

Statement of Investment Principles

Reuters Supplementary Pension Scheme

July 2020

Statement of Investment Principles

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1 Introduction

- 1.1 Under Section 35 the Pensions Act 1995 (“Pensions Act”) and as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005, trustees of a pension fund are required to prepare a statement of the principles governing investment decisions (“the Statement”). This document contains that Statement for the Reuters Supplementary Pension Scheme (“the Scheme”). This Statement reflects the current position of the Scheme. This is expected to change over time as the investment policy of the Scheme evolves.
- 1.2 The Trustee is responsible for all aspects of the operation of the Scheme including this Statement. The Company (Refinitiv Limited) has confirmed to the Trustee that it has been consulted regarding the contents of this Statement as required by the Act.
- 1.3 In drawing up this Statement, the Trustee has sought advice from the Scheme's Investment Consultant and other advisers. The Trustee will review this Statement every three years, or when the Trustee considers a review is needed for other reasons. Before preparing this Statement, the Trustee has had regard to the requirements of the Pensions Act concerning diversification of investments and suitability of investments and the Trustee will consider those requirements on any review of this Statement or any change in the investment policy. The Trustee will refer to this Statement where necessary to ensure that it exercises its powers of investment so as to give effect to the principles set out in it as far as is reasonable.
- 1.4 This Statement has been drafted in the light of The Pensions Regulator’s Investment Governance Group (“IGG”) Principles and specifically IGG’s recommendations relating to the content of Statements of Investment Principles generally.

Scheme details

- 1.5 The Scheme operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries.
- 1.6 The Scheme's benefits are provided on a final salary basis and the Scheme's assets are held under the legal control of the Scheme's Trustee. The operation of the Scheme is governed by its Rules (as updated from time to time).
- 1.7 Members of the Scheme are contracted out of the State Second Pension (S2P) under the Pension Schemes Act 1993. The Scheme holds a contracting-out certificate issued by the Occupational Pensions Board.
- 1.8 Exempt approval has been granted by the Inland Revenue under Chapter 1 of part XIV of the Income and Corporation Taxes Act 1988.
- 1.9 Administration of the Scheme is managed by Capita Employee Solutions in consultation with the Trustee, who is responsible for the investment of the Scheme's assets.

Financial Services and Markets Act

- 1.10 In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to the appointed Investment Managers. The Trustee may also invest Scheme assets in pooled funds such as insurance policies. The Investment Managers shall provide the skill and expertise necessary to manage the investments of the Scheme competently.

2 Division of responsibilities

- 2.1 Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Scheme. The Trustee of the Scheme draws on the expertise of its internal advisers, and where necessary employ the skills and expertise of external advisers including the Investment Managers, Investment Consultant and the Scheme Actuary. A list of the Scheme's advisors and service providers is provided for information in Attachment A.
- 2.2 The responsibilities of the various parties are outlined below:

Trustee

- 2.3 The Trustee has ultimate responsibility for strategic decision-making on investment matters. However, as noted in 2.6 below an Investment Sub-Committee (ISC) handles certain investment matters and makes recommendations to the Trustee where decisions are required to be taken by the Trustee.
- 2.4 The Trustee's responsibilities include (but are not limited to):
- Reviewing the suitability of the investment policy (Asset-Liability Modelling, the growth/protection allocation, risk budget, dynamic asset allocation strategy), in consultation with the Investment Consultant and the Scheme Actuary
 - Consulting with the Company before amending this Statement.
 - Setting objectives for the Investment Consultant
- 2.5 Selection of specific investments is delegated by the Trustee to Investment Managers who are, where required, authorised by the Financial Conduct Authority (or by the Prudential Regulation Authority in the case of Legal & General Investment Management). The Investment Managers are responsible for ensuring that specific investments are suitable for the Scheme.

Investment Sub-Committee

- 2.6 The Trustee is supported in its consideration of investment matters by the ISC. Attachment B sets out the current terms of reference and constitution of the ISC.
- 2.7 The Trustee may vary the terms of reference and constitution of the ISC from time to time. It may also disband the ISC at any time if it so decides.

The Company

- 2.8 The Trustee will work collaboratively with the Company through the forum of the Investment Sub-Committee with regard to the investment policy (as defined above) of the Scheme. The Company may make investment proposals to develop the investment policy for discussion with the Trustee.

- 2.9 The Trustee receives recommendations regarding changes to the Scheme's investment policy from the Investment Sub-Committee, and thus will work collaboratively with the Company to formulate the proposed changes.

Investment Managers

2.10 The Investment Managers' responsibilities include:

- For active managers at their discretion, but within any guidelines given by the Trustee, implementing changes in the asset mix and selecting securities within each asset class. For passive managers, tracking the relevant benchmark return within an appropriate tracking error
- Providing the Trustee with quarterly statements of the assets along with a quarterly report on actions and future intentions, and any changes to the investment processes applied to their portfolios

The Investment Managers are also expected to inform the Trustee of any material changes in the internal objectives and guidelines of any pooled funds used by the Scheme and managed by the investment manager or an associated company.

Investment Consultant

2.11 The role of the Investment Consultant is to work with Scheme stakeholders to make recommendations or give advice to the Trustee and ISC in the following areas:

- The formulation of an efficient governance structure particularly in the light of the IGG Principles
- Setting strategic investment objectives and establishing a monitoring framework for these objectives
- The regular updating of the Statement of Investment Principles
- The development of a clear investment strategy for the Scheme
- The asset-liability modelling and risk budgeting process
- The construction of an overall investment management structure that meets the objectives of the Trustee
- The selection and appointment of appropriate investment management organisations
- The consultant's current views of the Investment Managers employed by the Scheme
- Potential new areas or tools of investment such as hedge funds, currency hedging, buy-in policies, interest rate swaps etc
- Commentary on investment performance and risk taken by the Investment Managers
- Trustee education
- General advice in respect of the Scheme's investment activities.

Scheme Actuary

2.12 The Scheme Actuary's responsibilities in relation to investment matters include:

- Liaising with the Investment Consultant on the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme
- Assessing the statutory funding position of the Scheme and advising on the appropriate response to any shortfall
- Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.

2.13 Decisions affecting the Scheme's investment strategy should be taken with appropriate advice from the Scheme Actuary and the Scheme's Investment Consultant, and the Trustee's other advisers.

3 Objectives of the Scheme

Investment Objectives and Strategy

- 3.1 The Trustee works collaboratively with the Company (in the context of the Investment Sub-Committee) to set the investment strategy using a Pension Risk Management Framework (“PRMF”). The PRMF sets out the key investment objectives of the Scheme, the metrics used to measure these objectives and the constraints within which the objectives will be targeted. The agreed objectives and constraints include:
1. **Investment objective:** to reach 105% funding by 2030 on a *Gilts +0%* basis, with an additional 5% buffer for longevity risk.
 2. **Statutory Funding objective:** to monitor the funding level on the Technical Provisions basis.
 3. **Risk Constraint:** The investment strategy should not risk the deficit value increasing by more than £18m with 95% confidence on the *Gilts +0%* basis.
 4. **Hedging Strategy:** Interest rate / inflation hedge ratios to be maintained at the funding ratio +/-3% on the *Gilts +0%* basis.
 5. **Liquidity Constraint:** Sufficient eligible collateral should be maintained to cover potential collateral calls in a downside scenario.
- 3.2 The asset return required to achieve the investment and funding objectives (“required return”) is assessed on an ongoing basis against the expected return on the Scheme’s assets.
- 3.3 If expected return is below required return, the Trustee (following recommendations from the Investment Sub-Committee) may adjust the strategic asset allocation to ensure that the Scheme remains on course to achieve its objective. Similarly, if expected return is above required return, the Trustee may reduce expected return and investment risk to enable the fund to progress on a less volatile path towards the funding objective.
- 3.4 Required return, expected return, value-at-risk and collateral requirements are calculated and reported to the Trustee on a quarterly basis by the Scheme’s Investment Consultant while the funding position is calculated by the Scheme’s Actuary.
- 3.5 The Trustee monitors the actual allocation of Scheme assets on a quarterly basis and, following recommendation from the Investment Sub-Committee, will adjust the allocation as needed to bring the strategy in line with the PRMF.
- 3.6 The Trustee considers it appropriate to assume that growth assets will outperform government bonds over the long term. The growth (including less liquid growth) portfolio is therefore expected to deliver a long-term investment return in excess of the liabilities of the Scheme, contributing to the investment objective (as measured on the *Gilts +0%* basis).

- 3.7 The Trustee will consider employing active managers where pricing inefficiencies in the market persist, where greater due diligence in selecting investments is needed or warranted and where sufficient expertise exists, as advised by our Investment Consultant, such that the added value outweighs the associated costs.
- 3.8 The liability matching portfolio is designed to match the movements in specified portions of the Scheme's liabilities. The portfolio is expected to deliver a long-term investment return broadly in line with the return on government bonds for the amount and nature of the Scheme's liabilities it is replicating. It aims to reduce the Scheme's exposure to movement in the Scheme's liabilities.
- 3.9 The Trustee recognises the potential volatility in returns from growth assets, both in absolute terms and relative to the Scheme's liabilities, and the risk that the fund managers do not achieve the targets set. When choosing the Scheme's target asset allocation strategy the Investment Sub-Committee and Trustee considered written advice from their Investment Consultant and, in doing so, addressed the following:
- The need to consider a full range of asset classes including private equity, property and absolute return funds.
 - The risks and rewards of a range of alternative asset allocation strategies including the use of swaps to reduce interest rate, inflation and longevity risks.
 - The suitability of each asset class.
 - The need for appropriate diversification.
- 3.10 In addition, the Trustee also consulted with the sponsoring employer when setting this strategy as part of the business conducted at the Investment Sub-Committee.
- 3.11 The Trustee, on advice from their Investment Consultant, will vary the mix from time to time in order to retain the best possible balance between risk reduction and return potential.
- 3.12 The actual balance of assets in the Scheme will tend to move because the performances of the various investment markets and of the investment managers will differ. The Trustee monitors this and has a policy on when and how to rebalance assets based on the expected return of the portfolio compared to the required return within the Pension Risk Management Framework. This is considered on a quarterly basis.

The Trustee has implemented both Swiss Franc and US Dollar hedges to cover 100% of the funded Swiss Franc liabilities and 100% of the funded US Dollar liabilities of the Scheme.

Additional Voluntary Contributions (AVCs)

- 3.13 The Scheme no longer provides a facility for members to pay AVCs to enhance their benefits at retirement. Existing contributions are invested both internally in the Scheme and externally in a range of funds (with Prudential). Members may make AVCs through Refinitiv Retirement Plan ('RRP').

Environmental, Social and Governance Factors

- 3.14 The Trustee seeks to incorporate all financial considerations which are relevant and material to the Scheme into its decisions on the selection, retention and realisation of investments through strategic asset allocation decisions and the appointment of investment managers, so far as possible.
- 3.15 The Trustee believes that environmental, social and governance factors (including but not limited to climate risk) will be financially material over the time horizon of the Trust and should therefore be considered as part of investment strategy and implementation decisions. This will have varying levels of importance for different types of assets invested in by the Scheme. These factors may, in particular, be of limited or no application for the Scheme's investment strategy comprising gilts and hedging instruments.
- 3.16 The Trustee's Investment Consultant incorporates environmental, social and governance factors into their manager research process, which informs advice provided to the Trustee on selecting, reviewing and changing individual managers. Each time a new active manager is selected or an existing active manager is reviewed, integration of environmental, social and governance factors is (to the extent relevant to the asset class) one of the key factors considered by the Trustee. The Trustee has also developed with its Investment Consultant a process for monitoring periodically managers' approach to these factors, which includes requesting relevant information periodically from the managers.
- 3.17 Having delegated responsibility for the selection, retention and realisation of investments to the investment managers, the Trustee expects the Scheme's investment managers to take account of environmental, social and governance considerations insofar as they believe such considerations will benefit performance and/or reduce risk.
- 3.18 The Trustee does not factor non-financial factors (such as member ethical views) into its investment decision-making.

4 Risks

Risks

4.1 The Trustee recognises a number of risks involved in the investment of the assets of the Scheme, including:

- Solvency risk and mismatching risk:
 - are measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies
 - are managed through assessing the progress of the actual growth of the liabilities relative to the selected investment policy
- Investment Manager risk:
 - is measured by the expected deviation of the prospective risk and return, as set out in the manager(s)' objectives, relative to the investment policy
 - is managed by monitoring the actual deviation of returns relative to the objective and factors supporting the manager investment process for each investment manager
 - is managed through the diversification of the Scheme's assets between different Investment Managers and negotiation of suitable Investment Management Agreements
- Liquidity risk:
 - is measured by the level of cash flow required by the Scheme over a specified period
 - is managed by the Scheme's administrators assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy
- Custodian risk¹:
 - is measured by assessing the credit-worthiness of the custodian bank and the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody
 - is managed by monitoring the custodian's activities and discussing the performance of the custodian with the Investment Managers when appropriate
- Political risk:
 - is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention
 - is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy

¹Bank of New York Mellon were terminated as custodian in 2019 and custody responsibilities therefore now reside with the underlying fund managers.

- Corporate Governance risk:
 - is measured by the level of concentration in individual stocks leading to the risk of an adverse impact of investment values arising from corporate failure
 - is managed by regular reviews of stock concentration and regular discussions with the Investment Managers about sustainability risks
 - Sponsor risk:
 - is measured by the level of ability and willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit
 - is managed by assessing the interaction between the Scheme and the sponsor's business
 - Currency risk:
 - is measured by fluctuations in exchange rates leading to the risk of an adverse impact on the value of the Scheme's non-Sterling denominated liabilities
 - is managed through a currency hedging policy
- 4.2 These measures do not render the investment policy free of risk. Rather, the measures endeavour to balance the need for risk control and the need to allow the Investment Managers sufficient flexibility to manage the assets in such a way as to achieve the required performance target.

Suitability

- 4.3 The Trustee has taken advice from both the Scheme Actuary and the Investment Consultant to ensure that the asset allocation of the Scheme is suitable given its liability profile.

Liquidity

- 4.4 The Trustee, together with the Scheme's administrators, will ensure that sufficient cash is held to meet the likely benefit outgo from time to time. The Trustee's policy is that there should be sufficient investments in liquid or readily realisable assets to meet unexpected cashflow requirements in the majority of foreseeable circumstances so that realisation of assets will not disrupt the Scheme's overall investment policy where possible.
- 4.5 Should some of the Scheme's invested assets be required to be disinvested in order to meet cashflow requirements, these should normally be taken from the BMO LDI Sub-Fund in the first instance. If there are insufficient assets within the LDI Sub-Fund, assets should be disinvested from elsewhere, following appropriate advice.
- 4.6 The Trustee monitors the asset allocation from time to time and will choose to rebalance between different asset classes when they deem appropriate.
- 4.7 The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Investment Managers, within certain guidelines and restrictions.

5 Monitoring

Monitoring

- 5.1 The Investment Sub-Committee of the Trustee holds periodic meetings with the Investment Managers to satisfy themselves that the Managers continue to carry out their work competently and have the appropriate knowledge and experience to manage the investments of the Scheme.
- 5.2 The appointment of the Investment Managers will be reviewed by the Investment Sub-Committee from time to time, based on the recommendations of the Scheme's Investment Consultant and the results of their monitoring of performance and process. The Investment Managers have been provided with a copy of this Statement and the Trustee will monitor the extent to which the Investment Managers give effect to the policies set out in it.
- 5.3 The Investment Consultant provides quarterly updates of performance to assist in the reviews of the Scheme's and Investment Managers' performance against the benchmarks.

6 Asset Manager Policy

Asset Manager Policy

- 6.1 Due to the benefits of cost and ease of implementation, the Trustee mainly invests in pooled investment vehicles. The Trustee recognises that due to the collective nature of these investments, there is less scope to directly influence how the asset manager invests. However, the Trustee's Investment Consultant ensures that at the point of investment the investment objectives and guidelines of the manager are consistent with those of the Trustee. If the pooled investment vehicle notifies any material changes after investment in that fund, those changes will be reviewed to understand whether they have an impact on consistency with the Trustee's objectives and guidelines.
- 6.2 When relevant, the Trustee requires its investment managers to invest with a medium to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes. The Trustee does not expect the respective asset managers to make decisions based solely on maximising long-term performance. Other objectives may include providing risk reduction through diversification or through hedging, consistent with the Trustee's strategic asset allocation.
- 6.3 The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes and is assessed over a medium to longer-term timeframe, subject to a minimum of three years.
- 6.4 The Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe than three years due to other factors such as a significant change in business structure or the investment team.
- 6.5 Managers are paid an ad valorem fee for a defined set of services. The Trustee reviews the fees periodically to confirm they are in line with market practices.
- 6.6 The Trustee reviews the portfolio transaction costs and portfolio turnover range of managers periodically, where the data is disclosed and available. The Trustee will then determine whether the costs incurred were within reasonable expectations.

7 Engagement Policy

Engagement Policy

- 7.1 Direct engagement with underlying companies (as well as other relevant persons) in respect of shares and debt is carried out by the Scheme's investment managers.
- 7.2 This includes monitoring and engaging with issuers of debt or equity on financially material issues concerning strategy, capital structure, management of actual or potential conflicts of interest, risks, environmental impact, social considerations and corporate governance. Where relevant, the Trustee expects its managers to use voting rights to effect the best possible long-term outcomes.
- 7.3 The Trustee expects all its investment managers to practice good stewardship. When selecting new managers, the Trustee's Investment Consultant assesses the ability of each investment manager to engage with underlying companies to promote the long-term success of the investments.
- 7.4 Though the Trustee chooses managers that align with its beliefs on stewardship where possible, there are instances where the Trustee has less direct influence over the managers' policies on the exercise of investment rights. For example, where assets are held in pooled funds, due to the collective nature of these investments. The Trustee monitors and discloses the voting behaviour carried out on its behalf. If the Trustee deems this behaviour inadequate, it will engage with the relevant manager and seek to better align the behaviour of the manager with the Trustee's policy.
- 7.5 When selecting, monitoring and de-selecting asset managers, engagement is factored into the decision-making process to the appropriate level for the specific asset class in question.
- 7.6 The Trustee requires its Investment Consultant to report annually on how the managers have acted in accordance with the Trustees' policy on stewardship and engagement. In addition, the Trustee meets with its investment managers as required and questions the manager on their activities with respect to stewardship and engagement. The Trustee will disclose any highlights as part of these reviews annually in its implementation statement.

Attachment A

Current advisers and Investment Managers

Scheme Actuary	Michael Maltwood, Aon Solutions UK
Actuarial Consultant	Aon Solutions UK
Investment Consultant	Redington
Performance measurer	BMO and Redington
Solicitors	Sacker & Partners LLP
Auditors	PricewaterhouseCoopers LLP
Administrators	Capita Employee Solutions
Investment Managers	
<i>Target return manager</i>	Schroder Investment Management Limited
<i>Credit managers</i>	Aegon Asset Management
	PIMCO Investment Management
	TwentyFour Asset Management
<i>Liability driven investment manager</i>	BMO Global Asset Management
<i>Cash managers</i>	BMO Global Asset Management
<i>Currency hedging manager</i>	BMO Global Asset Management

Attachment B - Terms of reference of the Investment Sub-Committee

The Trustee will be supported in its consideration of investment matters by the Investment Sub-Committee (ISC).

The Trustee may vary the terms of this document from time to time. It may also disband the ISC at any time if it so decides.

Membership of the ISC

The membership of the ISC shall be determined by the Trustee from time to time other than it will include one Company Representative member. The Trustee may appoint and remove Trustee Director members of the ISC, whilst the Company may appoint and remove the Company Representative member of the ISC.

As at July 2020 the ISC comprises:-

Mike Sayers - Trustee Director

Jeremy Penn – Trustee Director

Andrew Perrin – Company Representative

One of the Trustee Directors will chair the ISC meetings.

A director member of the ISC shall automatically cease to be a member if he or she ceases to be a director of the Trustee. Upon retirement by Mike Sayers or Jeremy Penn, another Trustee Director will act as a member of the ISC until a permanent addition to the ISC is agreed.

The ISC will be supported by the Scheme Secretary and the Scheme's Investment Consultant .

The Company's professional advisers may also be invited to attend ISC meetings at the Company's request.

The Trustee may establish separate working parties for specific investment projects by resolution adopting an addendum to these Terms of Reference. Such working parties shall include one Company Representative member.

The ISC's Role

The ISC's roles will be as set out below:

- The ISC's review and recommendation functions
 - The ISC will assist in reviewing the Fund's strategic objectives, as defined in the PRMF (incorporating the views of the Sponsor), as discussed in Section 3.

- The ISC will review, from time to time, the continuing appropriateness of the Scheme's investment strategy. It will develop and make recommendations to the Trustee Board for changes to investment strategy.
- It will also review, at least once a year and immediately after any significant changes in investment policy, the continuing appropriateness of the Scheme's Statement of Investment Principles and may make recommendations to the Trustee board for change. The ISC will take forward, on behalf of the Trustee, the consultation with the employer about any proposed changes to the Statement of Investment Principles.
- The ISC's executive decision making powers are:-
 - The ISC will develop and implement the Scheme's investment manager structure. The investment manager structure must be consistent with the overall asset allocation strategy decided by the Trustee.
 - The ISC may terminate the appointment of an investment manager.
 - The ISC may appoint new investment managers or providers provided the appointment is consistent with the Scheme's overall asset allocation strategy as determined by the Trustee board and the investment manager structure as referred to in 1 above.
 - The ISC may appoint a transition manager to manage any transition involved with changes which it approves under 1, 2 or 3 above.
 - The ISC may (having taken investment and legal advice) agree minor alterations to the agreements with any investment manager or provider or custodian, if those alterations do not affect the Scheme's overall investment strategy as determined by the Trustee Board and the investment manager structure as referred to in 1 above.
 - The ISC may move assets or cash between investment managers and providers in order to rebalance the Scheme's overall asset allocation more closely to the Scheme's strategic asset allocation benchmark and may (having taken advice) approve any instructions or other necessary documentation (including any appropriate advance trading indemnity) in connection with such re-balancing. Any such instructions or documentation shall be signed by any two directors of the Trustee.
 - The ISC may determine how any cashflows into or out of the Scheme's invested assets are to be allocated between the investment managers and providers, in accordance with the Scheme's overall investment strategy.

- The ISC may (having taken investment and legal advice) agree the terms of the investment management or other agreements and any ancillary documentation with any manager, provider or transition manager appointed under 2 or 3 above or in connection with any re-balancing referred to above. Any such agreement or document shall be signed on behalf of the Trustee by two directors of the Trustee.
- The Trustee Board may from time to time delegate to the ISC such of their duties and discretions as they may consider appropriate on such terms and conditions as the Trustee may decide.
- The ISC will report to the Trustee Board any decisions made under its executive decision making powers.

Nothing in this document will prevent the ISC from referring any of the above executive decisions back to the Trustee Board if the ISC decides that it is appropriate to do so.

The ISC's monitoring functions are:

- The ISC will:
 - Monitor the implementation of any agreed dynamic asset allocation switching rules
 - Monitor the investment performance of managers including developments in the business, people and investment process areas at managers
 - Manage relationships with appointed managers, including meeting managers regularly to discuss progress with their investment mandates
 - Manage relationships with all investment service providers
 - Monitor the service standards and performance of the Investment Consultant
 - Meet and report to the Trustee Board quarterly, or more frequently, if required.

In performing its functions, the ISC will take such advice and reports as it considers appropriate from the investment, legal and other advisers and any performance measurers appointed by the Trustee.

Conducting business of the ISC

The quorum for transacting business of the ISC is at least one of the Trustee Director members of the ISC. However, any decision or recommendation of the ISC must have the support of all of the members of the ISC.

The ISC may refer any matter to the Trustee Board.

The ISC will meet as required. The ISC may draw up such procedures as it thinks fit for the conduct of its meetings, including:-

- Notice of meeting arrangements
- Place of meetings
- Other attendees to be invited.

The minutes of such meetings will be taken by the Trustee Secretary (or some other person approved by the ISC) and distributed to the ISC for approval. Approved minutes will be circulated to the Trustee.

Any member of the ISC may participate in a meeting of the ISC by means of a conference telephone, video-conference or similar communications equipment whereby all persons participating in the meeting can hear each other. Participation in such manner shall be deemed to constitute presence in person at such meeting. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chair of the meeting is located.

A resolution in writing signed by all the members of the ISC shall be as valid and effective as if it had been passed by a meeting of the ISC duly convened, on appropriate notice, and held. It may consist of one or more documents and for this purpose a written document includes copies sent by facsimile or electronic transmission or in a similar form and they are deemed to be signed if purported to be authorised by the relevant.

The ISC may invite any person to attend part or all of any of its meetings. Any such person invited will attend as a guest and shall not be treated as a member of the ISC for voting, quorum or any other purpose.

The business of the ISC will remain confidential to the ISC and to the Trustee except for communications to duly appointed advisers or as required by law.

Attachment C – Glossary of terms

Glossary of commonly used terms

Base fee	A fee incurred irrespective of performance, typically based on assets under management or a fixed sum increasing with inflation
Performance fee	A fee paid where the size of the fee depends on the performance of the manager relative to its benchmark.
Investment manager structure	The framework that establishes how investment assets should be divided amongst different investment approaches and different types of investment managers
Multi-asset manager	A manager with a mandate across several asset classes in which tactical asset allocation activities are included alongside stock selection decisions (also known as a balanced manager)
Passive manager	Passive managers invest without taking active investment decisions in order to track the performance of a specified index.
Single-asset class manager	A manager with a mandate confined to one asset class or one investment area in which stock selection is the principal activity (also known as specialist manager).
Tracking error / ex post active risk	The volatility of the return relative to the benchmark, calculated as the standard deviation of the outperformance (also known as relative risk or sigma)
LIBOR	This stands for the London InterBank Offered Rate. It is the rate at which a bank is willing to lend to other banks. It is widely used as a benchmark for short term interest rates.
LIBID	This stands for London InterBank Bid Rate. It is the interest rate at which a bank is willing to borrow from other banks. It is therefore lower than LIBOR.