



# **THE UNITE PENSION SCHEME (THE “SCHEME”)**

## **STATEMENT OF INVESTMENT PRINCIPLES**

**JULY 2025**

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## 1. Introduction

This document is the Statement of Investment Principles (“SIP”) required under the Pensions Act 2005. This SIP is produced to meet the requirements of the Pensions Acts 1995 and 2004, the Occupational Pension Funds (Investment) Regulations 2005 and to reflect the Government’s Voluntary Code of Conduct for Institutional Investment in the UK.

This SIP has been adopted by the Unite Pension Scheme Trustees Limited (the “Trustee”) to meet the requirements of the relevant legislation. The Trustee also complied with the requirements to maintain and take advice on the SIP and with the disclosure requirements.

The effective date of this Statement is 30 July 2025. The Trustee will review this Statement and the Scheme’s investment strategy no later than three years after the effective date of this statement and without delay after any significant change in investment policy.

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## 2. Governance framework

### 2.1 Investment powers and compliance with the Pensions Act 2004

The Trustee is ultimately responsible for the investment strategy of the Scheme. The Trustee takes some decisions themselves and delegates others. When deciding which to be responsible for and who to appoint, the Trustee has taken into account whether they have the appropriate training and expert advice in order to take an informed decision. Appendix A provides a breakdown of the governance structure and the associated responsibilities and delegations.

The Trustee has obtained written advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Aon Investments Ltd who are authorised and regulated by the Financial Conduct Authority. The Trustee will also take advice required for any future changes in the investment strategy.

### 2.2 Investment Committee

The Trustee has established an Investment Committee to advise the Trustee on all matters relating to the investment of the assets of the Scheme. However, where it falls within the Terms of Reference, the Investment Committee will make and implement decisions. The Terms of Reference for the Investment Committee set out the structure for investment decision making. Decisions may be wholly or partially delegated to the Investment Committee or may remain with the Trustee to be taken with guidance and recommendations from the Investment Committee. The broad distribution of duties is shown in Appendix A. Full details can be found in the Investment Committee Terms of Reference.

### 2.3 Day to day fund management

The day to day management of the Scheme’s assets has been delegated to investment managers which are authorised and regulated by the Financial Conduct Authority and/or the Prudential Regulation Authority.

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## 3. Funding objective

- 3.1** The Trustee's objectives for setting the investment strategy of the Scheme have been set with regard to the Scheme's Statutory Funding Objectives as set out in the Statement of Funding Principles. The Trustee's primary objectives are:
- "funding objective" – target the Scheme being fully funded using assumptions that contain a margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the Union;
  - "stability objective" – to have due regard to the likely level and volatility of required contributions when setting the Scheme's investment strategy, and
  - "security objective" – to ensure that the solvency position of the Scheme is expected to improve. The Trustee will take into account the strength of employer's covenant when determining the expected improvement in the solvency position of the Scheme.
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## 4. Investment Risk Framework

### 4.1 Exposure to different types of risk

The Trustee recognises that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustee have identified a number of risks which have the potential to cause deterioration in the Scheme's funding level and therefore contribute to funding risk. The list below sets out these risks and how they can be managed:

- **Mismatch risk:** This is the risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors. The Trustee and their advisers considered this mismatch risk when setting the investment strategy.
- **Cash flow risk:** This is the risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities. The Trustee and their advisers will manage the Scheme's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- **Manager risk:** This is the failure by the fund managers to achieve the rate of investment return assumed by the Trustee. This risk is considered by the Trustee and their advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- **Diversification risk:** This is a failure to spread investment risk. The Trustee and their advisers considered this risk when setting the Scheme's investment strategy.
- **Operational risk:** This is the risk of fraud, poor advice or acts of negligence. The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified as well as experienced. Suitable liability and compensation clauses are included in all contracts for professional services received.
- **Covenant risk:** This is the possibility of failure of the Scheme's sponsoring employer. The Trustee and their advisers considered this risk when setting investment strategy and consulted with the Union as to the suitability of the proposed strategy.

- **Strategic investment risk:** This is the risk arising from the failure of the selected long-term investment strategy to deliver the level of expected return or risk characteristics necessary to meet the Trustee's objectives. These are assessed triennially in conjunction with the actuarial valuation of the Scheme, following which the Trustee take advice on the continued appropriateness of the existing investment strategy.

#### 4.2 Measuring and monitoring these risks

Due to the complex and interrelated nature of these risks, the Trustee considered the majority of these risks in a qualitative, rather than quantitative, manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

Having set an investment objective which relates directly to the Scheme's liabilities and implemented it using a range of fund managers, the Trustee's policy is to monitor these risks quarterly where possible. The Trustee receives quarterly reports showing:

- Overall performance of the Scheme assets over quarterly, annual and 3 yearly periods.
- Performance of individual fund managers versus their respective targets.
- Any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

The risks associated with changes in the Union's covenant are assessed by monitoring the Failure Score, as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy.

The Trustees understand the types of protection available for different types of investments. Investment Manager risk is considered as part of Aon's ratings and risk is monitored in the quarterly investment report/IRM dashboard.

The Trustee has an agreement with the Union to receive notification of any events which have the potential to alter the creditworthiness of the sponsoring Union in particular, the Trustee will be informed of Type A events, as defined in appropriate guidance issued by the Pensions Regulator and employer-related Notifiable Events. On receipt of such notification, the Trustee will re-consider the continued appropriateness of the Scheme's existing investment strategy. The Trustee also receives regular updates regarding the financial situation of the Union.

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## 5. Investment strategy

The Trustee regards the selection of asset classes as the decision which has most influence on its ability to achieve its investment objectives.

### 5.1 Establishing the strategic asset allocation

The Trustee's aim is to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided. In setting investment strategy, the Trustee first considered the lowest risk asset allocation that they could adopt in relation to the Scheme's liabilities.

The broad investment principle the Trustee currently follows, and expect to continue to, is that:

- Real liabilities should be matched with real assets.
- Fixed liabilities should be matched with fixed assets.

The asset allocation strategy the Trustee has selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Scheme's liabilities. The asset allocation strategy for the Scheme is set out in the table below:

<b>Asset class</b>	<b>Proposed Allocation</b>
Total Growth	35%
Total Matching	65%

The strategy will be reviewed annually by the Investment Committee. An earlier review may be conducted in the event of any significant change in capital markets, the liabilities of the Scheme, or legislation.

## **5.2 Tactical asset allocation**

Alongside the strategic asset allocation, the Trustee also permits tactical investment views to be taken, either to enhance return, or to control risk. The combination of the strategic asset allocation and any tactical positions taken must operate within the overall risk appetite set by the Trustees.

## **5.3 Choosing Investments**

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Scheme, its cashflow requirements, the funding level of the Scheme and the Trustee's objectives.

The assets of the Scheme are invested in the best interests of the members and beneficiaries. This means that due consideration is given to the security of the assets as well as the need to generate an appropriate return. The priority of the Trustee when considering these factors is the needs of the members and the beneficiaries.

The Trustee exercises their powers of investment (or delegation where these powers have been delegated to a fund manager) in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk a spread of assets is held. The diversification is both within and across the major asset classes.

Assets held to cover the Scheme's technical provisions (the liabilities of the Scheme) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.

The assets of the Scheme are invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

The Trustee recognises that behavioural biases potentially affect decisions. It has considered and understands personal biases, which is expected to improve outcomes.

Specific details of the investment management arrangements are given in the Schedule of Investment Arrangements.

#### **5.4 The balance between different kind of investments**

The Trustee recognises that the key source of financial risk (in relation to meeting their objectives) arises from asset allocation.

They therefore retain responsibility for setting asset allocation and take expert advice as required from their professional advisers.

The Trustee reviews their investment strategy following each formal actuarial valuation of the Scheme (or more frequently should the circumstances of the Scheme change in a material way). The Trustee takes written advice from their professional advisers regarding an appropriate investment strategy for the Scheme.

A broad range of available asset classes has been considered.

The asset allocation is set out in the **Schedule of Investment Arrangements** and was implemented after considering the results of a modelling exercise undertaken in 2025. Following a review in 2024 it was agreed to increase the target hedge ratio to 100% of interest rate and inflation exposure as measured on the Technical Provisions and reduce the growth allocation.

#### **Expected Returns on the Scheme's investments**

#### **5.5** Over the long-term, the Scheme seeks to achieve returns at least in line with the investment returns assumed in the actuarial valuation.

It has been agreed that the investment return should target a figure which is broadly equivalent to gilts +1.7%.

Returns achieved by the Scheme managers are assessed against performance benchmarks set by the Trustee in consultation with their advisers and fund managers.

The Scheme's actively managed assets are expected to outperform their respective benchmarks in the long term.

#### **Realisation of Investments/Liquidity**

#### **5.6** The Trustee recognise that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are therefore realisable at short notice, through the sale of securities in the segregated funds or units in pooled funds.

## 6. Day to day investment management of the assets

### 6.1 Fund management

The day to day management of the Scheme's assets has been delegated to investment managers which are authorised and regulated by the Financial Conduct Authority and/or the Prudential Regulation Authority. A copy of this Statement is available to the investment managers appointed.

The Trustee has specified investment guidelines to control the level of day to day decision making of the appointed managers. The investment managers make their trading decisions independently of the Trustee. These fund managers are selected by a competitive tender process or via a recommendation from the Investment Consultant.

### 6.2 Investment performance benchmarks

The investment managers are set a specific benchmark and performance objective by the Trustee. As a way of monitoring risk in portfolios, the Trustee agrees tracking error ranges with the fund managers for their portfolios. Investment manager performance and risk is monitored each quarter via investment monitoring reports prepared by their professional advisors. The Trustee has appointed Aon to alert them on any matters of material significance that might affect the ability of each fund manager to achieve its objectives.

The Trustee acknowledges that investment returns achieved outside the expected deviation (positive or negative) maybe an indication that the investment manager is taking a higher level of risk than indicated. Material or unexpected deviations may result in a formal review by the Investment Sub-Committee.

### 6.3 Custody

The Scheme uses a Global Custodian, Northern Trust, independent of the investment managers. The Global Custodian is responsible for:

- The safekeeping of the assets of the Scheme;
- Providing the Trustee with periodic statements of the Scheme's assets, cash flows and corporate actions;
- Undertaking all appropriate administration relating to the Scheme's assets;
- Processing all dividends and tax reclaims in a timely manner;
- Investing cash in a manner consistent with the guidelines given by the Trustees;
- Notifying the Trustee and the relevant authorities when the Scheme's aggregate holdings exceed disclosable amounts.

The Scheme holds segregated mandates with Janus Henderson Investors and Pictet. The rest of the Scheme's assets are invested in pooled funds, which give the Trustee a right to the cash value of the units rather than to the underlying assets. The managers of the pooled funds are responsible for the appointment and monitoring of the custodian of the Scheme's assets held in pooled funds.

The custodians are independent of the Union.

The Trustee receive a copy of the investment managers', custodians' and auditors' reports on their respective procedures.

## 7. Environmental, Social & Governance

**7.1** In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- The risk that environmental, social and governance (ESG) factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by seeking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance. The Trustee believes that these factors (including climate change) contribute to the identification of investment opportunities and financially material risks. The Trustee recognises that focussing on long-term outcomes and taking into account environmental, social and governance (ESG) considerations appropriately can lead to improved returns and lower risk over the long-term.

In order to identify and assess climate change the Trustee has received training on climate change and its associated risks and opportunities and considered the possible short, medium and long-term effects of climate change on the scheme's objectives and its operations.

The process for identifying and assessing climate related risks and opportunities is captured by:

- Our advisers demonstrating how they have considered short and long term climate change risks and opportunities when providing new strategic investment advice, new mandates, new funding plans and new advice on the covenant.
- Investments that are Buy rated by Aon having at least an appropriate or advanced process to identify, evaluate and mitigate potential financially material ESG risks, including climate change, within the portfolio.
- Our asset managers demonstrating how they have considered short and long term climate change risks and opportunities when reporting on their portfolios.

This will enable us to understand what measures are being taken to reflect climate change opportunities and risk within the investments, funding and covenant.

Reporting is captured in the Scheme's annual TCFD report.

### **7.2 Stewardship- Voting and engagement**

The Trustee believes that the rights attaching to investments, including voting rights, are an important asset of the Scheme and should be valued and used accordingly. The Trustee recognises the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests. The Trustee believes high standards of corporate governance and social and environmental management make a positive contribution to long-term company performance, and help guard against both reputational and operational risk.

The Trustee is aware that alongside regulatory requirements, the main mechanism for holding companies to account in the UK for all aspects of their financial and non-financial performance is shareholder action, which may take the form of engagement, share voting or share selling or purchases. The Trustee recognises that this gives all owners of UK shares a responsibility to ensure that their influence as shareholders is used responsibly.

The Trustee wishes to ensure that its influence as a share owner is used to safeguard and raise standards of corporate governance and social and environmental management within its investee companies and believes that this will contribute to raising long-term financial returns.

This will primarily be done through voting and engagement with investee companies. However, in extreme circumstances, the Trustee would consider disinvestment as an option.

In formulating the Scheme's approach to voting and engagement, the Trustee has regard to the interests of the scheme beneficiaries. This means that financial returns are a major consideration. However, this does not exclude other considerations that may have an impact on the broader interests of scheme members, including social and environmental considerations. It also recognises that good corporate governance and high standards of social and environmental management can contribute towards long-term financial returns.

The Trustee reviews the stewardship activities of its asset managers on an annual basis, covering both engagement and voting actions. The transparency provided by managers should include detailed examples of engagements, and where applicable, the transparency for voting should include voting actions and rationale with relevance to the Scheme.

The Trustee will review the alignment of the policies to those of the Scheme's asset managers and ensure its managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

Where the Trustee identifies significant concerns relating to performance, strategy, risks, social and environmental impact, corporate governance, the capital structure or management of conflicts of interest, of a fund manager or other stakeholder; it will consider the methods by which they would monitor and engage with the asset manager or other stakeholders.

Should the Trustee's monitoring process reveal that a manager's voting and engagement policies and actions are not aligned with the Trustee's expectations, the Trustee will engage with the manager to discuss how alignment may be improved. If, following engagement with the manager, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the arrangements with the manager may be altered or its appointment terminated.

The Trustee will engage with its investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. This will take the form of annual reporting which may be made available to members on request.

In setting and implementing the Scheme's investment strategy the Trustee does not explicitly canvass the views of individual Scheme members and beneficiaries in relation to ESG considerations, or present and future quality of life matters (defined as "non-financial factors"). The Trustee will review its policy towards this on a triennial basis. If a member would like to share their views, please contact the Pensions Manager. The Trustee takes into account the Union's policies when considering investments.

The Scheme has joined together with a number of other trade union pension funds to form Trade Union Share Owners ("TUSO"). The aim of this group is to collaborate on voting and engagement with companies in order to put trade union values at the heart of our stewardship practices. TUSO has developed a set of Trade Union Voting and Engagement Guidelines to guide the group's voting and engagement activity. The Trade Union Voting and Engagement Guidelines reflect a trade union perspective on corporate governance. TUSO has hired the Pensions Investment Research Consultants Ltd (PIRC) to issue voting recommendations at FTSE 350 company meetings based on their Voting and Engagement Guidelines.

The Trustee may ask the managers to reflect their views when voting. Decisions regarding social responsible issues, voting and corporate governance are delegated to the Scheme's investment managers.

As part of their delegated responsibilities, the Trustee expects the Scheme's investment managers to:

- Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee's voting rights in relation to the Scheme's assets.

The Trustee accepts responsibility for how the managers steward assets on its behalf, including the casting of votes in line with each managers' individual voting policies.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. In particular, the Trustee may look to:

- Ensure that their fund managers provide and update as required, their policies with regards to voting and engagement and the integration of ESG issues into investment decisions.
- Require their fund managers to report on their engagement and voting activity.
- Engage with their investment managers where necessary for more information. The Trustee will request all of the Scheme's investment managers to provide their Responsible Investment policy and details of how they integrate ESG into their investment decision making process on a regular basis and as part of the selection and monitoring process. All responses will be reviewed and monitored with input from their investment consultant. The Trustee will ask its investment managers to advise them when there is a change in the Responsible Investment policy.
- Use ESG ratings information provided by Aon, where relevant and available, to monitor the level of the Scheme's investment managers' integration of ESG on a regular basis.
- Consider as part of any new appointments, the candidates' expertise, resource and experience in the integration of ESG issues into investment decisions.
- Consider the exposure of the Scheme's equity assets to ESG and climate change risks and opportunities and discuss this with the fund managers.
- Have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Scheme's assets and liabilities.

The Trustee expects the Scheme's appointed asset managers to comply with the United Nations Global Compact and additionally, the Trustee has identified key areas of concern around climate change risks, trade union and human rights, executive compensation and board composition and will level scrutiny on its investment managers accordingly. These key areas of concern have been selected as a priority for engagement based on advice as to their likely financial materiality to the Fund and alignment with the United Nations Global Compact principles. The expectation of the Trustee is that the Scheme's asset managers will prioritise and actively monitor for these risks within the investment, providing transparency on engagement and voting actions with respect to mitigating these risks as appropriate.

### 7.3 Class Actions

The Trustee is aware that participation in Class Actions can have an impact on Scheme returns. However, the Trustee is also aware that participation in some individual actions may not be risk free and may involve costs which negate any potential benefits (and, in instances, may not be appropriate for the Union to participate in).

Consequently the Trustee believes that, in general, the most appropriate approach for the Scheme is to participate (where possible) indirectly through their fund managers.

However, more specifically where individual class actions are brought to their attention (or where exposures through legacy Scheme managers existed), the Trustee will generally, in the first instance:

- Quantify the potential exposure(s) of the Scheme
- Clarify the extent to which the Scheme's fund managers are participating in the Class Action(s)

Ultimately, where the Scheme's exposure is material (>£100k) and their investment managers are not actively participating in the Class Action(s), the Trustee will consider further the potential costs and benefits of participation and consult with the Union as appropriate.

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## 8. Arrangements with fund managers

The Trustee regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies, including monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by their investment consultant.

The Trustee receives regular reports and verbal updates from the investment consultant on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives. The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by their asset manager.

The Trustee shares the policies, as set out in this SIP, with the Scheme's asset managers, and request that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.

Before appointment of a new asset manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Scheme invests in a collective vehicle, then the Trustee will

express its expectations to the asset managers by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the asset managers by other means (where necessary), and regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where asset managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the asset manager but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with asset managers, although the continued appointment all for asset managers will be reviewed periodically, and at least every three years. For certain closed ended vehicles, the duration may be defined by the nature of the underlying investments.

The Trustee does not regularly monitor asset managers against non-financial criteria of the investments made on its behalf.

The Trustee annually reviews the carbon intensity of the portfolio and expect the carbon intensity of the overall portfolio to trend downwards, where appropriate, the Trustee will engage with managers who have a relatively high carbon intensity portfolio.

The Trustee believes it has a duty as an institutional investor to invest in a responsible manner and where appropriate will query managers on the rationale for holding positions in companies who contribute significant negative externalities to society, regardless of whether the action may be financially material.

## 9. Cost Monitoring

The Trustee recognises the importance of monitoring the level of investment costs incurred in the management of their assets and the impact these can have on the value of the assets. Although net of all costs performance assessments provides an incentive on asset managers to manage these costs, the Trustee strongly believes that regular and consistent monitoring of the costs will help to reduce any inefficiencies in the cost structure. The Trustee has a preference for performance related fees where these are suitable for the Scheme and are aligned with the objectives of the Scheme.

The Trustee collects annual cost transparency reports covering all of their investments and ask that the investment managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustee to understand exactly what costs are being incurred by their investment managers.

The Trustee will only appoint investment managers who offer full cost transparency via the CTI templates to manage assets of the Scheme. This will be reviewed before the appointment of any new managers and includes the existing managers held by the Scheme.

### 9.1 Portfolio Turnover

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a reasonable level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year. The Scheme's investment consultant monitors this on behalf of the Trustee as part of the manager monitoring it provides to the Trustee and flags to the Trustee where there are concerns.

### 9.2 Evaluation of Performance and Remuneration

The Trustee undertakes analysis of the Scheme's costs and performance on at least a triennial basis by receiving benchmarking analysis comparing the Scheme's specific costs and performance of the underlying managers relative to those of the wider market. This is in line with the Trustee's policies on reviewing the kinds and balance of investments to be held.

The benchmarking analysis is used to assess the value for money received from the Scheme's assets on a regular basis and challenge the Scheme's investment managers where appropriate. The Trustee will review the investment managers relative to their objectives to ensure that the net of fees performance has met their requirements.

## 10. Compliance with this statement

The Investment Committee will monitor compliance with this Statement annually. The Investment Committee undertakes to advise the fund managers promptly and in writing of any material change to this Statement, where this impacts on the investment management mandate they manage.

The Scheme's auditors will audit and monitor compliance as part of its annual review of the Scheme's accounts and statement of internal control.

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## 11. AVCs

Some members obtain further benefits by paying Additional Voluntary Contributions (AVCs) to the Scheme. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions.

From time to time the Trustees review the choice of investments available to members to ensure that they remain appropriate to the members' needs.

The Scheme also holds AVC policies with:

- Clerical Medical
- Zurich

- Legal & General
  - Equitable Life
  - Prudential
  - Phoenix Life
  - Aegon Scottish Equitable (ex UCATT)
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## 12. Appendix A – Governance structure

**Table of Responsibilities and delegations**

Body	Duties
<b>Trustee</b>	<ul style="list-style-type: none"> <li>▪ Set structures and processes for carrying out roles</li> <li>▪ Approval of the Scheme's overall investment strategy</li> <li>▪ Appoint Investment Committee and monitor operation in line with terms of Reference</li> <li>▪ Decisions relating to investment managers where there is a consequential material impact on investment strategy</li> <li>▪ Decisions resulting from the Actuarial Valuation</li> <li>▪ Consider recommendations from the Investment Committee</li> <li>▪ Engage in dialogue with Union</li> </ul>
<b>Investment Committee</b>	<ul style="list-style-type: none"> <li>▪ Consider setting objectives and strategy and make recommendations to the full board.</li> <li>▪ Oversight of implementation of strategic asset allocation changes</li> <li>▪ Tactical asset allocation changes on up to 5% of the Scheme assets</li> <li>▪ Decisions relating to the removal of investment managers within existing strategy</li> <li>▪ Power to oversee the process of appointing a manager and then to make the recommendation to the full board before appointment</li> <li>▪ Review and recommend alternative asset classes for Board to consider</li> <li>▪ Disinvestment for cashflow management</li> <li>▪ Monitoring of investments and investment managers</li> <li>▪ Other matters as delegated by Trustee Board</li> </ul>
<b>Investment advisers</b>	<ul style="list-style-type: none"> <li>▪ Advise on all aspects of the investment of the Scheme's assets, including implementation</li> <li>▪ Advise on the SIP</li> <li>▪ Provide required training</li> </ul>
<b>Custodian</b>	<ul style="list-style-type: none"> <li>▪ The safekeeping of all of the assets of the Scheme</li> <li>▪ Providing the Trustees with periodic statements of the Scheme's assets, cash flows and corporate actions</li> <li>▪ Undertaking all appropriate administration relating to the Scheme's assets</li> </ul>

Body	Duties
	<ul style="list-style-type: none"> <li>▪ Processing all dividends and tax reclaims in a timely manner</li> <li>▪ Investing cash in a manner consistent with the guidelines given by the Trustees</li> <li>▪ Notifying the Trustees and the relevant authorities when the Scheme's aggregate holdings exceed disclosable amounts</li> </ul>
<b>Investment managers</b>	<ul style="list-style-type: none"> <li>▪ Operate within the terms of this statement, as far as is practical</li> <li>▪ Notify the Trustee of any significant changes to the funds or investment process of the investment funds available to the Trustee</li> </ul>

## 13. Appendix B – Review of the principles

### Requirements

The requirement for a pension scheme to have a Statement of Investment Principles (SIP) was originally introduced by the Pensions Act 1995. The requirements were amended with effect from 30 December 2005 and the SIP must now be reviewed at least every 3 years and after any significant change in policy.

The following table records changes to this document

Version	Document Name	Nature of Change	Implemented
2014 V1	O:\CLIENTS\Unite Amicus\SIP & SIA\SIP\UPS SIP September 2014 DRAFT.doc	Initial creation following merger	
2017 V2	O:\CLIENTS\Unite Pension Scheme\SIP\2017\UPS SIP April 2017	Version following the Liability Driven Investment transition	12/4/2017
2017 V3	O:\CLIENTS\Unite Pension Scheme\SIP\2017\UPS SIP September 2017	Version following the decision to invest in Absolute Return Bonds and Multi Asset Credit and converting the PIMCO segregated mandate to a pooled fund	1/11/2017
2019 V4	O:\CLIENTS\Unite Pension Scheme\SIP\2019\UPS SIP July 2019	Version following the new regulations on responsible investment, the decision to invest in Pictet and JPMorgan, and the liquidation of the GAM holdings	04/07/2019
2020 V5	O:\CLIENTS\Unite Pension Scheme\SIP\2020\UPS SIP September 2020	Version following the new regulations on stewardship, asset manager arrangements and cost transparency	30/09/2020

2023 V6	D:\Unite Pension Scheme\SIP\2023\ UPS SIP June 2023	Version following new guidance on stewardship approach, and strategic asset allocation	30/09/2023
2024 V7	D:\Unite Pension Scheme\SIP\2024\ UPS SIP September 2024	Version following new guidance on compliance with General Code of Practice, and strategic asset allocation	30/09/2024
2025 V8	D:\Unite Pension Scheme\SIP\2024\ UPS SIP July 2025	Version following 2025 review and updated expected returns	30/07/2025