Statement of Investment Principles

September 2023

NOW: Pensions

The future is now

Statement of Investment Principles NOW: Pensions Trust

Adopted by the Trustee on 21 September 2023.

Joanne Segars

Chair of the Trustee board
NOW: Pensions Trustee Limited

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Introduction

Background

This Statement of Investment Principles (the Statement) sets out the investment beliefs, high-level objectives, policies and principles governing the investment decisions made by NOW: Pension Trustee Limited (the Trustee) in relation to the NOW: Pensions Trust (the Trust). It has been prepared in accordance with the requirements of the Pensions Act 1995 (the Pensions Act), the Occupational Pension Schemes (Investment) Regulations 2005 and other relevant legislation, as well as the principles recommended by the Myners Code.

The Statement is available to members on the NOW: Pensions website. It is reviewed at least once every three years, or after any significant change in investment policy or the demographic profile of members.

The Trustee provides a default investment strategy to all members, with details of this arrangement captured in sections 2 to 6 of this statement. For Uber only, we also provide a Shariah Fund, for which details can be found in Appendix C of this statement.

Trust
A trust is a way of holding assets. A pension trust keeps assets separate from the employer.

Our Trust is a master trust – a type of defined contribution (DC) pension scheme that lots of different employers take part in, managed by a board of Trustee directors who share responsibility for ensuring the Trust always runs in the best interests of its members.

Nature of the Trust

The Trust is a defined contribution scheme and all the benefits it provides are based on the balances on the member's individual pension account, without any guarantees of performance.

Summary of key changes to our investment approach

In 2023, the Trustee reviewed the default investment strategy (default plan) – the plan in which most members will save – as part of the Trust's triennial investment review. The default plan has an investment strategy that incorporates a lifecycle focussing on growing member assets during a member's 'savings phase' before de-risking towards retirement.

As a basis for this review, detailed member analysis has been undertaken to reflect the Trust's membership demographics and member requirements.

The Trustee continuously strives to improve how member pension savings are invested to help ensure they get good value for money. This is done through a balance between return (net of fees, so a net benefit), risk and Responsible Investments (RI). This is the lens through which any proposed changes to the investment strategy are always assessed.

As a result of this review several changes have been made to the investment strategy, with the aim of better meeting member needs and simplifying the investment approach.

In summary, the changes have reduced the complexity of the investment strategy for the default plan, increased the focus on responsible investments and this has been achieved without significantly modifying the risk return characteristics for the core member profiles.

The changes are summarised in the table below.

Part of Lifecycle	High-level change	Detail
Saving phase	**Adopt a revised investment strategy and objectives**	• The portfolio will be designed with similar levels of risk/return but is more straightforward to communicate. • Returns in tail risk events (very rare and extreme risks which have an extremely low possibility of taking place but, if they occur, have a large impact) are likely to be similar to the current approach. • More of the portfolio will be managed using an approach consistent with the Trustee's RI beliefs. • Portfolio charges are expected to be similar. • The investment approach will be more recognisable to members as it is similar to the approaches offered by other master trusts which will make it simpler for members to compare providers. • The best estimate expected risk-adjusted returns of the new and old DGFs will be similar. • The Trustee has set a goal to build up the illiquid allocation within the DGF over the coming few years, with an initial target of 5%. The return and RI targets, and the expected volatility, will change as a result of the change to the investment approach and investment tool kit: • A slightly lower long-term return target (CPI + 3.5% p.a. from CPI + 4.0% p.a.). • Marginally higher expected long-term risk (volatility of between 12.5% - 14% p.a., rather than a target of 12.5% p.a.). • Increased RI target (75% from 50%). There will be a meaningful increase in the proportion of assets managed in a manner consistent with the Trustee RI beliefs. This is expected to increase over time.
Glidepath	**Reduce the period to 10 years from 15**	• Member outcomes are expected to improve across a range of scenarios by reducing the term of the glidepath (or de-risking period) to 10-years. • There is a small increase in the downside risk, but that is outweighed by the expected improvements in the median and more positive outcomes.

Continued overleaf …

Part of Lifecyle	High-level change	Detail
De-risking phase	**Increase the risk/ return of the portfolio at the end of the glidepath**	• Member outcomes are expected to be improved across a range of scenarios by slightly increasing the expected level of risk/return in the portfolio at the end of the glidepath. • The allocation to the DGF and RCF will be adjusted to 30% DGF / 70% RCF from 20% DGF / 80% RCF. • Exposure to investment-grade credit within the RCF will be increased.
Overall	**Expected improvement in member outcomes**	• When the three phases of the default plan are combined, analysis shows that member outcomes are expected to improve across a range of scenarios whilst at the same time improving the ability for the manager to invest in line with the Trustee's RI beliefs. • The revised default plan is expected to improve member outcomes around 90% of the time compared to the previous approach. • There is expected to be a net benefit to members from the Trustee's adopting the revised default plan.

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Governance

The Trust is governed by its Trust Deed and Rules which set the Trust's benefits out in detail and specify the Trustee's investment powers.

The Trust's assets, representing the balances on individual members' pension accounts (the Fund), are invested in the best interests of the Trust's members and beneficiaries.

The Trustee has established an investment governance framework which lays out the roles and responsibilities for each party involved in the development and implementation of the investment strategy. This includes details on the roles and responsibilities of the Trustee, NOW: Pensions as Trust manager, the investment manager and the investment adviser in regards to three key categories:

- development of the investment strategy
- provision of fund selection to members
- sustainability

The Trustee is responsible for deciding how to invest the assets of the Trust and sets and regularly reviews the investment objectives for the Trust. The Trustee has entered into an investment management agreement (IMA) with Cardano Risk Management Limited (Cardano) as its investment manager, and has delegated to them all day-to-day investment functions, subject to regular monitoring and review. The Trustee holds the investment manager accountable to apply the Statement in so far as is practical and there are processes in place for the investment manager to notify the Trustee where this is not possible.

The Trustee ensures that appropriate guidelines and restrictions are agreed with the investment manager. These set out the investment manager's responsibilities and the scope of their powers, as detailed in the investment governance framework, clearly. The Trustee has taken all such steps as are reasonable to satisfy itself that the parties to which they delegate responsibilities have the appropriate knowledge and experience required to take on their role.

The Trustee has consulted NOW: Pensions Limited (NPL) on the contents of the statement. This is because NPL is the employer representative.

The Trustee has received and considered advice on the content of this Statement from its investment adviser, Redington Ltd. The Trustee is satisfied that the investment adviser has the knowledge and experience required by applicable law to perform this role as specified in the investment governance framework and before making any investment decisions, the Trustee takes professional advice in relation to the suitability of investments from its investment adviser.

The Trustee has established an investment committee whose role is to consider and make proposals to the Trustee Board in relation to the investment strategy and sustainability. The investment committee oversees and monitors the implementation and ongoing delivery of associated investment-related suppliers (including the investment manager, Cardano). This includes but is not limited to monitoring progress against the investment objectives of the default plan, all NOW: Pensions funds, and consistency with this Statement.

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Trustee investment beliefs and objectives

Investment beliefs

Our members are saving for retirement over the long term. This is why the Trustee takes a long-term view, and that's reflected in our approach to our investment strategy so that we can deliver the best outcome for members. With that in mind, the Trustee determines the investment strategy based upon a set of Trustee investment beliefs. These investment beliefs are the foundation for ensuring that the Trust delivers good value for all its members.

The Trustee has a set of overarching beliefs to guide all investment activities. These inform the focus, direction and how to ensure good value for members. It is the starting point for more detailed investment solutions beliefs.

Overarching Trustee beliefs

- **Default:** The Trustee believes that for the vast majority of members, the default will be the right choice and they will stay invested in it. It is therefore our responsibility to ensure that the default plan reflects the requirements of the membership group it is designed for. The Trustee should prioritise continuous development of the default.

- **Prioritising members:** The Trustee believes that investment solutions should be built around member needs, informed by analysis of their profiles and their requirements.

- **Strong investment governance:** The Trustee believes that strong and robust investment governance improves investment performance, wider member outcomes and protects member interests. This should include clear articulation of the governance in place with oversight of key investment suppliers, including the investment manager.

- **Whole of life savings journey:** The Trustee believes that better member outcomes can be achieved by taking a whole of life approach to members' savings journeys.

- **Value for money:** The Trustee believes that delivering value for money is best assessed net of costs and charges. We believe there must be a healthy balance between costs and charges incurred, and the value they deliver for members. To deliver better net member benefits, we will focus on value rather than just low cost.

- **Operational robustness:** The Trustee believes that well-governed systems and processes, accompanied by accurate member data, are necessary for delivering good member outcomes.

Investment solutions beliefs

- **Lifecycle investing:** The Trustee believes that a default plan should reflect a member's ability to take appropriate investment risk over their savings journey to and through retirement. This is achieved with a lifecycle investment profile. The default plan, and any other plans introduced, should be appropriately structured to incorporate a member's perceived ability to take investment risk throughout their lifecycle. This allows for taking more investment risk during the majority of a member's lifecycle transitioning to a lower level of risk as the member gets closer to retirement.

- **Time horizon:** The Trustee believes that how much investment risk a member can take depends on how long they have to go until they can start to take their pension savings. This means we should be mindful of a member's investment time horizon, which is expected to be long-term in the growth phase, decreasing in the glidepath phase, and shorter at the retirement phase.

- **Member choice:** Some members may choose to move away from the default plan for varying reasons. The Trustee therefore believes it may be appropriate to offer a considered range of investment solutions to meet their needs and beliefs in due course.

- **Communication:** The Trustee believes that to help members make an informed choice, the options and consequences of changing investments need to be clearly explained.

- **Investment risk and return:** The Trustee believes that to earn an investment return commensurate with our investment objectives, members must take considered investment risk. This means investing a member's pension savings and managing risk in a robust way. The Trustee also believes that not taking enough, or taking too much, investment risk can be a material risk for members.

- **Financial risks:** The Trustee believes that not all financial risks are rewarded equally. Over time, investors are expected to be rewarded for taking investment risk by earning a return. The risk and return will differ depending on what has been invested in, such as traditional and alternative assets, as well as a potential risk premium for illiquidity. There are also financial risks that investors are not rewarded for taking - those risks should be considered, and potentially mitigated.

- **Illiquidity risk premium:** The Trustee believes that less liquid assets can provide an additional return to compensate for the illiquidity. We are investing for our members for the long term and allocating a considered amount to less liquid assets can be an attractive addition to the portfolio.

- **Asset allocation:** The Trustee believes that asset allocation is the key strategic investment decision for long-term investment outcomes. By allocating to a range of different sources of investment returns, the combined investment risks can be reduced. In the long run, a well-diversified portfolio will be more robust and deliver a higher risk-adjusted investment return.

- **Financial markets:** Although financial markets are largely efficient, the world is volatile, uncertain, complex and ambiguous. The Trustee believes this means that passive management should be the starting point, but we recognise that active management and alternative investment can, under certain circumstances, add value after cost and charges, and improve member outcomes.

- **Responsible investment:** Incorporating environmental, social and governance (ESG) factors, as well as real-world sustainability impact, into the investment process is necessary as a long-term investor. The Trustee believes it mitigates risks, enhances returns and is in our members' best long-term interests.

- **Stewardship:** The Trustee believes that effective stewardship can generally improve member outcomes, and so we should engage with companies, regulators, and stakeholder groups. Where applicable, we should use our voting power to encourage investee companies to address sustainability risks, and make progress towards our priority sustainability themes, living wage, gender equality and climate action, and our categorisation of 'most significant votes'.

- **Climate crisis:** The Trustee believes that a speedy, fair and just transition to a low-carbon economy is the only feasible way to address the climate crisis. Therefore the Trustee believes that investment solutions should be constructed to achieve net zero GHG emissions by 2050, with 50% emissions reduction by 2030 based on 2019 levels, consistent with the Paris Climate Agreement goal of limiting global warming to 1.5°C.

Investment objectives

The Trustee's investment beliefs inform the aims and objectives of the Trustee's default investment strategy and any other investment solutions made available to members in the future. These aims and objectives are intended to ensure that assets are invested in the best interests of members and beneficiaries of the Trust.

The Trustee has decided on an investment strategy for the default plan which it considers appropriate for Trust members. It takes into account the Trustee's analysis of the membership - including age profile, planned retirement age and expectations about how members will use their pension savings in retirement. This is based on data about members' retirement trends and behaviours. The Trustee expects the strategy to deliver, in the long term, a satisfactory return in real (inflation-adjusted) terms on the contributions invested. Determining of an appropriate default investment strategy is the decision that has most influence on the ability of the Trust to achieve members' desired retirement outcomes.

A common lifecycle strategy is provided for all members which divides the investment period into three phases.

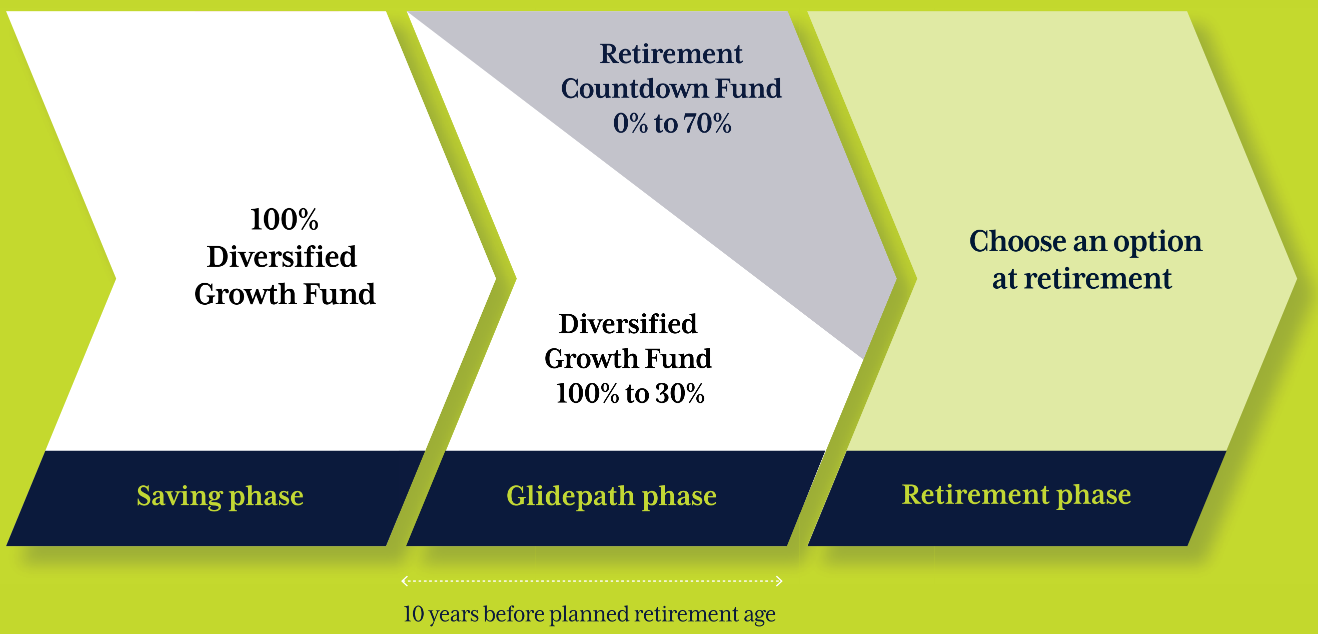
- **Savings phase:** This period starts when the member first joins the Trust and lasts until 10 years before their planned retirement age. This savings phase is when the member's pension account is building up and retirement is still some time in the future. All the member's savings will be invested in the Diversified Growth Fund (DGF). The DGF is a growth-focussed fund where the member's assets are invested in a broad range of investments targeting above-inflation growth while managing risk.
- **Glidepath phase:** During the 10 years leading to planned retirement age the expected investment risk is gradually reduced (which is also likely to reduce expected returns). This involves reducing exposure to the DGF while increasing exposure to the RCF. The RCF is a retirement-focussed fund which is specifically designed to help preserve the purchasing power of the savings (i.e. relative to inflation) as the member approaches retirement. Preparations are made for a smooth transition to retirement by reducing the volatility of the member's savings over time as they approach retirement.
- **Retirement phase:** This is the position at (or beyond) the planned retirement age. By this stage 70% of the member's savings will be in the RCF and 30% of the savings will remain in the DGF.

The default lifecycle strategy is illustrated overleaf.

'Purchasing power'
'...protect the amount of goods and services that the pension savings can buy.'

The Lifecycle

The retirement lifecycle gradually moves your pension savings from the **Diversified Growth Fund** so that they're mainly in the **Retirement Countdown Fund**, over a 10-year period.



Diversified Growth Fund
Return target – 3.5% a year above inflation
(after investment charges)

Retirement Countdown Fund
Return target – preserve the real value of member savings over the long-term

Your retirement options

1. Stay where you are
2. Take your savings as a cash lump sum. When you take your savings, 25% is normally payable tax-free
3. Transfer to another provider to generate income, or drawdown income.

Responsible investment

The Trustee invests responsibly, which includes integrating Environmental, Social and Governance (ESG) factors in investment decisions, engaging companies in which the Trust invests, and policymakers, on our three priority sustainability themes (namely, living wage, gender equality and climate action) and, where consistent with our investment objectives, allocating to investments with specific sustainability objectives. The Trustee has core investment beliefs relating to responsible investment (RI), stewardship and the climate crisis. The Trustee believes investing responsibly matters in terms of financial performance in the long run and the risks associated with ESG factors should be measured and managed. By being a responsible investor, the Trustee is managing investment risk with the aim of enhancing long-term portfolio risk-adjusted returns, which is in the best interests of the members and beneficiaries of the Trust.

Stewardship is the 'responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.' Financial Reporting Council, UK Stewardship Code 2020.

The Trustee has set the following goals as part of its RI objectives:

- Net zero greenhouse gas emissions by 2050, with 50% emissions reduction by 2030 based on 2019 levels, consistent with the Paris Climate Agreement goals of limiting global warming to 1.5°C, compared to pre-industrial levels.
- At least 75% of the portfolio's net asset value in investments which support the Trustee's RI beliefs by having an explicit sustainability objective.

Net zero refers to achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere.

In addition, the Trustee has set sustainability priorities focussed on:

- **climate action** – a speedy and fair transition to a low-carbon economy is the only way to address the climate crisis;
- **gender equality** – all women, men, girls, and boys should have equal rights, responsibilities, and opportunities;
- **living wages** – all companies should pay their employees a living wage.

The Trustee considers the impact of its investments and whether they are leading to sustainable financial benefits for members. This will allow the Trustee to better understand and consider the financial risks and opportunities associated with the transition to a more sustainable world.

The Trustee will seek to meet its RI objectives within the constraints of the investment strategy, costs, and operational considerations, while still continuing to deliver the chosen risk and return objectives.

These RI objectives and sustainability priorities inform the Trustee's engagement activities, including how the investment manager exercises voting rights on the Trustee's behalf.

The Trustee undertakes engagement activities on behalf of the Trust and its members, through industry participation including the Principles for Responsible Investment (PRI), Institutional Investors Group on Climate Change (IIGCC), Pensions for Purpose, Climate Action 100+ and Occupational Pensions Stewardship Council.

Progress is monitored regularly by the Trustee and reported to members annually in our Implementation Statement and Task Force on Climate-related Financial Disclosures (TCFD) report.

The Trustee recognises the pivotal role that good stewardship of assets will play in meeting its RI objectives.

- The Trustee believes the greatest impact will be achieved where we are able to exert an influence on the companies in which we invest through active engagement and dialogue.
- The Trustee recognises the value that comes from being a signatory of the UK Stewardship Code and to exercise voting rights, with the aim of having a meaningful impact, protecting and enhancing the value of assets consistent with the Trustee's policies. The Trustee expects the investment manager to be a signatory of the UK Stewardship Code and to exercise voting rights in accordance with the Trustee's policies and beliefs.
- Where engagement and voting fails to achieve meaningful impact, reducing investment or complete disinvestment remain as options.
- The Trustee expects the investment manager to be a signatory to ESG industry initiatives engaging collaboratively, such as PRI, Climate Action 100+, the Net Zero Asset Managers Initiative, the Institutional Investors Group on Climate Change (or equivalent group in other regions), the Diversity Project and to adopt the recommendations of the TCFD. Consistent with the approach to responsible investing, the Trustee believes that, to the greatest extent possible, this stewardship and engagement approach should be applied through all aspects of the Trust.

The Trustee has considered the investment manager's policy on taking account of ESG factors in decisions regarding the selection, engagement, retention and realisation of investments. The Trustee considers the investment manager's policies on these matters to be consistent with the Trustee's RI beliefs. Consequently, the Trustee has delegated responsibility for taking account of ESG factors to the investment manager as part of the overall delegation of day-to-day investment management responsibilities. The Trustee monitors how the investment manager integrates ESG into its investment process and receives quarterly reports to enable it to provide robust oversight of (and challenge, if necessary) the investment manager's approach.

The Trustee is supportive of the investment manager's approach seeking to align, where possible, its portfolios in the long-term to support the United Nations Sustainable Development Goals (and specifically respect and support for human rights and avoiding human rights abuses as set out in UN Global Compact Principles 1 and 2) and the Paris Climate Agreement. This enables the Trustee to invest Trust assets in the best interests of members and beneficiaries.

The Trustee recognises that there are components of the strategy where the ability to affect a tangible real-world impact is lower, for example green bonds. While it is important that ESG considerations are given to all assets, the Trustee believes that they do not detract from the investment approach adopted by the investment manager in delivering good value for members.

Green bonds
Loans that support the financing of climate-related, social, or environmental projects.

The Trustee recognises that the investment manager might appoint third-party asset managers to manage investment mandates or funds to achieve some of these objectives. The Trustee expects those third-party managers mandates, and funds to conform closely to standards consistent with its own beliefs and that of this Statement, though it recognises there may be points of difference in the beliefs of different management organisations. The Trustee expects any such third-party asset managers to apply stewardship principles consistent with those identified by the Trustee, and to provide appropriate disclosures to show they are conforming with their overall policies and objectives.

A review of engagement undertaken by the investment manager and any third-party asset managers will be assessed by the Trustee annually as part of producing an annual implementation statement. Where applicable, when considering the implementation approach, the Trustee expects that the investment manager and any third-party asset managers will engage with relevant persons (including issuers of debt or shares, sub-investment manager companies, other stakeholders or other holders of debt or shares) on relevant matters. These could include performance, strategy, capital structure, the management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance. The aim of this would be to protect and enhance the value of assets consistent with the Trustee's policies in a meaningful way.

The Trustee expects that RI will be an area which will change as policy from governments, regulators and other institutions evolve. As a result, the Trustee expects to evolve its own policies over time and supports its investment manager in responding to developments.

Non-financial factors

The Trustee believes that by being a responsible investor, they are managing investment risk with the aim of enhancing long-term portfolio risk-adjusted returns. This is in the best interests of the members and beneficiaries of the Trust. Beyond these requirements of responsible investing, the Trustee does not explicitly target any non-financial matters in their investment decision-making in relation to the default investment strategy.

The Trustee continues to work on understanding members' views about investment and other matters. This is to ensure that, as far as legally permitted, these are reflected in the decisions we make on investment and delivering our services to members.

If expressly requested by a participating employer, the Trustee will consider non-financial factors (such as members' ethical or religious views and those relating to quality of life and social and environmental impact) in deciding whether to offer any self-select funds to members. For example, one of the Trust's employers has a large number of employees who hold a particular religious belief, and the Trustee has set up a self-select fund for the employer – see Appendix C for more details. The employer provides employees with the choice of accessing the self-select fund; if they do not choose the fund, they are enrolled into the default strategy. The Trustee will only offer an investment option on non-financial grounds if, having taken professional advice, it is satisfied the investment is suitable and appropriate for the demographic of membership.

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Investment Risks

Member risks

A key risk to members is not meeting their financial retirement objectives. This could be due to insufficient contributions into the Trust or a lack of growth in investment returns. The Trustee provides information on the importance of saving for retirement and what members can do to influence their chances of achieving their financial retirement objectives, on the NOW: Pensions website and in relevant communications.

The risk of the lack of investment returns is managed by the Trustee through the implementation of the default plan to help members manage the money they have invested. For members with many years to retirement, the Lifecycle invests in the DGF which is a growth-focussed fund where members' assets are invested in a broad range of investments seeking to provide growth faster than inflation while managing risk.

In order to target long-term returns above inflation, investment risk needs to be taken. The Trustee has return, risk and RI objectives which are set out in the appendix. It has agreed delegations to the investment manager to ensure appropriate level of risk is taken throughout the member's time in the Trust.

Nevertheless, there are many reasons why investment returns could be lower than expected, with two potential causes being economic and market conditions. This is something which the Trustee cannot control but can help to manage against with the implementation of the agreed investment strategy.

The Trustee reviews the Trust's investment strategy ever three years and the suitability of the investment strategy every year. The investment manager regularly reviews the portfolio composition to ensure its composition remains appropriate.

Portfolio risks

The Trustee has put limits on the portfolio risks. These are specified in the investment management agreement (IMA) between the Trustee and investment manager.

Concentration risk: This is the risk of underperformance due to an investment having an overly large adverse impact on the return. This risk is managed by the investment manager who operates to guidelines that ensure the assets are spread across a range of investments.

Counterparty risk: This is the risk of loss caused by the portfolio trading with a financial institution that defaults on its obligations. This risk is managed by the investment manager through the selection process of the financial institutions the Trustee contracts with and regular monitoring of the exposures.

Credit risk: This is the risk of loss arising from the default on expected cashflows. This risk is managed by the investment manager who operates within guidelines which set out diversification and credit limits.

Currency risk: This is the risk of loss arising from the falling value of overseas investments due to the strengthening of GBP. This risk is managed by the investment manager who operates to guidelines which set out the permissible level of non-GBP exposure within each fund.

Leverage risk: This is the risk that the value of the portfolio (or individual positions) will fall faster than it (or they) would without the use of leverage. The use of leverage requires increased collateral and cash management processes to support the derivatives and increased credit analysis of counterparties and exchanges. In addition, the cost of the leverage may exceed the return from the leveraged instruments. The amount of leverage and its usage is defined in the IMA. The investment manager is responsible for managing this risk.

Liquidity risk: This is the risk that there is a shortfall in easily accessible assets to meet the immediate cashflow needs. This risk is managed by the Investment Manager who operates to guidelines which require a sufficient level of liquid assets in each fund to provide for members' likely withdrawals, taking in account flows into the Trust and monitoring the requirements for derivative positions.

Operational risks: This is the risk of loss caused because of, but not limited to, fraud, acts of negligence or lack of suitable processes. It is managed through agreements with each service provider which are monitored regularly by the Trustee. Before the appointment of any new service provider, due diligence is undertaken. Furthermore, NPL as the Trust manager, together with the Trustee, undertakes an annual review of all key suppliers. The key suppliers with operational risk are the trust custodian and Fund administrator, the investment manager, NPL and the master trust administrator.

Climate risk: This is the risk that member outcomes are impacted by climate change. The risk is managed through the voting and engagement activity of the Trustee, or appointed suppliers on its behalf, and their regular review of the integration of responsible investment, including climate change. Every year the Trustee publishes a report on their progress to reduce greenhouse gas emissions and mitigate the financial risk of climate change in the Task Force on Climate-Related Financial Disclosures (TCFD) report. The Trustee also publishes an annual Implementation Statement to measure the extent to which they have followed this Statement (and others, as applicable) during each Trust year.

Other risks

Valuation risk: This is the risk that investments are not valued properly, and fund unit prices are incorrect. This risk is managed through the selection process and regular monitoring of the administrator, investing in assets which are quoted, and requiring the investment manager and administrator to have clear valuation policies in place for assets which are not quoted.

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Arrangement with the investment adviser

Arrangements

The Trustee has appointed Redington Ltd as their investment adviser. The investment adviser will advise the Trustee on whether the assets of the Trust are invested in accordance with the policies set out in this Statement and the requirements of sections 34, 35 and 36 of the Pensions Act 1995. The Trustee may also engage with them to undertake discrete projects. An overview of the role and responsibilities of the investment adviser is clearly laid out in the Trustee's investment governance framework.

Fees

The fees paid to the investment adviser are based on either a time cost basis (based on time spent) or on a reviewable fixed cost, depending on the type of work involved.

Review

The service provided by the Trustee's investment adviser, including fees, are reviewed annually by the Trust's supplier management board (SMB) who reports to the Trustee and a formal review takes place every three years. As part of this review process the Trustee determines that the investment adviser is providing good value for members.

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Arrangements with the investment manager

Arrangements

The Trustee reviews the investment objectives and contract terms of the investment manager, Cardano, including financial incentives, to ensure consistency with the IMA and this Statement. The investment manager is incentivised to align its investment strategies with the Trustee's policies set out in the Statement through the terms of the IMA and the investment objectives set by the Trustee.

Although the arrangement with the investment manager is expected to be in the form of a long-term partnership, its appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business strategy, structure of the investment team or where investment managers fail to ensure alignment with the Trustee's policies.

An overview of the role and responsibilities of the investment manager is clearly laid out in the Trustee's investment governance framework.

Service Review

The services provided by Cardano, including fees are reviewed annually by the Trust's SMB and a formal review takes place every three years. The review focusses on the long-term, rather than short-term, performance and this provides an incentive for the investment manager to do the same. As part of this review process the Trustee determines that the investment manager is providing value for members.

Reporting

The Investment Committee and the Trustee receive regular reports from the investment manager. These detail performance and progress against the return and risk objectives, and the RI and Shariah objectives (where appropriate), along with other information such as the portfolio turnover costs. These are the fees and expenses, including transaction costs, incurred in managing the investments. They are assessed and monitored against the expected level.

The investment committee meets with the investment manager at least once a quarter to review Fund performance against its objectives, focussing on longer-term outcomes. The review includes specific consideration of how the investment manager has implemented the investment strategy consistent with the IMA and this Statement.

The investment manager is responsible for ensuring any third-party asset manager is aligned with the IMA and this Statement at the time of their appointment or explaining to the Trustee why this is not the case. They are also required to report back on any areas of potential divergence between the Trustee's policies on an ongoing basis, including their own.

Portfolio turnover costs
The costs of buying and selling units in an investment fund.

The investment manager is also required to provide information, at least annually, on how it takes financial and non-financial performance into consideration, including (but not limited to) detailing its engagement activities with investee companies, where relevant. Performance in the medium to long term can be improved where asset managers (i) make decisions based on assessment about medium to long-term financial and non-financial performance of an issuer of debt or shares; and (ii) engage with issuers of debt or shares. The Trustee has delegated responsibility for ensuring this to the investment manager and will monitor the investment manager's performance in this regard.

As part of the review, stewardship policies and voting records are reviewed (and discussed with the third-party asset managers) at least annually by the investment manager, who will collate the qualitative and quantitative information required to allow the Trustee to review these each year. The Trustee will challenge any arrangements or stewardship practices that do not align with their RI approach.

Fees

The investment manager is paid on a percentage of assets basis as set out in the IMA. The investment manager is not permitted to receive remuneration from other sources, such as commissions, the spread between buying and selling price of units in the Fund or exit charges.

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Appendix A

Default investment strategy: Diversified Growth Fund

Investment objectives

Return objective
To deliver a return in excess of inflation, as measured using the Consumer Price Index (CPI), of 3.5% a year (CPI + 3.5% a year) or more over the long-term, net of the asset-based charge.

Risk objective
The expected risk, measured in terms of annual volatility, will have a range from 12.5% to 14.0%.

RI objective
- Net zero greenhouse gas emissions by 2050, with a 50% emissions reduction by 2030 based on 2019 levels, and
- at least 75% of the portfolio's net asset value in investments which support the Trustee's RI beliefs.

The investment objectives are set and reviewed by the Trustee with the primary consideration being the expected long-term return allowing for the trade-off with investment risk.

The return objective is set out in the IMA guidelines that have been agreed with the investment manager. The investment manager must invest the assets to deliver the return objective in a way that is consistent with the risk and RI objectives.

Investment strategy

The DGF allocates the investments across a range of asset classes, each of which has different risk and return characteristics. The balance across the asset classes is at the Investment Manager's discretion, subject to agreed guidelines which are set out in detail in the IMA.

The investment manager bases its decisions on its long-term risk and return assessment of different asset classes, anticipated levels of diversification, impact of changing economic conditions, RI factors and its assessment of an investment's alignment with RI objectives.

The investment groups, likely asset classes to be held, and risk exposure ranges are set out in the diagram below.

Investments are managed in groups to deliver the return, risk and RI objectives

Equities

Equities (i.e. shares), including publicly-listed developed market equity and emerging market equity.

Asset allocation

Between 55%-85% of the DGF will be invested in equities

Bonds

Global green and sustainable bonds (GBP hedged), and sterling investment grade (IG) corporate bonds (credit).

Asset allocation

Between 0%-30% of the DGF will be invested in bonds

Private markets

Debt and equity instruments that are not publicly listed.

Asset allocation

Between 0-10% of the DGF will be invested in private markets

Other

Assets that are different to the other investment groups, including cash, government bonds, commodities (includes industrial metals, gold and carbon credits), inflation swaps, high yield bonds and foreign currencies.

Asset allocation

Between 0-20% of the DGF will be invested in other assets

A combination of physical and derivative investments can be used in the management of the DGF. A derivative is a contract between two or more investors whose value is based on an agreed-upon underlying financial asset, index, or security. Futures contracts, forward contracts, options, swaps, and warrants are commonly used derivatives.

The Trustee has set the investment manager guidelines, including permissible ranges for each kind of investment, which are set out in detail in the IMA. The investment manager adjusts the balance of investments in the portfolio in response to evolving market conditions and ensures that:

- it stays within the guidelines;
- it is appropriate to achieving the return, risk and RI objectives;
- there is sufficient liquidity to meet cashflow requirements, and
- there are sufficient assets available to manage any derivative positions.

The majority of assets held are readily realisable which is intended to provide for sufficient liquidity to meet members' purchases and sales and to manage the derivatives.

The Trustee has set a goal to build up the illiquid allocation within the DGF over the coming few years, with an initial target of 5%. Less liquid (illiquid) assets may be used at the investment manager's discretion. They may be held for any member invested in the DGF who has a 100% allocation to the savings phase of the lifecycle strategy. The Trustee believes there is potential for illiquid investments to improve value and risk-adjusted returns for members, subject to any allocation to illiquid investments aligning with the Trustee's investment beliefs, this statement and the IMA. Any illiquid investments should be appropriately sized with due consideration to the DGF investment objectives, likely liquidity needs, diversification and cashflows of the portfolio, together with costs and valuation/pricing considerations. The type of illiquid asset held is not restricted (and may not include the full range of illiquid investments such as property, private equity, private debt and infrastructure), so long as it is considered to be additive for implementing the Fund's investment strategy. These assets may be held directly or through a collectivised investment scheme.

'Illiquid assets' are defined by relevant law as 'assets of a type which cannot easily or quickly be sold or exchanged for cash and where assets are invested in a collective investment scheme, includes any such assets held by the collective investment scheme.'

The Trustee delegates assessment of the expected return on investments to the investment manager. This is one of the factors considered by the investment manager when selecting the balance of assets to target the return objective.

The Trustee delegates decisions around the realisation of investments to the investment manager. Assets are realised as part of the ongoing management of the portfolio including rebalancing of assets in response to changing market conditions and to meet the cashflow needs of the Trustee.

Valuation and pricing of units

Fund units are valued and priced at least weekly. A single price is used for members' purchases and sales.

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Appendix B

Default investment strategy: Retirement Countdown Fund

Investment objectives

Return objective

To deliver returns that are expected to preserve the real value of member savings over the long-term, net of the asset based charge.

Risk objective

The expected risk, measured in terms of annual volatility, will have a range from 3% to 5% p.a.

RI objective

- Net zero greenhouse gas emissions by 2050, with a 50% emissions reduction by 2030, based on 2019 levels, and at least 75% of the portfolio's net asset value in investments which support the Trustee's RI beliefs.

The RCF investment objectives are set and reviewed by the Trustee with the primary consideration of preserving the real value of member savings over the long-term, net of the asset based charge.

The return objective is specified in the guidelines to the IMA agreed with the Investment Manager. The Investment Manager is tasked with investing the assets to deliver the Return Objective consistent with the risk and RI objectives.

Investment strategy

The RCF typically invests in short-dated bonds, money market funds and cash deposits.

The Trustee has set the investment manager guidelines, including permissible ranges for each kind of investment. These are set out in detail in the IMA. The investment manager adjusts the balance of investments in the portfolio in response to evolving market conditions and ensures that:

- it stays within the guidelines;
- it is appropriate to achieving the return, risk and RI objectives; and
- there is sufficient liquidity to meet cashflow and derivative requirements.

The majority of assets held are readily realisable which is intended to provide for sufficient liquidity to meet members' purchases and sales.

The Trustee delegates assessment of the expected return on investments to the investment manager. This is one of the factors considered by the investment manager when selecting the balance of assets to target the return objective.

The Trustee delegates decisions around the realisation of investments to the investment manager. Assets are realised as part of the ongoing management of the portfolio, including rebalancing of assets in response to changing market conditions and to meet the cashflow needs of the Trustee.

Valuation and pricing of units

Fund units are valued and priced at-least weekly. A single price is used for members' purchases and sales.

Short-dated bonds
Investments in government or corporate bonds (loans to the government or companies) which are due to be repaid within five years.

Fund units
Investment funds are divided into units. Each unit is an equal part of the value of the fund. We use members' and employers' contributions to buy these units.

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Appendix C:

Shariah Fund (Uber only)

This Appendix applies only to Uber

The Trustee recognises that some individuals may have ethical, religious or investment beliefs and principles which conflict with principles of the default investment strategy and mean that they would not be able to save for their retirement. For Uber, the Trustee offers the choice of a Shariah-compliant fund where the underlying investments are governed by the requirements of Shariah law and the principles of Islam (the Shariah Fund).

If members select the Shariah Fund, they will not be enrolled in the default investment strategy.

Investment objectives

Shariah objective
To offer a Fund that is Shariah compliant.

Return objective
To deliver a return equal to the Shariah compliant Dow Jones Islamic Market Titans 100 Net Total Return Index, both net of the asset based charge, over the long-term.

Risk objective
The tracking error of the Fund is to be less than 0.5% per annum, measured in terms of annualised monthly standard deviation of the portfolio return relative to the Dow Jones Islamic Market Titans 100 Net Total Return Index.

The Shariah Fund investment objectives are set and reviewed by the Trustee (with the support of its investment manager and investment adviser, as applicable) with the primary consideration of ensuring a Shariah-compliant fund is provided to members.

The return objective is specified in the guidelines to the IMA agreed with the investment manager. The investment manager is tasked with investing the assets in a Shariah-compliant manner to deliver the return objective consistent with the risk objective.

Investment strategy

The Investment Manager will appoint a third-party manager to manage the Shariah Fund. The appointed third-party manager will endeavour to only invest in shares of companies that meet the third-party manager's Shariah compliance principles, as interpreted, or approved by the third-party manager's Shariah Committee. The Shariah fund will not invest in derivatives.

The Trustee has set the investment manager guidelines which are set out in detail in the IMA. The investment manager adjusts the balance of investments in the portfolio in response to evolving market conditions and ensures that:

- it stays within the guidelines;
- it is appropriate to achieving the Return Objective and Risk Objective; and
- there is sufficient liquidity to meet cashflows.

The majority of assets held are readily realisable which is intended to provide for sufficient liquidity to meet members' purchases and sales.

The Trustee delegates assessment of the expected return on investments to the investment manager. This is one of the factors considered by the investment manager when selecting the balance of assets to target the return objective.

The Trustee delegates decisions around the realisation of investments to the investment manager. Assets are realised as part of the ongoing management of the portfolio, including rebalancing of assets in response to changing market conditions and to meet the cashflow needs of the Trustee.

Valuation and pricing of units

Fund units are valued and priced on a weekly basis. A single price is used for members' purchases and sales.

What is a Shariah Fund?
A Shariah Fund is one which follows the principles of Islamic finance. Islamic finance is a system of financial activities that are consistent with Shariah (Islamic law). Major principles of Islamic Finance that differ from conventional finance are:

- Ban on interest (Riba).
- Ban on uncertainty (Gharar): transactions involving uncertainty, risk.
- Ban on speculation, gambling (Maisir).
- Risk-sharing and profit-sharing: both parties in a financial transaction must share the associated risks and profits.
- Ethical investments that enhance society: investment in industries that are prohibited by the Quran such as alcohol, pornography, gambling, and pork-based products is discouraged.
- Asset-backing: each financial transaction must be tied to a tangible, identifiable underlying asset.

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