

Metropolitan Thames Valley 2019 Pension Scheme

Statement of Investment Principles ("SIP")

Purpose of this Statement

This SIP has been prepared by the Trustee of the Metropolitan Thames Valley 2019 Pension Scheme (the "Scheme"). This statement sets out the principles governing the Trustee's decisions to invest the assets of the Scheme.

The Scheme's investment strategy is derived from the Trustee's investment objectives. The objectives have been taken into account at all stages of planning, implementation and monitoring of the investment strategy.

Details on the Scheme's investment arrangements are set out in the Investment Implementation Document ("IID").

Governance

The Trustee of the Scheme make all major strategic decisions including, but not limited to, the Scheme's asset allocation and the appointment and termination of investment managers.

When making such decisions, and when appropriate, the Trustee takes proper written advice. The Trustee believes that its investment advisers, Isio, are qualified by their ability in, and practical experience, of financial matters, and have the appropriate knowledge and experience. The investment advisers' remuneration may be a fixed fee or based on time worked, as negotiated by the Trustee in the interests of obtaining best value for the Scheme.

Investment objectives

The Trustee invests the assets of the Scheme with the aim of ensuring that all members' current and future benefits can be paid. The Scheme's funding position will be reviewed on an ongoing basis to assess the position relative to the funding target and whether the investment arrangements remain appropriate to the Scheme's circumstances. The Scheme's funding target is specified in the Statement of Funding Principles.

The Scheme's present investment objective is to achieve a return of around 2.0% per annum above the return on UK Government bonds.

Investment strategy

The Trustee takes a holistic approach to considering and managing risks when formulating the Scheme's investment strategy.

The Scheme's investment strategy was derived following careful consideration of the factors set out in Appendix A. The considerations include the nature and duration of the Scheme's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the

Scheme, and also the strength of the sponsoring company's covenant. The Trustee considered the merits of a range of asset classes.

The Trustee recognises that the investment strategy is subject to risks, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities. This risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term, and also by investing in a suitably diversified portfolio of assets with the aim of minimising (as far as possible) volatility relative to the liabilities.

The assets of the Scheme consist predominantly of investments which are traded on regulated markets.

Leverage and collateral management

The Trustee will adhere to all relevant regulatory guidance and requirements in relation to leverage and collateral management within the Scheme's liability hedging (LDI) portfolio.

The Trustee, via the Scheme's implementation manager, have a stated collateral management policy / framework. The Trustee has agreed a process for meeting collateral calls should these be made by the Scheme's implementation manager. The Trustee will review and stress test this policy / framework over time.

Investment Management Arrangements

The Trustee has appointed Schroders Investment Management ("Schroders") as the implementation manager and investment manager for the Scheme's assets. Schroders is regulated under the Financial Services and Markets Act 2000.

All decisions about the day-to-day management of the assets have been delegated to the implementation manager via a written agreement. The delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- The exercise of rights (including voting rights) attaching to the investments;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustee takes investment managers' policies into account when selecting and monitoring managers. The Trustees also takes into account the performance targets the investment managers are evaluated on. The investment managers are expected to exercise powers of investment delegated to them, with a view to following the principles contained within this statement, so far as is reasonably practicable.

The Trustee is responsible for developing its own stewardship policy which includes both voting (where applicable) and engagement. The Trustee believes proper stewardship will result in better management of financially material ESG and climate related risks and

opportunities. This is expected to improve the long-term financial outcomes of the Scheme which ultimately is in the best interests of the Scheme's members and beneficiaries. The Trustee expects its implementation manager to be a signatory to the UK Stewardship Code.

The Trustee receives training on the implementation manager's approach to stewardship. The implementation manager has its own voting and engagement policies documented in its Engagement Blueprint which sets out six sustainability themes to prioritise and which guides the voting and engagement behaviours of the implementation manager. Therefore, to ensure focused voting and engagement with the Underlying Investment Managers, the Trustee, has aligned its stewardship priorities with those of the implementation manager: Climate Change, Natural Capital & Biodiversity and Human Rights. The Trustee expects the implementation manager to take their policy and stewardship priorities into account as part of its own stewardship activities and manager selection.

The Trustee reviews, monitors and challenges the implementation manager where necessary in relation to the voting and engagement activities of the implementation manager and the Underlying Investment Managers.

The investment managers' remuneration is based upon a percentage value of the assets under management.

As the Scheme's assets are invested in pooled vehicles, the custody of the holdings is arranged by the investment manager.

Investment Manager Monitoring and Engagement

The Trustee monitors and engages with the Scheme's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustee seeks to engage on these matters with investment managers.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	<ul style="list-style-type: none"> The Trustee receives a quarterly performance report from the implementation manager which details information on the underlying investments' performance, strategy and market data, which are considered at the relevant Trustee meeting. 	<ul style="list-style-type: none"> There are significant changes made to the investment strategy. Underperformance vs the performance objective over the period that this objective applies.
Environmental, Social, Corporate Governance factors and the	<ul style="list-style-type: none"> The Trustee's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. 	<ul style="list-style-type: none"> The manager has not acted in accordance with its policies and frameworks. The manager's policies are not in

exercising of rights	<ul style="list-style-type: none"> • The Trustee receives information from its investment advisers on the investment managers' approaches to engagement. • The Trustee will engage, via its investment adviser, with investment managers and/or other relevant persons about relevant matters at least annually. 	line with the Trustee's policies in this area.
----------------------	--	--

Through the engagement described above, the Trustee will work with its investment advisors and/or managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustee will review the relevant investment manager's appointment and will consider terminating the arrangement.

Employer-related investments

The policy of the Trustee is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 except where the Scheme invests in collective investment schemes that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Scheme's total asset value. The Trustee will monitor this on an ongoing basis to ensure compliance.

Direct investments

Direct investments, as defined by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. When selecting and reviewing any direct investments, the Trustee will obtain appropriate written advice from its investment advisers.

Compliance

This Statement has been prepared in compliance with the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005. Before preparing or subsequently revising this Statement, the Trustee consulted the sponsoring company and took appropriate written advice. The Statement is reviewed at least every three years, and without delay after any significant change in the investment arrangements.

Signed:

Date: 28 May 2025

Appendix A – Risks, Financially Material Considerations (including ESG and climate change) and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	<ul style="list-style-type: none"> Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	<ul style="list-style-type: none"> Funding risk is considered as part of the investment strategy review and the actuarial valuation. The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	<ul style="list-style-type: none"> When developing the Scheme's investment and funding objectives, the Trustee takes account of the strength of the covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support.

The Scheme is exposed to a number of underlying risks relating to the Scheme's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme's assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 100% of interest rate and inflation risks on a Technical Provisions liability basis, scaled to the value of the Scheme's assets.

Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors where possible.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Has a Responsible Investment ('RI') Policy / Framework 2. ESG factors implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI signatory
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	To invest in GBP denominated share classes where possible.
Non-financial	Any factor, save for the above, that is not expected to have a financial impact on the Scheme's investments.	Such non-financial matters are not taken into account in the selection, retention or realisation of investments.

Appendix B

The Trustee has the following policies in relation to the investment management arrangements for the Scheme:

How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.	<ul style="list-style-type: none"> As the Scheme is invested in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustee's policies. However, the Trustee invests in a portfolio of pooled funds that are aligned to the strategic objective.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	<ul style="list-style-type: none"> The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements. The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.	<ul style="list-style-type: none"> The Trustee reviews the performance of all of the Scheme's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	<ul style="list-style-type: none"> The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
The duration of the Scheme's arrangements with the investment managers.	<ul style="list-style-type: none"> The duration of the arrangements is considered in the context of the type of fund the Scheme invests in. <ul style="list-style-type: none"> As all of the funds are open ended, the duration is flexible and the Trustee will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.
Voting Policy - How the Trustee expects investment managers to vote on its behalf.	<ul style="list-style-type: none"> The Trustee has acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on its behalf.

<p>Engagement Policy - How the Trustee will engage with investment managers, direct assets and others about 'relevant matters'.</p>	<ul style="list-style-type: none"> • The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Scheme's investment managers on its behalf. • The Trustee, via its investment advisers, will engage with managers about 'relevant matters' at least annually.
--	--

Metropolitan Thames Valley 2019 Pension Scheme

Investment Implementation Document ("IID")

This Investment Implementation Document ("IID") covers the Metropolitan Thames Valley 2019 Pension Scheme (the "Scheme") and details the policy of the Trustee relating to the implementation of the Scheme's investment arrangements, based on the Principles set out in the Scheme's Statement of Investment Principles ("SIP") dated 28 May 2025

Investment strategy

The Scheme's investment strategy is invested according to the following broad asset allocation¹:

Asset Class	Asset Category	Proportion (%)	Expected Return (relative to fixed interest gilts, %)
Liability Driven Investment (LDI) & Cash	Matching Assets	35.0	0.0
Asset-Backed Securities (ABS)	Growth Assets	20.0	2.0
Diversified Growth		45.0	3.5
Total		100.0	2.0

Notes: 10-year assumptions as at 31 December 2024 relative to Bank of England 10 Year Gilts (net of management fees).

The expected returns shown in the above table represent long-term expectations of asset classes as a whole. Short-term returns in some asset classes may exhibit considerable variability.

Investment structure and mandates

The Trustee has appointed Schroders Investment Management ("Schroders") as the implementation manager for the Scheme's assets. The investment strategy and underlying funds are summarised in the table below. Custody is undertaken within each pooled fund. Schroders is regulated under the Financial Services and Markets Act 2000.

Investment Manager	Proportion %
Schroders Matching LDI & Liquidity Funds	35.0
Schroders ISF Securitised Credit Fund	20.0
Schroders Growth Bucket	45.0
Total	100.0

Rebalancing arrangements and liquidity requirements

At their own discretion and as soon as reasonably practicable, Schroders will seek to implement the following rebalancing actions if the target allocations or liability coverage fall outside the relevant rebalancing ranges detailed below.

¹ Figures accurate as at the date of this IID

Scenario	Policy	Rebalancing Range
Target liability coverage	If the interest rate and inflation sensitivity of the Matching Assets deviate beyond the rebalancing range, Schroders will rebalance the allocation to ensure the target liability coverage is maintained.	+/- 5%
Target allocation between Growth Assets and Matching Assets	If the actual allocations of total Growth Assets and Matching Assets are outside the rebalancing range, Schroders will seek to rebalance the Growth Assets and the Matching Assets back to their target allocations.	+/- 5%
Intra Growth Asset allocation (e.g. between Growth Asset Funds)	If the actual allocations between Growth Asset Funds are outside the rebalancing range, Schroders will seek to rebalance the Growth Asset Funds back to their target allocations.	+/- 5%

In addition to the above, to support the ongoing liquidity requirements of the Matching Assets, Schroders will, at their discretion, switch units out of the Growth Asset Funds as applicable for units in the Matching Asset Funds and vice versa.

Signed:

Date: 28 May 2025