

Gulf International Bank (UK) Limited Pension Scheme

Statement of Investment Principles

Adopted with effect from 11 December 2024

Introduction

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK.

The Scheme is governed by its Trust Deed and Rules which sets out all of the benefits in detail and specifies the Trustees' investment powers. The investment powers do not conflict with this Statement.

The Trustees will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustees will take written investment advice and consult with the Sponsoring Employer, Gulf International Bank (UK) Limited, over any changes to the SIP.

Trustees' compliance

The Trustees comply with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

Trustees' Objective

The Trustees aim to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided.

Strategy

In December 2024, the Trustees purchased a buy-in policy with M&G plc ("M&G") to insure all of the Scheme's liabilities. An amount of residual assets are being retained in a cash-like fund at Insight alongside the buy-in policy. There are also some illiquid holdings that are in the process of being sold.

Agreement with sponsor

The overall strategy has been agreed with the Sponsoring Employer.

Asset summary and Fund Managers

The assets of the Scheme are set out in the table below:

Asset class	Manager / Fund	Comment
Buy-in policy	M&G	Expected to meet all future member benefit payments from the Scheme
Cash-like fund	Insight Liquidity Plus Fund	Benchmark: SONIA Will receive proceeds from Lansdowne and Schroders disinvestments
Global Equities	Lansdowne	Benchmark: MSCI World In process of being sold
Property	Schroders	Target: 4% net return p.a. In process of being sold

The Schroders and Lansdowne assets are illiquid in nature and in the process of being sold. The proceeds will be invested in the Insight Liquidity Plus Fund. The current split of Scheme assets is c.85% buy-in policy / c.15% other assets.

Rebalancing & cash investments

The Scheme's cash holdings are invested in the Trustees bank account and the Insight LDI GBP Liquidity Plus Holding Fund. In the normal course of events, cash balances within the Trustees bank account up to a maximum of 5% of total Scheme assets may be held. If circumstances arise in which holding a higher percentage of the Scheme's assets in cash within the Trustees bank account is deemed appropriate, the Trustees will obtain written advice from their investment adviser and consult with the Sponsoring Employer before breaching the 5% limit.

Choice of asset allocation

When choosing the Scheme's planned asset allocation strategy, the Trustees considered advice from their investment adviser and, in doing so, addressed the following:

- The need to consider a full range of asset classes.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

In considering these issues, the Trustees took into account the fact that the size of the Scheme's assets meant that it would not be practicable to invest in some asset categories. In addition, the Trustees consulted with the Sponsoring Employer, Gulf International Bank (UK) Limited, when setting this strategy.

The Trustees seek to maintain a good working relationship with the Sponsoring Employer and will discuss any proposed changes to the Statement with the Sponsoring Employer. However, the Trustees' fiduciary obligations are to the Scheme's members and will take precedence over the Sponsoring Employer's wishes.

The final decisions have, however, been made by the Trustees, who have taken written advice from Isio ("the Investment Advisor") which is regulated by the Financial Conduct Authority ("FCA") in relation to investment services.

Risk

The Trustees maintain a 'Statement of Funding Principles' which specifies that the funding objective is to have sufficient assets so as to make provision for 100% of the Scheme's liabilities as determined by an actuarial calculation.

The Trustees recognise that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustees have identified a number of risks which have the potential to cause deterioration in the Scheme's funding level and therefore contribute to funding risk. These risks are listed below alongside commentary for how each risk is mitigated.

Risk	Description	Mitigation
Mismatching	The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors (“mismatching risk”).	The buy-in policy removes this risk.
Cashflow	The risk of a shortfall of liquid assets relative to the Scheme’s immediate liabilities (“cash flow risk”). The Trustees and their advisers will manage the Scheme’s cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.	The buy-in policy removes this risk.
Manager	The failure by the fund manager to achieve the rate of investment return assumed by the Trustees (“manager risk”). This risk is considered by the Trustees and their advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.	The buy-in policy broadly removes this risk given that surplus assets will be held in cash-like investments.
Lack of diversification	The failure to spread investment risk (“risk of lack of diversification”). The Trustees and their advisers considered this risk when setting the Scheme’s investment strategy.	Given the nature of the buy-in, diversification is not a relevant consideration.
Covenant	The possibility of failure of the Scheme’s Sponsoring Employer (“covenant risk”). The Trustees and their advisers considered this risk when setting investment strategy and consulted with the Sponsoring Employer as to the suitability of the proposed strategy.	The Scheme can now rely on the insurer covenant and wider protections in the UK insurance regulatory regime (although the sponsoring company’s covenant is still relevant over the period until any buyout)
Operational	The risk of fraud, poor advice or acts of negligence (“operational risk”). The Trustees have sought to minimise such risk by ensuring that all advisers and third- party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.	Given the heavily regulated nature of the bulk annuity market, this risk is mostly removed from the Scheme.
ESG	The risk of the extent to which ESG factors are not appropriately reflected in asset prices and/or not considered in investment decision making processes, leading to underperformance relative to targets.	Given the nature of the buy-in policy it is not possible to actively monitor any ESG criteria. However, the buy-in provider’s approach to ESG risk was reviewed as part of the provider selection process.

Climate	The risk of the extent to which climate change causes a material deterioration in asset values as a consequence of factors, including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy.	Given the nature of the buy-in policy it is not possible to actively monitor any ESG criteria. However, the buy-in provider's approach to climate risk was reviewed as part of the provider selection process.
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Complexity of risks

Due to the complex and interrelated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner. Some of these risks may also be modelled explicitly during the course of an investment review.

Monitoring & reporting

The Trustees' policy is to monitor, where possible (and where relevant given the buy-in policy), these risks and to receive reports from time to time showing:

- Performance versus the Scheme's investment objective.
- Performance of individual asset classes versus their respective targets.
- Any significant issues with the fund manager that may impact its ability to meet the performance targets set by the Trustees.

Implementation

Isio has been selected as investment adviser to the Trustees. It operates under an agreement to provide a service which ensures the Trustees are fully briefed to take decisions itself and to monitor those it delegates.

Advisor fees

Isio is paid a fixed fee for regular work carried out for the Scheme and on a time cost basis for any other work they undertake for the Scheme although separate fixed fees may be negotiated by the Trustees for certain projects. This structure has been chosen to ensure that cost-effective, independent advice is received.

Trustee delegation (limited relevance given the buy-in policy)

The Trustees have delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to the relevant fund manager through a written contract. The managers' duties also include:

- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- Voting and corporate governance in relation to the Scheme's assets including taking into account the Institutional Shareholders' Committee Statement of Principles on the Responsibilities of Institutional Shareholders and Agents.

Investment managers

When choosing investments, the Trustees and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4).

Governance

The Trustees are responsible for the investment of the Scheme's assets. They take some decisions and delegates others. When deciding which decisions to take and which to delegate, the Trustees have taken into account whether it has the appropriate training and expert advice in order to take an informed decision.

Trustee decision making

The Trustees have established the following decision making structure:

Trustees	<ul style="list-style-type: none">- Monitor actual returns versus Scheme investment objective.- Set structures and processes for carrying out their role.- Select and monitor planned asset allocation strategy.- Select direct investments (see below)
Investment Adviser	<ul style="list-style-type: none">- Advise on all aspects of the investment of the Scheme assets, including implementation.- Advise on this statement.- Provide required training.
Fund Manager	<ul style="list-style-type: none">- Operate within the terms of this statement and their written contract.- Select individual investments with regard to their suitability and diversification.- Comment on the suitability of the indices in its benchmark.

Direct investments

The agreements with Lansdowne, Insight and Schroders (the "Investment Managers") have been entered into by an Investment Management Agreement and therefore each manager is defined as a Fund Manager under the Act.

Direct investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

Review of direct investments (limited relevance given the buy-in policy)

The Trustees' policy is to review its direct investments and to obtain written advice about them at regular intervals. When deciding whether or not to make any new direct investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the Fund Managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustees (or, to the extent delegated, by the Fund Managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

Arrangements with Investment Managers (limited relevance given the buy-in policy)

The Trustees monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustees' policies, including those on non-financial matters. This includes the extent to which investment managers:

- make decisions based on assessments about medium- to long-term financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

Reporting (limited relevance given the buy-in policy)

The Trustees are supported in this monitoring activity by their investment adviser.

Before appointment of a new investment manager, the Trustees review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustees' policies.

The Trustees believe that having appropriate governing documentation, setting clear expectations to the investment managers (where possible), and regular monitoring of investment managers' performance and investment strategy, is sufficient to incentivise the investment managers to make decisions that align with the Trustees' policies and are based on assessments of medium- and long-term financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically first engage with the manager, but could ultimately replace the investment manager where this is deemed necessary.

There is typically no set duration for arrangements with investment managers, although the continued appointment for all investment managers will be reviewed periodically, and at least every five years. Where the Scheme holds closed ended vehicles, the duration may be defined by the nature of the underlying investments. The purchase of the buy-in policy is a permanent investment (until any eventual transition to buyout), which was deemed to be appropriate for the Scheme given the security it provides for members' benefits.

Cost Monitoring (limited relevance given the buy-in policy) The Scheme's Investment Managers are remunerated on an ad valorem basis in which the fees are calculated according to the amount of assets under management.

In addition, Investment Managers pay commissions to third parties on many trades they undertake in the management of the assets and also incurs other ad hoc costs. The Trustees receive statements from Investment Managers setting out these costs and reviews them from time to time to ensure that the costs incurred are commensurate with the goods and services received.

The Trustees are aware of the importance of monitoring their Investment Managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustees recognise that in addition to annual management charges, there are a number of other costs incurred by the Investment Managers that can increase the overall cost incurred by their investments.

Evaluation of Investment Managers performance and remuneration (limited relevance given the buy-in policy)

The Trustees evaluate the performance of their Investment Managers relative to their respective objectives on a regular basis via their investment monitoring reports and updates from the Investment Managers. The Trustees also review the remuneration of the Scheme's Investment Managers on at least an annual basis to ensure that these costs are reasonable in the context of the kind and balance of investments held.

Portfolio turnover costs (limited relevance given the buy-in policy)

The Trustees are aware of the portfolio turnover costs, defined as the expected frequency with which each underlying Investment Managers' fund holdings change over a year. The Scheme's investment adviser monitors this on behalf of the Trustees as part of the manager monitoring they provide to the Trustees and flags to the Trustees where there are concerns. The Trustees accept that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics, manager's style and historic trends. Where the Trustees' monitoring identifies a lack of consistency the mandate will be reviewed. The Trustees are supported in cost transparency monitoring activity by the investment adviser.

Environmental, Social and Governance (limited relevance given the buy-in policy)

In setting the Scheme's investment strategy, the Trustees' primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly. The Trustees consider this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

Stewardship – Voting and Engagement (limited relevance given the buy-in policy)

The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustees recognise that ultimately this protects the financial interests of the Scheme and its beneficiaries.

The Trustees delegate all stewardship activities, including voting and engagement, to their appointed Investment Managers. The Trustees accept responsibility for how the Investment Managers steward assets on their behalf, including the casting of votes in line with each manager's individual voting policies.

The Trustees expect the Scheme's investment managers to use their influence as major institutional investors to carry out the rights and duties as a shareholder, including exercising voting rights along with – where relevant and appropriate – engaging with underlying investee companies on ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

The Trustees review their managers' voting and engagement policies and activities on an annual basis. The Trustees review these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustees', and therefore the members', best interests. The Trustees expect that their investment managers will provide details of their stewardship activities on an annual basis, and will monitor this with input from their investment consultant. The Trustees will engage with their investment managers where necessary for more information. Prospective managers are required to provide this information in advance of their appointment.

If the Trustees' monitoring reveals that an investment manager's voting or engagement policies, or its stewardship actions are not aligned with the Trustees' expectations, the Trustees will engage with the manager, via different medium such as emails and meetings, to seek a more sustainable position, but it may look to replace the manager.

From time to time, the Trustees will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustees may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustees do not explicitly 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 matters (defined as "non-financial factors" - The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018).

Additional Voluntary Contributions ("AVCs")

For members with AVCs who have not made a choice where to invest them, the Trustees have selected a fund in a prudent manner that is consistent with a balanced risk in line with the Scheme's other investments. In making options available for members wishing to make a choice, the Trustees' key aim with respect to the AVCs is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives allowing for differing attitudes to risk, expected return and terms to retirement.

The direct investments that the Scheme has are as those used for members' additional voluntary contributions and are managed by the following managers:

- ReAssure (formerly Legal & General)
- Countrywide Assured PLC
- Utmost (formerly Equitable Life)
- Scottish Widows

Signed on behalf of the Trustees of the Gulf International Bank (UK) Limited Pension Scheme

Name Roger Mattingly

Date 12 December 2024

Appendix 1

TERMS OF REFERENCE FOR THE INVESTMENT SUB COMMITTEE (established at a Trustee meeting on 27 April 2007)

1. Statement of Function

- 1.1. The Investment Sub Committee (the "ISC") will be responsible for monitoring the overall investment arrangements for the Scheme and recommending changes to the Trustees. However, in order to take decisions in an efficient way, certain decision making power will be delegated to the ISC.
- 1.2. If the Trustees decide that such a committee is no longer appropriate, the ISC will disband.

2. Composition

- 2.1. Membership of the ISC will consist of at least two representatives from the Trustees who shall be appointed to this role by the full Trustee body. These representatives shall have full voting rights.
- 2.2. The full Trustee body will remain responsible for the appointment of the Chair of the ISC. The Trustees may replace any of the ISC members from time to time and may change the ISC constitution at any time.
- 2.3. A senior representative from Gulf International Bank (UK) Limited (the "Sponsoring Employer") will also be invited to attend the ISC meetings, although this representative will not form part of the quorum nor shall they have a vote on any decision. This representative will also be requested to act as a liaison with the Sponsoring Employer.
- 2.4. Any other Trustee will be able to attend meetings as an observer but such attendance will not form part of the quorum nor shall they have a vote on any decision.
- 2.5. The ISC meetings will normally be attended by the Scheme's Investment Consultant, and also the Secretary of the Trustees, who will act as Secretary to the ISC.
- 2.6. Additional advisers (e.g. legal) may at the request of the Chairman of the ISC attend ISC meetings, but shall not be entitled to vote.

3. Role

The ISC will be responsible to the Trustees for:

Investment Strategy and Structure

- 3.1. Monitoring the Scheme's investment objectives and strategy to ensure that they remain appropriate. The ISC will recommend changes to the Trustees as appropriate, with the final decision resting with the Trustees.
- 3.2. Monitoring the investment management structure to ensure that it is appropriate given the agreed investment strategies. This refers to the number of managers used, the proportion of assets managed by each manager and their mandates. The ISC would recommend changes to the Trustees as appropriate, with the final decision resting with the Trustees.

Investment Strategy and Structure

- 3.3. Monitoring the performance and continued suitability of the investment managers and making recommendations to the Trustees on the appointment and removal of investment managers (or changes to their mandates), with the final decisions resting with the Trustees.
- 3.4. Agreeing the terms of appointment of the investment managers and their delegated powers. The final decision will rest with the ISC.
- 3.5. Managing fee scales for each investment manager and other terms in the Investment Management Agreements. The final decision will rest with the ISC.
- 3.6. Agreeing changes to the detailed investment guidelines for the investment managers once appointed. The final decision will rest with the ISC.
- 3.7. Monitoring the performance of each manager against agreed investment objectives by means of regular review of the investment results and other information.
- 3.8. Meeting the investment managers on a regular basis to discuss their performance, actions and future strategy.

Investment Strategy and Structure

- 3.9. Ensuring the management of the Scheme's assets is consistent with the Statement of Investment Principles and any other guidelines set by the Trustees.
- 3.10. Reviewing periodically the Statement of Investment Principles and recommending changes to the Trustees as appropriate and consulting the Sponsoring Employer where appropriate.
- 3.11. Recommendations on changes to the appointment of other external service providers (e.g. the investment consultant). Final decisions will be taken by the Trustees.
- 3.12. Managing the basis on which cash flow will be apportioned between the investment managers.
- 3.13. Monitoring and reacting to legislative, financial and economic changes affecting, or potentially affecting, investment policy.
- 3.14. Reviewing and setting of the Investment Business Plan within any Trustee Business Plan.

4. Meetings

- 4.1. The ISC will meet on a regular basis with additional meetings arranged as required.
- 4.2. The ISC will take appropriate external advice (e.g. investment, legal) as required.
- 4.3. Two representatives of the ISC with voting rights will constitute a quorum and no business may be transacted unless a quorum is present. While decisions may be made by majority vote, all matters not having the agreement of all the members present with voting rights shall be referred to the full Trustee Board for a final decision.
- 4.4. Minutes of all meetings are to be recorded and following agreement from all of the ISC members will be signed by the Chairman of the ISC. Once finalised, copies of the minutes are then to be circulated to members of the ISC and to the Trustees by the Secretary of the ISC.

4.5. A resolution signed by the two representatives of the ISC will be binding and effective as if it had been passed at a Trustee meeting. The resolution can be passed by the signing of copies, whether or not of the same date.

5. Other

5.1. These Terms of Reference shall be reviewed every 2 years.