

RFIB Group Pension Scheme

Statement of Investment Principles

August 2019

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Glossary	
Baillie Gifford	Baillie Gifford Asset Management
ESG	Environmental, Social and Governance
Newton	Newton Investment Management
LDI	Liability Driven Investment
LGIM	Legal & General - Investment Management
Scheme	RFIB Group Pension Scheme
Schroder	Schroder Investment Management
Trustee	The Trustee of the Scheme

1. Introduction

This statement is made in accordance with the requirements of legislation¹ and, in determining a suitable investment strategy for the Scheme, the Trustee has considered The Pension Regulator's Investment Guidance for defined benefit pension schemes.

The main body of this statement sets out the principles and policies that govern investments made by the Trustee of the Scheme. Details of the specific investment arrangements in place are set out in the Appendices.

Upon request, a copy of this statement will be made available to members, the Scheme Actuary and any investment managers used by the Trustee.

¹ In particular, the Pensions Act 1995, the Occupational Pensions (Investment) Regulations 2005 and the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

2. Investment Governance Structure

Investment Advice

As required by legislation, in the preparation and maintenance of this statement and when considering the suitability of any investments, the Trustee will obtain and consider written advice from its investment adviser.

The Trustee is advised on investment matters by First Actuarial LLP. First Actuarial LLP is regulated by the Institute and Faculty of Actuaries and is qualified to provide the required advice through knowledge and practical experience of financial matters relating to pension schemes.

Legal Advice

Whenever deemed necessary, the Trustee will seek advice from its legal adviser on investment matters.

Employer Consultation

Under legislation, the ultimate responsibility for determining the investment strategy rests with the Trustee. However, the Trustee must consult with the sponsoring employer and consultation must comprise a sharing of views, not simply notification of intent.

Investment Managers

Day-to-day management of the Scheme's assets is delegated to one or more investment managers.

To ensure safekeeping of the assets, ownership and day to day control of the assets is undertaken by custodian organisations which are independent of the sponsoring employer and the investment managers. Where pooled investment vehicles are used, the custodians will typically be appointed by the investment manager.

Members' Views

The Trustee recognises that it is likely that members and beneficiaries will hold a broad range of views on ESG and other non-financial matters. Whilst the Trustee will seek to avoid investing in a way that is likely to be strongly opposed by those individuals, the Trustee does not directly take such views into account when determining the Scheme's investment strategy.

The Trustee believes that its duty to members and beneficiaries will be best served by ensuring that all benefits can be paid as they fall due and the Trustee's Investment Objectives are designed to ensure this duty is achieved.

3. Investment Beliefs

The investment beliefs stated below have been developed by the Trustee and are reflected in the Scheme's investment strategy.

Risk versus Reward

Targeting higher levels of investment return increases investment risk which increases the volatility of the funding position.

Asset Allocation

Long-term performance of the Scheme's assets is attributable primarily to the strategic asset allocation rather than the choice of investment managers.

Diversification

Asset diversification helps to reduce risk.

Use of Pooled Funds

Taking into account the size of the Scheme's assets, it is expected that pooled funds will typically be a more practical way of implementing the Scheme's investment strategy than establishing segregated mandates with investment managers.

Use of Active Management

Active management has the potential to add value either through offering the prospect of enhanced returns or through the control of volatility. In addition, it is recognised that active management may help to mitigate the financial impact of ESG risks.

For each asset class, the Trustee will consider whether the higher fees associated with active management are justified.

4. Investment Objectives – DB section

Defined Benefit Assets

The Trustee's primary investment objectives are:

- to ensure that the assets are sufficient and available to pay members' benefits as and when they fall due,
- to generate an appropriate level of investment returns – to improve the funding position and thereby improve security for members, and
- to protect the funding position – limiting the scope for adverse investment experience reducing security for members.

The Trustee's investment approach is designed to strike a balance between the above primary objectives but also considers:

- the nature and timing of benefit payments,
- expected levels of investment return on different asset classes,
- expected levels of investment return variability and, specifically, the expected level of short-term volatility of the funding position,
- the sponsoring employer's ability to withstand additional contribution requirements that may arise from volatility in the funding position; and
- the full range of available investments (within the bounds of practicality).

5. Investment Objectives – DC section

Members' Investment Requirements

In determining their investment objectives, the Trustee considers the investment requirements of the membership.

It is expected that the investment strategy for an individual member is likely to change over time:

- For younger members the investment priority is likely to be to achieve long-term investment growth.
- As retirement approaches, members are likely to look to reduce investment risk. The way such risk can be controlled will vary depending on whether the member intends to take benefits as an annuity, as cash or via an income drawdown product.

Whilst some members might set their own investment strategy and adjust this themselves over time, others might prefer a lifestyle strategy under which the asset allocation is automatically adjusted as retirement approaches.

Investment Objectives

The Trustee sets an investment strategy that reflects the following primary investment objectives:

- **Offering an appropriate range of investment options** – The range of funds that is offered is intended to offer sufficient investment flexibility for members of all ages.
- **Offering suitable lifestyle strategies** – The Trustee considers the likely form of benefits that will be paid to members and determine the lifestyle strategies accordingly.
- **Offering a default investment option** – The Trustee sets a default investment option which will be used by those members who do not select their own investment strategy.

The range of funds selected by the Trustee, along with information on the lifestyle strategies and default option are detailed in Appendix 3.

6. Use of Investment Managers

Investment Manager Selection – DB section

When selecting an investment manager, the Trustee will:

- ensure that the investment manager has the appropriate knowledge and experience,
- ensure that the investment manager's mandate is appropriate,
- consider the investment manager's approach to ESG matters.

Where pooled investment vehicles are used, it is recognised that the mandate cannot be tailored to the Trustee's particular requirements. However, the Trustee ensures that any pooled investment vehicles used are appropriate to the circumstances of the Scheme.

The Trustee will normally select investment managers who are signatories to the UNPRI and who publish the results of their annual UNPRI assessment. This principle may be waived if a fund offered by a non-signatory manager is deemed to have investment characteristics which are particularly important for meeting the Trustee's investment objectives.

Investment Manager Selection – DC section

The investments are made in pooled investment vehicles and it is recognised that the mandates of these vehicles cannot be tailored to the Trustee's particular requirements. However, the Trustee ensures that the pooled investment vehicles are appropriate to the circumstances of the Scheme and that the chosen vehicles will enable the Trustee to achieve their investment objectives.

Details of the investment manager mandates are provided in Appendix 3.

Manager Implementation

Assets are invested predominantly on regulated markets, as so defined in legislation. Any investments that do not trade on regulated markets are kept to a prudent level.

Use of Derivatives

The investment managers are permitted to use derivative instruments to reduce risk (for example to mitigate the impact of a potential fall in markets) or for efficient portfolio management. Risk reduction would include the implementation of currency hedging whilst efficient portfolio management would include using derivatives as a cost-effective way of gaining access to a market or as a method for generating capital and/or income with an acceptable level of risk.

Leverage

The instruments used by the investment managers of the Liability Matching Assets may result in the Liability Matching Assets being leveraged. Since these assets are closely aligned to the liabilities, the allocation to Liability Matching Assets (and any associated leverage) reduces the volatility of the Scheme's funding position and therefore reduces risk.

Stewardship

The Trustee recognises that the membership might wish the Trustee to engage with the underlying companies in which the Scheme invests with the objective of improving corporate behaviour to benefit the environment and society. However, the Trustee invests in pooled investment vehicles and accepts that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies.

The Trustee recognises that the investment managers' engagement policies are likely to be focussed on maximising financial returns and minimising financial risks rather than targeting an environmental or societal benefit.

7. Risk Mitigation

Identification, measurement and management of risk form an integral part of the process adopted by the Trustee to determine the strategic asset allocation. The principal investment risks are listed in the Trustee's *Investment Risk Policy*. That Policy also provides an explanation of how the investment risks are managed.

Risk Capacity and Risk Appetite

In determining a suitable investment strategy, the Trustee considers how the volatility of the funding position is likely to be affected by changes to the asset allocation. An important consideration for the Trustee is whether a potential investment strategy is consistent with ability of the sponsoring employer to address any future increase in deficit that may arise due to market movements.

Self-Investment Risk (DB section only)

Legislation imposes a restriction that no more than 5% of a pension scheme's assets may be related to the sponsoring employer. The Trustee does not hold any direct employer-related assets and any indirect exposure is expected to be less than 5% of total assets.

ESG Risks

Since the Trustee invests in pooled investment vehicles, it is accepted that the extent to which ESG factors will be used in the selection of suitable underlying investments will be determined by the investment managers' own policies on such matters.

Liquidity Risk

The majority of the Scheme's investments will be liquid and will be realisable for cash at relatively short notice without incurring high costs. However, the Trustee recognises that the liabilities are long-term in nature and that a modest allocation to less-liquid investments may be appropriate.

Details of the liquidity characteristics of the funds held are provided in Appendix 2.

8. Monitoring

The Trustee regularly reviews the Scheme's investments to ensure that the assets continue to be managed in accordance with each manager's mandate and that the choice of managers remains appropriate.

Furthermore, the Trustee regularly monitors the position of the investment managers with regards to ESG matters.

To assist with the monitoring of the investment managers, the Trustee receives regular information from its investment adviser providing details of investment manager performance and asset allocation decisions. This analysis includes comparisons with benchmarks and relevant peer-group data.

The analysis assesses whether performance has been in line with expectations given market conditions and whether the level of risk has been as expected.

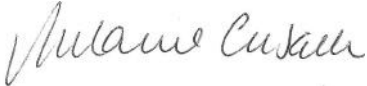
The investment adviser also provides regular updates on the investment managers' actions regarding ESG factors and shareholder engagement.

The investment adviser regularly meets with the managers of pooled funds on its approved list.

9. Future Amendments

This statement will be reviewed at least every three years and without delay after any significant change in circumstances or investment strategy.

The Trustee has consulted with the sponsoring employer as part of the work preparing this statement.



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Date: 26 September 2019

For and on behalf of the Trustee of the RFIB Group Pension Scheme.

Appendix 1: The Trustee's Investment Strategy – DB Section

Strategic Asset Allocation

In determining the strategic asset allocation, the Trustee views the investments as falling into two broad categories:

1. **Growth Assets** – Assets that are expected to deliver long-term returns in excess of liability growth. The use of Growth Assets is expected to deliver a level of investment returns deemed appropriate by the Trustee given the risk involved.
2. **Liability Matching Assets** – Assets that are expected to react to changes in market conditions in a similar way to the liabilities. The use of Liability Matching Assets is expected to protect the funding position of the Scheme.

At the time of preparing this statement, the split of the Scheme's assets between Growth and Liability Matching Assets was 56% Growth and 44% Liability Matching. This split is not regularly rebalanced and will vary over time as market conditions change.

The Trustee will review the strategic asset allocation periodically, and at least every three years, to ensure that the investment strategy remains consistent with the Trustee's funding objectives. As part of such a review, the Trustee will consider the risks associated with the investment strategy.

Investment Strategy Implementation

The Trustee has selected funds managed by Baillie Gifford, LGIM, Newton and Schroder to manage the assets of the DB Section of the Scheme. The investments are made via the LGIM platform except of a proportion of the Newton Fund. Further details of the investment strategy and the funds used are provided below.

Design of the Growth Asset Portfolio

The structure of the Scheme's Growth Assets has been designed to offer diversification across a range of underlying asset classes and to achieve this by combining investment managers with different asset management styles.

The strategic allocation for the Scheme's Growth Assets is as follows:

Pooled Fund	Allocation as at 30 April 2019
Baillie Gifford Diversified Growth Fund	43.7%
Schroder Life Diversified Growth Fund	16.0%
LGIM Diversified Fund	15.7%
Total Growth Assets	100%

The allocation shown above is not automatically rebalanced but will be monitored and rebalanced at the discretion of the Trustee.

Appendix 1: The Trustee's Investment Strategy (continued)

Design of the Liability Matching Portfolio

The Scheme's Liability Matching Assets are invested in leveraged LDI funds managed by LGIM. The LGIM funds used are:

- LGIM Matching Core Fixed Long Fund
- LGIM Matching Core Real Long Fund
- Newton Global Dynamic Bond Fund

LDI Leverage Management Policy

In an environment of rising yields, a recapitalisation payment may need to be paid into one or more of the LGIM LDI funds. This will ensure that leverage within the LDI funds remains within a permissible range.

If the leverage of an LGIM LDI fund falls below a minimum threshold, LGIM will make a cash payment from the relevant fund to raise the leverage. The Trustee decides how such payments shall be invested. The Trustee has provided LGIM with authority to invest any such cash proceeds in the Newton Global Dynamic Fund.

If the leverage of an LGIM LDI fund breaches the upper threshold, LGIM will require a recapitalisation to lower the leverage of the relevant fund. The Trustee decides where such payments should be taken from. The Trustee has provided LGIM with authority to use the Newton Global Dynamic Fund to recapitalise any LDI funds.

Cashflow Management Policy

Any investments or disinvestments will be made at the discretion of the Trustee, but the Trustee will maintain a *Cashflow Policy Document* which will record how future investments or disinvestments should be structured.

To ensure the Scheme operates efficiently, the *Cashflow Policy Document* will be shared with the Scheme's administrators who will be instructed to act in accordance with the document. The Cashflow Policy Document will be reviewed from time-to-time by the Trustee. The sponsoring employer is satisfied that the Cashflow Policy Document can be amended by the Trustee without consulting the sponsoring employer.

Appendix 2: Fund Details – DB Section

This Appendix provides a summary of the funds selected by the Trustee's to implement the Scheme's investment strategy. The details provided below were correct as at July 2019.

The following points should be noted:

- AMC – the Annual Management Charge applicable to each fund represents the fee payable to the fund manager.
- Additional expenses – these are third party costs associated with the operation of a fund such as fees paid to the administrator, the custodian and the auditor and the costs associated with the use of third-party funds where these are used. The level of the additional expenses may vary over time.
- Legal Structure – an explanation of the different types of fund legal structures is provided in the Trustee's *Investment Risk Policy* document.

Newton Global Dynamic Bond Fund		
Objective	Newton Global Dynamic Bond Fund aims to maximise the total return from income and capital growth from a global diversified portfolio of predominantly higher yielding corporate and government fixed interest securities. The Fund is managed to seek a minimum return of cash (1-month GBP Libor) +2% pa over 5 years before fees. In so doing they aim to achieve a positive return on a rolling 3-year basis.	
Legal Structure	Open-Ended Investment Company	
Trading Frequency	Daily	
Fee	Direct	AMC: 0.40% per annum
		Additional Expenses (approx.): 0.06% per annum
	Via the LGIM platform	AMC: 0.43% per annum
		Additional Expenses (approx.): 0.06% per annum

Appendix 2: Fund Details (continued)

Baillie Gifford Diversified Growth Fund	
Objective	The Baillie Gifford Diversified Growth Fund invests in a variety of asset classes with the aim of achieving long-term capital growth at a level of risk lower than investment in equities. The fund's objective is to outperform the UK base rate by at least 3.5% p.a. (net of fees) over rolling five-year periods with an annualised volatility of less than 10%.
Legal Structure	Open-Ended Investment Company
Trading Frequency	Daily
Fee	AMC (Via the LGIM platform): 0.55% per annum
	Additional Expenses (approx.): 0.17% per annum

Schroder Life Diversified Growth Fund	
Objective	The Schroder Life Diversified Growth Fund can invest in a broad array of asset classes and aims to generate a return of CPI +5% per annum over a five to seven-year period. It also expects to have a volatility less than two thirds of global equities.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Daily
Fee	AMC (Via the LGIM platform): 0.65% per annum
	Additional Expenses (approx.): 0.08% per annum

Appendix 2: Fund Details (continued)

LGIM Diversified Fund	
Objective	To provide long-term investment growth through exposure to a diversified range of asset classes. The long-term rate of return is expected to be broadly similar to that of a developed market equity fund.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Weekly
Fee	AMC (Via the LGIM platform): 0.30% per annum
	Additional Expenses (approx.): 0.01% per annum

LGIM Matching Core Funds	
Objective	To provide liability hedging based on the liability cashflows of a typical UK pension scheme.
Legal Structure	Unit-linked insurance policy
Trading Frequency	Weekly
Fee	AMC (Via the LGIM platform): 0.24% per annum
	Additional Expenses (approx.): 0.05% per annum

Appendix 3: The Trustee's Investment Strategy – DC Section

Fund Manager

The Trustee has appointed Legal & General Investment Management (LGIM) and Threadneedle Investment Management (TIM) to manage the assets of the DC Section.

The mandate the Trustee has given to LGIM and TIM reflects the principles and policies as set out in the main body of this Statement.

Fund available to members

The Trustee has made the following funds available for members to invest in. Members can choose to invest in the funds in any proportion.

Pooled investment fund	Annual Management Charge
LGIM Multi-Asset Fund	0.250%
LGIM Over 15 Year Gilts Index Fund	0.100%
LGIM UK Equity Index Fund	0.100%
LGIM Cash Fund	0.125%
LGIM (70:30) Global Equity Index Fund	0.160%
Threadneedle Balanced Pathway Fund	0.540%
Threadneedle Global Select Fund	0.420%
Threadneedle UK Equity Fund	0.600%
Threadneedle Pooled Pensions Property Fund	0.750%

Default Investment Strategy

Unless a member chooses otherwise, their pension pot will be invested in the LGIM Multi-Asset Fund.

The objective of the LGIM Multi-Asset Fund is set-out below.

The aim of the Multi-Asset Fund is to provide long-term investment growth through exposure to a diversified range of asset classes, excluding physical property. The assets of the Fund may be held directly or indirectly via units of other PF Section MPAA (Multi-Asset Fund) deemed by PMC to be relevant to the objective of the Fund.

The Trustee believes the fund to be fit for purpose i.e. based on the expected needs of the membership, and periodically review its suitability.

RFIB Group Pension Scheme

Addendum to the Statement of Investment Principles

Original Statement dated: August 2019

Date of Addendum: August 2020

Purpose of the Addendum

This Addendum is made in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and it updates the Statement of Investment Principles to record how the Scheme complies with the EU Shareholder Rights Directive (SRD II) which comes into effect on 1 October 2020.

Glossary Update

ESG – Environmental, Social and Governance (including, but not limited to, climate change)

In the relevant regulations “**non-financial matters**” refers to the views of the members. This includes, but is not limited to, ethical views, views on ESG factors and views on the present and future quality of life for the members.

“**Financially material considerations**” includes (but is not limited to) ESG considerations (including but not limited to climate change), which the trustees of the trust scheme consider financially material.

“**Appropriate time horizon**” means the length of time that the trustees of a trust scheme consider is needed for the funding of future benefits by the investments of the scheme.

Investment Manager Arrangements

The Trustees believe that financially material considerations, including ESG factors and the risks related to such factors, can contribute to the identification of both investment opportunities and financially material risks. Consequently, financially material considerations can have a material impact on investment risk and return outcomes.

As the Scheme's assets are held in pooled funds, the Trustees have limited influence over the investment managers' investment decisions. In practice, investment managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/ equity issuers, engagement and portfolio turnover.

It is therefore the Trustees' responsibility to ensure that the approaches adopted by investment managers are consistent with the Trustees' policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies.

The Trustees expect investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/ equity issuers, and to engage with issuers to improve their performance. The Trustees assess this when selecting and monitoring managers.

When selecting investment managers, the Trustees may also take into account non-financially material considerations such as the investment manager's administrative capabilities and the liquidity of the investments.

The Trustees' policy on selecting, monitoring, evaluating and (where necessary) terminating these arrangements is set out in further detail below.

Investment Manager Arrangements (continued)

Compatibility of Pooled Funds with the Trustees' Investment Strategy

When selecting a pooled fund, the Trustees consider various factors, including:

- the assets that will be held within that fund and whether the asset allocation of the fund is expected to change over time;
- the risks associated with the fund along with the return that is expected;
- the fund's objective (as stated by the fund's investment manager) and whether the objective is consistent with the performance that the Trustees expect from that fund;
- the fund's fee structure to ensure that this is reasonable and that it does not provide an incentive for the investment manager to manage the fund in a way that differs from the expectations of the Trustees;
- how frequently underlying investments within the fund are expected to be traded by the investment manager;
- how financially material considerations (including ESG factors) over the appropriate time horizon are taken into account by the investment manager;
- the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund; and
- the investment manager's policy in relation to undertaking engagement activities in respect of the investments held within the pooled fund*.

**This includes engaging with an issuer of debt or equity regarding matters including (but not limited to) performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, and ESG matters. It also includes engaging on these matters with other investment managers, other holders of debt or equity and persons or groups of persons who have an interest in the issuer of debt or equity.*

After analysing the above characteristics for a fund, the Trustees identify how that fund would fit within their overall investment strategy for the Scheme and how the fund is expected to help the Trustees meet their investment objectives.

Investment Manager Arrangements (continued)

Duration of Investment Manager Arrangements

The Trustees normally expect that pooled funds will be held for several years.

However, as part of the periodic strategic asset allocation reviews (which take place at least every three years), the Trustees will review whether the ongoing use of each fund remains consistent with their investment strategy.

The Trustees regularly monitor the financial and non-financial performance of the pooled funds held and details of this monitoring process is set out below. If the Trustees become concerned about the ongoing suitability of a pooled fund, they may reduce exposure to it or disinvest entirely. Such action is expected to be infrequent.

Monitoring Pooled Funds

The Trustees regularly assess the performance of each fund held and this monitoring includes an assessment of whether the investment manager continues to operate the fund in a manner that is consistent with the factors used by the Trustees to select the fund (as listed above).

When assessing the performance of a fund, the Trustees do not usually place too much emphasis on short-term performance although they will seek to ensure that reasons for short-term performance (whether favourable or unfavourable) are understood.

The Trustees expect the investment managers of pooled funds to invest for the medium to long term and they expect investment managers to engage with issuers of debt or equity with a view to improving performance over this time frame.

If it is identified that a fund is not being operated in a manner consistent with the factors used by the Trustees to select the fund, or that the investment manager is not engaging with issuers of debt or equity, the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their investment adviser to raise the Trustees' concerns with the investment manager. Thereafter, the Trustees, in conjunction with their investment adviser, would monitor the performance of the fund to assess whether the situation improves.

Investment Manager Arrangements (continued)

Portfolio Turnover

The Trustees are aware of the requirement to monitor portfolio turnover costs (the costs incurred as a result of the buying, selling, lending or borrowing of investments).

When selecting a pooled fund, the Trustees will consider how the investment manager defines and measures:

- the targeted portfolio turnover (the frequency within which the assets of the fund are expected to be bought or sold); and
- turnover range (the minimum and maximum frequency within which the assets of the fund are expected to be bought or sold).

At least annually, the Trustees, in conjunction with their investment adviser, will consider the transaction costs incurred on each pooled fund. As part of this analysis, the Trustees will consider whether the incurred turnover costs have been in line with expectations.

The Trustees will take the above information on portfolio turnover into account when assessing the ongoing suitability of each pooled fund.

Stewardship

The Trustees' policy in relation to the exercise of rights attaching to investments, and undertaking engagement activities in respect of investments, is that they wish to encourage best practice in terms of stewardship.

However, the Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters. For that reason, the Trustees recognise that their ability to directly influence the action of companies is limited.

Nevertheless, the Trustees expect that each investment manager will discharge its responsibilities in respect of investee companies in accordance with that investment manager's own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustees also expect that each investment manager will take ESG factors into account when exercising the rights attaching to investments and in taking decisions relating to the selection, retention and realisation of investments.

When considering the suitability of an investment manager, the Trustees (in conjunction with their investment adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.

Investment Manager Arrangements (continued)

Investment Beliefs (additional wording)

Appropriate Time Horizon

In determining investment objectives and a suitable investment strategy for the Scheme, the Trustees take into account an appropriate time horizon.

ESG and Other Financially Material Considerations

The Trustees believe that financially material considerations, including ESG factors and the risks related to such factors, can contribute to the identification of both investment opportunities and financially material risks. Consequently, financially material considerations can have a material impact on investment risk and return outcomes.

The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

Assessment of how ESG risks are mitigated will be one of the factors considered by the Trustees when selecting and monitoring investment managers.

Stewardship

The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole.

Investment Strategy (additional wording)

The Trustees have taken advice from their investment adviser to construct a portfolio of investments consistent with their objectives. In doing so, consideration is given to all matters which are believed to be financially material over the appropriate time horizon.

The Trustees do not take account of non-financial matters when determining the Scheme's investment strategy.

Approved by the Trustee of the RFIB Group Pension Scheme on 25 September 2020.