

United Society for the Propagation of the Gospel Overseas Staff Pension Scheme

Statement of Investment Principles

June 2026

1 Introduction

- 1.1 This is the Statement of Investment Principles prepared by the Trustees of the United Society for the Propagation of the Gospel Overseas Staff Pension Scheme (the Scheme). This statement sets down the principles governing decisions about investments for the Scheme to meet the requirements of:
- the Pensions Act 1995, as amended by the Pensions Act 2004;
 - the Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010;
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018; and
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2 In preparing this statement the Trustees have consulted the United Society (“Us”, formerly the United Society for the Propagation of the Gospel), the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees’ investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.
- 1.3 This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4 The Trustees will review this statement at least every three years or if there is a significant change in the policy on any of the areas covered by the statement.

2 Choosing Investments

- 2.1 The Trustees’ policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2 The day-to-day management of the Scheme’s assets is delegated to one or more fund managers. The Scheme’s fund managers are detailed in Appendix 1 to this Statement. The fund managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.
- 2.3 The Trustees review the appropriateness of the Scheme’s investment strategy on an ongoing basis. This review includes consideration of the continued competence of the fund managers with respect to performance within any guidelines set. The Trustees will also consult the employer before amending the investment strategy.

3 Investment Objectives

- 3.1 The Trustees’ main investment objectives are:
- to ensure that they can meet the members’ entitlements under the Trust Deed and Rules as they fall due;
 - to manage the expected volatility of the returns achieved in order to control the level of volatility in the Scheme’s required contribution levels.
- 3.2 The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme’s liabilities at any time. The Trustees have obtained exposure to investments that they expect will meet the Scheme’s objectives as best as possible.

4 Kinds of investments to be held

- 4.1 The Scheme can invest in a wide range of asset classes including:

- Equities;
- Bonds;
- Cash;
- Property;
- Alternatives, including private equity, commodities, hedge funds, infrastructure, currency, high yield debt and derivatives;
- Annuity policies.

4.2 Any investment in derivative instruments is only made to contribute to a reduction in the overall level of risks in the portfolio or for the purposes of efficient portfolio management.

4.3 The Trustees have no employer-related investments.

5 The balance between different kinds of investments

5.1 The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within the Appendix to this Statement.

5.2 The Trustees consider the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1 to this Statement.

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

5.4 The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and therefore the Scheme's asset allocation will be expected to change as the Scheme's liability profile matures.

6 Risks

6.1 The Trustees have considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities, and considered ways of managing/monitoring these risks:

6.2 **Risk versus the liabilities** The Trustees will monitor and review the investment strategy with respect to the liabilities following each actuarial valuation. The investment strategy will be set with consideration of the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.

6.3 **Asset Allocation risk** The asset allocation as detailed in Appendix 1 to this Statement is reviewed periodically and alongside the liability profile of the Scheme. This is usually carried out following each actuarial valuation.

6.4 **Fund manager risk** The Trustees monitor each of the fund manager's performance on a regular basis. The Trustees have a written agreement with each fund manager, which contains a number of restrictions on how each fund manager may operate.

6.5 **Governance risk** Each fund manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor these and will report on the managers' practices in their annual Implementation Statement.

6.6 **ESG/Climate risk** The Trustees have considered long-term financial risks to the Scheme and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.

- 6.7 **Loss of investment** The risk of loss of investment by each fund manager and custodian is assessed by the Trustees. Each fund manager monitors counterparty credit risk and evaluates counterparty credit quality on a continuous basis. The Trustees undertake frequent reviews of the internal controls and processes of each of the investment managers.
- 6.8 **Liquidity risk** The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cash flow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.
- 6.9 **Covenant risk** The creditworthiness of the employer and the size of the pension liability relative to the employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
- 6.10 **Solvency and mismatching** Risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustees are aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
- 6.11 **Currency risk** The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.

7 Expected return on investments

- 7.1 The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the fund managers.
- 7.2 The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.
- 7.3 In considering the expected return from investments, the Trustee recognises that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.
- 7.4 Having established the investment strategy, the Trustees monitor the performance of each fund manager against an agreed benchmark as frequently as appropriate according to market conditions and the Scheme's funding position.

8 Realisation of investments

- 8.1 The Trustees have delegated the responsibility for buying and selling investments to the fund managers. The Trustees have considered the risk of liquidity as referred to above.
- 8.2 Ultimately, the investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustees are aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

9 Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities

- 9.1 The Trustees have set policies in relation to these matters. These policies are set out in Appendix 2.

10 Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment policies

- 10.1 Prior to appointing a fund manager, the Trustees discuss the fund manager's approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how their policies are aligned with the Trustees' own investment beliefs.
- 10.2 When appointing a fund manager, in addition to considering the fund manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.
- 10.3 The Trustees carry out a strategy review at least every three years where they assess the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustees monitor the fund managers' approach to ESG and climate related risks on an annual basis.
- 10.4 In the event that a fund manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated. The fund managers have been informed of this by the Trustees.
- 10.5 Fund manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the fund manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

- 10.6 The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, the Trustees recognise that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustees acknowledge this in their fund management arrangements.
- 10.7 When considering the management of objectives for a fund manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over a rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the fund manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.
- 10.8 The Trustees expect fund managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the fund managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

- 10.9 The Trustees monitor the performance of their fund managers over medium to long term periods that are consistent with the Trustees' investment aims, beliefs and constraints.
- 10.10 The Scheme invests exclusively in pooled funds. The fund manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the fund manager, they receive more and as values fall they receive less.
- 10.11 The Trustees believe that this fee structure enables the fund manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.
- 10.12 The Trustees ask the Scheme's investment consultant to assess if the fund management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered regularly as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

- 10.13 The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments.
- 10.14 During the fund manager appointment process, the Trustees may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the fund manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

Duration of arrangement with fund manager

- 10.15 For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the fund managers.
- 10.16 The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the fund managers, and the specific funds used, is assessed.

11 Agreement

- 11.1 This statement was agreed by the Trustees, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the Employer, the fund managers, the Scheme Actuary and the Scheme Auditor upon request.

Appendix 1 Note on investment policy of the Scheme as at June 2026

Choosing investments

The Trustees have appointed Legal and General Assurance (Pension Management) Limited (“L&G”) to carry out the day-to-day investment of the Scheme’s assets. L&G is authorised and regulated by the Financial Conduct Authority.

The fee arrangements with L&G are set out in the Trustees’ Fund Manager Fee Arrangement Summary document.

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters. Barnett Waddingham is remunerated on a time cost basis.

The balance between different kinds of investment and rebalancing

The asset allocation has been agreed after considering the Scheme’s liability profile, funding position, expected return of the various asset classes and the need for diversification.

The Scheme has a strategic asset allocation as set out in the table below. The Trustees recognise that the asset allocation will vary over time as a result of market movements. The Trustees seek to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalances.

Asset Class	Allocation
Bonds	100.0%
L&G 2042 Gilt Fund	25.0%
L&G 2037 Index-Linked Gilt Fund	37.5%
L&G 2040 Index-Linked Gilt Fund	37.5%
Total	100%

The investment benchmarks and objectives for L&G are given below:

Fund	Benchmark	Objective
Single Gilt Fund	Treasury gilt at respective maturity	To track the performance of the respective gilt within +/- 0.25% p.a. for two years out of three.
Single Index-Linked Gilt Funds	Treasury index-linked gilt at respective maturity	To track the performance of the respective index-linked gilt within +/- 0.25% p.a. for two years out of three.

The performance of L&G is monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short term and long term performance.

Investment of new money

As all assets held are contributing to the interest rate and inflation hedging, new money is normally invested on a pro-rata basis across each of the Scheme's funds according to the actual allocation at the time of investment, in order to better maintain the desired hedge against interest rate and inflation risks.

Realisation of investments

The Scheme's cash flow requirements are expected to be met by the Scheme. As all assets held are contributing to the interest rate and inflation hedging, this will typically be done on a pro-rata basis across each of the Scheme's funds according to the actual allocation at the time of disinvestment, in order to better maintain the desired hedge against interest rate and inflation risks.

Appendix 2 Note on financially material considerations, non-financial matters, the exercise of voting rights and engagement activities

Policy on Financially material considerations

The Trustees believe that Environmental, Social and Governance (“ESG”) factors (including but not limited to climate change) are financially material – that is, they have the potential to impact the value of the Scheme’s investments over the length of time until the benefits can be bought out with an insurer.

The Trustees have elected to invest the Scheme’s assets through pooled funds. The Trustees have a policy to only invest in pooled funds meeting certain ethical criteria where this is possible, as detailed below (Policy for taking into account non-financial matters). Each of the Scheme’s fund managers will ultimately act in the best interests of the Scheme’s assets to maximise returns for a given level of risk and funds with specific ethical criteria will apply these. The choice of underlying funds is made by the Trustees after taking advice from their investment consultant. The Trustees, and the managers of the underlying funds, take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

The Trustees take those factors into account in the selection, retention and realisation of investments as follows:

Selection of investments: assess the fund managers’ ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels.

Retention of investments: Developing a robust monitoring process in order to monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the fund managers.

Realisation of investments: The Trustees will request information from the fund managers about how ESG considerations are taken into account in decisions to realise investments.

The Trustees will also take those factors into account as part of their investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme’s investments.

The Trustees will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustees will obtain regular training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- As part of ongoing monitoring of the Scheme’s fund managers, the Trustees will use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme’s fund managers take account of ESG issues; and
- The Trustees will request that all of the Scheme’s fund managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.

A summary of the Trustees’ views for each asset class in which the Scheme invests is outlined below.

Bonds

The Trustees believe that ESG issues are not financially material to the risk-adjusted returns achieved by the Scheme’s bonds, given their sole purpose is to provide a hedge against the Scheme’s exposure to movements in nominal interest rates and inflation.

Policy on non-financially material considerations

The Trustees have regard to the Church of England's guidance on investments.

The Trustees do not take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

The exercise of voting rights

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the fund managers on the Trustees' behalf.

Fund managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustees will, with input from their investment consultant as necessary, monitor and review the information provided by the fund managers. Where possible and appropriate, the Trustees will engage with their fund managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

Currently the Trustees do not invest in any assets with voting rights attached, therefore the applicability of the exercise of voting rights is limited.

Engagement activities

The Trustees acknowledge the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their fund managers they provide their fund managers with a benchmark they expect the fund managers to either follow or outperform.

Should a fund manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustees have made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the fund manager recommendations they make are free from conflict of interest.

The Trustees expect all fund managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the fund manager and conflicts of interest between the Trustees/fund manager and the investee companies.

In selecting and reviewing their fund managers, where appropriate, the Trustees will consider fund managers' policies on engagement and how these policies have been implemented.

Currently the Trustees invest only in government bond funds, therefore the applicability of engagement activities is limited.