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The Bangor University Pension and Assurance Scheme Investment Implementation Document ("IID")

This Investment Implementation Document ("IID") covers the Bangor University Pension and Assurance Scheme (the "Scheme") and details the policy of the Trustees relating to the implementation of the Scheme's investment arrangements, based on the principles set out in the Scheme's Statement of Investment Principles ("SIP") dated March 2024.

Investment strategy

The Scheme's current investment strategy is invested according to the following broad asset allocation:

Asset Class	Proportion (%)	Expected Return (relative to fixed interest gilts %) p.a.
Liability Driven Investment (LDI)	40	0.0
Asset-Backed Securities	12	2.0
Buy and Maintain Bonds	5	1.0
Multi-Asset Credit	10	3.3
Private Credit	12	3.5
Renewable Infrastructure	21	4.9
Total	**100**	**2.5**

(1) 10-year assumptions as at 31 December 2023 relative to Bank of England 10 Year Gilts (net of management fees).
(2) The LDI mandate includes a Synthetic Equity position that achieves an additional exposure of c.10% of assets, with expected return assumption of 4% above fixed interest gilts.

The expected returns shown in the above table represent long-term expectations of asset classes as a whole. Short-term returns in some asset classes may exhibit considerable variability.

At the time of preparation of this Schedule, the portfolio is in the process of transitioning towards the strategy outlined above.

The actual allocation will move towards this target over time. The Trustees acknowledge that even once the transition is complete, the allocation will vary from the target over time due to market movements and/or cashflow into or out of illiquid assets.

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There is no automatic rebalancing in place, however the Trustees will monitor the actual allocation (including the expected return) over time and will determine if rebalancing or any further action (e.g. a change to the target strategy) is required.

Investment structure and mandates

The Trustees have invested in pooled funds managed by the following investment managers. All the investment managers are regulated under the Financial Services and Markets Act 2000.

Investment Manager	Target Proportion (%)
Schroders plc (“Schroders”)	57
Allianz Global Investors GmbH (“Allianz”)	10
abrdn plc (“ASI”)	12
Octopus Renewables Ltd (“Octopus”)	21
TOTAL	**100**

Legal names have been quoted in the table above for clarity.

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Mandate objectives, target returns, objectives and fees

Schroders manage a "Core" mandate for the Scheme, which includes various underlying asset class exposures, split between four Schroders sub mandates set out below.

Schroders - LDI

Benchmark	Objective	Fees
Gilts Comparator	Track the comparator	*Management Fee:* 0.055% p.a. on present value of hedge benchmark. Subject to a minimum fee of £30,000 per annum.

Schroders LDI portfolio targets a 100% hedge ratio of both inflation and interest rate sensitivities on a TP basis.

Schroder International Selection Fund Securitised Credit GBP Hedged – Asset-Backed Securities

Benchmark	Objective	Fees
ICE BofA 3 Month US Treasury Bill Index	To outperform the benchmark by 2% over a 3-5 year period, gross of fees	*Management Fee:* 0.25% p.a.

ABS mandate is intended to act as "tier 2" collateral support to the LDI portfolio as well as seeking a return above cash (through access to predominantly investment grade ABS)

Schroders Buy & Maintain Credit Sterling Cashflow Funds – Buy and Maintain Bonds

Benchmark	Objective	Fees
n/a	Minimise defaults, downgrades and turnover	*Management Fee:* 0.12% p.a.

Contributes to interest rate hedging as well as seeking a return above gilts (through access to predominantly investment grade corporate bonds).

Schroders Synthetic Equities – Synthetic Equity

Benchmark	Objective	Fees

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MSCI World Index Daily Net Dividends Total Return (Local Currencies) MSCI World ESG Leaders Net Dividends Total Return Index	Track the benchmark	*Management Fee:* 0.05% p.a. of notional amount of outstanding contracts in respect of futures exposures.

Generates an equity like return through the use of derivates (initially designed to provide exposure 50:50 to the two benchmark indices in the table above, although the precise allocations may vary over time).

<u>Allianz Global Multi Sector Credit Fund – Multi-Asset Credit</u>

Benchmark	Objective	Fees
SONIA Overnight Deposit Swap Rates (1 day maturity) (GBP)	Outperform the benchmark over a 5year rolling period	*Management fee:* 0.42% p.a

<u>ASI Multi-Sector Private Credit Fund – Private Credit</u>

Benchmark	Objective	Fees
n/a	Achieve a gross performance of 4-6% p.a.	*Management fee:* 0.32% p.a.

Octopus Renewable Infrastructure Fund – Renewable Infrastructure

Benchmark	Objective	Fees
n/a	Achieve a gross IRR of 7.5-8.5% and a cash yield of 7-8% p.a. over a 10-year period.	*Management fee:* 0.75% p.a. *Performance fee:* 20% of any yield above 7% p.a. over a 3-year period.

Additional Voluntary Contributions

The Scheme provides a facility for members to pay additional voluntary contributions (AVCs) to enhance their benefits at retirement. The Trustee has appointed Prudential Assurance Company Limited to manage the AVC facility. Details on the investable funds offered through this facility may be requested from the provider.

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Collateral management policy

At the time of writing, the Trustees are targeting a level of collateral sufficient to withstand a yield rise to exhaustion of:

- 300bps held within the LDI mandate, and
- 500bps in total held on the LDI manager's platform that can be realised within 5 days.

The Trustees will review their collateral management policy at least annually, or as soon as possible in the event of significant market movements.

The Trustees also have a framework for topping up the collateral.

Trigger	Action	Responsibility
When total collateral on LDI manager's platform falls below 400 bps	Sell external assets to top up collateral position	LDI manager responsible for monitoring trigger, Trustees responsible for implementation
When collateral held within the LDI mandate falls below 275bps	Assets sold from collateral waterfall to meet capital call	LDI manager

The latest collateral waterfall is set out below. .

Manager	Asset Class	Dealing frequency	Notice period	Settlement period
Schroders	Asset-Backed Securities	Daily	T - 3	T + 3
Allianz	Multi-Asset Credit	Daily	T - 3	T + 3
Schroders	Buy and Maintain Bonds	Daily	T - 3	T + 3

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Bangor University Pension & Assurance Scheme
Environmental Social and Governance Policy Statement

1. Introduction

This Environmental, Social and Governance ("ESG") Policy Statement ("the Policy") has been prepared by the Trustees of the Bangor University Pension & Assurance Scheme ("the Scheme"). The purpose of the Policy is to sit alongside the Trustees' Statement of Investment Principles ("SIP"), formalising the Trustees' ESG beliefs and its policy on how ESG factors should be integrated in investment decision-making. The Policy will be made available to members upon request.

The Trustees define Responsible Investment ("RI") in line with the UN-backed Principle for Responsible Investing ("PRI"), which states that RI is an approach to investing that aims to incorporate ESG factors into investment decisions, to better manage risk and generate sustainable, long term returns.

2. Rationale for the Policy

The Scheme is a large institutional investor, investing on behalf of its members. As part of the Trustees' fiduciary duty, which includes a comprehensive approach to risk management, it has been recognised that ESG factors, including, but not limited to, climate change, can be financially material. The Trustees recognise that there is a need for the Scheme to be a longterm, responsible investor in order to achieve sustainable returns.

The Trustees believe that they should be responsible stewards of their assets and consider the wider impacts of their investment decisions on the environment and society. Where possible, and in line with the beliefs set out in this Policy, positive ESG outcomes will be targeted within the investment portfolios.

3. Impact of the Policy on investment decision making

The Trustees decide the Scheme's investment strategy and asset allocation. This includes which asset classes the Scheme should be invested in e.g. property and credit. In making any portfolio construction decisions, the Trustees will have regard for the Policy.

Within each asset class, the Trustees delegate the day-to-day investment decision making to the investment managers – e.g. holding a bond issued by a particular company or exposure to a particular sector. In appointing and reviewing the Scheme's investment managers, the Trustees, with the assistance of Isio, consider the manager's expertise, track record and stated policies and frameworks on ESG related issues. Going forward, as part of the initial and ongoing due diligence of the Scheme's investment managers, the Trustees will assess and monitor their considerations of ESG factors and how these are incorporated into their investment decision making.

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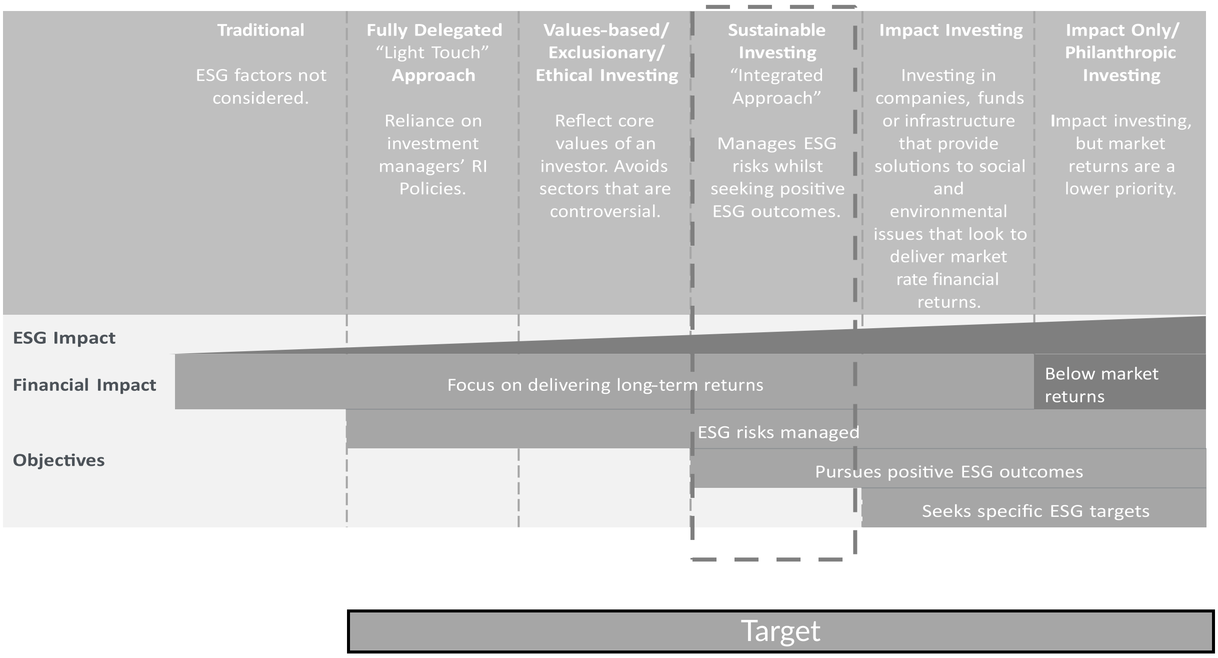
In addition, the Trustees will consider opportunities that may arise from regulation on ESG factors or market dislocations and will receive training and updates periodically to update them on these trends and opportunities.

4. ESG Approach

As per the spectrum of ESG approaches chart presented below, the Trustees wish to pursue a "sustainable" investment approach that integrates ESG risk analysis into investment decision-making, whilst pursuing certain "impact" opportunities that generate competitive financial returns whilst also providing positive and measurable environmental or societal impact. The Trustees' position is indicated on the spectrum chart below.



5. The Trustees' ESG beliefs

The Trustees have formulated a set of ESG beliefs to help underpin overall investment decision making. The Trustees' ESG beliefs have been summarised below.

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Risk Management

1. ESG factors can be financially material and managing risks such as climate change forms part of the Trustees' fiduciary duty.
2. The Trustees wish to invest in managers and funds that exhibit best practice ESG integration. Positive tilts to ESG factors will be made where the Trustees feel that these investments will generate superior long-term returns and/or lower risk.
3. The Trustees will consider the ESG values and priority areas of the sponsor, where this is not conflicted with the Trustees' fiduciary duty.

Approach/Framework

4. The Trustees want to understand how investment managers integrate ESG considerations into their investment process and in their stewardship activities; and will include reference to ESG capabilities in future manager searches.
5. The Trustees believe that sectors aiming for positive social and environmental impacts may outperform as countries transition to more sustainable economies. Where possible the investment strategy will seek to allocate to these sectors
6. The Trustees place particular importance on exposure to climate risk and so will take steps to mitigate exposure to this where practical.

Voting & Engagement

7. The Trustees wants to understand each investment managers' approach to engaging with portfolio companies and the effectiveness of these activities.
8. ESG factors are relevant to all asset classes and, whether equity or debt investments, managers have a responsibility to engage with companies on ESG factors.
9. The Trustee believes that engaging with managers is more effective to initiate change than divesting and so will seek to communicate key ESG actions to the managers in the first instance.

Reporting & Monitoring

10. ESG factors are dynamic and continually evolving, therefore the Trustee will receive training as required to develop their knowledge.
11. The Trustees will monitor suitable, quantifiable ESG metrics to understand the impact of the Scheme's investments.
12. The Trustees' will communicate the ESG approach to the Scheme's members.

Collaboration

13. Investment managers should be actively engaging and collaborating with other market participants to raise ESG investment standards and facilitate best practices as well

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as sign up and comply with common codes such as UNPRI, TCFD and Stewardship Code.

6. Implementing the Policy

The Trustees will implement the policy through the following steps:

i. The Trustees will continue to develop their understanding of ESG factors through training on ESG and keep themselves up to date on the latest sustainable investment opportunities.
ii. The Trustees' ESG beliefs will be formally reviewed biennially or more frequently if required by the Trustees.
iii. The Trustees will incorporate ESG criteria as part of new manager selection exercises, with explicit consideration of ESG factors for segregated mandates.
iv. The Trustees, with support from Isio, will undertake annual reviews of the investment managers' approach to integrating ESG factors.
v. Following the initial review, actions will be identified where investment managers are misaligned with the Trustees' ESG beliefs. Isio will engage with each manager on the Trustees' behalf to remedy these issues where possible.
vi. The investment managers' stewardship and engagement activities will be monitored on an ongoing basis and the Trustees will seek to understand the effectiveness of these activities.
vii. The Trustees will include ESG topics in member communications.

7. Monitoring and reviewing the Policy

The Trustees will monitor the Scheme's assets against this Policy on an ongoing basis, with the assistance of Isio. The Trustees view the development of the Policy as an ongoing process as approaches to integrating ESG factors continue to evolve over time. When reviewing the Policy, the Trustees will take account of any significant developments in the market to ensure they are taking a best practice approach.

Signed: Mark Condron (On behalf of Capital Cranfield Pension Trustees Ltd)
Chair of Trustees, the Bangor University Pension & Assurance Scheme

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Appendix

A. What is the UN-backed Principles for Responsible Investment ("PRI")?

The PRI is a proponent of responsible investment.

The PRI aims to understand the investment implications of ESG factors and helps support its international network of signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The PRI is truly independent. It encourages investors to use responsible investment to enhance returns and better manage risks, but does not operate for its own profit; it engages with global policymakers but is not associated with any government; it is supported by, but not part of, the United Nations. The PRI provide education, training and research on how ESG factors can be incorporated in investment decisions.

Source: www.unpri.org

B. What are the six UN-backed Principles for Responsible Investment?

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

Source: www.unpri.org

C. What are Environmental, Social and Governance ("ESG") factors?

Examples of ESG factors include:

- Environmental o Climate change
    - Resource depletion, including water
    o Waste and pollution o Deforestation
- Social o Working conditions, including slavery and child labour o Local communities, including indigenous communities o Conflict o Health and safety
    - Employee relations and diversity

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- Governance
  - Executive pay o Bribery and corruption o Political lobbying and donations o Board diversity and structure o Tax strategy.

Source: www.unpri.org