Royal National Institute for Deaf People Pension and Life Assurance Scheme

Statement of Investment Principles

April 2026

Introduction

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 (as amended) for the Royal National Institute for Deaf People Pension and Life Assurance Scheme ('the Scheme"). It describes the investment policy being pursued by the Trustee of the Scheme and is in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK ('the Myners Principles') and TPR's Investment Guidance for defined benefit pension schemes. This SIP also reflects the requirements of Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

The Scheme Actuary is Colin High of Aon, the Investment Adviser is Schroders Solutions (a trading name of Schroders Investment Solutions Limited) collectively termed 'the Advisers'.

The Trustee confirms that, before preparing this SIP, they have consulted with The Royal National Institute for Deaf People ('the Sponsoring Employer') and the Scheme Actuary and have obtained and considered written advice from the Investment Adviser.

The Trustee is responsible for the investment of the Scheme's assets and where they are required to make an investment decision, the Trustee always receives advice from the relevant Advisers first. They believe that this ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000 ('FSMA'), the Trustee set general investment policy, but have delegated day-to-day investment of the Scheme's assets to be undertaken through the fiduciary management service of Schroders Investment Solutions Limited ('Schroders Solutions'), hereafter referred to as the 'Investment Manager'.

Scheme Governance

The Trustee is responsible for the governance and investment of the Scheme's assets. The Trustee considers that the governance structure is appropriate for the Scheme as it allows the Trustee to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Manager or the Advisers as appropriate.

The Trustee will review this SIP at least every three years, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Sponsoring Employer if deemed appropriate. There will be no obligation to change this SIP, the Investment Manager or Adviser as part of such a review.

Suitability

The Trustee has defined the investment objective and investment strategy with due regard to the Scheme's liabilities.

The Trustee has taken advice from the Advisers to ensure that the proposed strategy, and the assets held by the Scheme through that strategy, are suitable given its liability profile, the Trustee's objectives, legislative requirements, regulatory guidance and specifications in the trust deed and rules governing the Scheme (the Trust Deed).

Statutory Funding Requirement

The Trustee will obtain and consider proper advice on the question of whether the investments and investment strategy are satisfactory having regard to both the investment objectives and the requirement to meet any statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation at least every three years.

The Trustee will consider with the Investment Adviser and the Scheme Actuary whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement.

Investment Objectives

The overall objective of the Scheme is to meet the benefit payments promised as they fall due. The Trustee has set the following qualitative objectives:

1. The acquisition of suitable assets, having due regard to the risks set out in this Statement, which will generate income and capital growth to pay, together with contributions from members and the Sponsoring Employer, the benefits which the Scheme provides as they fall due.
2. To limit the risk of the assets being assessed as failing to meet the liabilities over the long term having regard to any statutory funding requirement.
3. To achieve a return on investments which is expected to at least meet the Scheme Actuary's assumptions over the long term.

In quantitative terms, the Trustee's long-term objective for the Scheme is to target an investment return objective of approximately 3.0% per annum (net of fees) in excess of the Liability Benchmark Portfolio ("LBP") for the Growth Assets and approximately 0.0% per annum (net of fees) in excess of the LBP for the Matching Fund. For the avoidance of the doubt the Growth assets consist of a blend of both a diversified portfolio of assets such as (but not limited to) equity, corporate bonds, high yield credit, alternatives and structured equity.. The Trustee decides the blend of these funds to target the appropriate return for the Scheme, this is shown in the Quarterly Monitoring Report.

Flightpath

The Scheme has a Flightpath created to reach full funding on a buy-out basis (i.e. a basis which refers to the funding level required to fully secure benefits by transferring liabilities to an insurer) as soon as practicable. Schroders Solutions monitor the required return on a regular basis and advise the Trustees if an update to the Growth Assets/Matching Fund split is required.

In principle the Trustee does not wish to maintain more investment risk than is needed to achieve full funding on this basis. As a result it is expected that a reduction in investment risk will most likely occur if the monitoring shows that the Scheme is capable of reducing investment risk without materially impacting the timeline to achieving full funding. However, this is not automatic and the Trustees will take into account market conditions and scheme circumstances at the time of decision.

The Trustee has not set explicit levels to de-risk to as it is cognisant that both market conditions, the sponsor covenant and array of other factors will feed into any decision to de-risk the investment assets.

An estimate of the required return is calculated daily by Schroders Solutions who will inform the Trustee if they believe there is an opportunity to de-risk and the Trustee formally reviews the target return on at least an annual basis.

Implementation of investment strategy

The Trustee has delegated the investment of the Scheme assets to the Investment Manager, which has discretion to invest the Scheme assets in underlying securities and funds, either directly or through the use of other investment managers (hereafter referred to as the 'Underlying Managers') to run the portfolio on a day-to-day basis. The Trustee has acknowledged and considered with sufficient diligence the potential conflict that may arise from the Investment Manager and the Investment Adviser being the same organisation.

Monitoring

The Trustee will monitor the performance of the Investment Manager against the agreed performance objectives.

The Trustee, or any other suitably qualified Adviser on behalf of the Trustee, will regularly review the activities of the Investment Manager to satisfy themselves that the Investment Manager continues to carry out their work competently and have the appropriate knowledge and experience to manage the assets of the Scheme.

As part of this review, the Trustee will consider whether or not the Investment Manager:

- Is carrying out their function competently.
- Has regard to the need for diversification of investments.
- Has regard to the suitability of each investment and each category of investment.
- Has been exercising their powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.

The Trustee will also assess the Investment Manager by conducting an external benchmarking performance review no less than every 3 years.

If the Trustee is not satisfied with the Investment Manager they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustee's requirements, the Trustee will remove the Investment Manager and appoint another.

Corporate Governance and Stewardship

The Trustee and Investment Manager have agreed, and will maintain, formal agreements setting out the scope of the Investment Manager's activities, charging basis and other relevant matters. The Investment Manager has been provided with a copy of this SIP and is required to exercise its powers with a view to giving effect to the principles contained herein and in accordance with subsection (2) of Section 36 of the Pensions Act 1995.

The Trustee has appointed the Investment Manager to implement the Scheme's investment strategy. The Investment Manager manages assets directly on behalf of the Trustee as well as having delegated authority to appoint, monitor and change the Underlying Managers. The Trustee is comfortable that through this process of delegation, the Underlying Managers are aligned with the policies agreed with the Investment Manager.

The Investment Manager is appointed to carry out its role on an ongoing basis. The Trustee periodically reviews the overall value-for-money of using Schroders Solutions, and information in relation to costs associated with investing is included in the quarterly monitoring report. The Trustee is satisfied that these arrangements incentivise the Investment Manager:

– to align its investment strategy and decisions with the Trustee's investment policies, such as their return target and the restrictions detailed in the Investment Management Agreement, and

– to assess and make decisions based on the medium-to long-term financial and non-financial performance of issuers of debt or equity, and to engage with such issuers to improve this medium- to long-term performance. The success of such engagement will contribute to the Scheme's performance, which is measured relative to the Trustee's long-term performance objectives.

The Scheme's investments are generally made via pooled investment funds, in which the Scheme's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue these securities, whether for corporate governance purposes (such as capital structure) or other financially material considerations, is delegated to the Underlying Managers.

The Trustee has delegated responsibility for monitoring and voting on decisions relating to their Underlying Manager holdings to the Investment Manager. The Trustee has the responsibility for the voting and engagement policies that the Investment Manager implements on its behalf and reviews these policies from time to time. The Investment Manager has in place a voting policy which sets out how it will aim to vote at a general meeting of a pooled fund. For any special resolutions or extraordinary general meetings, the proposed votes of the Investment Manager are subject to additional sign-off by the appropriate representative from the Investment Manager.

The Trustee undertakes the engagement directly with its Investment Manager who appoint Underlying Managers to carry out engagement with investee companies directly. The Investment Manager set out its voting and engagement priorities which focus on six themes including climate, Natural Capital and Biodiversity, Human Rights, Human Capital Management, Diversity and Inclusion and Corporate Governance. The Trustee has made an active decision to adopt the voting policy and engagement priorities of the Investment Manager.

The Trustee believes those engagement priorities which have been chosen by the Investment Manager will result in better management of financially-material ESG and climate risks, therefore it is expected to improve the financial outcome of the Scheme which ultimately is in the members and beneficiaries' best interest. The Trustee reviews the voting and engagement activity of the

Investment Manager on an annual basis including a review of the annual fiduciary management ESG report and will challenge the Investment Manager as necessary on its stewardship activity.

The Investment Manager undertakes regular reviews of all Underlying Managers. These reviews incorporate benchmarking of performance and fees, with some managers on performance-related fees as well as performance reviews (including understanding key drivers of performance), investment due diligence meetings and operational due diligence reviews. The Investment Manager reviews the governance structures of Underlying Managers, as well as assessing whether their fees, expenses (and any other charges) are in line with industry peers at inception and from time to time whilst invested.

Where it can be determined, the Investment Manager assesses whether Underlying Manager remuneration arrangements are aligned with the Trustee's objectives. The method and time horizon for evaluating and remunerating Underlying Managers is determined by criteria set by the Investment Manager, as detailed above.

The Trustee acknowledges the inherent potential for conflicts of interest which exist as part of ongoing Investment management business activities. As an FCA regulated firm, the Investment Manager is required to prevent or manage conflicts of interest. Where Underlying Managers are also regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of incorporation or operations. The Investment Manager directly monitors these as part of their regulatory filings (where available), the Investment Manager also monitors this as part of ongoing review. The Investment Manager's Conflict of Interest policy is available publicly here: https://www.schroders.com/en/identification-and-management-of-conflicts-of-interest/

The Investment Manager oversees the turnover costs incurred by Underlying Managers as part of its ongoing monitoring process and evaluates such costs to determine if they are in line with peer groups and the Investment Manager's expectations. Where there are material deviations the Investment Manager engages with Underlying Managers to understand the rationale for such deviations and take appropriate action.

Realisation of Investments

The majority of assets are held in underlying pooled funds, most of which can be realised easily if the Trustee so requires. The Scheme no longer invests in illiquid assets given the period to the endgame. The illiquid investments that remain within the portfolio have been instructed to be liquidated at such times and prices as the Investment Manager reasonably determines having regard to the Portfolio Performance Target. The Trustee has considered the risk against the possibility of needing to realise these assets and is comfortable in the approach taken.

Derivatives

The Trustee may enter into contracts with counterparties, including investment banks, in order to execute derivative transactions. The Trustee has taken advice on the suitability of the

contracts and have delegated responsibility to the Investment Manager to implement these instruments on its behalf. Derivative instruments are typically used for risk management purposes in the portfolio.

Financially material investment considerations

These considerations which include the below "Risks" can affect the long term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as "ESG") where relevant.

The Trustee recognises climate change as a systemic, long-term material financial risk to the value of the Scheme's investments. The Trustee is supportive of the approach taken by its Investment Manager on the Paris Agreement which is to aim to achieve a carbon neutral portfolio by 2050 or sooner.

The Trustee currently employs a fiduciary Investment Manager to manage investments on their behalf including the appointment of individual Underlying Managers. As a result, the Trustee's policy is to delegate consideration of financially material factors to the Investment Manager who considers these when constructing the portfolio, including looking at Underlying Managers. All references to ESG relate to financial factors only. All references to ESG also include climate change. As part of this approach the Trustee reviews some key metrics on (usually) a quarterly basis that are provided by the Investment Manager covering environmental, social and governance which enable them to question the Investment Manager. If the Trustee is not comfortable with the metrics presented, they will ask the Investment Manager to provide an update on the reasons behind these scores. Through a process of review and engagement the Trustee hopes to improve the overall ESG rating of the portfolio over time, and believe that over the long term the Portfolio will be more resilient to factors such as ESG risks.

When assessing the performance of the Investment Manager or making decisions regarding the appropriate model and / or appointee for managing the scheme's investments the Trustee will ensure that ESG considerations are part of the process.

ESG factors and stewardship are considered on behalf of the Trustee, in the context of long-term performance, by the Investment Manager as part of the Underlying Manager selection criteria. This review occurs before they are approved for investment in the portfolio. Once an Underlying Manager is appointed, the Investment Manager monitors the ESG implementation and ongoing compliance with other factors, such as stewardship, as a part of overall engagement on behalf of the Trustee. The Trustee will from time to time review the Investment Manager's process for engagement with individual Underlying Managers and will engage with the Investment Manager based on the quarterly portfolio monitoring as required.

Risks

The Trustee recognises a number of risks involved in the investment of the assets of the Scheme. These risks, and how they are measured and managed, include:

- **Funding and asset/liability mismatch risk** – the risk that the funding level is adversely affected due to a mismatch between the assets and liabilities. This risk is managed in the following ways:
  - A liability benchmark portfolio or 'LBP" is used as a proxy for the liabilities in order to measure the approximate changes in the liabilities (due to changes to the relevant gilt yields only). The Trustee monitors this change relative to the change in asset values on a quarterly basis. The LBP is reviewed following each actuarial review, or when significant market or Scheme events (e.g. a significant change in inflation expectations) imply that an amendment may be appropriate.
  - The Trustee also recognises the risk of a negative impact on the funding level due to changes in the actuarial assumptions used to calculate the liabilities and variation in experience. This is managed by aiming for a higher overall investment return than implied by the liability discount rate.
  - When setting and reviewing investment strategy, the Trustee examines how the investment strategy impacts on downside risk. Downside risk of the investment strategy is also measured by reference to the LBP and can therefore also be assessed as part of the quarterly review process.
  - This risk is also monitored through regular actuarial and investment reviews including monthly portfolio updates.
- **Underperformance risk** – the risk of underperforming the benchmarks and objectives set by the Trustee. This risk is minimised using the following techniques:
  - Appropriate diversification across asset classes, within sectors and between individual stocks to minimise the effect of a particular stock or sector performing badly.
  - The use of instruments and strategies designed to control the extent of downside exposure.
  - The selective use of active management when appropriate given market conditions, the asset class considered and where the benefits (risk and/or return) are expected to outweigh the additional costs/fees.
  - Regular monitoring of the managers' performance, processes and capabilities with respect to their mandate and by the diversification across multiple Underlying Managers by the Investment Manager.
- **Cash flow risk** – addressed through the monitoring of the cash flow requirement of the Scheme to control the timing of any investment/disinvestment of assets.
- **Concentration risk** – the risk of an adverse influence on investment values from the concentration of holdings is reduced by the diversification of the assets.
- **Counterparty risk** – the risk of a counterparty to an agreement not carrying out his side of the deal. Where derivatives are used, the risk of counterparty default is reduced through the requirement in the relevant documentation that regular collateral or margin payments be made. It is also considered in the selection of counterparties and the incorporation of protection mechanisms in the documentation in the event of a downgrade in credit quality of an existing counterparty.
- **Country risk** – the risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.
- **Currency risk** – the risk that fluctuations in the value of overseas currencies affect the total return of the Scheme's investments when compared to a Sterling benchmark. The Trustee mitigates this risk by electing to allow the Investment Manager to use currency hedging.

- **Default risk** – the risk of income from assets not being paid when promised. This is addressed through restrictions for the Investment Manager and Underlying Managers, e.g. a minimum credit rating of the bonds they are allowed to buy and also a high proportion of the bonds held are government bonds which have little default risk.
- **ESG risk** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by the Investment Manager's ESG assessment at the point of investment with Underlying Managers. A summary of the overall ESG characteristics in the portfolio in the quarterly governance report.
- **Mismanagement risk** – the risk of unsuitable investment activity by the Investment Manager. This is addressed in the agreement with the Investment Manager, and in turn by the Investment Manager with the Underlying Managers, which contain restrictions on the proportion and type of asset classes that the Investment Manager or Underlying Managers may invest in.
- **Organisational risk** – the risk of inadequate internal processes leading to problems for the Scheme. This is addressed through regular monitoring of the Investment Manager and Advisers by the Trustee, and of the Underlying Managers by the Investment Manager.
- **Sponsor risk** – the risk of the Sponsoring Employer ceasing to exist which, for reasons of prudence, has been taken into account when setting the asset allocation strategy. The Trustee regularly reviews the covenant of the Sponsoring Employer.

The Trustee will keep these risks and how they are measured and managed under regular review.

Non-financial matters

Although the Trustee acknowledges that members may hold views around non-financially material factors (such as ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries), these are not taken into account when making investment decisions. The member base is relatively diverse and it is considered it would be difficult to source a common view across the membership. The Trustee has no plans currently to seek the views of the membership on ethical considerations but will monitor and review this position on a periodical basis, having regard to industry guidance and best practice.

Additional Voluntary Contributions (AVCs)

Under the Scheme's Trust Deed and Rules, there are currently a few members with Additional Voluntary Contributions, a legacy arrangement currently held with Utmost. The Trustee reviews the arrangement on a periodical basis.

For and on behalf of the Trustee of the Royal National Institute for Deaf People Pension & Life Assurance Scheme