The seven investment beliefs adopted by the Council (14th August 2013) – updated November 2017

At a meeting on 22 November 2017, the Pensions Committee agreed to adopt a Responsible Investment ("RI") policy as an addition to their current investment beliefs (becoming the 7th Investment Belief). This belief was developed by prioritising the Committee's views on a range of environmental, social and governance issues and is intended to help support a positive message to the investment managers in respect of taking relevant environmental, social and governance issues into account when managing the Scheme's portfolios.

Belief		**What does this mean for the Scheme?**	**Policy outcome**	**Action**
1	Investment strategy is the Committee's key risk-control lever	Setting the split between asset classes is the key determinant of the level of investment returns and downside risk	The Committee will continue to set the benchmark asset allocation, and this strategy will be consistent with the Scheme's funding objectives without taking too much risk relative to liabilities	Review the split at least every three years. Last review carried out in 2017 alongside the 2016 valuation (resulting in 5% reduction in growth assets)
2	Taking investment risk will be rewarded	Investing in equities, credit and property etc. will achieve higher returns than gilts over the long term	Whilst the Scheme's objectives are long term (and contributions exceed benefits paid out), the investments will include a proportion of growth assets	Investing 72% of assets was determined as being sufficient risk to meet actuarial assumptions within risk constraints
3	Diversification improves stability of returns	Investing in a wide range of different types of assets with different return characteristics will reduce the variability of returns over the short term	Invest in growth assets across a broad balanced portfolio of equities, absolute return and property	Growth assets target split: • 23% global equity • 17% UK equity • 20% absolute return • 12% property
4	Fees matter	Fees should be minimised unless value is expected from the expense	UK equities and gilts are managed on an index-tracking basis, whilst global equities, corporate bonds and property are managed actively	Use low cost index-tracking funds where appropriate (UK equities and gilts), pay active fees where managers can add value (global equities, property, corporate bonds and absolute return)
5	Liquidity premiums are available in some markets	Holding assets that cannot be sold quickly will produce higher returns	Invest in illiquid assets such as property and corporate bonds as the Scheme's objectives are long term and there is no need to realise assets in the short term.	Maintain exposure to property and corporate bonds

Belief		What does this mean for the Scheme?	Policy outcome	Action
6	Governance capacity is a constraint	Creating a complex structure will require significant resources to monitor and manage	Given time and cost constraints, only invest in assets that are relatively straight forward and the Committee understand, and across a sensible number of managers	No hedge funds, private equity, commodities etc.
7	Environmental, social and governance ("ESG") issues can impact the Scheme's investment returns	A series of policies has been developed that have been shared with the investment managers for taking into account in their portfolios where possible	The Committee will monitor the managers in respect of these policies and continue developing its ESG policy to ensure it reflects latest industry developments and regulations	Share policies with managers and review compliance every year

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For and on behalf of Hymans Robertson LLP