November 2023

Statement of Investment Principles for Reliance Pension Scheme

The investment policy of the Reliance Pension Scheme ("the Scheme") is to achieve the maximum possible return compatible with an acceptable level of risk-taking account of the actuarial constraints of a maturing fund. Reliance Pension Scheme Trustee Limited ("the Trustee") has set an investment strategy with Schroder Pension Management Ltd ("Schroders"), a subsidiary of Schroders Investment Management Ltd ("SIM"), which puts the investment policy into effect using Schroders' Flight Path Swift approach.

Investments to be held

A direct contract of insurance issued by Schroders.

The Trustee has agreed an investment strategy to give effect to the investment policy, details of which are in Appendix 1. This strategy was amended during 2023 following a detailed review, and with input from the Scheme's investment consultant, WTW.

Balance between different kinds of investments

The Investment Strategy will be reviewed periodically, taking into account in particular the developing profile of the Scheme and any reports from the Scheme Actuary.

Risk

Risk is addressed by an appropriate approach to the prudent diversification of the investments within Schroders, by purchasing units in diversified investment funds managed by SIM, and by the full cover provided by the Financial Services Compensation Scheme.

The Board of the Trustee receives valuation reports from Schroders on a monthly basis and a full investment report every three months.

The Scheme does not invest directly in derivatives, nor does it engage in stock lending or currency hedging. Instead, it invests in units of underlying funds managed by SIM that do use derivatives that contribute to a reduction of risks. The insurance policy is in the name of the Scheme.

Expected Return on Investments

The basis used by the Scheme Actuary for funding purposes for the actuarial valuation as at 31 March 2022 is set out in the Statement of Funding Principles dated 10 January 2023. This states that the expected out-performance of the Scheme's assets over and above the yields displayed by the Bank of England nominal gilt yield curve on 31 March 2022 is 1% p.a. at all terms. This basis will be reviewed at the next actuarial valuation to reflect any changes to the investment strategy, investment outlook and appropriate margins for prudence as require by the scheme funding regulations.

Returns are compared with relevant indices and a quarterly report on returns is given to the Trustee by Schroders.

Realisation of Investments

The Scheme undertakes all investments with a view to them being long term investments.

Policy on Additional Voluntary Contributions

The Trustee has purchased a policy with Utmost Life and Pensions to fulfil its duties to the members of the Scheme who have made additional contributions.

ESG and Stewardship policy

Managing ESG and climate change risks

The Trustee believes that Environmental, Social and Governance (ESG) related risks, including climate change risks, are an important component of investment risk. The Trustee believes that organisations that soundly manage ESG related risks are more likely to be financially sustainable over time, and therefore deliver better long-term risk adjusted returns. The Trustee believes that consideration of ESG risks is a financially material component of our investment framework.

- Environmental factors include climate change, resource, especially water, scarcity, and waste treatment practices. We recognise that climate change is a key environmental challenge that poses both risks and opportunities. These may take the form of rising physical losses from extreme weather in the short term, the medium-term impacts from the implementation of climate change policy, and the longer-term impacts if global temperature rises are not limited.
- Social factors include diversity, human capital management, health and safety, customer and supplier relationships, and interactions with local communities, regulators and governments. Organisations today must recognise that they operate under a social licence, and that relationships with stakeholders should reflect these obligations.
- Governance factors include business ethics, transparency of company management and reporting, executive remuneration and board structure. Well-governed organisations typically face lower levels of ESG risk as a result of a strong governance culture and appropriate policies and procedures, enabling them to deliver sustainable long-term returns.

The Trustee requires the Scheme's investment managers to integrate analysis of relevant ESG issues into their investment processes. How the investment managers take ESG issues into account in practice is monitored on a regular basis via the quarterly investment reporting that is received.

The Trustee (through the selection of the investment manager with its approach to ESG issues as set out above) seeks to focus explicitly on financially material factors. The Trustee's policy at this time is not to take into account non-financial matters in the selection, retention and realisation of investments.

Stewardship

The Trustee has instructed its investment managers to exercise their voting and other rights as shareholders in a manner they believe to be consistent with best practice in relation to Corporate Governance and in accordance with the Institutional Shareholders' Committee's ("ISC") Statement of Principles on the Responsibilities of Institutional Shareholders and Agents.

The Trustee recognises the Scheme's responsibility as a long-term institutional investor to support and encourage good corporate governance practices in the companies in which it invests.

The Trustee therefore requires its investment managers in their stewardship of the Scheme's assets to pay appropriate regard to relevant corporate governance, social, ethical and environmental considerations when considering the purchase, retention or sale of investments.

The Trustee monitors the voting behavior of the investment manager through the production of the annual Implementation Statement and, if required, will engage with the manager if voting patterns are inconsistent with the Trustee's policies, as set out in this document.

In addition, the Trustee has considered relevant questions from an ESG engagement survey conducted by the Scheme's investment manager, and concluded that:

1. the most appropriate ESG statement for the Scheme's investment objectives is "to make investments where the objective is to maximise risk adjusted returns, integrating

ESG factors as part of achieving this objective."

2. from a ranking of priority ESG themes, the most important for the Scheme are:

   a. Governance and Oversight – ensuring transparency of voting and shareholder resolutions, particularly around climate and diversity issues; and
   b. Natural capital and biodiversity – identifying and reducing material natural capital risks.

The results of the survey have been communicated to the investment manager accordingly.

Manager monitoring and manager arrangements

The appointment of the investment manager will be reviewed by the Trustee, based on the results of their monitoring of performance and investment processes and of the Manager's compliance with the requirements of the Pensions Act 1995 concerning diversification and suitability, where relevant.

Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced. Investment managers are aware of this risk which incentivises the manager to act in line with the Trustees' policies.

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

Selection Criteria

The Trustee has identified the criteria by which managers should be selected (or deselected). These include:

- Past performance
- Quality of the investment process
- Role suitability
  - level of fees
  - reputation of the manager
  - familiarity with the mandate
  - internal objectives and restrictions of any pooled funds
  - consideration of ESG investments
- Service
  - Reporting
  - Administration
- Team proposed
  - the individual fund managers working for the Scheme

De-selection Criteria

Managers may be replaced, for example, if:

- They fail to meet the performance objectives set out above; and/or
- The Trustee believes that the manager is not capable of achieving the performance objectives in the future; and/or
- The manager fails to comply with this Statement.

Policy for Compliance

The Trustee's policy for compliance with Section 36 of the Pensions Act 1995 (choosing investments) is through the Investment Strategy which it has prepared and which forms part of the direct contract with Schroders. In order to monitor the position, the Trustee Board receives regular reports from Schroders.

In accordance with Section 224 of the Pensions Act 2004, the Scheme Actuary carries out an actuarial valuation at least once in every three years and carries out an actuarial report in each intervening year.

Relationship with the Asset Manager

The contents of this Statement must include either the Trustee's policy in relation to the following matters or reasons as to why they are not set out:

- How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policy;
- How that arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term;
- How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policy;
- How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range; and
- The duration of the arrangement with the asset manager.

The Trustee does not currently have a policy or monitor any of the items above. This is because, at present, the investment managers manage the allocation of the assets within control ranges provided to them by the Trustee as part of Schroder's Flight Path Swift approach, and the allocation to growth assets is held within a pooled vehicle over which the Trustee has no direct control. As such, the Trustee does not deem any of the items above to be relevant in monitoring the performance of the investment managers. The Trustee would review this should the Trustee amend its policy.

Consultations made

The Trustee can confirm that it has consulted with the employer (Utmost Life and Pensions Limited) as required by the Pensions Act 1995 prior to finalising this statement. Whilst being responsible for the investment decisions, the Trustee obtained written advice on the long-term investment strategy appropriate for the Scheme and on the preparation of this statement. This advice was provided by WTW in their capacity as investment advisor to the Scheme.

Review of this Statement

This statement is reviewed at least annually by the Trustees.

Appendix 1

Investment Strategy

Overview

The investment policy of the Scheme is laid down by Reliance Pension Scheme Trustee Ltd ("the Trustee"). The aims and objectives of this policy must have due regard to the nature and term of the liability profile of the Scheme. The principal investment objective will be to achieve the maximum total return compatible with a level of risk acceptable to the Trustee taking account of the actuarial constraints of the fund and the strategy and guidelines contained in this Schedule.

Strategy

The Scheme's investment strategy involves changes to the asset allocation as the Scheme's funding level improves.

The revisions to the investment strategy made in 2023 mean that the Scheme has adopted a revised Phase 0 with a 30% Growth and 70% Matching Strategic Asset Allocation, with any further Trigger Levels (at which points the Scheme's investment strategy would have been altered by reducing the allocation to Growth Assets and / or increasing the level of Target Liability Coverage) suspended – as shown in the table below.

Phase	**Proxy Funding Trigger Levels**	**Target Allocation**		**Target Liability Coverage***
		Growth Assets	Matching Assets	
0	Initial	30%	70%	100%

* Target Liability Coverage is expressed as a percentage of Asset Value

As a result of the suspension of the previous trigger mechanism, it is proposed that manual reviews will be undertaken when the Scheme reaches hurdle funding rates of 90%, 105%, 110%, 115% and 120%.

Further details on the Liability Proxy and the calculation methodology used to estimate the Proxy Funding Level can be found in the Schroder Pension Management Limited Direct Contract dated 20 January 2016 as amended from time to time, and in particular on 6 October 2023, following the change in investment strategy.

The Scheme's Target Growth Asset Allocation is set out below.

Name of Fund	**Target Growth Asset Allocation (total % of Growth Assets)**
Schroder Life Diversified Growth Fund	100%

The Scheme's Matching Assets are invested in the Funds shown below. The allocations to each Fund are determined so that the Matching Assets provide an approximate match to the interest rate and inflation exposures of the Scheme's Liability Proxy, scaled to the level of Target Liability Coverage for the current Phase of the de-risking strategy.

Name of Fund
Cash Fund Schroder Life Sterling Liquidity Plus Fund
LDI Funds Schroder Life Matching - Nominal Gilt Fund range Schroder Life Matching - Index Linked Gilt Fund range Schroder Life Matching - Synthetic Nominal Gilt Fund range Schroder Life Matching - Synthetic Index Linked Gilt Fund range

Rebalancing

The relevant rebalancing ranges are set out in the table below. Each Business Day, Schroders will seek to review:

a. the balance between the Growth Assets and the Matching Assets, and if it determines that the actual allocation is more than the relevant rebalancing range (as set out in the table) away from the Target Allocation, it will seek to rebalance as soon as reasonably practicable;

b. the holdings in the Matching Asset Funds, and if it determines that the actual Liability Coverage is more than relevant rebalancing range (as set out in the table) away from the Target Liability Coverage it will seek to rebalance as soon as reasonably practicable.

	Rebalancing range
(a) Growth / Matching assets	+/- 5%
(b) Target Liability Coverage	+/- 5%

Schroders may rebalance between (i) the Growth Asset Funds and the Matching Asset Funds, (ii) the Cash Fund and the Matching Asset Funds or (iii) the various Matching Asset Funds at its discretion.

Any rebalancing will involve Schroders switching Units in the relevant Funds which may incur dilution payments levied by the Funds to protect existing investors.

Charges

In consideration of the services to be provided under the policy with Schroders, the Scheme pays:

- Fiduciary Management fee – a fee calculated at the rate of 0.05% of the value of the Assets per annum is made in respect of the management of the de-risking framework. The fee is charged within the Funds allocated to this Policy.
- Investment management fees – a fee for the underlying components of the Growth Assets and Matching Assets as set out below. These fees are charged within the relevant Funds allocated to this Policy.

The Annual Management Charges in respect of the Growth Asset Funds, the Cash Fund and the Physical Gilt Funds are set out in the table below.

Name of Fund	Annual Charge
Schroder Life Diversified Growth Fund	0.51% p.a.
Schroder Life Sterling Liquidity Plus Fund	0.0% p.a.
Schroder Life Matching - Nominal Gilt Fund range	0.15% p.a.
Schroder Life Matching - Index Linked Gilt Fund range	0.15% p.a.

The target effective charge of each Synthetic Gilt Fund is an amount specified in the table below.

To determine the actual effective charge in respect of a Synthetic Gilt Fund, the Target Effective Charge is converted into an equivalent percentage charge on the value of the assets in such Synthetic Gilt Fund (the "Fund Value") using the following ratio:

Benchmark Gilt Exposure
Fund Value

Due to the leveraged nature of the Synthetic Gilt Funds, the Fund Value in each case is lower than the Benchmark Gilt Exposure. The actual ratio varies on a daily basis due to market movement and the operation of Schroders' liquidity management process. To address this, Schroders will apply a target ratio (as determined by Schroders in its absolute discretion), so as to maintain a stable charge rate to the value of the Policyholder's Units in each Fund.

The actual effective charge on each Synthetic Gilt Fund will fluctuate and at any point in time may be higher or lower than the Target Effective Charge. However, it is expected to be approximately the same level as the Target Effective Charge on average over any given period.

The charging structure for the Synthetic Gilt Funds is set out in the Annual Charges Table below. Note that the information in the table below is illustrative and subject to change in accordance with the explanation above.

Name of Fund	Class of Units	Target Ratio	Coverage Charge (% of Benchmark Gilt Exposure)	Coverage Charge (% of Fund value)	Asset based Charge (% of Fund value)	Total Annual Charge
Synthetic Nominal Gilt Fund (2018–2037)		6.47		0.65%	0.05%	0.70%
Synthetic Nominal Gilt Fund (2038–2057)		3.57		0.36%	0.05%	0.41%
Synthetic Nominal Gilt Fund (2058–2077)		2.96		0.30%	0.05%	0.35%
Synthetic Index Linked Gilt Fund (2018–2027)	Series 4	18.24	0.10%	1.82%	0.05%	1.87%
Synthetic Index Linked Gilt Fund (2028–2037)		4.77		0.48%	0.05%	0.53%
Synthetic Index Linked Gilt Fund (2038–2047)		2.72		0.27%	0.05%	0.32%
Synthetic Index Linked Gilt Fund (2048–2057)		2.01		0.20%	0.05%	0.25%
Synthetic Index Linked Gilt Fund (2058–2077)		1.65		0.17%	0.05%	0.22%

The total charges payable are subject to a minimum charge of £50,000 per annum.

Guidelines on short term deposits

The Trustee may maintain short term deposit account(s) to facilitate payment of contributions into the Scheme and payment of benefits and other expenses. Such accounts will be separate accounts in the name of the Trustee and may be with any of the following:

i) Banks
Short term deposits should only be made with the main clearing banks or any of their wholly owned subsidiaries in the UK. Deposits should not be made with overseas banks without prior approval of the Trustee.

ii) Building Societies
Building society investments may be made only with Nationwide Building Society.