STATEMENT OF INVESTMENT PRINCIPLES

NORTH EAST AUTISM SOCIETY

RETIREMENT SECURITY PLAN

The effective date of this Statement is 30 September 2020

1. INTRODUCTION

1.1 This Statement of Investment Principles has been drawn up by the Trustees of the North East Autism Society Retirement Security Plan (the Plan). It has been prepared in accordance with applicable legislation, taking into account guidance from The Pensions Regulator and the written advice of an independent investment adviser.

1.2 Under legislation set out in the Occupational Pension Plans (Investment) Regulations 2005 (S.I. 2005/3378) ("the Investment Regulations") and updated by The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (S.I. 2019/982), it is a requirement for Trustees to prepare a statement of the principles that govern their investment decisions. For the Trustees of the Plan, this document serves that purpose and shall be referred to hereafter as "the Statement".

1.3 The Plan provides defined benefits and is exempt approved.

1.4 When the Plan still contained active members, a facility was provided for the active members to pay Additional Voluntary Contributions (AVCs) to enhance their benefits at retirement. AVC funds are invested separately from the main investments, in funds held with Aviva. The liability in respect of these AVC funds is equal to the value of the investments bought by the contributions. The Trustees' current intention is to retain the AVC funds with the current provider until all members with AVCs have retired. The AVC option was not taken up by many of the members and there are currently only 2 deferred members who hold AVC funds with Aviva.

The remainder of this document concerns only the non-AVC assets of the Scheme.

1.5 The Statement outlines the principles and policies governing determinations about investments made by, or on behalf, of the Trustees in the management of the Plan's assets. The Plan is compliant with each of the six new Myners' Principles for defined benefit schemes for institutional investment decision-making.

1.6 The ultimate power of responsibility for deciding investment policy lies with the Trustees. However, the Trustees have consulted North East Autism Society (the Employer) and have sought advice from Womble Bond Dickinson Wealth Limited (the Investment Adviser) in drawing up this document.

1.7 The Trustees review this Statement, in consultation with the Investment Adviser and the Employer at least every three years; and without delay after any significant change in investment policy or the circumstances of the Scheme.

1.8 Copies of the Statement have been given to the Employer and the Plan's Investment Adviser. Copies are available to members of the Plan on request and to the appointed Fiduciary Managers (see 5.7) within the Plan.

2. THE INVESTMENT ADVISER

2.1 The Trustees understand that Womble Bond Dickinson Wealth Limited are authorised under the Financial Services and Markets Act 2000 to provide investment advice. The Trustees also believe Womble Bond Dickinson Wealth Limited are qualified by their ability and practical experience of financial matters and have appropriate knowledge and experience of the investment arrangements that the Plan requires.

2.2 The Investment Adviser provides guidance to the Trustees on an investment strategy appropriate to the investment objectives of the Plan. This guidance is provided on a regular and ongoing basis. The Investment Adviser also monitors and reports on the investment performance, and appointment or disengagement, of the Fiduciary Managers (see 5.7).

2.3 The Investment Adviser is paid on a time charge basis for regular, ongoing guidance. For specific projects, the Trustees will be agreed a bespoke fee with the Investment Adviser in advance of the implementation of the project. The agreed fee for these specific projects may be on either a time charge basis or a fixed fee, dependent on the nature of the project or based on the size of the assets involved.

2.4 The appointment of the Investment Adviser is reviewed by the Trustees from time to time.

3. PLAN DETAILS

3.1 The Plan operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries. The Plan is a registered pension scheme as defined in section 153 of the Finance Act 2004 (HMRC reference number 00406444RC). Members of the Plan were contracted out of the State Earnings Related Pension Scheme ("SERPS") and latterly the State Second Pension ("S2P").

3.2 Membership of the Plan was closed to future accrual on 09 March 2012.

3.3 The Trustees are responsible for investing the Plan's assets in the best interests of members and beneficiaries and it exercises its powers of investment in accordance with the Trust Deed and Rules of the Plan and applicable law.

4. INVESTMENT POWERS

4.1 The Trustees have powers of investment as specified in the Definitive Trust Deed and Rules, dated 27 February 1997, as amended. The Trustees' policy as described in this Statement is consistent with those powers. Section 113 of the Pensions Act 2004 provides that the Trustees may invest for the purpose of the prudent management of its financial affairs. When exercising its power to invest, the Trustees will consider the interests of current and potential beneficiaries of the Plan.

5. DELEGATION

5.1 The Trustees' responsibilities include, but are not limited to, the following tasks:

- Reviewing the content of this document and amending if necessary, in consultation with the Employer and based on written advice from appropriately qualified advisors.
- Ensuring the investment policy remains appropriate for the nature of the Plan's liabilities and given the strength of support from the Employer.
- Ensuring that benefits can be paid as and when they fall due.
- Appointing the Fiduciary Manager(s) (see 5.7) and the Investment Adviser(s).
- Monitoring the investment returns achieved by the Fiduciary Managers.

- Ensuring compliance of the investment arrangements with the principles outlined in this document

5.2 The Trustees must also produce an Implementation Statement as part of their Annual Report (included in the first Annual Report produced on or after 1st Oct 2020). The Implementation Statement will also have to be published and Trustees must inform scheme members of the Implementation Statement. Issues to be reported in the Implementation Statement include:

- How, and the extent to which, the Plan's policies on stewardship have been followed during the year.
- How the Trustees have implemented its engagement policy including voting behaviour by, or on behalf, of the Trustees during the year.

5.3 The Investment Adviser's responsibilities include:

- Advising on an appropriate investment strategy to meet the Trustees' investment objectives within an appropriate level of risk.
- Advising the Trustees on the choice of Fiduciary Managers (see 5.7)
- Assisting the Trustees with the preparation of the Implementation Statement referenced in 5.2.

5.4 The Fiduciary Managers' (see 5.7) responsibilities include:

- Using their discretion to invest the assets of the Plan as they deem appropriate, within the guidelines contained in this document.
- Having regard to the need for diversification
- Providing the Trustees with regular statements describing the investment performance of funds under their management, as well as comparable figures from benchmark indices
- Assisting the Trustees with the preparation of the Implementation Statement referenced in 5.2.

5.5 The Plan Actuary's responsibilities include:

- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall.
- Performing the statutory valuations and advising the Trustees of any significant changes in liability profile that could affect the investment strategy.
- Liaising with the Investment Adviser regarding the suitability of the Plan's investment strategy given the financial characteristics of the Plan.

5.6 The Scheme Administrator's responsibilities include:

- Advising the Trustees of the cash required to meet benefit payments as and when they fall due. This includes provision of periodic cash flow forecasts.

5.7 The Trustees have delegated day-to-day investment decisions and investment management to Aberdeen Standard Capital, Rathbone Investment Management, Ruffer LLP and Legal And General Assurance (Pensions Management) Limited, collectively known as the "Fiduciary Managers", who were appointed under section 36 of the Pensions Act 1995 and authorised under the Financial Services and Markets Act 2000.

5.8 The appointment, monitoring and termination of the Fiduciary Managers remains the responsibility of the Trustees, with guidance provided by the Plan's Investment Adviser. The appointment of Fiduciary Managers may be changed from time to time by the Trustees without immediately revising the Statement.

5.9 The Trustees are satisfied that its Fiduciary Managers have the appropriate knowledge and experience for managing the investments of the Plan and they carry out their role in accordance with the criteria for investment set out in The Occupational Pension Schemes (Investment) Regulations 2005 (the "Investment Regulations"), the principles contained in this Statement, the Trustee's investment policies and any applicable investment guidelines and restrictions agreed with the Trustee.

5.10 Before investing in any manner, the Trustees obtain "section 36 advice" on whether the investment is satisfactory having regard to suitability of the investment and its investment principles set out in this Statement.

5.11 Amongst other things, the Fiduciary Manager exercise their powers of investment delegated by the Trustee in a manner to ensure the security, quality, liquidity and profitability of the portfolio as a whole.

6. FUNDING OBJECTIVES

6.1 The Trustees' primary objective is to provide members' pension and lump sum benefits on their retirement or for their dependants on death before or after retirement. With this in mind, the Trustees have set a target reserve for the Plan based on a prudent estimate of the amount needed to meet all payments in respect of the benefits earned up to the valuation date.

6.2 As the Plan was closed to future accrual on 08 March 2012, the Trustees are aware the Plan will become, over a period of years, more mature. Consequently, in setting a funding objective for the Plan, the profile of liabilities over time will become dominated by members who are receiving retirement benefits.

6.3 As at the 01 May 2019 valuation, there were 66 deferred members (average age 53) with a total current deferred annual pension of £235,000 and 55 pensioners (average age 67) with total pensions in payment of £203,000 per annum. The projected peak of Plan benefit payments is in 2035. The last deferred member is expected to retire in 2045, at which point the benefits of all members will be in payment.

6.4 The Trustees' secondary objective is to attempt to keep Employer contribution rates as constant as possible in the medium to long term to assist with effectively managing the Employer's liabilities. However, the Trustees need to follow the guidance from the Plan Actuary and the Investment Adviser to ensure the primary objective in 6.1 is secured.

6.5 At the last triennial valuation as at 01 May 2019, the funding level of asset value to the discounted value of the liabilities was 84%, equivalent to a past service shortfall on an "ongoing basis" of £2.215 million.

6.6 The Trustees and Employer agreed a strategy with the Plan Actuary to return the funding level of the Plan from the 01 May 2019 valuation level of 84% to 100% through making Employer contributions of £258,000 per annum over a period of 6 years and 8 months from 01 May 2019 to 31 December 2025.

7. INVESTMENT OBJECTIVES

7.1 The Trustee's investment strategy for the Plan will be dictated by the Employer's willingness to support the Plan now and in the future, the funding status and maturity of the Plan and the liability and risk profile of the Plan.

7.2 In preparing the Statement, the Trustees have observed the requirements set out in Section 114 of the Pensions Act 2004 concerning diversification, in so far as appropriate to the circumstances and membership of the Plan.

7.3 At the last triennial valuation as at 01 May 2019, the Plan Actuary adopted a rate of 2.45% (the market yield on long dated fixed interest gilts plus 0.75%) to discount the value of the liabilities in the Plan. The assumptions agreed by the Trustees and the Employer in the Recovery Plan allow for a 1% outperformance above the discount rate.

This results in an overall targeted return assumption on existing assets and future contributions of 3.45% per annum.

7.4 The Trustees have adopted a strategy of limiting risk by broadly matching the Plan assets to the different obligations and liabilities within the Plan. The Trustees will take guidance from the Plan Actuary and the Investment Adviser on the balance between investing for growth, to attempt to obtain the targeted 1% outperformance above the discount rate, and investing in assets that best match the long-term liabilities within the Plan.

7.5 The Trustees and Employer have targeted the Plan to reach a funding level of 100% of assets to liabilities (on an ongoing basis) by December 2025. This will be achieved by adopting a suitable low to medium risk investment strategy and the prudent management of the Plan's assets. Specifically, the investment strategy is designed to match current estimates of the Plan's liabilities and provide some outperformance over the estimated liabilities.

7.6 The Trustees have decided to invest (via the Fiduciary Managers) in pooled funds, other collective investment vehicles, and cash. The Trustees have decided (following guidance from the Investment Adviser) to invest in pooled funds because:

- the Plan is not large enough to justify direct investment in equities, bonds and derivatives on a cost-effective basis;
- pooled funds allow the Plan to invest in a wider range of assets, which serves to reduce risk;
- pooled funds provide a more liquid form of investment than certain types of direct investment.

The Trustees have been notified that in certain circumstances the Fiduciary Managers may include derivatives within the pooled investments. The Trustees have been notified that these instruments play an important part in risk reduction and efficient portfolio management, and will be used within pooled funds.

The Fiduciary Managers appoint individual custodians to hold the securities owned by the Plan.

7.7 The Fiduciary Managers have discretion to determine the investments held, subject to objectives and guidelines agreed with the Trustees (after liaising with the Investment Adviser) from time to time.

The Trustees understand the importance of diversification and, as such, the Trustees (via the Investment Adviser) monitor investments to ensure the assets are properly diversified within asset allocation control targets agreed with the Trustees.

7.8 The Trustee will ensure that the Investment Adviser and the Fiduciary Managers are made aware of the cashflow requirements of the Plan. The Fiduciary Managers will be responsible for ensuring that, in normal market conditions, sufficient assets are readily realisable to meet any disinvestments required by the Trustee to meet these cashflows. As such the investment funds seek to maintain a very high level of liquidity.

7.9 As at 01 May 2019 the Plan was broadly invested in the following assets:

- Equities 52%
- Bonds 31%
- Fully insured annuities 4%
- Hedge funds 7%
- Cash and commodities 6%

7.10 The Trustees will obtain advice at least every three years, or sooner in the event of there being consideration of any significant changes in the Plan's investment policy, and will consider such advice accordingly.

7.11 As appropriate, the Trustees will receive guidance from the Investment Manager on the Fiduciary Managers and the underlying investment performance. A further diversification of the Plan investments will be considered if this is deemed necessary and appropriate.

7.12 A review is currently being undertaken to consider the introduction of Liability Driven Investments (LDIs) to provide more protection to the Trustees and employer from movements in interest rates and inflation. This statement does not currently reflect these changes as this review is still in process.

8. INVESTMENT RISK

8.1 The Trustees recognise a number of risks involved in the investment of the Plan assets and monitor these risks on a regular basis. Under the Pensions Act 2004, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed. These are set out below.

8.2 Fiduciary Manager Risk

To reduce the risk of poor Fiduciary Manager performance, the Trustees receive advice from the Investment Adviser to provide an ongoing review of the Plan investments. The Investment Adviser will consider a range of Fiduciary Managers, authorised by the Financial Conduct Authority, and products with contrasting investment styles. Additional controls are provided by the plan's external auditors, RSM UK Audit LLP to verify the Plan assets.

8.3 Liability Matching Assets

The Trustees holds a proportion of its assets in bonds (both index linked and corporate) that broadly match the nature and duration of the Plan's pensioner liabilities. These bonds are held to reduce some of the risk that future falls in bond yields increase the value of the Plan's liabilities by a greater amount than they improve the value of the assets.

There is a risk of "mis-matching" assets to liabilities. This risk arises from a difference in the sensitivity of asset and liability values to financial and demographic factors (for example, interest rates or inflation). This is considered when setting the investment strategy and managed through regular reviews by the Investment Manager. It is this risk that has generated the request from the Trustees to the Investment Manager to consider the introduction of LDIs into the portfolio of assets. Guidance may also be sought from time to time from the Plan Actuary in addition to the triennial reviews.

8.4 Growth Assets and Diversification

The Trustees hold a proportion of its assets in growth assets (higher risk investments such as equities) that are expected to deliver a higher long-term return than bonds, but whose future price movements can be very volatile and have no direct match to changes in the value of the Plan's liabilities. Growth assets are held to assist with reducing the £2.215 million shortfall (as at May 2019) by December 2025 and to lower the long-term pension cost to the Employer.

The Trustees are prepared to tolerate a degree of fluctuation in the funding level but seek to manage this by holding a diversified portfolio of growth assets, designed to avoid excessive reliance on a single growth asset class and in particular to reduce the risk of a large fall in equity markets.

8.5 Cash Flow

The Trustees will attempt to ensure that the Plan holds sufficient cash to meet liabilities as they fall due. The Trustees' policy is that there should be sufficient investment in cash, or readily realisable assets, to meet unexpected cashflow requirements. This should ensure that, where possible, forced realisation of assets will not disrupt the Plan's overall investment policy.

8.6 Market Timing for Investments

The Trustees have not provided any restraints or restrictions on the Fiduciary Managers on the timing of their trades. The Fiduciary Managers currently have full discretion in the timing of the purchase and sale of investments and in considerations relating to the liquidity of those investments. Additional realisations may occasionally be required to ensure the Plan's benefit payments and other expenditure can be met. However, the Trustees would attempt to provide as much notice as possible to the Fiduciary Managers of an unexpected disinvestment.

8.7 Inflation Risk

The Trustees hold assets expected to provide real returns to reduce the risk that asset values do not keep pace with, or exceed, inflation.

8.8 Longevity Risk

From time to time the Trustees will consider purchasing annuities to remove the risk that members live longer than currently assumed by the Plan Actuary.

8.9 Employer Covenant

As part of its review of investment strategy, the Trustees consider the contributions likely to be received from the Employer, the strength of the Employer's covenant, its liquidity requirements and its attitude to investment risk.

8.10 Political Risk

The risk of political intervention having an adverse effect on asset performance is reduced by diversification of the assets across companies, geographical regions and restrictions on the amounts invested in foreign countries.

8.11 Counterparty risk

The risk that the Fiduciary Managers enter into financial contracts with third parties which then fail and mean the Fiduciary Managers are unable to fulfil their obligations. This can be mitigated by setting minimum credit ratings of counterparties and limit exposure to a single counterparty.

8.12 Currency Risk

The Trustees consider the amount of assets invested in currencies other than sterling in order to reduce the risk of adverse currency movements.

8.13 Regulated Markets and Derivatives

Assets are invested predominantly on regulated markets, but a modest cash reserve is retained in the Plan bank account. The Fiduciary Managers appointed by the Trustees are permitted to use derivative instruments only as far as they contribute to the reduction of investment risks or facilitate efficient portfolio management.

8.14 Environmental Risk

This is the risk that improper, or inadequate, consideration of environmental factors could lead to adverse investment performance and/or reputational damage to the Plan.

The day to day management of environmental risk is the responsibility of the companies in which the Plan's Fiduciary Managers have invested. As the Trustees are invested in pooled funds, the Trustees will rely on the Fiduciary Manager to ensure that these companies have sufficient procedures and processes in place in order to mitigate this risk as far as is reasonably possible.

8.15 Social Risk

This is the risk that social factors are not properly considered within the investment decision making process. Social risks can arise both within and externally to a company, e.g. internal factors could include workplace health and safety whilst external factors may include a company's impact on the area surrounding their place of business.

The day to day management of social risk is also the responsibility of the companies in which the Plan's Fiduciary Managers have invested. It is the responsibility of the Fiduciary Managers to ensure that these companies have sufficient procedures and processes in place in order to mitigate these risks as far as is reasonably possible.

8.16 ESG and climate change

The risks that result from ESG related factors, including climate change. This can be mitigated by setting out a clear ESG / responsible investment policy and the Trustees' approach to engaging with, and monitoring, its Fiduciary Managers in relation to ESG.

8.17 Custody

To ensure safekeeping of the Plan's assets, ownership of assets is wholly independent of the Employer. It is currently a policy of the Trustees that no assets are to be invested in the Employer. However, this policy could be reviewed at a later date.

9. RELATIONSHIP WITH FIDUCIARY MANAGERS

9.1 The Fiduciary Managers are appointed by the Trustees. See 5.4 for more details of the Fiduciary Managers' responsibilities.

9.2 The Fiduciary Managers often invest in pooled funds. As the decision on the selection of a pooled fund is taken by the Fiduciary Manager, the Trustees have no influence on the selection of, or the decisions taken by, the underlying fund managers of the pooled funds.

9.3 Before the appointment of a new Fiduciary Manager, the Trustees would expect to meet personally with the main contact(s) who would be managing the investments within the new mandate. The Trustees, via the Investment Manager, would also look to review any documentation associated with the new investment to consider the extent to which it aligns with the Trustees' overall aims and objectives. Where possible, the Trustees (via the Investment Manager) will seek to agree any changes to the documentation, or express their expectations (in writing, or verbally at Trustees' meetings) so that there is more alignment.

9.4 There is typically no set duration for any mandate with an appointed Fiduciary Manager, although the continued appointment will be reviewed periodically. Similarly, the Trustees do not impose any set durations for holdings held by the Fiduciary Manager with the underlying asset managers or pooled funds.

10. MONITORING PERFORMANCE AND REMUNERATION

10.1 The Investment Adviser monitors the performance of the Fiduciary Managers on an ongoing basis and conducts formal reviews of each Investment Manager at least annually. The Investment Adviser communicates these reviews to the Trustees. Additionally, the Trustees invite the Fiduciary managers to attend an annual investment review meeting.

10.2 When assessing the performance of the Fiduciary Managers, the Investment Adviser considers (amongst other factors):

- The financial performance of each appointed Fiduciary Manager against stated benchmarks and the rest of the market, both in terms of individual performance and their wider role in helping the Plan meet its long-term objectives.
- How well the Fiduciary Managers are aligned with the Statement and the Trustee's investment policies.
- The quality of service provided by the Fiduciary Managers, including the quality of reporting and climate-related disclosure to the Trustee.

10.3 Any Fiduciary Manager who is considered to be performing poorly will be required to account for their performance and, exceptionally, their mandate may be terminated.

10.4 The Trustees remunerate the Fiduciary Managers through payment of a management fee linked to the value of the investment funds controlled by their mandate. The fee does not explicitly incentivise the Fiduciary Managers to align their investment strategies and decisions with the Trustee's policies, or to make decisions based on long-term financial and non-financial performance, through remuneration arrangements. However, the Trustees, with assistance from the Investment Adviser, regularly assess the Fiduciary Managers' degree of compliance with its policies and their medium-term to long-term performance. Thus, the continued appointment of the Fiduciary Managers is dependent upon them ensuring they comply with the Trustees' policies and maximise their long-term performance through long-term decision making, both in respect of financial and non-financial considerations.

11. PORTFOLIO TURNOVER COSTS AND FIDUCIARY MANAGER FEES

11.1 The Trustees do not currently monitor portfolio turnover costs for the funds in which the each of the Fiduciary Managers invest. However, the Trustees note that the performance monitoring information which it receives (either direct from the Fiduciary Managers or from the Investment Manager reviews), is net of all charges, including such costs. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

11.2 Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Plan or the Fiduciary Managers.

11.3 The Trustees recognise that portfolio turnover and associated transaction costs are a necessary part of portfolio management.

11.4 The Fiduciary Managers are paid on an ad valorem basis.

11.5 The Trustees do not directly incentivise the Fiduciary Managers to align the approach they adopt for a particular fund with the Trustees' policies and objectives. Instead, the Fiduciary Managers and the funds are selected so that, in aggregate, the returns produced are expected to meet the Trustees' overall objectives.

11.6 The Trustees are aware of the importance of monitoring the Fiduciary Managers total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustees recognise that in addition to ad valorem charges, there are other costs incurred by the Fiduciary Managers that can increase the overall cost incurred. The Trustees expect to receive annual cost transparency reports from the Fiduciary Managers. These reports present information in line with prevailing regulatory requirements for Fiduciary Managers.

12. ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

12.1 The Trustees believes that environmental, social, and governance ("ESG") factors, including climate change, can impact the performance of the Plan's investments over the medium to long-term. However, the Trustees have delegated responsibility for the selection, retention, and realisation of investments to its Fiduciary Managers.

The Fiduciary Managers also invest Plan assets via pooled investment funds in which the Plan'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, social, ethical or environmental factors, is delegated to the investment manager of the pooled investment fund.

12.2 The Trustees believe that responsible ownership can add value to the Plan's assets in the long term and will therefore seek to appoint Fiduciary Managers who demonstrate strong engagement credentials, where relevant to the portfolio (see section 13 below for further details under "Rights Attaching to Investments").

12.3 The Trustees have decided not to take non-financial considerations into account in the selection, retention and realisation of investments. In reaching this decision, the Trustees have considered both the challenges of engaging a properly representative sample of members and the strong likelihood of a lack of consensus among those most likely to respond to such a consultation.

12.4 The Trustees are committed to reviewing this policy on an ongoing basis. The Trustees will take these into account the above factors when appointing and reviewing the Fiduciary Managers.

13. RIGHTS ATTACHING TO INVESTMENTS (STEWARDSHIP)

13.1 The Trustees supports the aims of the UK Stewardship Code. The Plan's Fiduciary Managers are invited to operate in accordance with the guidelines laid out in the Stewardship Code which covers matters of both voting and engagement. The Fiduciary Managers are encouraged to report their adherence to The Stewardship Code using the "comply" or "explain" principle where appropriate.

13.2 The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) to the Fiduciary Managers who are required, where practical, to make considered use of voting in the interests of the Plan. The Trustees expect the Fiduciary Managers to update the Trustees via the quarterly reports on corporate governance, and particularly on their voting and engagement records. In general, the Plan's Fiduciary Managers are likely to choose to support and vote with incumbent company management, and therefore exception reporting is expected. Significant shareholder action other than voting should also be reported.

13.3 The Trustee delegates primary responsibility for its corporate engagement activities to its Fiduciary Managers. The Trustees believe that the Fiduciary Managers are best placed to engage with investee companies on their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

13.4 There may be occasions in the future where the Trustees may deem it necessary to engage directly with companies on particular ESG-related issues. Should this ever occur, the Trustees will seek to undertake joint engagement activities with their Fiduciary Managers.

13.5 The Trustees will engage with the Fiduciary Manager as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned.

14. EMPLOYER RELATED INVESTMENTS

14.1 The Trustees' current policy is not to hold any employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005.

15. CONFLICTS OF INTEREST

15.1 The Trustees maintain a separate conflicts of interest policy and register. Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Fiduciary Managers, while also setting out a process for their management.

16. INDEPENDENT AUDIT OF PLAN ASSETS

16.1 The Plan is audited annually by the professional auditors appointed by the Trustees. The current auditor to the Plan is RSM UK Audit LLP. The financial year-end for the Plan is 30th April.

17. REVIEW OF THE STATEMENT OF INVESTMENT PRINCIPLES

17.1 In drawing up the Statement, the Trustees have sought advice from the Plan's Investment Adviser, Womble Bond Dickinson Wealth Limited. Guidance has also been taken from the triennial valuation and mid-term valuations undertaken by the Plan Actuary, John Gordon from XPS.

17.2 The Trustees will review the Statement at least triennially, or where the Trustees consider a review is required for other reasons, for example in the event of a significant change in the Plan's investment policy, the funding status of the Plan or the employer covenant. Written recommendations on any changes will be provided by the Investment Adviser and the Employer will also be consulted.



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Signed on behalf of the Trustees of the
North East Autism Society Retirement Security Plan

Date: 30 September 2019