

**APPENDIX II: CHAIR'S STATEMENT
(FORMING PART OF THE TRUSTEE'S REPORT)
YEAR ENDED 31 DECEMBER 2024**

Annual Governance Statement for the Scheme Year Ended 31 December 2024

Governance requirements apply to defined contribution (DC) pension schemes, to help members achieve a good outcome from their pension savings. The Trustee of the Goldman Sachs UK Retirement Plan ('the Plan') is required to produce for the Plan's DC Section a yearly statement (which is signed by the Chair of the Trustee) to describe how these governance requirements have been met in relation to:

- the investment options in which members' funds are invested (this means the "default arrangement" and other funds members can select or have assets in, such as self-select or "legacy" funds),
- the investment performance, net of all charges, achieved by each of the investment options,
- the requirements for processing financial transactions,
- the charges and transaction costs borne by members, including an illustration of the cumulative effect of these charges and transaction costs as well as a 'value for members' assessment, and,
- Trustee knowledge and understanding.

This statement covers the Plan year from 1 January 2024 to 31 December 2024.

Default arrangements

The Plan's DC Section is not used for automatic-enrolment purposes. During 2017, the Trustee closed the Plan to new members and any further contributions. The majority of the DC members were transferred to a master trust arrangement, however, some members remained in the Plan because they benefit from certain valuable protections in relation to their tax-free lump sum entitlements and retirement ages.

Members of the Plan's DC Section can be invested in up to five investment strategies/funds, four of which are classified as default arrangements following a fund rationalisation exercise in 2018. These four default arrangements are marked (*) in the table below.

Strategy/fund	Aim & objective
Lifecycle strategy (*)	To provide an appropriate investment strategy for those members who didn't make an investment choice on joining the Plan. The strategy is deemed appropriate as its asset allocation aims to manage annuity pricing risk in the approach to retirement, in-line with how the typical member is expected to access their DC Section savings. Investments are initially allocated to equities (Future World Global Equity Index). Once the member is aged over 55 years, assets are progressively switched into bonds (UK Fixed Annuity Target) and cash (Money Market GBP) as retirement approaches.
Passive - Future World Global Equity Index (*)	To match the benchmark of the L&G ESG Global Markets Index Fund as closely as possible.
Active – Money Market GBP (*)	The fund invests in the underlying LGIM Cash Fund and seeks to maximise income only to the extent that it is consistent with the preservation of capital and the maintenance of liquidity.
Passive – UK Inflation Linked Annuity Target	To match the benchmark of the underlying fund (LGIM Pre-Retirement Inflation Linked Fund) as closely as possible.
Passive – UK Fixed Annuity Target (*)	To match the benchmark of the underlying fund (LGIM Pre-Retirement Inflation Sensitive Fund) as closely as possible.

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The Trustee reviews the net fund performance of the above funds against their aims and objectives on a quarterly basis. Furthermore, at least every three years, a default strategy suitability review is undertaken – the last review took place during the last Plan year. Following this review, the Trustee agreed to switch the Global Equity (UK Bias) Fund to a blended Future World Global Equity Index Fund which is more ESG-aligned. This transition was completed on 31 October 2024.

A copy of the Plan's latest Statement of Investment Principles (SIP) is available at: <https://www.gspensions.co.uk/static/35a47974e005204bc33e512c5a7938a8/statement-of-investment-principles.pdf> and the DC section is available as an Appendix to this statement.

The SIP was reviewed in 2024 and updated in May 2025 as part of the Trustee's continuous review of Plan documentation. Like the two previous versions, dated December 2023 and December 2022, it covers both the Defined Benefit and Defined Contribution Sections of the Plan and reflects requirements applicable from 1 October 2020. This SIP includes the following items:

- i The Trustee's aims and objectives
- ii The Trustee's policies in relation to the:
 - Kinds of investments to be held,
 - Balance between the different kinds of investment,
 - Risks, including how these are measured and managed,
 - Expected return on investments,
 - Realisation of investments,
 - Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments, and
 - Extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments.
- iii The Trustee's policy in relation to the:
 - Exercise of the rights (including voting rights) attaching to the investments, and
 - Undertaking of engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters).
- iv The Trustee's policy in relation to its arrangement with the DC Section's fund manager, setting out the following matters:
 - How the arrangement with the fund manager incentivises the fund manager to align its investment strategy and decisions with the Trustee's policies in sub-paragraph (ii) above,
 - How that arrangement incentivises the fund manager 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 medium to long-term performance,

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- How the method (and time horizon) of the evaluation of the fund manager's performance and the remuneration for fund management services are in line with the Trustee's policies mentioned in sub-paragraph (ii) above,
- How the Trustee monitors portfolio turnover costs incurred by the fund manager, and how they define and monitor targeted portfolio turnover or turnover range, and
- The duration of the arrangement with the fund manager.

Default asset allocations

Trustees or managers of relevant occupational pension schemes are required to disclose their full asset allocation of investments from their default arrangements. This information has been provided by the Trustee as follows:

Plan Fund	Asset Allocation
Passive – Future World Global Equity Index	100% Listed Equity
Active – Money Market GBP	32.4% Cash 67.6% Other
Passive – UK Fixed Annuity Target	100% Bonds
Passive – UK Inflation Linked Annuity Target	100% Bonds
Lifecycle strategy	Asset Allocation
Member aged 30	100% Listed Equity
Member aged 60	50% Listed Equity 50% Bonds
Member aged 65	75% Bonds 8.1% Cash 16.9% Other

Net investment returns

Each quarter, the Trustee monitors the performance of the investment funds used by members. The table below shows the net investment returns for the Plan funds used by members; taking account of the below charges and transaction costs.

When preparing this information, the Trustee has taken account of the guidance issued by the Department for Work and Pensions (DWP) titled 'Completing the annual Value for Members assessment and Reporting of Net Investment Returns' dated October 2021.

Plan fund	Net investment return for 5 years to 31/12/2024	Net investment return for 1 year to 31/12/2024
Passive - Future World Global Equity Index	9.4% per annum	17.9%
Active – Money Market GBP	2.2% per annum	5.2%
Passive – UK Fixed Annuity Target	-4.4% per annum	-4.3%
Passive – UK Inflation Linked Annuity Target	-6.4% per annum	-5.9%
Lifecycle strategy	Net investment return for 5 years to 31/12/2024	Net investment return for 1 year to 31/12/2024
Member aged 25*	9.4% per annum	17.9%
Member aged 45*	9.4% per annum	17.9%
Member aged 55*	7.3% per annum	16.6%

*Ages shown are at the start of the 5-year period as per DWP guidance

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Financial transactions

A service level agreement (SLA) is in place with Aon (the Plan Administrator) in respect of the core financial transactions. As noted above, the Plan is closed to new contributions and transfers-in, therefore core financial transactions are limited to transfers-out, investment switches and payments to members/beneficiaries.

During the Plan year there have been no material administration errors in relation to processing core financial transactions.

The Trustee is satisfied that core financial transactions have been processed promptly and accurately during the Plan year for the following reasons:

- There is robust quarterly reporting from the Plan Administrator which helps the Trustee to spot and resolve any issues. The Plan Administrator attends the quarterly Administration Committee meetings to present its report and the Trustee challenges and questions them as appropriate.
- Average quarterly performance against the agreed 95% SLA was 94% over the Plan year.

Charges and transaction costs

The level of Annual Management Charges (AMCs) and estimated transaction costs applicable to each of the four current investment funds over the period 1 January 2024 to 31 December 2024 are below.

Fund name	Transaction cost	AMC*	Total (% and £ per £1,000)
Passive - Future World Global Equity Index (L)	0.0367%	0.1825%	0.2192% (≈£2.19 per £1,000)
Active – Money Market GBP (L)	0.0681%	0.1210%	0.1891% (≈£1.89 per £1,000)
Passive – UK Fixed Annuity Target (L)	0.0234%	0.1450%	0.1684% (≈£1.68 per £1,000)
Passive – UK Inflation Linked Annuity Target	0.0654%	0.1450%	0.2104% (≈£2.10 per £1,000)

(L) forms part of the default lifecycle strategy * Equivalent to Total Expense Ratio

Illustration of charges and transaction costs

Over a period of time, the charges and transaction costs that are taken out of a member's investment funds can reduce the amount available to the member at retirement. In this section, the Trustee sets out illustrations of the cumulative impact of charges and transaction costs on different investment options in the Plan. These illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings. In accordance with this guidance, the Trustee has provided illustrations that cover:

1. The fund with the highest expected return (before charges) – this is the Future World Global Equity Index
2. The fund with the lowest expected return (before charges) – this is the Active - UK Inflation Linked AnnuityTarget

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3. The fund with the highest annual member borne costs – this is the Future World Global Equity Index
4. The fund with lowest annual member borne costs – this is the Active – Money Market GBP
5. The fund in which most members are invested – this is the Passive Global Equity (UK Bias)

As each member has a different amount of savings within the Plan's DC Section and the amount of any future investment returns, together with future charges and transaction costs, cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. These assumptions are explained beneath the table of illustrations.

The "before charges" figures represent the value of projected savings assuming an investment return with no deduction of member borne charges or transaction costs. The "after charges" figures represent the value of projected savings using the same assumed investment return but after deducting member borne charges and average transaction costs over time.

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Example Member	Years	Lifestyle Strategy		Future World Global Equity Index		UK Fixed Annuity Target	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Strawman A Age 39	1	£41,400	£41,300	£41,400	£41,300	£41,400	£41,300
	3	£44,200	£44,000	£44,200	£44,000	£44,200	£44,000
	5	£47,300	£46,800	£47,300	£46,800	£47,300	£46,900
	10	£56,000	£54,800	£56,000	£54,800	£56,000	£55,000
	15	£66,200	£64,100	£66,200	£64,100	£66,200	£64,600
	20	£78,300	£75,100	£78,300	£75,000	£78,300	£75,700
	25	£91,800	£87,200	£92,600	£87,800	£92,600	£88,800
	26	£94,000	£89,200	£95,800	£90,600	£95,800	£91,700

Strawman B Age 52	1	£103,400	£103,200	£103,400	£103,200	£103,400	£103,200
	3	£110,600	£109,900	£110,600	£109,900	£110,600	£110,000
	5	£118,300	£117,000	£118,300	£117,000	£118,300	£117,300
	10	£139,900	£137,100	£139,900	£137,000	£139,900	£137,600
	13	£151,900	£148,100	£154,700	£150,500	£154,700	£151,400

Example Member	Years	Money Market		UK Inflation Linked Annuity Target	
		Before charges	After charges	Before charges	After charges
Strawman A Age 39	1	£39,800	£39,700	£41,400	£41,300
	3	£39,400	£39,200	£44,200	£44,000
	5	£39,000	£38,700	£47,300	£46,900
	10	£38,100	£37,300	£56,000	£55,000
	15	£37,200	£36,100	£66,200	£64,400
	20	£36,300	£34,900	£78,300	£75,500
	25	£35,400	£33,700	£92,600	£88,500
	26	£35,200	£33,500	£95,800	£91,400

Strawman B Age 52	1	£99,500	£99,300	£103,400	£103,200
	3	£98,500	£98,000	£110,600	£110,000
	5	£97,600	£96,600	£118,300	£117,200
	10	£95,200	£93,400	£139,900	£137,400
	13	£93,800	£91,500	£154,700	£151,100

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Assumptions

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
2. There are no ongoing contributions.
3. Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
4. Charges and costs are deducted before applying investment returns.
5. Switching costs are not considered in the lifestyle strategy.
6. Inflation is assumed to be 2.5% each year.
7. Values shown are estimates and are not guaranteed.
8. The real projected growth rates for each fund are as follows:

Fund	Real projected growth rate (p.a.)
Lifestyle Strategy	From 2.439% to 3.415% (adjusted depending on term to retirement)
Future World Global Equity Index	3.415%
UK Fixed Annuity Target	3.415%
Money Market	-0.488%
UK Inflation Linked Annuity Target	3.415%

9. Transactions costs and other charges have been provided by LGIM and covered the period 1 January 2022 to 31 December 2024, except for Future World Global Equity Index fund which covered the period 1 January 2024 to 31 December 2024. The transaction costs have been averaged by WTW using a time-based approach. The transaction costs for Blended funds were estimated by WTW based on the transaction costs for the underlying funds.
10. Pension scheme's normal retirement age is 65.
11. Example member:
 - A: youngest member (deferred): age 39, contributions: nil, starting fund value: £40,000.
 - B: member approaching retirement (deferred): age 52, contributions: nil, starting fund value: £100,000.

Transaction cost data

'A zero cost has been used where there are negative transaction costs (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative. It is important to note that using a negative or zero cost during any one scheme year may not accurately represent the actual transaction costs a member may expect to see in any future scheme year.'

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Value for members ('VFM')

In accordance with regulation 25(1)(b) of the Administration Regulations, and with regard to statutory guidance, the Trustee assessed the extent to which the charges and transaction costs borne by members, as set out above, represent good value for members. This section of this statement explains the assessment that was carried out in relation to the 2024 Plan year and its results. Like last year, this assessment did not consider Plan protections such as Scheme Specific Lump Sum protection or Protected Retirement Ages, which provide additional value to members.

The value for members assessment comprised of three 'Pillars' as follows:

- (a) Pillar One: a review of the Plan's net investment returns, considering both the default fund and the self-select range;
- (b) Pillar Two: a review of the Plan's services*, taking a holistic look at a variety of key areas including:
 - Plan governance
 - Risk management
 - Administration
 - Default strategy and investment governance
 - Communication and engagement
 - At retirement support options
- (c) Pillar Three: a review of the Plan's costs and charges

*The Trustee's adviser has developed a checklist of key features that it would expect to be present in leading DC schemes and the value for members assessment reflects the presence or absence of those key features across the six service areas.

Summary of Trustee's conclusions in relation to each Pillar assessed

- (a) Pillar One: Net Investment returns, considering both the default fund and the self-select range;

Lifecycle Strategy

- Growth phase – the component fund(s) of the growth phase of the lifecycle strategy (which are also available as standalone funds) achieved above average performance compared to a peer group of default funds used in master trust arrangements over a 5-year period to 31 December 2024.
- At retirement - the component fund(s) of the at retirement phase of the lifecycle strategy (which are also available as standalone funds) achieved below average performance compared to a peer group of default funds used in master trust arrangements over a 5-year period to 31 December 2024 and at retirement.

Self-select

- The majority of the self-select funds available to members achieved in line or above average performance compared to their appropriate benchmarks over a 5-year period to 31 December 2024.

Overall, the Trustee believes the Plan has delivered good value to members from an investment performance perspective.

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(b) Pillar Two: Services

The Plan achieved 61 out of 72 relevant key features in regard to services, with a weighted average score of 86%, broken down as follows:

Plan governance – 100%

Risk management – 100%

Administration – 92%

Investment governance – 72%

Communications & engagement – 95%

At retirement support – 68%

Where the Plan has scored less than 100%, the Trustee is considering whether there are appropriate actions that could be taken to raise those scores. Overall, the Trustee concluded that the Plan's services provide **“good value”** for members.

(c) Pillar Three: Costs and charges

- Total Expense Ratio (TER) – Compared to similar schemes, the assessment concluded that the TERs paid by members for the growth phase of the Plan's default strategy represent 'good value'.

Overall, the Trustee concluded that the Plan's aggregate costs and charges provide **“good value”** for members.

Overall conclusion

The Trustee reviewed the value for members assessment and agreed with its conclusions that the combined value provided to members by the investment, administration and communication services members pay for represent 'good value' compared with the overall charges members pay. This conclusion is irrespective of the Plan protections such as Scheme Specific Lump Sum protection and Protected Retirement Ages, which provide additional value to members.

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Trustees' knowledge and understanding (TKU)

The Trustee Directors' combined knowledge and understanding, together with advice available to them, enables them properly to exercise their functions.

In terms of TKU, the Trustee Directors are satisfied that they have met their knowledge and understanding duties during the Plan year. At each quarterly Trustee meeting in 2024 there was a specific training item on the agenda; as guided by a TKU gap assessment undertaken in March 2024. In addition, there were presentations by advisers on relevant matters to further increase the Trustee Directors' knowledge and understanding. For example, during 2024, the following TKU activity occurred:

- Training on the General Code by the Trustee's legal advisor at the 27 March 2024 Trustee Meeting
- A training session by the Trustee's legal advisor on Internal Dispute Resolution Procedures at the 3 July 2024 meeting
- A training session by the Trustee's actuary on Pension Valuations at the 10 October 2024 meeting

TKU activity for 2024 has once again been recorded in a training log, showing the attendance at training sessions by each Trustee Director. Further, the Trustee has a TKU policy in place, which has an induction process for new Trustee Directors, and an expectation regarding ongoing learning. Two Trustee Directors resigned during the scheme year and two new company nominated Trustees were appointed during Q4 2024 to replace them. These new Trustee Directors were onboarded during Q1 2025 and details of their induction process will be included in next year's Annual Governance Statement.

As a consequence of the above activity, the Trustee Directors consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

In addition to the above, the Trustee is familiar with the Plan's governing documentation, including the May 2025 SIP and the Trust Deed & Rules. In particular, the Trustee refers to the Trust Deed and Rules as part of considering and deciding whether to make any changes to the Plan and, where relevant, deciding individual member cases.

Overall, considering the knowledge and experience of the Trustee Directors with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisers (e.g., investment consultants, legal advisors), the Trustee Directors believe they are well placed to exercise their functions as Trustees of the Plan properly and effectively.

Signed by the Chair on behalf of the Trustee:

Date:

APPENDIX III: STATEMENT OF INVESTMENT PRINCIPLES FOR THE YEAR ENDED 31 DECEMBER 2024

1 Introduction

Pensions Act

- 1.1 Under the Pensions Act 1995, subsequently amended by the Pensions Act 2004 (the “Pensions Act”), trustees are required to prepare a statement of the principles (the “statement” or “SIP”) governing investment decisions. This document contains that statement and describes the investment policy pursued by the Trustee of the Goldman Sachs UK Retirement Plan (the “Plan”). This statement of investment principles covers the Defined Benefit Section (the “DB section”) as the main section of the Plan. The statement in respect of the legacy Defined Contribution Section (the “DC section”) is included in Appendix B of this document.
- 1.2 The DB section’s benefits are provided on a final salary (defined benefit) basis and the DC section’s benefits are provided on a money purchase (defined contribution) basis for individual Plan members. The Plan’s assets are held under the legal control of the Plan’s Trustees (“the Trustee”) under a trust constituted between Goldman Sachs International (“the Firm”) and the Trustee.
- 1.3 Before finalising this document, the Trustee has consulted the Firm and will do so prior to any change to the statement. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.
- 1.4 Before preparing this document, the Trustee has also sought advice from a duly appointed professional investment consultant, Towers Watson Limited (the “Investment Consultant”).
- 1.5 Before preparing this document the Trustee has had regard to the requirements of the Pensions Act and subsequent regulations and the Trustee will consider those requirements on any review of this document or any change in their investment policy. The Trustee will refer to this document where necessary to ensure that they exercise their powers of investment so as to give effect to the principles set out in it as far as is reasonable.

Financial Services and Markets Act 2000

- 1.6 In accordance with the Financial Services and Markets Act 2000, the Trustee will set the general investment framework, but will generally delegate the responsibility for selection of specific investments to appointed Investment Managers. The Investment Managers shall provide the skill and expertise necessary to manage the investments of the Plan competently. The Trustee will maintain an Investment Management Agreement with each manager, setting out in detail the terms on which the assets are managed.
- 1.7 The Trustee will review this document at least once a year, or without delay after any significant change in investment policy.

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2 Division of Responsibilities

The Trustee

- 2.1 The Trustee has ultimate responsibility for decision-making on investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates some of these responsibilities.
- 2.2 The Trustee have put in place an investment governance structure that utilises fiduciary management. The detailed responsibilities of each party are provided below. The Trustee owns and determines the Plan's high-level investment strategy. For the majority of the Plan's assets the Trustee has delegated the determination of the Plan's asset allocation and the appointment and termination of underlying investment managers to two Fiduciary Managers (the Fiduciary Strategy Manager and Fiduciary Implementation Manager). The Trustee is assisted in monitoring its investments and its Fiduciary Managers by a Fiduciary Manager Oversight Consultant.
- 2.3 For certain assets which make up a minority of the Plan's assets the Trustee retains direct responsibility for appointing (and dismissing) Investment Managers and is advised by the Investment Consultant.
- 2.4 The Trustee is responsible for appointing (and dismissing) Investment Consultants, certain Investment Managers, the Administrator, the Plan Actuary, the Fiduciary Strategy Manager, the Fiduciary Implementation Manager and the Fiduciary Manager Oversight Consultant.

Finance and Investment Committee ("FIC")

- 2.5 The Trustee has established the FIC which provides advice to the Trustee on investment-related issues within the guidelines set out under the SIP. Although primarily advisory, the Trustee has delegated some decisions as set out in the Terms of Reference of the FIC. The FIC itself is advised by the appointed Investment Consultant and the Fiduciary Manager Oversight Consultant. The appointed Fiduciary Strategy Manager and Fiduciary Implementation Manager will participate and input into discussions as appropriate.

Investment Consultant

- 2.6 The Investment Consultant's responsibilities in relation to the DB Section of the Plan include advising the Trustee and the FIC on the SIP, the high level investment strategy, and the appointment (and dismissal) and monitoring of Investment Managers for those assets outside the remit of the Fiduciary Implementation Manager and Fiduciary Strategy Manager.

Investment Managers

- 2.7 The responsibility for all day-to-day investment decisions is delegated to the Investment Managers, acting at their discretion, but within any guidelines given by the FIC and approved by the Trustee for those assets where the Trustee directly appoints the Investment Manager, and through the Fiduciary Implementation Manager and Fiduciary Strategy Manager in respect of all other assets.
- 2.8 In accordance with the Financial Services and Markets Act 2000, the selection of specific investments will be delegated to Investment Managers. The Investment Managers will provide the skill and expertise necessary to manage the investments of the Plan competently.

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- 2.9 The Trustee, Fiduciary Strategy Manager and Fiduciary Implementation Manager are not involved in the Investment Managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. The Trustee, Fiduciary Strategy Manager and Fiduciary Implementation Manager will maintain processes to ensure that performance and risk are assessed on a regular basis against measurable objectives for each Investment Manager, consistent with the achievement of the Plan's long-term objectives.

Administrator

- 2.10 The administration of the DB section is managed by the Trustee.

Plan Actuary

- 2.11 The Plan Actuary's responsibilities include advising the Trustee and the FIC on the interaction between the Plan's investment strategy and the funding of the Plan given the financial characteristics of the Plan's liabilities, and the Trustee's assessment of the employer covenant provided by the Firm. The Plan Actuary is also responsible for performing the triennial (or more frequent if required) actuarial valuations as required by the relevant regulations and advising on the appropriate contribution levels.

Fiduciary Strategy Manager

- 2.12 The Fiduciary Strategy Manager's responsibilities are in relation to the DB Section of the Plan. The Fiduciary Strategy Manager has discretion to manage the Plan's strategic asset allocation and the Plan's risk overlays, with the objective of maximising the probability of achieving the Plan's investment objective set by the Trustee. The Fiduciary Strategy Manager's discretion is subject to guidelines set by the Trustee.

Fiduciary Implementation Manager

- 2.13 The Fiduciary Implementation Manager's responsibilities are in relation to the DB Section of the Plan. The primary responsibility of the Fiduciary Implementation Manager is to manage the Plan's assets on a discretionary basis against the strategic asset allocation that has been set by the Fiduciary Strategy Manager, with the aim of outperforming the strategic asset allocation for a given level of investment risk. It is also responsible for the selection, de-selection, monitoring and ongoing management of the relationship with the Investment Managers.
- 2.14 The Trustee considers the Fiduciary Implementation Manager's performance in carrying out these responsibilities as part of its ongoing oversight of the Fiduciary Implementation Manager. The Trustee expects the Fiduciary Implementation Manager to ensure that the portfolio, in aggregate, is consistent with the policies set out in this statement, and those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). Where relevant to the mandate, the Trustee expects the Fiduciary Implementation Manager to:
- ensure that the investment objectives and guidelines of any pooled vehicle are consistent with the Trustee's policies;
 - use its discretion, where appropriate, to set explicit guidelines within the Investment Management Agreement for segregated investments to ensure consistency with the Trustee's policies.

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- 2.15 The Fiduciary Implementation Manager's discretion is subject to guidelines set by the Trustee. The Fiduciary Implementation Manager will also assist the Plan in reporting performance of the Plan's assets.

Fiduciary Manager Oversight Consultant

- 2.16 The Fiduciary Manager Oversight Consultant's responsibilities include monitoring the performance of the Fiduciary Strategy Manager and Fiduciary Implementation Manager and advising on their ongoing performance and suitability.

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3 Objectives and Long-term Policy

Objectives

- 3.1 The Trustee's Defined Benefit Section investment objectives are as follows:
- to maintain an asset portfolio of appropriate liquidity which will generate income and capital growth to meet, together with potentially new contributions from the Firm, the cost of current and future benefits which the Plan provides;
 - to manage the risk of the assets failing to meet the liabilities over the long term, in particular in relation to the Plan Specific Funding Requirements ("PSF");
 - to control the long-term costs of the Plan (paid by the Firm) by having regard to the expected return on the assets whilst also having regard to the other objectives;
 - to use derivatives only for reduction of risks or facilitating efficient portfolio management (including the reduction of cost or the generation of additional capital or income with an acceptable level of risk);
 - to invest mainly in assets traded on regulated markets and to restrict other assets to a prudent level.

Policy

- 3.2 The Trustee's policy is to seek to achieve their objectives through investing in a diversified mixture of return seeking and liability matching assets. The Trustee recognises that the returns on equities, while expected to be greater over the long term than those on bonds, are likely to be more volatile. Appropriate diversification across asset classes should help provide the level of returns required by the Plan to meet its liabilities at an acceptable level of risk for the Trustee and the Firm, and an acceptable level of cost to the Firm.
- 3.3 The Trustee intends to monitor and manage the asset allocation in-line with a "journey planning" approach. This approach is expected to involve maintaining broadly the current level of investment risk provided the covenant remains strong and the Plan remains broadly on its projected journey plan, and it is expected to involve de-risking the Plan's assets as the funding position improves over time. The Trustee, on advice of the FIC and in discussion with the Firm, will revisit the appropriateness of the journey plan and investment objectives from time to time (typically in-line with or after each actuarial valuation).

Investment Strategy

- 3.4 The Trustee will invest in the best interests of the Plan's members and follow an investment strategy which enhances the security, quality, liquidity and profitability of the portfolio.
- 3.5 The Trustee receives advice to determine an appropriate investment strategy for the Plan. The Trustee has a desire to diversify risk exposures and to manage its investments effectively.
- 3.5.1 The investment strategy may make use of three key types of investments as considered appropriate at various stages of the journey plan:
- a range of instruments that provide a broad match to changes in liability values;
 - a portfolio of secure income assets; and
 - a diversified portfolio of return-seeking assets.
- 3.5.2 The Plan will hold assets in cash and other money market instruments from time to time as may be deemed appropriate.

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- 3.5.3 The Trustee appointed a Fiduciary Implementation Manager and Fiduciary Strategy Manager to manage the Plan's DB assets on a discretionary basis for the Trustee. The balance within and between these investments will be determined from time-to-time at the discretion of the Fiduciary Implementation Manager and Fiduciary Strategy Manager, with the objective of generating the investment returns required to maximise the probability of achieving the Plan's investment objective set by the Trustee, subject to an acceptable level of risk. The discretion of the Fiduciary Implementation Manager and Fiduciary Strategy Manager are each subject to guidelines set by the Trustee within their respective Fiduciary Management Agreements (the "Agreements") with the Trustee dated 13 May 2020 (and as amended from time to time). The Fiduciary Implementation Manager and Fiduciary Strategy Manager consider the Agreements, the guidelines and the Trustee's policies set out within this statement when carrying out their roles and responsibilities, which ensures appropriate incentivisation and alignment of decision-making with the Trustee's overall objectives, strategy and policies.
- 3.5.4 The Trustee will monitor the liability profile of the Plan and will regularly review, in conjunction with the Fiduciary Strategy Manager, Fiduciary Implementation Manager and the Plan Actuary, the appropriateness of its investment strategy in relation to the nature and duration of the Plan's liabilities.
- 3.5.5 The expected return of an investment will be monitored regularly and will be directly related to the Plan's investment objective.
- 3.5.6 The Trustee's policy is that there will be sufficient investments in liquid or readily realisable assets to meet cash flow requirements in foreseeable circumstances so that the realisation of assets will not disrupt the Plan's overall investments, where possible. The Trustee may make use of short-term contingent liquidity facilities provided by the Goldman Sachs Group or other banks as part of this policy.

Sustainable investments and stewardship

- 3.6 The Trustee has prepared a Sustainable Investment policy for the Plan, with guidance from the Fiduciary Strategy Manager. The aim of the policy is to set out the Trustee's beliefs around sustainable investing, provide a framework to help with the implementation of the Trustee's investment strategy by the Fiduciary Implementation Manager, and provide a basis on which to monitor the sustainability of the Plan.
- 3.7 The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Plan's Investment Managers, the majority of which are overseen by the Fiduciary Implementation Manager. The Trustee has also delegated responsibility for the exercising of rights (including voting rights) attaching to investments to the Investment Managers. However, the Trustee and Fiduciary Implementation Manager recognise that an investment's long-term financial success is influenced by a range of financially material factors including environmental, social and governance (ESG) issues.
- 3.8 Consequently, the Trustee (through the selection of the Fiduciary Implementation Manager and its associated approach to environmental, social and governance issues) seeks to be an active long-term investor. The Trustee's focus is explicitly on financially material factors. The Trustee's policy currently is not to consider non-financial matters. The Fiduciary Implementation Manager considers a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, in the context of a broader risk management framework. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and exposures which the Fiduciary Implementation Manager considers in the assessment.

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- 3.9 The Trustee expects the Fiduciary Implementation Manager to appoint Investment Managers with effective stewardship, both through voting and engagement, on relevant matters such as the capital structure of investee companies, actual and potential conflicts of interest, other stakeholders and the ESG impact of underlying holdings.
- 3.10 The Trustee expects the Fiduciary Implementation Manager to appoint Investment Managers with an expectation of a long-term partnership, which encourages active ownership of the Plan's assets.
- 3.11 The consideration of ESG issues is fully embedded in the Investment Manager selection and portfolio management process, with oversight undertaken on an ongoing basis. Whilst noting there may be limitations for each Investment Manager and asset strategy, the Fiduciary Implementation Manager expects Investment Managers to have ESG processes that align with the investment risk and return characteristics of the strategy.

Alignment with Investment Managers

- 3.12 Alignment between an Investment Manager's management of the portfolio and the Trustee's policies and objectives are a fundamental part of the appointment process of a new Investment Manager.
- 3.13 To maintain alignment, the Plan's Fiduciary Implementation Manager is provided with the most recent version of the Plan's Statement of Investment Principles and the Trustee's policy on sustainable investment on an annual basis (or following material changes) and is required to explicitly confirm that the Plan's assets are managed in line with the Trustee's policies as outlined in these documents.
- 3.14 For most of the Plan's investments, the Trustee expects the Fiduciary Implementation Manager to appoint Investment Managers with a medium to long time horizon, consistent with the Plan's time horizon.
- 3.15 In particular areas such as equity and credit, the Trustee expects the Fiduciary Implementation Manager to work with Investment Managers who will use their engagement activity to drive improved performance over medium to long term periods within the wider context of long-term sustainable investment.
- 3.16 The Trustee notes that the Fiduciary Strategy Manager may allocate to, or the Fiduciary Implementation Manager may invest in, certain strategies, for example derivative based alternative risk premia strategies, where such engagement is not appropriate or practical, due to the nature of the investment. The Trustee expects that the size and appropriateness of the Plan's allocation to such mandates will be consistent with the Plan's overall objectives.
- 3.17 Investment Managers are generally paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee expects the Fiduciary Implementation Manager to consider the fee structures of Investment Managers and the alignment of interests created by these fee structures as part of its investment decision making process, both on the appointment of an Investment Manager and on an ongoing basis.
- 3.18 The Trustee expects the Fiduciary Implementation Manager to review and report on the costs incurred in managing the Plan's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual Investment Manager level, the Trustee expects the Fiduciary Implementation Manager to have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

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- 3.19 Should the monitoring process reveal that an Investment Manager's portfolio is not aligned with the Trustee's policies, the Trustee expects the Fiduciary Implementation Manager to engage with the Investment Manager further to encourage alignment. This monitoring process should include specific consideration of the sustainable investment or ESG characteristics of the portfolio and the Investment Managers' engagement activities. If, following engagement, it is the view of the Fiduciary
- 3.20 Implementation Manager that the degree of alignment remains unsatisfactory, the Investment Manager may be terminated and replaced.
- 3.21 When assessing an Investment Manager's performance, the Trustee expects the Fiduciary Implementation Manager to focus on longer-term outcomes, commensurate with the Trustee's position as a long-term investor. Consistent with this view, the Trustee does not expect that the Fiduciary Implementation Manager would terminate an Investment Manager's appointment based purely on short-term performance but recognises that an Investment Manager may be terminated within a short timeframe due to other factors such as a significant change in business structure or the investment team. The Trustee adopts the same long-term focus as part of its ongoing oversight of the Fiduciary Strategy Manager and Fiduciary Implementation Manager.

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4 Risk Measurement and Management

- 4.1 The Trustee recognises, measures and manages a number of risks involved in the investment of the assets of the Plan, including but not limited to:
- **Solvency risk and mismatching risk** – includes the risk that the Plan's assets are insufficient, or inappropriate, to meet its liabilities. These risks are measured through a qualitative and quantitative assessment of the expected development of the liabilities, relative to the current investment policy and selected alternatives to it, and are managed through assessing the progress of the actual growth of the liabilities relative to the current investment policy.
 - **Manager risk** – includes the risk that poor performance by one or more individual Investment Managers has a significant negative impact on the Plan's investments. It is measured by the expected deviation of the prospective risk and return relative to the investment policy, and is managed by monitoring the actual deviation of returns relative to the objective and factors supporting the Investment Manager(s)' investment process.
 - **Liquidity risk** – includes the risk that the Plan is forced to sell investments in poor markets to fund pension and other payments. The risk relating to a need to sell investments to meet benefit outgoings is measured by the level of cashflow required by the Plan over a specified period, and is managed by the Pension Department assessing the appropriateness of the level of cash held in the light of the forecast level of payments. The risk of needing to sell assets to meet requirements from the Plan's derivative-based contracts is measured by the amount of collateral held by the Plan and is managed by the Fiduciary Implementation Manager and Fiduciary Strategy Manager.
 - **Currency risk** – arises when investment returns arise in non-Sterling currencies, given that the Plan's liabilities are Sterling denominated. It is measured by the Plan's total exposure to overseas currencies at a point in time. The Plan can mitigate this risk by hedging some of its exposure either by investing in hedged share classes or by employing a specialist manager to manage a currency overlay.
 - **Market risk** – the risk that the fair value of financial instruments will fluctuate due to changes in market conditions such as interest rates, inflation, currency fluctuation and equity prices. The Plan's LDI manager monitors the position of the Plan's liability hedging assets against the liabilities on a daily basis and can make adjustments as required. This is reported to the Trustee on a monthly basis. The Trustee monitors the value of the Plan's assets and market conditions on a regular basis to monitor this risk.
 - **Counterparty risk** – the risk that a party to a contract (usually a derivatives contract) will not meet their obligation when due. Counterparty risk is also known as default risk. It is mitigated through a combination of appropriate daily margining of exposure, monitoring major counterparty exposures and employing Investment Managers who are responsible for monitoring and diversifying counterparty exposure.
 - **Regulatory risk** – the risk of changes in laws or regulations that may impact the Plan and the management of the Plan's assets. The Plan receives periodic advice on regulatory issues and changes from the Plan Actuary, the Investment Consultant and its Lawyer in order to mitigate this risk.

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- **Political risk** – includes the risk that a political event could have a significant adverse impact on the value of the Plan's investments. It is measured by the proportion of the Plan's total investments that are concentrated in one market and is managed by regular reviews of the actual investments of each Investment Manager relative to its mandate and through periodic assessment of the levels of diversification of the investment portfolio as a whole.
- **Covenant risk** – includes the risk that the Firm as the Plan's sponsor cannot, or will not, make good a current or future deficit of the Plan. It is measured by the Firm's ability, and willingness, to support the continuation of the Plan and to make good any current or future deficit, and is managed by assessing the financial strength of the Firm's business (including the impact on it of the needs of the Plan), as measured by a number of factors, including the credit ratings and ratios of the Firm and several credit metrics that compare the size of the Plan's pension liability to the financial strength of the firm.
- **Climate risk** – this includes the risk that climate change could have a material adverse impact on the Plan's investments, and the risk that the Plan's investments contribute to this climate change. It is measured by analysing the potential impact on the funding position of a range of climate-related scenarios, the amount of carbon emitted by the Plan's investments and the exposure of the Plan to a range of sectors expected to be impacted both positively and negatively by climate change. The Trustee assesses and monitors the Plan's exposures and the approach taken by the Fiduciary Implementation Manager relative to the Trustee's sustainable investment policy on an annual basis.

- 4.2 The Trustee is cognisant of the specific risks from having additional economic exposures to the wider Goldman Sachs group of companies. The Trustee has the following risk guidelines in addition to the statutory limits on employer-related investments regarding such exposures:
- 4.2.1 The overall exposure of the Plan to portfolios directly managed by entities within the wider Goldman Sachs group of companies should be limited to be below 50% of assets subject to the exceptions detailed in 4.2.2 and 4.2.3 and the circumstances described in 4.2.4.
- 4.2.2 Goldman Sachs Asset Management (GSAM) direct investment management of non cash like assets - the overall exposure of the Plan to portfolios directly managed by GSAM should be limited to be below 20% of total Plan assets. For the avoidance of doubt the above limit excludes management of cash, liquidity funds and fund of funds (that comprise solely of externally managed underlying investment funds or mandates) by GSAM. For clarity this limit excludes its Fiduciary Implementation Manager role or as a fund of fund manager but includes direct investment management mandates including where access to these mandates is through a fund of fund. A direct investment management mandate is management of individual holdings such as a specific equity or bond holding.
- 4.2.3 Other Goldman Sachs Group divisions including the Private Asset Management Division (AMD Private) direct investment management - the overall exposure of the Plan to portfolios directly managed by the Goldman Sachs group of companies other than GSAM, with the exception of any short-term contingent liquidity facilities, should be limited to be below 10% of total Plan assets at the point of commitment. Where the Trustee makes use of short-term contingent liquidity facilities provided by the Goldman Sachs Group the value of the exposures should be limited to below 50% of total Plan assets.

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- 4.2.4 GSAM direct investment management of cash like assets – the overall exposure of the Plan to cash and liquidity fund portfolios directly managed by GSAM should be limited such that the total exposure of the Plan to both cash and non cash like asset portfolios directly managed by entities within the wider Goldman Sachs group of companies is below 50% of assets. The Trustee recognises that the exposure can increase above the limit as a result of market movements. The Trustee has agreed a pragmatic timeframe for GSAM to sensibly manage the assets back to below the limit. In these circumstances the Trustee has agreed an additional operating range that will allow GSAM to continue to take action in order to manage the portfolio efficiently.

Counterparty risk to the Goldman Sachs Group - the overall exposure to the Firm as a derivative counterparty should be monitored and managed. All derivatives exposures with the wider Goldman Sachs group of companies should be collateralised or margined. The Trustee acknowledges that measuring counterparty risk across different derivative products is difficult but that the largest and longest maturity derivative exposures arise with the interest rate swaps and inflation swaps within the liability hedging portfolio. The focus of the following counterparty limit is on that portfolio where Goldman Sachs International (GSI) is a counterparty. The primary economic risk of these swap counterparty exposures with GSI is the costs incurred in having to rapidly replace these interest rate and inflation swaps if that was deemed necessary. The Trustee's goal is that over the next 3 to 5 years this swap counterparty exposure to GSI should be reduced such that the estimated cost of being forced to rapidly replace this exposure due to the failure of GSI or some other reason is below 5% of the Plan's liabilities valued on the SONIA + 80bp basis. For clarity, swaps traded with GSI that are then subsequently centrally cleared do not contribute to the calculated counterparty exposure with GSI.

- 4.3 The Trustee/FIC continue to monitor these risks, with the assistance of their advisors (including the Investment Consultant, Fiduciary Managers and Investment Managers) and any other risks that may arise and may add to this list any new significant risk categories.
- 4.4 These measures do not render the investment policy free of risk. Rather, the measures endeavour to balance the need for risk management and the need to allow the Investment Managers sufficient flexibility to manage the assets in such a way as to achieve the required performance target.

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B. Defined Contribution Section

Defined Contribution Section

Background

- B.1 The Plan's Defined Contribution Section is a legacy arrangement with a relatively small population of members that were not transferred to the Firm's primary Master Trust Defined Contribution provider. The Section is not open to new members and currently offers 4 investment funds that provide a suitable range of investment options.

Division of Responsibilities

Trustee

- B.2 The Trustee has ultimate responsibility for decision-making on investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates some of these responsibilities.
- B.3 For the DC Section the Trustee retains direct responsibility for investment matters such as establishing appropriate governance arrangements, investment performance monitoring and determining the default investment strategy. The Trustee is also responsible for appointing (and dismissing) the Investment Consultant, Investment Managers, Platform Provider, Administrator and Plan Actuary.

Finance and Investment Committee ("FIC")

- B.4 The Trustee has established the FIC which provides advice to the Trustee on investment-related issues within the guidelines set out under the SIP. Although primarily advisory, the Trustee has delegated some decisions as set out in the Terms of Reference of the FIC. In respect of the DC Section the FIC itself is advised by the Investment Consultant.

Investment Consultant

- B.5 The Investment Consultant's responsibilities in relation to the DC Section of the Plan include assisting the Trustee and the FIC in the revision of the SIP and investment strategy and appointing and monitoring Investment Managers. The Investment Consultant is also responsible for providing regular written advice on retained DC investments.

Platform Provider

- B.6 The Trustee provides members of the DC Section with a range of investment options via a platform offered by the Platform Provider. The Platform Provider is responsible for ensuring that the underlying funds are correctly priced, providing appropriate reporting to the Trustee, providing fund factsheets to members and reviewing the continued structural suitability of the underlying funds. The Trustee will monitor the performance of the Platform Provider against an agreed Service Level Agreement.

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Investment Managers

- B.7 The responsibility for all day-to-day investment decisions is delegated to the Investment Managers, acting at their discretion, but within any guidelines given by the FIC and approved by the Trustee.
- B.8 In accordance with the Financial Services and Markets Act 2000, the selection of specific investments will be delegated to Investment Managers. The Investment Managers will provide the skill and expertise necessary to manage the investments of the Plan competently.
- B.9 The Trustee are not involved in the Investment Managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets.

Administrator

- B.10 The administration of the DC section is managed by the Trustee. The administrator of the DC Section will be responsible for instructing the Platform Provider of fund switches, and disinvestments on transfer, retirement and death, as well as provision of service performance and membership statistics.

Objectives

- B.11 The main investment objectives of the Defined Contribution Section of the Plan are:
- to provide members with a suitable range of investment options to meet various risk/return expectations, in order to provide a fund at retirement with which to purchase a pension annuity, take as a cash lump sum or transfer to a post retirement investment arrangement in line with a member's reasonable expectations;
 - to ensure the individual fund options are suitably invested and managed to maximise the return commensurate with an acceptable level of risk;
 - to provide members with a suitable range of investment options designed to give members the freedom to structure his/her own investment policy to suit his/her individual risk, return, liquidity and funding requirements.

Policy

- B.12 The Trustee invests contributions in accordance with the Plan's rules. The Trustee will invest in the best interest of the Plan's members and follow an investment strategy which enhances the security, quality, liquidity and profitability of the portfolio. The Trustee will invest mainly in assets traded on regulated markets and restrict other assets to a prudent level, and the use derivatives (where applicable) will only be for reduction of risks or facilitating efficient portfolio management.
- B.13 A list and description of the funds which are currently offered are set out in the "Investment management arrangements" section below. The options offered invest in specialist pooled funds investing in specific asset classes and as such generally have a minimum of 90% invested in the relevant asset class with the balance invested in cash or cash equivalents.
- B.14 As the DC section only invests via pooled investment funds, the Trustee will ensure the investment objectives and guidelines of the fund are consistent with its own policies and objectives (as relevant to the investment fund in question).

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- B.15 When assessing an Investment Manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate an Investment Manager's appointment based purely on short-term performance. However, an Investment Manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.
- B.16 The Trustee reviews the costs incurred in managing the Plan's assets on a regular basis, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual investment manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that type of fund.

Diversification

- B.17 The funds offered are invested in specific asset classes. The majority of the options invest in passive index-tracking funds and, in these circumstances, the assets are deemed to be adequately diversified within the relevant asset class.

Suitability

- B.18 Advice has been taken from the Investment Consultant to ensure that the range of funds made available to members, and the benchmarks for each fund, are suitable for the Plan.

APPENDIX III: STATEMENT OF INVESTMENT PRINCIPLES FOR THE YEAR ENDED 31 DECEMBER 2024

Liquidity

- B.19 The members' accounts are held in funds which can generally be realised readily to provide pension benefits on retirement, or earlier on transfer to another pension arrangement.
- B.20 Neither the Investment Managers nor the Trustee will borrow money or act as a guarantor for the purpose of providing liquidity (unless it is a temporary measure to expedite standard settlement periods).

Sustainable investments and stewardship

- B.21 The Trustee, in consultation with the Investment Consultant, consider Environmental, Social and Governance (ESG) risks and opportunities, including climate change and stewardship, as financially material over the long-term and relevant to the Plan's investment strategy. The Trustee considers these issues as part of their broader risk management processes, when reviewing the Plan's investment strategy. The Trustee's policy currently is not to consider non- financial matters.
- B.22 The Trustee delegates day-to-day investment decisions including integration of financially material ESG risks and opportunities (including climate change) to the Investment Managers (as appropriate to the investment approach of the managers). The Trustee also delegates responsibility for exercising ownership rights (including voting rights and engagement activities) to the Investment Managers.
- B.23 When selecting new Investment Managers, the Trustee, together with the Investment Consultant, will consider the approach taken by Investment Managers with respect to sustainable investing, including their approach to ESG integration and stewardship. ESG factors are not currently integrated into the majority of the Plan's exposure to equities and bonds, which is primarily invested on a passive basis in line with broad market indices in the default and alternative lifestyle options. As a result of this, the Trustee has undergone an investment review. The result of which, funds that have an ESG influence will be available in the next scheme year.
- B.24 The Trustee expects the Plan's Investment Managers to have effective stewardship, both through voting and engagement, on relevant matters such as the capital structure of investee companies, actual and potential conflicts of interest, other stakeholders and the ESG impact of underlying holdings.

Default option

- B.25 The DC Section offers a default investment option. Whilst the Trustee recognises that no one option will be suitable for all members, they have made the decision to make available one "lifecycle" strategy where members' investments are initially allocated to equities and are progressively switched into bonds and cash as retirement approaches. The lifecycle strategy is set out below:

GOLDMAN SACHS UK RETIREMENT PLAN

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Age next Birthday	Passive – Global Equity %	Name of fund	
		Passive – UK Fixed Annuity Target %	Active – Money Market GBP %
55 or less	100.0	0.0	0.0
56	90.0	10.0	0.0
57	80.0	20.0	0.0
58	70.0	30.0	0.0
59	60.0	40.0	0.0
60	50.0	50.0	0.0
61	40.0	60.0	0.0
62	30.0	70.0	0.0
63	20.0	72.0	8.0
64	10.0	74.0	16.0
65	0.0	75.0	25.0

The Trustee recognises some of the investment funds are also classified as default arrangements due to investment changes made in 2018; these funds are subject to the policies outlined in this statement.

- B.26 The Trustee believes that the objectives and investment policy of the default arrangements ensures that the assets are invested in members' best interests. While the Trustee recognises the need for a default option, they believe that members should be encouraged to review their personal circumstances from time to time and to make positive selection(s) rather than to rely on the default option.

Risk measurement and management

- B.27 The Trustee/FIC recognise that, in a defined contribution arrangement, members assume the investment risks. The Trustee/FIC further recognise that members are exposed to different types of risk at different stages of their working lifetimes. These risks can be broadly defined as follows:
- **Inflation risk** – includes the risk that a member's investment does not provide a return at least in line with inflation, such that purchasing power is not maintained. It is measured by comparing the returns against an appropriate measure of inflation such as the Consumer Price Index (CPI).
 - **Pension conversion risk** – includes the risk that, when close to retirement, a member has not invested the part of their fund that will be used to purchase a pension in those asset classes (principally UK bonds) which provide a partial hedge against annuity rate movements.
 - **Capital risk** – includes the risk that the value of the member accounts falls, possibly more than anticipated, resulting in less money available for the member to purchase his/her pension.
 - **Opportunity risk (or poor asset allocation)** – includes the risk that a member takes insufficient investment risk when they can (such as when they are younger). This also includes the risk that a member is not invested in those asset classes (principally equities but including other growth assets) that are expected to yield the highest returns over the long term. This results in a smaller pot of money with which a pension can be purchased.
 - **Manager risk** – includes the risk that poor performance by one or more individual.

**APPENDIX III: STATEMENT OF INVESTMENT PRINCIPLES
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Investment Managers has a significant negative impact on the Plan's investments. It is measured by the expected deviation of the prospective risk and return, relative to the investment policy, and is managed by monitoring the actual deviation of returns relative to the objective and factors supporting the Investment Manager(s)' investment process.

- **Climate risk** – this includes the risk that climate change could have a material adverse impact on the Plan's investments, and the risk that the Plan's investments contribute to this climate change. It is measured by analysing the potential impact on the assets of a range of climate-related scenarios, the amount of carbon emitted by the Plan's investments and the exposure of the Plan to a range of sectors expected to be impacted both positively and negatively by climate change. The Trustee assesses and monitors the Plan's exposures relative to the Trustee's sustainable investment policy on a triennial basis.

- B.28 The Trustee/FIC consider that the risk assumed by members in the Plan is managed by offering a suitable range of investment options in which members can choose to invest their accounts and by communicating this investment option range appropriately. The Trustee/FIC do not monitor the asset allocation of the membership.
- B.29 Each member of the Plan has responsibility for selecting his/her investments from the funds made available by the Trustee/FIC and for monitoring the continued suitability of the investments to the member's personal circumstances.

Investment management arrangements

- B.30 The DC Section's investment options are accessed by members through a platform arrangement provided by the Platform Provider. The Trustee is not involved in the Investment Manager's day to day method of operation and therefore cannot directly influence the performance target. However, they will assess the performance and review the continued use of each fund and will obtain and consider advice on retained investments where appropriate. A set of objectives has been developed for each arrangement consistent with their benchmark and investment approach. (These are, of course, simply objectives and the rate of return cannot be guaranteed.)

Arrangement	Underlying Fund Name	Aim & Objective
Lifecycle Strategy	-	To provide an appropriate investment strategy for those members who didn't make an investment choice on joining the Plan.
Active - Money Market GBP Fund*	LGIM Cash	The fund seeks to maximise a current income only to the extent that it is consistent with the preservation of capital and the maintenance of liquidity.
Passive – UK Fixed Annuity Target Fund*	LGIM Pre-Retirement Inflation Sensitive Fund	To match the benchmark as closely as possible
Passive – UK Inflation Linked Annuity Target Fund	LGIM Pre-Retirement Inflation Linked Fund	To match the benchmark as closely as possible
Passive - Global Equity (UK Bias) Fund*	LGIM Global (30:70) Index Fund	To match the benchmark as closely as possible

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*In addition to these funds making up the investments in the default lifecycle, they are also classified as default investment funds due to members being mapped as part of the investment changes made in December 2018.

- B.31 Each Investment Manager should achieve its objective in the majority of periods under consideration. It is not expected that each Investment Manager will achieve their targets in every period. However, the Investment Manager should demonstrate that the skill it exercises on the portfolio is consistent with its target given the levels of risks adopted.

Fee basis

- B.32 Members of the Plan bear the investment management charges on the funds in which they invest, plus an additional charge levied by the Platform Provider for services they provide on the platform. These fees are charged on an ad valorem basis by adjustment to the unit prices within the funds, calculated daily on the value of the fund on a particular day. The Trustee believes the charging structure is appropriate and in line with standard market practice.