MERCHANT NAVY RATINGS PENSION FUND

STATEMENT OF INVESTMENT PRINCIPLES

May 2024

Introduction

The main purpose of the MNRPF is the provision of pensions for "Ratings" (as defined in the MNRPF Trust Deed) in the British Merchant Navy on retirement at normal pension age and annuities for their surviving spouses or civil partners. The Trustee has the power to extend the qualification for membership to include other ratings or classes of persons connected with the British Merchant Navy.

1. Compliance with the Pensions Act 1995 and the Preparation of this Statement of Investment Principles

1.1 This Statement complies with the Trustee’s obligation, under the Pensions Act 1995, to prepare and maintain a written statement of the investment principles governing decisions about investments for the purposes of the MNRPF. This Statement must be reviewed (and, if necessary, revised) at least every three years and without delay after any significant change in investment policy.

In preparing this Statement the Trustee has considered the principles recommended in the report published by Paul Myners in 2001 (and as subsequently updated in 2008) and believes that it complies with the spirit of the principles.

1.2 In preparing this Statement, the Trustee has obtained advice from the Investment Adviser and has consulted the Scheme Actuary and the legal advisers to the MNRPF.

1.3 In preparing this Statement, the Trustee has also consulted the Participating Employers, and the Trustee will similarly consult when revising this Statement. Copies of this Statement will be made available to members on request.

The Trustee will review this Statement, with advice from the Investment Adviser and the Scheme Actuary, following an actuarial valuation, when there is a significant change to the MNRPF or where the Trustee determines that a review is needed for other reasons.

1.4 The Trustee has established a Financial Risk Management pillar and appointed a Delegated CIO Oversight Adviser. The Trustee delegates certain aspects of the MNRPF's investment responsibilities to the Financial Risk Management pillar and the Delegated CIO Oversight Adviser and certain powers and responsibilities have been delegated to the Delegated

CIO. Paragraphs 12 and 13 of this Statement set out the specific investment related roles of the Financial Risk Management pillar and the Delegated CIO Oversight Adviser and Delegated CIO.

2. Investment Beliefs

The Trustee Board has approved the core set of investment belief statements listed below. This provides a robust framework for logical and efficient decision making.

Governance
The Board should focus on setting strategy and goals with implementation being delegated to a highly competent investment function. Tight controls and close oversight are key to managing conflicts of interest.

Strategy
A clearly articulated Journey Plan is critical to achieve the Fund's goals.

Strategic asset allocation and manager selection decisions can both have a material impact on performance. The Fund should target diversified sources of return as different sources of return, including equity, credit, term, illiquidity and skill premiums can all contribute materially over the long run. Active fund management in aggregate is a negative sum game after fees and costs, and should be utilised selectively where governance and empirical evidence support the investment case, while the benefit of having the flexibility to evolve the portfolio quickly is greater than any potential illiquidity premium.

Risk management
Long-run poorly rewarded risks should be largely hedged, if cost effective to do so, and any deviation should be sized appropriately. Extreme outcomes and mitigation techniques should be considered.

Cost
The primary focus should be on value with costs judged against the benefit that could be delivered. Investing with the best investment managers, even if this means higher management charges, is likely to deliver the best outcome.

Monitoring
Monitoring can add value, although past performance has limited predictive power.

Sustainable Investment
Climate risk is a systematic and multi-faceted risk, impacting the Fund's assets, members, covenant, and society and therefore merits specific attention – the Trustee is best placed to make decisions and drive direction in this area. A pound of pension is worth more in a world worth living in, so the Trustee cannot ignore its wider responsibilities. The Trustee should focus on what it thinks are the most important things, regardless of if they can be

reliably and regularly measured, proactively building and maintaining a strong external profile and public reputation.

The Trustee should approach sustainability in a similar way to other investment matters, focusing on setting policy, strategy and engaging with key stakeholders. Sustainability factors are financially material to portfolio construction. Integration of environment, social & governance (ESG) considerations is essential to avoid the risk of investing in companies that might otherwise seem cheap on traditional metrics while being an active owner produces better outcomes. A well-designed investment process should naturally exclude companies with undesirable ESG characteristics without Trustee intervention.

MNRPF Investment Objectives

The investment objectives of the Trustee are:

2.1 to acquire suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with contributions from the Participating Employers, the cost of current and future benefits which the MNRPF provides; and

2.2 to limit the risk of the MNRPF's assets failing to meet the MNRPF's liabilities over the long term, or other measures imposed by regulation from time to time.

In pursuing these investment objectives, the Trustee intends to have due regard to:

a. the paramount interests of the members of the MNRPF, for whom the receipt of their promised benefits is of prime importance; and

b. the covenant of the Participating Employers, upon whom the responsibility for funding those benefits ultimately falls.

3. The Kinds of Investments to be held

3.1 The Trustee holds investments that limit the risk of assets failing to meet the liabilities over the long term. These include physical or derivative based assets aimed at matching the interest rate, inflation and longevity sensitivity of liabilities as well as other assets aimed at generating return ahead of the liabilities over time.

3.2 Diversification of the portfolio of assets is achieved through equity, bonds, property and other liquid or illiquid investments, which are spread geographically. This diversification through different asset classes and markets seeks to ensure an appropriate level of return without undue risk.

3.3 No class of financial instruments is excluded from investment consideration.

4. The Balance Between Different Kinds of Investment

4.1 The allocation to different asset classes from time to time needs to fall within agreed Asset Allocation Ranges. The Asset Allocation Ranges as at the date of this Statement is appended as Appendix 2 to this Statement. The Asset Allocation Ranges may be amended from time to time by the Trustee, in accordance with appropriate advice from the Investment Adviser provided such amendments are consistent with the Journey Plan.

4.2 The Asset Allocation Ranges shall be set with reference to the liabilities and Journey Plan of the MNRPF.

The Asset Allocation Ranges are reviewed frequently, but at least annually to ensure that the ranges allow for appropriate diversification and allow reasonable opportunity to meet the investment objectives of the MNRPF.

4.3 The Asset Allocation Ranges will be made available to the Participating Employers and members upon request.

5. Expected Return on Investments

The Trustee's policy with regard to the expected return on investments is to agree an overall objective articulated as a Journey Plan with a specific funding level target and time horizon, by reference to the MNRPF's liabilities. The Journey Plan is then translated into the return target to achieve the objective, given the Trustee's understanding of the contributions likely to be received.

The Financial Risk Management pillar and the Delegate CIO Oversight Adviser, under the delegated authority of the Trustee will monitor the MNRPF Journey Plan quarterly. Changes to the Journey Plan will be agreed with the Trustee from time to time.

6. Risk

6.1 The Trustee recognises that a number of risks are involved in the investment of assets of the MNRPF:

6.1.1 Solvency and mismatching risks

a. are measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies. A systematic de-risking process operated by the Fund has the sole aim of reducing risk versus liabilities over time with further de-risking taken opportunistically.
b. are managed by investing a suitable proportion of the MNRPF's assets in liability matching instruments and assessing the progress of the investment policy

6.1.2 Investment Manager risk

a. is measured by the expected deviation of the prospective risk and return, as set out in the Investment Manager(s)' objectives, relative to the investment policy and
b. is managed by spreading Investment Manager risk across different investment managers and by monitoring the actual deviation of returns relative to the objective and factors inherent in the Investment Manager(s)' investment process

6.1.3 Liquidity risk

a. is measured by the level of cashflow required for the MNRPF over a specified period and
b. is managed by assessing the level of cash and eligible collateral held in the MNRPF in order to limit the impact of the cash flow requirements on the investment policy

6.1.4 Geopolitical and currency risks

a. are measured by the level of concentration in any one market leading to the risk of an adverse influence on investment values arising from political intervention and
b. are managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy

6.1.5 Custodial risk

a. is measured by assessing the creditworthiness of the global custodian and the ability of the organisation to settle trades and provide secure safekeeping of the assets under custody and
b. is managed by the review of regular reports from the custodian on their performance relative to agreed service levels

6.1.6 Sponsor risk

a. is measured and assessed by the level of ability of and willingness of the Participating Employers to support the continuation of the MNRPF and to make good any current or future deficits and
b. is managed by assessing a number of factors, including the separate and aggregated creditworthiness of the Participating Employers

6.1.7 Counterparty Risk

a. Is measured by assessing the creditworthiness of the MNRPF's derivative counterparties
b. Is managed through the exchange of collateral and diversifying exposure among a number of counterparties.

6.1.8 Legal and operational risk

a. Cannot be easily measured. This risk arises as the successful operation of investments (derivative instruments) are dependent on various legal documents governing the contracts.
b. Is managed through taking appropriate legal advice when putting in place legal documents, reviewing legal documents and performing operational due diligence before appointing providers.

6.1.9 Climate risk:

a. Transition risk: The indirect impact arising as a result of changes in society and economies to combat or adapt to climate change;
b. Physical risk: The direct impact arising as a result of chronic and/or acute changes in climate and extreme weather events;
c. Both are measured through a quantitative assessment using scenario analysis;
d. Both are managed by the review and discussion of the annual sustainability report.

6.1.10 Regulatory risk

a. Cannot be easily measured, however the Trustee is aware that various regulations (e.g. European Market Infrastructure Regulation) exist and must be complied with.
b. Is managed by appointing capable Investment Managers and asking them to comply with regulation on the MNRPF's behalf.

6.2 Having taken all of the above factors into consideration and having taken investment advice in accordance with section 36(3) of the Pensions Act 1995, the Trustee believes it appropriate to establish an investment objective, articulated through the Journey Plan, for the MNRPF driven by the MNRPF's liabilities.

The Journey Plan allows for systematic risk reduction over time so as not to run unwarranted investment risk at the end of the plan. The Trustee also monitors the funding level against the Journey Plan with a view to reducing investment risk versus liabilities opportunistically over time.

7. <u>The Realisation of Investments</u>

7.1 The Trustee has a policy that there should, at all times, be sufficient investments in liquid or readily realisable assets to meet cash flow requirements such that the realisation of assets will not disrupt the overall investment policy of the MNRPF. The Trustee also requires that sufficient cash be held to meet the likely benefit payments as they fall due.

8. Responsible investing, stewardship and sustainability

8.1 The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Delegated CIO and in turn to the MNRPF's investment managers. However, the Trustee and Delegated CIO recognise that an investment's long-term financial success is influenced by a range of factors including Environmental, Social and Governance (ESG) issues. The time horizon over which financially material factors are being considered is the time horizon of the Fund's journey plan.

8.2 Consequently, the Trustee (through the selection of the Delegated CIO and its associated approach to environmental, social and governance issues, as set out further below) seeks to be an active long-term investor. The Trustee's focus is explicitly on financially material considerations in the selection, retention and realisation of investments. The Trustee's policy at this time is not to take into account non-financial matters explicitly. The Trustee supports and actively encourages investments with a positive social and environmental impact, where the Trustee has reasonable cause to believe that MNRPF members would share concerns and these investments have no adverse impact on overall investment efficiency.

8.3 In particular areas such as equity and credit, the Trustee expects the Delegated CIO to work with 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. The Trustee notes that the Delegated CIO may invest in certain strategies where such engagement is not deemed appropriate or possible, due to the nature of the strategy and/or the investment time horizon underlying decision making. The Trustee expects that the appropriateness of the Fund's allocation to such mandates is determined in the context of the Fund's overall objectives.

8.4 The Trustee expects the Delegated CIO to assess the alignment of the Fund's underlying managers' approach to sustainable investment (including engagement) with its own before making an investment on the Fund's behalf. In addition, the Trustee expects the Delegated CIO to review the Fund's managers' approaches to sustainable investment (including engagement) on a regular basis and engage with the managers to encourage further alignment as appropriate.

8.5 The Delegated CIO 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 particular exposures which the Delegated CIO takes into account in the assessment.

8.6 When considering its policy in relation to stewardship including engagement and voting, the Trustee expects investment managers to address broad ESG considerations taking into account the nature of the assets held under the relevant investment mandate, but has identified climate, biodiversity, and diversity, equity and inclusion as key areas of focus for the Trustee. The Trustee assesses that ESG risks, and in particular climate change, pose a financial risk to the Fund and that focussing on these issues is ultimately consistent with the Trustee's fiduciary duties and the financial security of its members. Whilst the Trustee's policy is to delegate a number of stewardship activities to the Delegated DCIO and its investment managers, the Trustee recognises that the responsibility for these activities remains with the Trustee. The Trustee incorporates an assessment of how well the Fiduciary Manager and investment managers exercise these responsibilities as part of its overall assessment of their performance.

8.7 The Delegated CIO has a dedicated Sustainable Investment resource and a network of subject matter experts. 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 Delegated CIO expects investment managers to have ESG processes that align with the investment risk and return characteristics of the strategy. The Delegated CIO engages with underlying managers where appropriate regarding their approach to stewardship with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings. Where an investment manager's processes are deemed insufficient by the Delegated CIO, and the investment manager does not take steps to improve their approach, the investment manager's position in the portfolio may be reviewed and/or a decision may be taken not to proceed with an investment.

9. Corporate Governance

9.1 The Trustee recognises the responsibilities of shareholders as owners of capital. Accordingly, the Trustee's objective as a shareholder is to achieve a substantial long-term return on the MNRPF's investments by the preservation and enhancement of shareholder value, which it believes good corporate governance promotes. Matters of corporate governance in general and voting in particular are integral parts of the delegation of duties to the Investment Managers. Voting power should be exercised by the Investment Managers with the objective of preserving and enhancing long-term shareholder value.

9.2 The Delegated CIO encourages and expects the MNRPF's Investment Managers to sign up to local or other applicable Stewardship Codes, in-keeping with good practice, subject to the extent of materiality for certain asset classes. The Delegated CIO itself is a signatory to the Principles for Responsible Investment (PRI) and the UK Stewardship Code and is actively involved in external collaborations and initiatives. The Trustee has posted its Statement of Commitment to the Stewardship code on its own website.

9.3 The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Delegated CIO assesses the voting policies of the investment managers that it appoints on the Trustee's behalf, for consistency with the Trustee's policies and objectives, as appropriate. The Delegated CIO has also appointed Equity Ownership Services (EOS) at Federated Hermes to undertake public policy engagement and company-level engagement on its behalf. EOS at Federated Hermes also assists the Trustee's equity managers with voting recommendations.

9.4 The Trustee requires its Investment Managers to report on corporate governance, and particularly on their voting and engagement records. Experience suggests, Investment Managers typically choose to support and vote with incumbent company management in the majority of cases, the Trustee expects Investment Managers to provide (upon request) justification for their voting decisions. Significant shareholder action other than voting should also be reported. Reporting on corporate governance activity by the Investment Managers will be monitored by the Trustee via the Delegate CIO.

9.5 The Trustee annually receives reporting from the Delegated CIO which summarises the environmental, social and corporate governance integration and stewardship activities of its external Investment Managers.

10. The Trustee's Powers to Pursue its Investment Objectives

10.1 The Trustee will exercise its powers of investment, which are contained in the MNRPF Trust Deed (Clause 17) as supplemented by Section 34(1) of the Pensions Act 1995, in a manner which is consistent with its investment objectives.

11. The Legal Duties which the Trustee must Observe

11.1 Trust law requires that the Trustee must exercise its powers of investment in the best interests of the members, which will normally mean their best financial interests. Its powers must therefore be exercised so as to aim to yield the best return, consistent with the need for prudence.

11.2 Section 36(1) of the Pensions Act 1995 requires that the Trustee must exercise its powers of investment in accordance with the Investment Regulations. Regulation 4 of the Investment Regulations requires:

- The assets must be invested in the best interests of the members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.

- The powers of investment must be exercised in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole.

- Assets held to cover the MNRPF's Technical Provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the MNRPF.

- The assets of the MNRPF must consist predominantly of investments admitted to trading on Regulated Markets and investment in any assets not so admitted must be kept to a prudent level.

- The assets of the MNRPF must be properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings and to avoid accumulations of risk in the portfolio. Investments in assets issued by the same issuer or by issuers belonging to the same group must not expose the MNRPF to excessive risk concentration. To the extent that the assets of the MNRPF consist of Qualifying Insurance Policies, these policies shall be treated as satisfying the requirement for proper diversification when considering the diversification of assets as a whole.

- Investment in Derivative Instruments may be made only in so far as they contribute to reduction of risks or facilitate efficient portfolio management and any such investment must be made and managed to avoid excessive risk exposure to a single counterparty and to other derivative operations. The managers appointed by the Fund have the flexibility to use futures, options, warrants, swaps, repurchase agreements and other derivative instruments. Derivative instruments may be exchange-traded or over-the-counter.

11.3 Section 36(3) of the Pensions Act 1995 requires the Trustee to obtain and consider proper advice on the question of whether the investment is satisfactory, having regard to the requirements of the Investment Regulations, so far as relating to the suitability of investments, and to the principles contained in this Statement. Broadly, the reference to the need for proper advice is a reference to the need to obtain advice from a person authorised to give it by the Financial Conduct Authority.

11.4 To the extent required by law, ultimate responsibility for the investment of the assets of the MNRPF, including responsibility for securing compliance with the requirements of Section 36 of the Pensions Act 1995, rests with the Trustee. The Trustee's policy for securing compliance with the requirements of Section 36 of the Pensions Act 1995 is to ensure that those persons involved in making decisions about investments are familiar with the requirements of that Section and of the Investment Regulations and have the appropriate knowledge and experience to perform the responsibilities delegated to them. Certain powers and responsibilities of this Statement have been delegated to the Delegated CIO. The Trustee’s powers and duties described in this Statement apply to the Financial Risk Management pillar, the Delegated CIO Oversight Adviser, the Delegated CIO and any other party to whom the Trustee may have delegated its powers in the same way as they apply to the Trustee. This arrangement is consistent with the Myners Report (and subsequent iterations), which states that it is good practice for trustee boards to appoint sub-committees/working groups in order to provide appropriate focus for investment decision-making, in the case of the Fund, this is done via the Financial Risk Management pillar and the Delegated CIO Oversight Adviser. Paragraphs 12 and 13 of this Statement set out the specific roles of the Financial Risk Management pillar, the Delegated CIO Oversight Adviser and the Delegated CIO.

11.5 A copy of this Statement and any amendments to it shall be provided to the Investment Managers. The Investment Managers are required to exercise their delegated powers with a view to giving effect to the principles contained in this Statement, as far as reasonably practicable and to confirm on a regular basis that they have acted in conformity with it.

12. The Role of the Financial Risk Management pillar and the Delegated CIO Oversight Adviser

12.1 The Financial Risk Management pillar and the Delegated CIO Oversight Adviser have the following powers and responsibilities in connection with the implementation of this Statement:

12.1.1 with investment advice and advice from the Scheme Actuary, to implement recommend changes to the Journey Plan approved by the Trustee;

12.1. 2 with investment advice to implement recommend changes to the Asset Allocation Ranges approved by the Trustee;

12.1.3 to put in place arrangements to monitor and review the performance of the Delegated CIO in relation to the matters set out in paragraph 13; and

12.1.4 to review this Statement at least every three years and without delay after any significant change in investment policy and to recommend any changes to the Trustee.

13. The Role of the Delegated CIO

13.1 The Trustee has delegated responsibility to the Delegated CIO to implement the Trustee's agreed investment strategy, including making certain decisions about investments (as set out in the Fiduciary Management and Investment Consulting Services Agreement (the Agreement) with effective date of 17 November 2014) in compliance with Sections 34 and 36 of the Pensions Act. In particular, as part of the Agreement, the Trustee sets out (and updates as and when deemed appropriate) specific Investment Guidelines for the Delegated CIO within which to operate. The Delegated CIO considers the Agreement, Investment Guidelines and the Trustee's policies set out within this statement when carrying out its role and responsibilities, which ensures appropriate incentivisation and alignment of decision-making with the Trustee's overall objectives, strategy and policies.

13.2 The Delegated CIO has the following powers and responsibilities:

13.2.1 to manage the fund to its agreed Journey Plan within the risk constraints specified within its agreement with the Trustee;

13.2.2. determining and implementing investment policy and asset allocation within the Asset Allocation Ranges and reflecting the MNRPF's liabilities and Journey Plan;

13.2.3 selecting and appointing Investment Managers including, but not limited to, the setting of investment objectives, benchmarks and performance targets in respect of each that should be consistent with the overall investment objectives of the MNRPF and the specific level of skill and risk expected of each manager;

13.2.4 reviewing the performance of the Investment Managers on a quarterly and annual basis, comparing returns achieved against those of relevant market indices and individual benchmarks;

13.2.5 reviewing the performance of the global custodian on an annual basis against a series of key performance indicators from time to time (and as currently laid down in the global custodian's service level agreement);

13.2.6 identifying, reviewing and implementing investment strategies;

13.2.7 reviewing on a continual basis the investment risks as set out in the Trustee's risk assessment register; and

13.2.8 reviewing regularly the MNRPF's overall risk tolerance and performance objectives.

13.2.9 reflecting Environmental, Social and Governance (including climate) and broader sustainable investment considerations in the portfolio risk management process, including both capital allocation and stewardship/engagement

13.3 The Delegated CIO may also refer decisions to the Financial Risk Management pillar and/or the Delegated CIO Oversight Adviser for further discussion prior to approval by the Trustee. The Delegated CIO may also provide advice to the Trustee from time to time. For example recommending changes to the MNRPF's Journey Plan.

14 Process for choosing investments

14.1 The Trustee has delegated responsibility for the selection and deselection of investments, and the ongoing management of relationships with asset managers to the Delegated CIO within Investment Guidelines set by the Trustee. The Delegated CIO will ensure that, in aggregate, the portfolio is consistent with the policies set out in this statement and that the investment objectives and guidelines of any individual manager/mandate are also consistent with those policies relevant to the mandate in question. The Trustee considers the Delegated CIO's performance in carrying out these responsibilities as part of its ongoing oversight of the Delegated CIO.

14.2 The Trustee expects the Delegated CIO to appoint investment managers with an expectation of a long-term partnership, which encourages active ownership of the Fund's assets. Likewise, the Trustee expects investment decision making of the investment managers that are appointed to have a long term mindset and manage risk exposure to potentially short term ESG factors. When assessing a manager's performance, the Trustee expects the Delegated CIO to focus on longer-term outcomes. Consistent with this view, the Trustee does not expect that the Delegated CIO would terminate a manager's appointment based purely on short term performance but recognises that a 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 Delegated CIO.

14.3 The Trustee expects the Delegated CIO to consider the fee structures of asset managers and the alignment of interests created by these fee structures as part of its investment decision making process, both at the appointment of an asset manager and on an ongoing basis. Asset 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 Delegated CIO to review and report on the costs incurred in managing the Fund's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee expects the Delegated CIO to have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

15 Appendices

The following are appended to this statement:

15.1 Definition of terms (Appendix 1);

15.2 copy of the Asset Allocation Ranges as at the date of this Statement (Appendix 2);

Note: The Appendices are included for information only, and do not form part of this Statement.

Date: 22 May 2024

Appendix 1: Definition of terms

The following expressions have the following meanings in this Statement of Investment Principles:

Asset Allocation Ranges means the document which prescribes the allowable allocation ranges of the MNRPF's assets between asset classes, as developed, adopted and from time to time amended by the Trustee (and as more particularly described in this Statement);

Delegated CIO means the party appointed by the Trustee to whom the Trustee has delegated certain aspects of its investment powers;

Delegated CIO Oversight Adviser means the person appointed by the Trustee to whom the Trustee has delegated certain aspects of its investment powers, the terms of reference and composition of which is determined by the Trustee from time to time;

Derivative Instrument has the meaning given by Regulation 4(11) of the Investment Regulations;

Financial Risk Management pillar means a subset of the Trustees and subject matter experts to whom the Trustee has delegated certain aspects of its funding and investment powers, the terms of reference and composition of which is determined by the Trustee from time to time;

Investment Adviser means the person appointed by the Trustee in compliance with Regulation 2(2)(a) of the Investment Regulations;

Investment Guidelines as set out in Schedule 1 of the Fiduciary Management and Investment Consulting Services Agreement with the Delegated CIO effective date of 17 November 2014

Investment Manager means a person to whom decisions about investments have been delegated by or on behalf of the Trustee in accordance with Section 34(2) of the Pensions Act 1995;

Investment Regulations means the Occupational Pension Schemes (Investment) Regulations 2005;

Journey Plan means the agreed combination of contributions and investment return that is expected to target assets equal to a funding target set by the Trustee, over the period to 31 March 2030 or such other period as may be set by the Trustee from time to time.

MNRPF means the Merchant Navy Ratings Pension Fund;

MNRPF Trust Deed means the trust deed dated 24 June 2015, and the rules scheduled to that trust deed, governing the MNRPF, as amended from time to time;

Participating Employer has the meaning given in Rule 3 of the MNRPF Trust Deed;

Qualifying Insurance Policy has the meaning given by Regulation 1(2) of the Investment Regulations;

Regulated Market has the meaning given by Regulation 4(11) of the Investment Regulations (as extended by Regulation 4(9) of the Investment Regulations);

Scheme Actuary means the individual appointed by the Trustee in accordance with Section 47(1) of the Pensions Act 1995 as actuary of the MNRPF;

Statement means this Statement of Investment Principles;

Stewardship Code means The UK Stewardship Code originally published by the Financial Reporting Council in July 2010, as amended from time to term, which aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities by setting out good practice on engagement with investee companies;

Technical Provisions has the meaning given by Section 222(2) of the Pensions Act 2004;

Trustee means Merchant Navy Ratings Pension Fund Trustees Limited, the sole corporate trustee of the MNRPF;

Appendix 2: Asset Allocation Ranges

Asset Class	Strategic Allocation Ranges (%)
Equities	0 - 25
Diversifying strategies	0 -20
Alternative Credit	0 – 15
Hedge Funds	0 – 15
Private markets	0 – 19
Investment Grade Credit	0 – 35
Liability Hedging Assets, protection strategies and cash	0 – 100

*Diversifying strategies includes strategies which would be expected to exhibit a low correlation to other exposures within the portfolio, including equities and credit. These may include, but not be limited to, reinsurance, emerging market currencies, momentum, volatility premium, carry premium, commodities, merger arbitrage, and value strategies.