

SITA (GB) National Staff Scheme

Statement of Investment Principles

August 2023

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1 Introduction

This Statement sets out the principles governing decisions relating to the investment of the assets of the SITA (GB) National Staff Scheme (the Scheme).

The Scheme is a defined contribution arrangement set up under trust and registered with HM Revenue and Customs (HMRC). The Scheme is also a wholly insured arrangement via a policy held with Utmost Life & Pensions Limited ('the Insurer').

This Statement has been prepared in line with the following legislation and regulations:

- Section 35 of the Pensions Act 1995.
- Section 244 of the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005.
- The Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
- The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

A copy of this Statement will be made available to Scheme members on request to the Trustee or online.

2 Investment Decision Making

The investment of the Scheme's assets is the responsibility of the Trustee. The Trustee's investment powers are set out in Clause 5 of the Declaration of Trust dated 25 January 1994, as amended. This Statement is consistent with those powers set out in this clause, namely that the investments of the Scheme shall be held in the name of the Trustee, and held in a wholly insured arrangement.

The Trustee has obtained and considered professional advice on the content of this Statement from Broadstone Corporate Benefits Limited (Broadstone). Broadstone is authorised and regulated by the Financial Conduct Authority. Broadstone has confirmed to the Trustee that it has the appropriate knowledge and experience to give the advice required under legislation. Broadstone is remunerated via a fee for its advice and its appointment is reviewed from time to time by the Trustee.

The Trustee has also consulted the Principal Employer, Suez Recycling & Recovery UK Limited, when setting their investment objectives and strategy, and in the preparation of this Statement.

Responsibility for maintaining the Statement and determining the Scheme's investment strategy rests solely with the Trustee. The Trustee will obtain such advice as it considers appropriate and necessary whenever it intends to review or revise this Statement.

3 Investment Objectives

Investment options provided to members

The Trustee's objective is to provide members with access to a suitable range of funds that provide an appropriate range of expected risk and returns. Each fund offered would be expected to achieve at least one of the following aims:

- To generate investment growth in excess of price inflation over the long-term;
- To preserve capital; or
- To provide a relatively secure stream of income through interest payments and return of capital.

The range of funds should also offer value for money to members, have clear objectives that can be easily communicated and be sufficiently limited to avoid the risk of confusion from excessive choice.

Members who do not make their own choice

Where members do not make any investment choices, the Trustee will provide a default investment approach with the following objectives:

- To generate investment growth in excess of price inflation over the long-term;
- To reduce the potential variability of returns as members approach retirement; and
- As members approach retirement, to reduce uncertainty in the level of retirement benefits that will be paid to members.

4 Setting the Investment Strategy

The Scheme is a wholly insured arrangement via a policy with the Insurer, and the Trustee has a default investment arrangement with the Insurer, as well as providing investment fund options for members to select (if required).

The reasons for using a wholly insured arrangement of this form is that it provides:

- Access to a diversified range of investments including equities, government bonds, corporate bonds, and cash.
- Full delegation of asset allocation to a professional fund manager.
- Other services, e.g. administration services, member communications, etc., within a single product and cost structure.

The Trustee will periodically review whether the above reasons for using a wholly insured arrangement remain valid and will consider other options for the Scheme, as necessary.

The Trustee's policies in setting the investment strategy are set out below:

Policy	
Selection of Investments	<p>The Trustee may offer investments from a wide range of asset classes from time to time, including, but not restricted to UK equities, overseas equities, government bonds, corporate bonds, commercial property, and alternative asset classes, such as hedge funds, private equity, and infrastructure.</p> <p>The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level.</p> <p>The Trustee may offer investment in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Scheme's investments.</p> <p>The Trustee may hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part, or all, of the future liabilities due from it.</p> <p>The Trustee may hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.</p>
Delegation to Insurer	<p>The Trustee will delegate the day-to-day management of the Scheme's assets and the fund options available to members to the Insurer, and will not be involved in the buying or selling of investments, or involved in the fund options made available to members.</p> <p>The Trustee will periodically review the suitability of the fund options provided to members by the Insurer within a wider review of the wholly insured arrangements.</p>
Employer Related Investments	<p>Neither the Scheme nor the Insurer directly hold any employer-related investments.</p>

Details of the investment strategy are set out in the **Appendix** to this Statement.

5 Realisation of Assets

The assets are held in a combination of pooled funds managed by the Insurer and are fully and readily realisable.

The Trustee makes disinvestments from the Insurer, as necessary, to meet the Scheme's cashflow requirements.

6 Expected Returns

Over the long-term, the Trustee's expectations are to achieve the following rates of return from the asset classes members may make use of:

Asset Class	Expected Returns
Equity	In excess of UK price inflation, as measured by the Retail Prices Index (RPI), and in excess of the yield currently available on long-dated gilts.
Multi-asset	Comparable with the return from equities over an economic cycle of five to seven years, with significantly reduced volatility.
Corporate bonds	To achieve a long-term return in excess of the yield available on a comparable portfolio of UK gilts, to compensate for the additional risk associated with investing in a diversified portfolio of corporate bonds.
Fixed interest gilts and index-linked gilts	In line with the market yields available on the relevant underlying securities.
Cash	To achieve a return broadly in line with rates of interest available on short-term money market instruments.

7 Risks

The Insurer will be responsible for considering the various risks faced by members in determining the default investment approach and in providing fund choices to be offered to members who wish to select their own investments.

In addition, the Trustee will review wider operational risks as part of maintaining its risk register.

8 Security of Assets

The day-to-day activities that the Insurer carries out for the Trustee are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate.

Safe-keeping of the Scheme's assets held with the Insurer is performed by custodians appointed by them.

The Trustee has considered the security of the Scheme's holdings with the Insurer, allowing for its status as a reputable regulated firm, and consider the associated protection offered to be reasonable and appropriate.

9 Responsible Investment & Stewardship

The Trustee believes that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, it must act as a responsible asset owner.

The Scheme is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustee therefore does not explicitly seek to reflect any specific views with the selection of the Insurer, either financial or non-financial.

The Trustee's policies in respect of responsible investment are set out below:

Policy

Financially Material Considerations

The Trustee recognises that Environmental, Social and Governance (ESG) issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustee delegates day-to-day decisions on the selection of investments to the Insurer. The Trustee has an expectation that the Insurer will consider ESG issues in selecting the investment fund options available for investment by members. In addition, the Trustee also expects the underlying investment managers of the investment fund options available for investment by members to engage with the issuers of the underlying holding on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustee does not currently impose any specific restrictions on the Insurer with regard to ESG issues, but will review this position from time to time. The Trustee can also obtain information on request from the Insurer on its approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the member's investments associated with the impact of climate change, the Trustee takes the view that it falls within its general approach to ESG issues. The Trustee will continue to monitor market developments in this area.

Non-Financially Material Considerations

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects the Insurer, and the underlying investment managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.

Engagement and Voting Rights

The Trustee expects the Insurer and the underlying investment managers to have voting and engagement policies in place and to implement these policies to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics may encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustee expects the Insurer's and the underlying investment managers' policies to aim to improve how companies behave in the medium and long term, and therefore protect and enhance the value of their investments, which the Trustee regards as being in the members' best interests. The Trustee will periodically monitor the actions taken by the Insurer on its behalf, and it will escalate any concerns with the Insurer where required.

Policy

Capital Structure of Underlying Companies	Responsibility for monitoring the capital structure of investee companies is delegated to the Insurer and the underlying investment managers. The Trustee expects the extent to which the Insurer and underlying investment managers monitor capital structure to be appropriate to the nature of the mandate.
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The voting policies of Utmost Life & Pensions, as the Insurer, can be found at the following website:

<https://www.utmost.co.uk/about-us/sustainability/>

10 Duration of Investment Arrangements

The Trustee is a long-term investor and has not set an explicit target to review the duration of its arrangement with the Insurer. However, the wholly insured arrangements will be periodically reviewed by the Trustee.

11 Incentivisation of Insurer

The Insurer and underlying investment managers are primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

The Trustee does not directly incentivise the Insurer or the underlying investment managers, to align the approach they adopt for a particular fund with the Trustee's policies and objectives.

Furthermore, the Trustee does not directly incentivise the Insurer or underlying investment managers to make decisions about the medium to long-term performance of an issuer of debt or equity, nor engage with those issues to improve their performance. The Trustee expects such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by members.

12 Portfolio Turnover Costs

The Trustee expects the Insurer and underlying investment managers to change underlying holdings only to an extent required to meet their investment objectives of each fund used by members. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustee therefore does not set a specific portfolio turnover target for the Insurer.

The Insurer can provide information on portfolio turnover and associated costs to the Trustee on request so that this can be monitored, as appropriate.

13 Monitoring

The Trustee will periodically monitor the Insurer's performance of the underlying investment managers against the performance objectives of the funds used by members.

The Trustee will periodically consider on whether or not the Insurer remains appropriate to manage the Scheme's investments.

14 Review of Statement

The Trustee will review this Statement if there is a significant change in the Scheme's investment strategy or a significant change in the regulations that govern pension scheme investment.

Selcuk Birler

On behalf of the Trustee of the SITA (GB) National Staff Scheme

Date: 10 October 2023

Appendix A Investment Strategy Implementation Summary

A.1 Investment Options

The Insurer has made the following pooled funds available for members to invest in:

Asset Class	Fund
Equity	
UK equity	Utmost FTSE All Share Tracker Fund
UK equity	Utmost UK Equity Fund
Asia Pacific equity	Utmost Asia Pacific Equity Fund
Europe equity	Utmost European Equity Fund
US equity	Utmost US Equity Fund
Global equity	Utmost Global Equity Fund
Multi-asset	
Multi-asset	Utmost Managed Fund
Multi-asset	Utmost Multi-Asset Cautious Fund
Multi-asset	Utmost Multi-Asset Moderate Fund
Multi-asset	Utmost Multi-Asset Growth Fund
Bonds	
Corporate bonds	Utmost Sterling Corporate Bond Fund
Fixed interest government bonds	Utmost UK Government Bond Fund
Cash	
Cash	Utmost Money Market Fund

A.2 Investment Management Charges

The Annual Management Charges (AMCs) for each of the funds available to members are given below:

Fund	AMC
Utmost FTSE All Share Tracker Fund	0.50% p.a.
Utmost UK Equity Fund	0.75% p.a.
Utmost Asia Pacific Equity Fund	0.75% p.a.
Utmost European Equity Fund	0.75% p.a.
Utmost US Equity Fund	0.75% p.a.
Utmost Global Equity Fund	0.75% p.a.
Utmost Managed Fund	0.75% p.a.
Utmost Multi-Asset Cautious Fund	0.75% p.a.
Utmost Multi-Asset Moderate Fund	0.75% p.a.
Utmost Multi-Asset Growth Fund	0.75% p.a.
Utmost Sterling Corporate Bond Fund	0.75% p.a.
Utmost UK Government Bond Fund	0.50% p.a.
Utmost Money Market Fund	0.50% p.a.

A.3 Performance Objectives

The objectives and ABI sector for performance comparison of the funds listed in A.1 are summarised below:

Fund	ABI Sector	Performance Objective
Utmost FTSE All Share Tracker Fund	UK All Companies	To provide a return in line with the FTSE All Share Index
Utmost UK Equity Fund	UK All Companies	To achieve long-term capital growth from UK equities
Utmost Asia Pacific Equity Fund	Asia Pacific ex Japan Equities	To achieve long-term capital growth from Asia Pacific (excluding Japan) equities
Utmost European Equity Fund	Europe ex UK Equities	To achieve long-term capital growth from Europe (excluding UK) equities
Utmost US Equity Fund	North America Equities	To achieve long-term capital growth from US equities
Utmost Global Equity Fund	Global Equities	To achieve long-term capital growth from global equities
Utmost Managed Fund	Mixed Investment 40%-85% Shares	To achieve long-term capital growth from a range of equities, corporate bonds, government bonds, and property
Utmost Multi-Asset Cautious Fund	Mixed Investment 0%-35% Shares	To achieve long-term capital growth from a range of equities, corporate bonds, government bonds, property, and cash, with the potential for low to moderate levels of price volatility
Utmost Multi-Asset Moderate Fund	Mixed Investment 40%-85% Shares	To achieve long-term capital growth from a range of equities, corporate bonds, government bonds, and cash, with the potential for moderate levels of price volatility
Utmost Multi-Asset Growth Fund	Flexible Investment	To achieve long-term capital growth from a range of equities, corporate bonds, government bonds, property, and cash, with the potential for high levels of price volatility
Utmost Sterling Corporate Bond Fund	Sterling Corporate Bonds	To provide a return by investing in a portfolio of Sterling denominated corporate bonds
Utmost UK Government Bond Fund	UK Gilt	To provide a return by investing in a portfolio of UK government bonds
Utmost Money Market Fund	Money Market	To preserve capital and provide a return in line with short-term money market interest rates

A.4 Default Investment Approach

The Trustee has a lifestyling approach as the default investment option. The broad aim of the default investment approach is to provide higher levels of investment growth earlier in a member's working life, before gradually reducing the uncertainty in the level of benefits emerging as a member approaches retirement, switching their allocations to lower-risk investments.

The default investment approach selected is Utmost's lifestyling 'Investing by Age' approach.

The Investing by Age approach is set out below:

Age	Investment Fund Allocation
Up to 55	100% Utmost Multi-Asset Moderate Fund
55 – 65	Gradual switch from 100% Utmost Multi-Asset Moderate Fund to 100% Utmost Multi-Asset Cautious Fund
65 – 75	100% Utmost Multi-Asset Cautious Fund
75 – 85	Gradual switch from 100% Utmost Multi-Asset Cautious Fund to 100% Utmost Money Market Fund
85 or Over	100% Utmost Money Market Fund

Source: Utmost.

The Trustee will periodically consider if the default investment approach continues to meet the needs of the members, including benefits emerging at retirement for members of the Scheme.

A.5 Insurer

The Trustee entered into a contract with Utmost Life & Pensions (formerly the Equitable Life Assurance Society) when the Scheme was set up.

Utmost Life & Pensions is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

A.6 Investment Managers

Utmost Life & Pensions have appointed J P Morgan Asset Management and abrdn as the underlying investment managers of the funds available to members.

A.7 Additional Voluntary Contributions

This Statement covers the defined contribution arrangements held with Utmost Life & Pensions and does not cover any additional voluntary contributions paid to other arrangements.