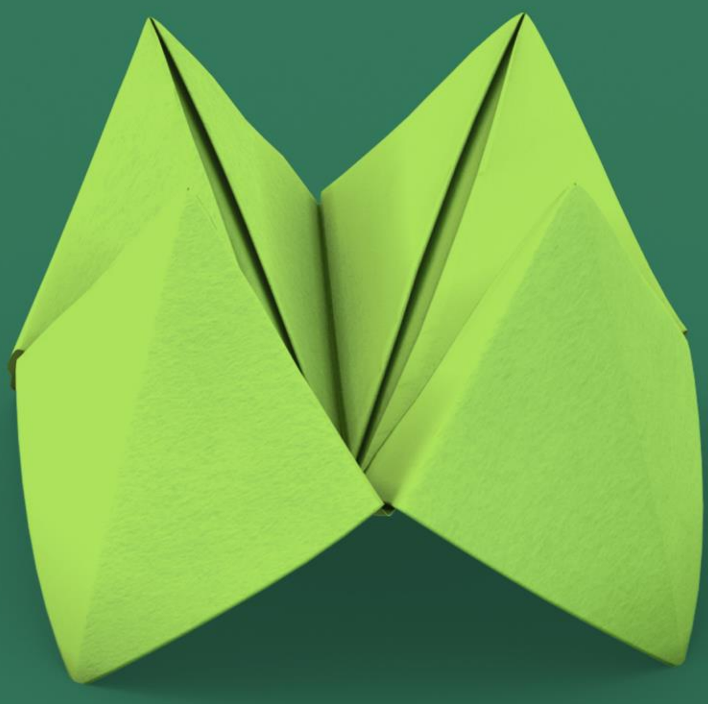
Royal London Society for the Blind

Pension and Life Assurance Scheme

Statement of Investment Principles

As at May 2022



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Contents

Signatory of:

1 Introduction

This Statement of Investment Principles ("the Statement") has been commissioned by and addressed to the Trustee of The Royal London Society for the Blind Pension and Life Assurance Scheme ("the Scheme"). This Statement sets out the principles governing decisions about investments for the Scheme and supersedes any previous Statements prepared by the Trustee.

This document has been produced by the Trustee after advice from Mark Garnett of Advisory Investment Services Limited ("AIS"). It has been prepared to comply with Section 35 of the Pensions Act 1995 as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005 as amended by subsequent regulations. For the purposes of this report, Royal Society for Blind Children is referred to as the "Company".

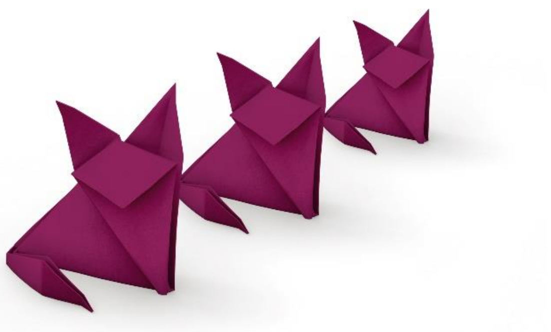
In preparing this Statement, the Trustee has:

- Consulted with the Company, although responsibility for maintaining this Statement and setting investment policy rests solely with the Trustee.

- Obtained and considered written professional advice and recommendations from AIS who is the Trustee's appointed investment consultant. AIS is authorised and regulated by the Financial Conduct Authority ("FCA"). It is confirmed to the Trustee that it has the appropriate knowledge and experience to give the advice required by the Pensions Acts.

The Trustee will review this Statement at least once every three years. If there are any significant changes in any of the areas covered by this Statement, the Trustee will review it without further delay. Any changes made will be based on written advice from a suitably qualified individual and will follow on from consultation with the Company.

The Scheme is a defined benefit scheme. The Trustee's investment powers are set out in the Trust Deed and Rules and subsequent amending deeds. This Statement is consistent with those powers.

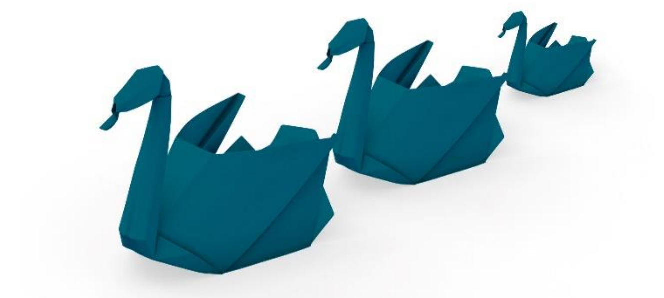


2 Investment Objectives

The Trustee's overall investment policy is guided by the following objectives:

–	To buy out the Scheme's liabilities using a third-party insurer once the Scheme achieves full funding on a Solvency basis;
–	To ensure that sufficiently liquid assets are available to meet benefit payments as they fall due.
–	To consider the interests of the Employer in relation to the size and volatility of the Company's contribution requirements.

The Scheme Actuary has confirmed during the process of revising the investment strategy that the investment objectives and resultant strategy are consistent with the actuarial valuation methodology and assumptions used in the statutory funding objective.



3 Investment Responsibilities

The Trustee

Under the legal documentation governing the Scheme, the power of investment is vested in the Trustee. Therefore, the Trustee is responsible for setting the investment objectives and determining the strategy to achieve those objectives. They set the overall investment target and then monitor the performance of their investment managers against the target. In doing so the Trustee considers the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

Their duties and responsibilities include but are not limited to:

–	Regular approval of this Statement and monitoring compliance with this Statement.
–	Appointment, removal (where applicable) and review of its investment managers or investment adviser and its performance relative to relevant benchmarks.
–	Assessment of the investment risks run by the Scheme.

INVESTMENT ADVISER'S DUTIES AND RESPONSIBILITIES

The Trustee has appointed AIS as their investment advisor. AIS provides advice when the Trustee requires it and/or when AIS feels it suitable to do so. Areas on which it can provide advice are as follows:

–	Setting investment objectives, where relevant.
–	Determining the strategic asset allocation.
–	Determining suitable funds and investment managers.

It should be noted that the Trustee retain responsibility for all decisions.

Any services provided by AIS will be remunerated on either a time cost or fixed fee basis.

AIS does not receive any commission or any other payments in respect of the Scheme for investment services that will affect the impartiality of their advice. Any manager discounts received through the use of the investment platform are passed in full to the Scheme.

The Trustee is satisfied that this is a suitable adviser compensation structure.

INVESTMENT MANAGERS' DUTIES AND RESPONSIBILITIES

The Trustee, after considering suitable advice, has appointed various managers to manage the assets of the Scheme via the Legal and General Investment Management investment platform.

The investment managers are detailed in the Appendix of this statement. These investment managers are authorised and regulated by the FCA and are responsible for stock selection, asset allocation (if managing a multi-asset portfolio) and the exercise of voting rights. All the managers are compensated by fund-based charges on the value of the Scheme's assets that they hold.

4 Setting the Investment Strategy

Investment Strategy

The Trustee has determined their investment strategy after considering the Scheme's liability profile, their own appetite for risk and the views, risk appetite and covenant of the Company. They have also received written advice from its investment adviser.

TYPES OF INVESTMENT

The Scheme's assets are invested on behalf of the Trustee by Legal and General Investment Management, through their investment platform, with underlying investment managers.

The Trustee is permitted to invest across a wide range of asset classes, including but not limited to equities, bonds, cash, property and alternative asset classes. The use of derivatives is as permitted by the guidelines that apply to the pooled funds. The Trustee understands that some assets classes provide a better match to the liabilities than others.

The Trustee's policy is not to invest in employer-related investments.

BALANCE BETWEEN DIFFERENT TYPES OF INVESTMENT

The Scheme invests in assets that are expected to achieve the Scheme's objectives detailed previously. The allocation between the different asset classes is shown in the Appendix of this Statement.

The Trustee has considered the merits of both active and passive management for the different elements of the asset allocation and selected suitable types of management for each asset class. The current managers are shown in the Appendix.

From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected events.

The Trustee may also hold insurance policies which are for the benefit of certain members to match part or all of their liabilities.

EXPECTED RETURN ON INVESTMENTS

The Trustee has noted the long-run relationships that exist between the returns from different asset classes and has noted the different expected risk/return characteristics of the various different asset classes.

In particular, that equities can be expected to deliver a greater long-term real return (over price inflation) than that expected from corporate bonds, fixed interest gilts, index-linked gilts or cash but that typically equities are the most volatile asset class in terms of market returns.

The Trustee's chosen policy is to get a balance between stabilising the Scheme's funding level and pursuing higher expected return to improve the Scheme's funding level.

REALISATION OF INVESTMENTS

The Scheme's assets are invested in pooled vehicles, which in turn invest in securities traded on recognised exchanges. The Scheme's investments can generally be readily realised, if necessary.

FINANCIALLY MATERIAL CONSIDERATIONS

The Trustee has considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. It believes that financially material considerations (including climate change) are implicitly factored into the expected risk and return profile of the asset classes they are investing in.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. The Trustee acknowledges that they cannot directly influence the ESG policies and practices of the companies in which the pooled funds invest. However, the Trustee does expect their fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustee accepts that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustee will assess that this corresponds with their responsibilities to the beneficiaries of the Scheme with the help of its investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the investment consultant. The Trustee will only invest with investment managers that are a signatories for the United Nations backed Principles of Responsible Investment ('PRI') or other similarly recognised standard.

The Trustee will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;

- Use ESG ratings information provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and

- Request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant.

If the Trustee determines that financially material considerations have not been factored into the investment managers' process, it will take this into account on whether to select or retain an investment.

NON-FINANCIALLY MATERIAL CONSIDERATIONS

The Trustee has not considered non-financially material matters in the selection, retention and realisation of investments.

STEWARDSHIP

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustee's behalf, having regard to the best financial interests of the beneficiaries.

The investment manager should engage with companies to take account of ESG factors in the exercise of such rights. The Trustee will review the investment managers' voting policies, with the help of their investment consultant, and decide if they are appropriate.

The Trustee also expects the fund manager to engage with investee companies or other relevant persons on performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, ESG issues concerning the Trustee's investments.

If they are not appropriate, the Trustee will engage with the investment manager, with the help of its investment consultant, to influence the investment managers' policy. If this fails, the Trustee will review the investments made with the investment manager.

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and expect investment managers to adhere to this where appropriate for the investments they manage.

Investment Manager Arrangements

Incentives to align investment managers' investment strategies and decisions with the Trustees' policies

The Scheme invests in pooled funds and so the Trustee acknowledges the funds' investment strategies and decisions cannot be tailored to the Trustee's policies. However, the Trustee sets its investment strategy and then select managers that best suits their strategy taking into account the fees being charged, which acts as the investment manager's incentive.

The Trustee uses the fund objective/benchmark as a guide on whether their investment strategy is being followed and monitors this regularly.

Incentives for the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

The Trustee selects managers based on a variety of factors including investment philosophy and process, which they believe should include assessing the long term financial and non-financial performance of the underlying company that they invest in.

The Trustee also considers the managers' voting and ESG policies and how they engage with the investee company as they believe that these factors can improve the medium to long-term performance of the investee companies.

The Trustee will monitor the managers' engagement and voting activity on an annual basis as they believe this can improve long term performance. The Trustee expects their managers to make every effort to engage with investee companies but acknowledge that their influence may be more limited in some asset classes, such as bonds, as they do not have voting rights.

The Trustee acknowledges that in the short term, these policies may not improve the returns they achieve, but do expect that investing in those companies with better financial and non-financial performance over the long term will lead to better returns for the Scheme. The Trustee believes that the annual fee paid to the investment managers incentivises them to do this.

If the Trustee feels that the investment managers are not assessing financial and non-financial performance or adequately engaging with the companies they are investing in, they will use these factors in deciding whether to retain or terminate a manager.

How the method (and time horizon) of the evaluation of the investment managers' performance and the remuneration for asset management services are in line with the Trustee's policies

The Trustee reviews the performance of each fund quarterly on a net of fees basis compared to its objective.

The Trustee assesses the performance of the funds, where possible, over at least a 3-5 year period when looking to select or terminate a manager, unless there are reasons other than performance that need to be considered.

The investment managers' remuneration is considered as part of the manager selection process and is also monitored regularly with the help of their investment consultant to ensure it is in line with the Trustee's policies.

How the Trustee monitors portfolio turnover costs incurred by the investment managers, and how they define and monitor targeted portfolio turnover or turnover range

The Trustee monitors the portfolio turnover costs on an annual basis.

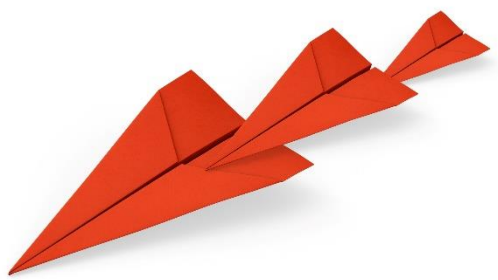
The Trustee defines target portfolio turnover as the average turnover of the portfolio expected in the type of strategy the manager has been appointed to manage. This is monitored on an annual basis.

The Trustee has delegated the responsibility of monitoring portfolio turnover costs and target portfolio turnover to their investment consultant and this is reported to the Trustee so it too can monitor this.

The duration of the arrangement with the investment managers

The Trustee plans to hold each of their investments for the long term but will keep this under review.

Changes in investment strategy or changes in the view of the investment managers can lead to the duration of the arrangement being shorter than expected.



5 Risks

The Trustee is aware and seek to take account of a number of risks in relation to the Scheme's investments. Under the Pensions Act 2004, the Trustee is required to state their policy regarding the ways in which risks are to be measured and managed. Overall, the Trustee measures and monitors their risks by receiving monitoring reports which report on the performance of their assets and their managers.

The key risks and the policies are as follows:

Solvency and Mismatching risk
This is measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities. The risk is managed by setting a scheme specific asset allocation with an appropriate level of risk.
Concentration Risk
This is managed through the diversification of the Scheme's assets across a range of different funds with different investment styles and underlying securities, and different investment managers.
Investment manager Risk
This is assessed as the deviation of actual risk and return relative to that specified in the investment manager's objectives. It is measured by monitoring on a regular basis the actual deviation of returns relative to investment manager's agreed objectives and an assessment of factors supporting the managers' investment process.
Sponsor Risk
This is assessed as the ability and willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit. This is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by a number of factors including the creditworthiness of the sponsor and the size of the pension liability relative to the sponsor.
Liquidity Risk
This is monitored according to the level of cashflows required by the Scheme over a specified time period. The Trustee will assess the cash requirements to limit the impact of cashflow requirements on the Scheme's investment policy. The risk is managed by having a suitable amount of readily realisable investments and by holding a certain level of cash type assets. The Scheme invests in assets that are invested in quoted markets and are as readily realisable as the Trustee feel suitable given the Scheme's cashflow position and the expected development of the liabilities.
Currency Risk
The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in non-sterling assets or via currency investment. Some currency hedging is used to manage this risk.

Loss and Investment Risk
There is a risk of loss of investment by each investment manager and potentially the custodian. This includes losses beyond those caused by market movements e.g., losses caused by fraud. The Trustee undertakes regular reviews of the internal controls and processes of the investment manager.
Environmental, Social and Governance (ESG) and Climate Change Risks
There is a risk that ESG issues and climate change are not considered as part of the investment process and so may expose the portfolio. This can lead to losses that may not have been factored into any assumptions. The Trustee has considered ESG issues including climate change as part of the investment process.

6 Compliance

The Trustee confirms that they have received and considered written advice from AIS on the establishment and implementation of their investment strategy.

The Trustee confirms that it has consulted with the Company regarding its strategy. Copies of this statement and any subsequent amendments will be made available to the Company, the investment managers, the Scheme Actuary and the Scheme Auditor upon request.

The Trustee will monitor compliance with this Statement at least every three years. This will include a review of the suitability of the investment strategy on an ongoing basis and consideration of the continued suitability of the appointed investment managers.

Signed for and on behalf of the Trustee of The Royal London Society for the Blind Pension and Life Assurance Scheme

Date of Signing: 14TH June 2022

Appendices

Appendix 1

Strategic Asset Allocation

The Scheme has a strategic asset allocation as set out in the table below:

<table>
<tr><th>Asset Class</th><th>Allocation</th><th>Control Range</th><th>Asset Class</th><th>Allocation</th></tr>
<tr><td rowspan="2">Equity-Linked Bond Funds – Nominal</td><td rowspan="2">10%</td><td rowspan="2">N/A</td><td>UK Equity-Linked Bond Fund</td><td>5%</td></tr>
<tr><td>Overseas Equity-Linked Bond Fund</td><td>5%</td></tr>
<tr><td>Diversified Growth Fund (“DGF”)</td><td>15%</td><td>+/- 3%</td><td>DGF</td><td>15%</td></tr>
<tr><td>UK Corporate Bonds</td><td>15%</td><td>+/- 3%</td><td>UK Corporate Bonds</td><td>15%</td></tr>
<tr><td>Multi Asset Credit (“MAC”)</td><td>10%</td><td>+/- 2%</td><td>MAC</td><td>10%</td></tr>
<tr><td rowspan="2">Gilts</td><td rowspan="2">50%</td><td rowspan="2">+/- 10%</td><td>UK Fixed Interest Gilts</td><td>35%</td></tr>
<tr><td>UK Index-linked Gilts</td><td>15%</td></tr>
<tr><td>Total</td><td>100%</td><td></td><td></td><td>100%</td></tr>
</table>

Rebalancing and Cashflow Management

The Trustee recognises that the asset allocation of investments will vary over time due to market movements. The Trustee seeks to keep the asset allocation in line with its benchmark but is cognisant of the costs of rebalancing.

Where possible, cash outflows will be met from the income of the Scheme’s assets to minimise transaction costs. Where income is insufficient monies will be raised through the sale of assets so as to move the allocation closer to the central benchmark allocation subject to consideration of liquidity issues, transaction costs, market conditions and the speed with which monies are required. Similarly, where cashflows in are received, the money will be invested in such a way as to bring the allocation into line with the central benchmark allocation.

Investment Managers

The Trustee has invested the Scheme assets through an insurance policy with Legal and General Investment Management. Legal and General Investment Management provides investment administration for the Scheme and so carries out the day-to-day management of the underlying investment managers.

The table below shows the underlying investment managers appointed to carry out the day-to-day management of the assets, as well as the funds that they manage, their benchmarks and relevant objectives.

Underlying Investment Manager	Fund	Benchmark	Objective
Legal & General Investment Management	Over 15 Year Gilts Index Fund	FTSE Actuaries UK Conventional Gilts Over 15 Years Index	Track the performance of the FTSE Actuaries UK Conventional Gilts Over 15 Years Index to within +/-0.25% p.a. for two years out of three.
	Over 5 Year Index-Linked Gilts Index Fund	FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index	Track the performance of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index to within +/-0.25% p.a. for two years out of three.
	Active Corporate Bond - Over 10 Year - Fund	Markit iBoxx £ Non-Gilts Over 10 Years Index	Exceed the Markit iBoxx £ Non-Gilts Over 10 Years Index by 0.75% p.a. (before fees) over a three-year rolling period.
	Dynamic Diversified Fund	Bank of England base rate	+4.5% p.a. gross of fees over a full market cycle.
Newton Investment Management	Global Dynamic Bond Fund	SONIA (30-day compounded)	+2.0% p.a. gross of fees over 5-year period.
BMO	UK Equity-Linked Gilt Fund	100% FTSE 100 equity futures proxy, 75% FTSE Actuaries >15-year Conventional Gilt Index, 25% SONIA	Track the benchmark.
	Overseas Equity-Linked Gilt Fund	100% Equity futures proxy, 75% FTSE Actuaries >15-year Conventional Gilt Index, 25% SONIA	Track the benchmark.

CHARGES

Investment Manager	Fund	Annual ManagementCharge
Legal & General Investment Management	Over 15 Year Gilts Index Fund	0.03% p.a.
	Over 5 Year Index-Linked Gilts Index Fund	0.03% p.a.
	Active Corporate Bond - Over 10 Year - Fund	0.20% p.a.
	Dynamic Diversified Fund	0.375% p.a.
Newton Investment Management	Global Dynamic Bond Fund	0.43% p.a.
BMO	UK Equity-Linked Gilt Fund	0.28% p.a.
	Overseas Equity-Linked Gilt Fund	0.28% p.a.

The Annual Management Charge includes the platform fee, where relevant.

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