ INVESTMENT OBJECTIVES - FINAL SALARY SECTION

1. The Scheme's Statutory Funding Objective (measured on an ongoing basis) is updated regularly in accordance with regulations. This Statement of Investment Principles takes into account of the investment returns assumed in the Statutory Funding Objective and outlined in the Statement of Funding Principles.
2. In the Scheme's Statement of Funding Principles dated 8 July 2015, the investment returns used to assess the Scheme's liability were as follows:
 - ▶ Discount Rate 3.5% p.a.This assumption will be reviewed at each future actuarial valuation.
3. The Trustees aim to hold a portfolio of assets that will achieve returns in excess of investment returns indicated in the Statement of Funding Principles, without exposing the Scheme to excessive risk.
4. The Trustees have agreed with the Company to maintain a policy of investing in equity and bond funds as well as property investment.

▶ INVESTMENT STRATEGY - FINAL SALARY SECTION

1. The Trustees review their investment strategy at least at every triennial actuarial valuation, to ensure that the strategy remains consistent with their funding principles. The Trustees may review the strategy earlier than this, if opportunities arise to reduce risk within the investments without jeopardising the funding position.
2. Trustees have developed a diversified strategy broadly as follows:

Manager	Asset Type	Asset Allocation
Psigma	UK Equities	35%
LGIM	Overseas Equities	25%
BG & LGIM	Bonds	25%
LGIM	Property	15%

The Trustees monitor the actual asset allocation of the Scheme. If the asset allocation moves more than +/-5% from the benchmark ranges, the Trustees will decide whether to amend the asset allocation.

3. Psigma actively manage the Scheme's assets in a segregated UK Equity Fund.
4. LGIM passively manage equities and bonds.
5. LGIM's Property Fund is actively managed.
6. BG actively manage bonds.

▶ PERFORMANCE OBJECTIVES - FINAL SALARY SECTION

1. The Investment Managers' performance benchmarks are as follows:

Manager	Fund	Performance Objective/ Index
Psigma	UK Equity Fund	Achieve an annualised total return, net of all fees, in excess of the returns generated by the "Customised Benchmark" defined as the FTSE All-Share (£) Index (excluding FTSE Mining, FTSE Industrial Metals & Mining, FTSE Aerospace & Defence, FTSE Equity Investment Instruments and FTSE Oil & Gas Producers) over rolling three year periods.
LGIM	North America Equity Index Fund	Track FTSE All-World Developed North America Index (less withholding tax) to within +/- 0.5% p.a. for two years in three.
LGIM	Europe (ex UK) Equity Index Fund	Track FTSE All-World Developed Europe (ex-UK) Index (less withholding tax) to within +/- 0.5% p.a. for two years in three.
LGIM	Japan Equity Index Fund	Track FTSE All-World Japan Index (less withholding tax) to within +/- 0.5% p.a. for two years in three.
LGIM	Asia Pacific (ex Jap) Developed Equity Index Fund	Track FTSE All-World Developed Asia Pacific (ex-Japan) Index (less withholding tax) to within +/- 0.75% p.a. for two years in three.
LGIM	All Stocks Index-Linked Gilts Index Fund	Track FTSE A Index-Linked All Stocks Index (less withholding tax) to within +/- 0.25% p.a. for two years in three.
BG	Sterling Aggregate Plus Bond Fund	Outperform a composite benchmark of 50% FTSE Actuaries UK Conventional Gilts All Stocks Index and 50% Merrill Lynch Sterling Non Gilt Index by 1.5% gross over rolling three year periods.
BG	Investment Grade Bond Pension Fund	Outperform its benchmark- the Merrill Lynch Sterling Non Gilt Index- by 0.75% p.a. (before fees) over rolling three year periods.
LGIM	Property Fund	Outperform the Association of Real Estate Funds/ Investment Property Databank UK Quarterly All Balanced Property Funds Index over three and five year periods.

▶ ANNUAL MANAGEMENT CHARGES - FINAL SALARY SECTION

1. Psigma's fees are currently charged on the following basis:

Fund	Fee (% p.a.)
Psigma UK Equity Index	0.75% + VAT (charged quarterly in arrears)

Psigma also charge 0.35% trade commission on transactions.

2. LGIM's fees are currently charged on the following basis:

Fund	Fee (% p.a.)
LGIM North America Equity Index	First £1m - 0.20% Next £1.5m - 0.175%
LGIM Europe (ex UK) Equity Index	First £1m - 0.25% Next £1.5m - 0.225%
LGIM Japan Equity Index	First £1m - 0.225% Next £1.5m - 0.20%
LGIM Asia Pacific (ex Jap) Developed Equity Index	First £1m - 0.275% Next £1.5m - 0.25%
LGIM All Stocks Index-Linked Gilts Index	First £5m - 0.10% Next £5m - 0.075%
LGIM Property Fund	First £2.5m - 0.70% Next £2.5m - 0.65%

3. BG's fees are currently charged on the following basis:

Fund	Fee (% p.a.)
BG Sterling Aggregate Plus Bond Fund	0.40%
BG Investment Grade Bond Fund	0.25%

BG also charge a minimum annual fee of £20,000.

▶ INVESTMENT STRATEGY - MONEY PURCHASE SECTION

1. The Trustees have selected five funds with LGIM in which members can choose to invest their contributions. The Trustees may add to or change the selection of funds permitted at any time. Passively managed funds are offered to members, who are free to allocate their personal accounts to any one or more of the funds offered. Members can change their fund choice at any time.
2. The Trustees have also set up a Lifestyle Strategy fund as the default fund. Under the Lifestyle Strategy Fund at 7 or more years from retirement funds will be invested in the Global Equity (50:50) Index Fund. From 6 years to retirement funds will be switched into the Pre-Retirement Fund and Cash Fund. At retirement, funds will be invested 75% in the Pre-Retirement Fund and 25% in the Cash Fund.

► PERFORMANCE OBJECTIVES AND ANNUAL MANAGEMENT CHARGES - MONEY PURCHASE SECTION

1. The Investment Managers performance benchmarks are as follows:

Manager	Fund	Objective/Benchmark
LGIM	Ethical UK Equity Index Fund	Track FTSE4Good UK Equity Index to within +/- 0.5% p.a. for two years in three
LGIM	Global Equity Fixed Weights (50:50) Index Fund	Composite: FTSE All-Share Index in the UK and the appropriate sub-divisions of the FTSE All-World Index overseas (held in specified weights)
LGIM	Pre-Retirement Fund	Match the long-term expected annualised return broadly similar to that of a traditional level annuity
LGIM	Cash Fund	Match the median return of similar funds measured by the CAPS Pooled Pension Fund Update without incurring excessive risk
LGIM	Consensus Index Fund	Aims to maintain asset distribution close to that of average Balanced Fund, excluding property, as published in the CAPS Pooled Pension Funds Update

2. LGIM's fees are currently charged on the following basis:

Manager	Fund	Fee (p.a.)
LGIM	Ethical UK Equity Index Fund	0.20%
LGIM	Global Equity Fixed Weights (50:50) Index Fund	0.165%
LGIM	Pre-Retirement Fund	0.15%
LGIM	Cash Fund	0.125%
LGIM	Consensus Index Fund	0.15%

▶ ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

1. Members are able to contribute AVCs into the money purchase section of the Scheme. In the past AVCs were paid to Prudential to enhance their benefits at retirement.

▶ TRUSTEES' POLICY ON RISK

1. Risk relative to the Liabilities

The Trustees' view is that the investment strategy and the performance objectives described in this statement are consistent with the long term nature of the Scheme, and in the long term, should provide returns in excess of those assumed in the actuarial valuation.

2. Risk from lack of Diversification

The Trustees believe that the need for an adequately diversified overall asset allocation is met by using a combination of funds described in the investment strategy, and is enhanced by the use of a three different Investment Managers.

The Trustees have eliminated a number of sectors in which their active Investment Manager can invest. Eliminating these sectors could restrict the fund manager's investment choice and increase the risk to the portfolio. Given the nature of the Employer's business and the conviction of the Scheme members on human rights, ethical screening is considered to be important. However, the Trustees also understand the need to achieve a spread of risk and achieve good returns.

It is expected that the number of pensioners in payment will increase significantly over the next few years. It is intended that the portfolio will be diversified further to reduce the risk whilst achieving the level of return in line with the assumptions used in the actuarial valuation. The introduction of new funds and switch between funds will be phased in over a period of time to take advantage of market opportunities and conditions and to take into account the funding position of the Scheme.

The Trustees believe that that the funds offered for investment of money purchase accounts offer a suitable range of risk to members and provide sufficient diversity of investment opportunities.

3. Risk from Unsuitable Investments

Whilst the Trustees accept the need for diversification they recognise that some types of investment could be considered unsuitable. These include:

- ▶ Investment in unlisted securities
- ▶ Use of derivatives (except when entered into with appropriate safeguards)
- ▶ Illiquid investments
- ▶ Cash deposits with institutions with inadequate credit ratings

The Trustees have considered these investments in conjunction with their Investment Managers and are satisfied that appropriate precautions are in place.

4. Risk from Underperformance of the Investment Managers

There is a risk that the Investment Managers fail to achieve their Investment Objectives. This risk is considered by the Trustees on the initial appointment of the Investment Managers and is reviewed on an ongoing basis by holding regular meetings with the Investment Managers.

▶ TRUSTEES' POLICY ON RISK (Continued)

The Trustees have appointed three different Investment Managers to diversify this risk.

The Trustees believe that good corporate governance is an important element in reducing the risk of corporate failure and enhancing returns over the longer term. The Trustees will review the Investment Managers corporate governance. As the Scheme invests in pooled investment vehicles, the responsibility of managing corporate governance of the companies in which the Scheme invests is largely delegated to the Investment Managers. The active Investment Manager which operates segregated mandate has more ability to monitor corporate governance than the passive Investment Manager.

The Trustees will try and control the risk of insolvency of the Scheme's Investment Managers that would be disruptive to the Scheme's capability to pay benefits when they fall due.

5. Risk from Self-Investment

The Trustees do not hold any investments in Amnesty International Limited nor is it intended that any such employer-related investment should be held at any time in the future.

6. Risk from Company Failure

The Trustees review the Company covenant on a regular basis and may review the appropriateness of the Scheme's investment strategy if there are any material changes to the following:

- ▶ The creditworthiness of the Company and any breaches of covenants
- ▶ The Company's balance sheet or borrowing or capital expenditure plans
- ▶ Forecasts of cashflow

► REALISATION OF INVESTMENTS

1. The assets held by the Investment Managers are readily marketable. Notice for realisation of assets can be given on any working day for any amount.
2. All units issued by the Investment Managers and credited to the Trustees are redeemable at bid prices, calculated from current stock prices plus any applicable charges.
3. The Trustees need to have regard to the Scheme's likely cashflow requirements in order to minimise the likelihood of having to realise investments when market conditions are unfavourable.
4. In order to meet the Scheme's benefits, disinvestment of assets may need to take place. The decision as to the funds from which disinvestments are made will be influenced by market conditions and the asset distribution at that time.

► SOCIALLY RESPONSIBLE INVESTMENT AND VOTING RIGHTS

1. The Trustees have considered the question of Socially Responsible Investments in relation to both corporate governance and ethical investments.
2. With regard to ethical investments, the Trustees have established a segregated mandate under the final salary section of the Scheme with Psigma which is made up of the FTSE All Share Index excluding: FTSE Mining, FTSE Industrial Metals & Mining, FTSE Aerospace & Defence, FTSE Equity Investment Instruments and FTSE Oil & Gas Producers. There are also restrictions in investing in companies involved in “arms” and illegally logged timber. Psigma has provided a copy of their policies on this subject and the Trustees are satisfied that they are consistent with this approach.

Under the money purchase section of the Scheme, members have the ability to invest in the UK Equity Fund which tracks the FTSE4Good UK Equity Index which promotes good social responsibility.

3. Psigma take an active approach to corporate governance and strongly believe that the shareholder should use their influence and voting rights in order to encourage company directors to follow best practice and avoid abuse of their positions of power. Psigma follow ‘The UK Corporate Governance Code’ for UK holdings.

LGIM take an active approach to being a force for good in governing the companies in which they invest and aim to maximise shareholder value by promoting integrity in business. LGIM also follow ‘The UK Corporate Governance Code’ for UK holdings.

BG take an active approach to corporate governance and engage with the management of all companies in which they invest. BG follow ‘The UK Corporate Governance Code’ for UK holdings and are also members of the International Corporate Governance Network and UK Sustainable Investment and Finance Association.

4. The Trustees will continue to review the situation and take professional advice, as necessary.
5. The Trustees have delegated to its Investment Managers the exercise of corporate governance issues, including the exercise of voting rights to investments.

► **COMPLIANCE WITH THIS STATEMENT**

1. The Trustees will review this Statement in response to any material changes to any aspects of the investment arrangements detailed above. This review will occur no less frequently than every 3 years to coincide with the actuarial valuation. Any such review will be based on investment advice and will be in consultation with the Company.
2. Copies of this Statement have been supplied to the Actuary, the Company, the Investment Consultant and the Investment Managers.

Signed on behalf of the Trustees of the Scheme

Signed: Ch Catton Date: 5/1/16

Name: E.M. CATTON

