SCOTTISH EPISCOPAL CHURCH

PENSION FUND

Statement of Investment Principles

1. Introduction

This Investment Statement sets out the principles governing decisions about investments for the Scottish Episcopal Church Pension Fund (hereinafter referred to as "the Fund") to meet the requirements of the Pensions Act 1995, as amended by the Pensions Act 2004 and subsequent regulations. Before preparing it the Trustees have consulted the Scottish Episcopal Church and obtained and considered written professional advice from their consultants, Mercer Ltd ("Mercer").

The Trustees' investment responsibilities are governed by the Fund's Trust Deed; a copy of the relevant clauses, of which this Statement takes full regard, is available.

2. Investment Objective & Investment Strategy

The Fund continues to be open to future accrual and new members and as such has a long term investment horizon. Its overall investment objective is to:

(a) Achieve and maintain a fully funded scheme, on a low risk basis with reduced reliance on equity markets and sponsor funding

3. Investment Strategy

Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustees acting on advice from their investment consultant, and is driven by their investment objective as set out above. The remaining elements of policy are part of the day to day management of the assets which is delegated to a professional investment manager.

The Trustees have appointed Schroders Investment Management ("Schroders") as the Fund's investment manager. Further details of their appointment are set out in the Appendix.

4. Trustees Policy on Risk

The fundamental risk associated with pension fund investments is the possibility that the resources of the Fund will be insufficient to pay benefits as they fall due.

The day to day routine management of the investments also involves a number of risks. The Trustees seek to control these risks in the following ways:

(a) Diversification. The Pension Fund's growth assets are invested in a broad portfolio of securities in a range of different asset categories. The Trustees will check periodically with the investment manager that they have had due regard to the requirement for diversification and the suitability of investments within each asset class.

gambling and pornography and the Trustees wish to work towards fully divesting the Fund of such investments as and when suitable pooled fund vehicles become available. In the meantime the Trustees have switched the Fund's Diversified Growth mandate to a more sustainable fund in order to better align with their overall beliefs and in attempt to reduce (but not exclude) overall exposure to exclusionary sectors within the Church's ethical policy. The Trustees will consider, amongst other factors, how ESG is integrated within investment processes when appointing, monitoring and withdrawing from investment managers.

Member views on non-financial matters such as ESG are not explicitly taken into account in the selection, retention and realisation of investments, but members have a variety of methods by which they can make views known to the Trustees.

Engagement with the Investment Manager

a) Aligning manager appointments with investment strategy:

The investment manager is appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset classes selected for.

The Trustees look to their investment consultant for their forward-looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Fund invests in. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustees and are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective of a particular fund changes, the Trustees will review the fund appointment to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.

The Fund's investment mandates with Schroders' are reviewed following periods of sustained underperformance from their respective targets. The Trustees will review the appropriateness of using active and passive managed funds (on an asset class basis) on an ad-hoc basis.

As the Trustees invest all of the Fund's assets in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

b) Encouraging long-termism and consideration of ESG issues:

The Trustees will consider the investment consultant's assessment of how the investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the investment managers' policy on voting and engagement.

The Trustees meet with the investment manager at Trustee meetings as required and may challenge decisions made including engagement activity.

The Investment manager is aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustees are dissatisfied, then they will look to replace the manager.

Second Amendment: August 2013

Third Amendment: June 2016

Fourth Amendment: April 2017

Fifth Amendment: February 2019

Sixth Amendment: August 2019

Seventh Amendment: August 2020

Eighth Amendment: October 2022

Ninth Amendment: June 2023

Tenth Amendment: March 2024

For and behalf of the Trustees of the Scottish Episcopal Church Pension Fund

S Whaley

Trustee

Bridget Campbell

Trustee

The investment manager levies fees based on a percentage value of the assets under management (albeit additional charges on liabilities covered applies to the synthetic/leveraged gilts funds), as detailed below. The Fund's Scheme Actuary and the investment consultant typically work on the basis of time cost, however in certain circumstances a fixed fee will be agreed.

Fund	Annual Management Charge
Schroder Sustainable Future Multi-Asset Fund	0.25%
Schroder Life Long Dated Corporate Bond Fund	0.25%
Schroder Life Sterling Liquidity Plus Fund	0.05%
Schroder Life Matching Gilt Fund range (fee charged as a percentage of assets invested in the funds)	0.10%
Schroders Life Matching Plus Synthetic Gilt Fund range	0.05%*

Note: the entire Schroders mandate is subject to a minimum fee of £50,000 p.a.
* in addition to the asset based fee (which is based on Fund NAV), Schroders also applies an additional charge of 0.1% on liability coverage for the Synthetic Gilt Fund range.