



STATEMENT OF INVESTMENT PRINCIPLES

Cranleigh School Pension Scheme (the “Scheme”)

November 2025

1. Introduction

1.1. Purpose of this Statement of Investment Principles

This Statement of Investment Principles (“SIP”) sets out the policy of the Trustees of the Scheme on various matters governing decisions about the investments of the Scheme.

1.2. Input to the SIP

This SIP has been formulated after obtaining and considering written professional advice from Lane Clark & Peacock LLP, the Scheme’s investment adviser, who the Trustees believe to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments and the need for diversification, given the circumstances of the Scheme and the principles contained in this SIP.

The employer with active members in the Scheme was consulted on the SIP. The current investment manager of the Scheme was given the opportunity to comment on a draft of the SIP and its comments have been incorporated into this final version. The manager is required to carry out its investment responsibilities in a manner consistent with this SIP.

1.3. Legal and statutory background to the SIP

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 (“the Act”) and the Occupational Pension Schemes (Investment) Regulations 2005 (“the Regulations”).

The Scheme’s assets are held in trust by the Trustees. The investment powers of the Trustees are set out in Clause 7 the Scheme’s Trust Deed dated 18 January 2001.

2. Trustees’ overall investment objectives

The Trustees’ objectives are that:

- the Scheme should be able to meet benefit payments as they fall due; and
- that the Scheme’s funding position (i.e. the value of its assets relative to the assessed value of its liabilities) should remain at an appropriate level. The Trustees are aware that there are various measures of funding, and have given due weight to those considered most relevant to the Scheme. In particular, the Trustees have

taken into account the funding requirements detailed in the Occupational Pension Schemes (Scheme Funding) Regulations 2005.

3. Risks considered by the Trustees and how are these measured and managed

When deciding how to invest the Scheme's assets, the Trustees consider a wide range of risks, including, but not limited to, those set out in Appendix A. Some of these risks are more quantifiable than others, but the Trustees have tried to allow for the relative importance and magnitude of each risk.

4. Summary of the Scheme's investment strategy

4.1. Determination of investment strategy

The Trustees, with the help of their advisers and in consultation with the employer, regularly review the investment strategy taking into account the objectives described in Section 2 above.

4.2. Investment strategy

The result of the most recent review was that the Trustees agreed that the investment strategy of the Scheme should be based on the Strategic Asset allocation below.

Asset class	Strategic Asset allocation (%)
Equities	10.0
Diversified growth funds ("DGFs")	10.0
Matching assets (Liability Driven Investment ("LDI"), secure income and corporate bonds)	80.0
Total	100.0

The Trustees intend to review the strategic allocation and funding level at each Trustees' meeting and are responsible for instructing the investment manager to make any asset switches as and when they are deemed appropriate.

4.3. Strategy considerations

The strategy review included modelling the Scheme's assets and liabilities over a wide range of possible scenarios for future economic conditions. In setting the strategy, the Trustees considered:

- a wide range of asset classes;
- the risks and rewards of a number of possible asset allocation options;
- the suitability of each asset class within each strategy, both across asset classes and within asset classes;
- the need for appropriate diversification between different asset classes; and
- the views of the sponsoring employer, including an assessment of the strength of the covenant of the sponsoring employer.

4.4. Assumptions made about the returns on different asset classes

As 30 September 2025, the assumptions for the long-term expected annual returns relative to gilts for each asset class held by the Scheme are set out below:

Asset Class	Expected excess return over gilts (% pa)
Global equities	2.8
Emerging markets equities	3.3
Diversified growth	2.0
Secure income	1.5
Corporate bonds	0.7
LDI	0.0

The assumptions above are set to be central estimates; this means that for each assumption there is a 50/50 chance that the observed value will either higher, or lower than assumed.

5. Appointment of the investment manager

5.1. Number of investment managers

The Trustees have agreed to appoint one investment manager to manage the Scheme's assets.

5.2. Formal agreement with investment manager

The Trustees have entered into an insurance policy with Legal & General Assurance (Pensions Management) Limited to manage the Scheme's assets. The insurance policy sets out details of the terms under which the Scheme's assets are managed. Legal & General Assurance (Pensions Management) Limited delegates the investment management responsibilities for the Scheme's assets to Legal & General Investment Management Limited ("L&G").

For the purposes of this SIP, L&G is defined as the "investment manager". Further details of the investment manager, its benchmark and investment guidelines are given in Appendix B.

5.3. Role of the investment manager

The investment manager's primary role is the day-to-day investment management of the Scheme's investments. The investment manager is authorised under the Financial Services and Markets Act 2000 to carry out such activities.

The Trustees and investment manager to whom discretion has been delegated exercise their powers to giving effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

The Trustees has limited influence over the manager's investment practices because all the Scheme's assets are held in pooled funds, but it encourages its manager to improve its practices where appropriate.

The Trustees' view is that the fees paid to the investment manager, and the possibility of its mandate being terminated, ensure it is incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the funds. However, in practice the manager cannot fully align its strategy and decisions to the (potentially conflicting) policies of all its pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustees' responsibility to ensure that the manager's investment approaches are consistent with their policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustees expect the investment manager, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustees evaluate investment manager performance by considering performance over both shorter and longer-term periods as available. Generally, the Trustees would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustees' policy is to evaluate its investment manager by reference to the manager's individual performance as well the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. The manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustees recognise that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment manager. The Trustees expect its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

6. Other matters

6.1. Trustees' policy on the realisation of investments

The investment manager has discretion over the timing of realisation of investments of the Scheme and in considerations relating to the liquidity of investments. When appropriate, the Trustees, on the administrators' recommendation, decide on the amount of cash required for benefit payments and other outgoings and inform the investment manager of any liquidity requirements.

6.2. Trustees' policy on financially material and non-financial matters

The Trustees have considered how environmental, social, governance ("ESG") and ethical factors should be considered in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustees expect their investment manager to take account of financially material considerations (including climate change and other ESG considerations). The Trustees seek to appoint a manager that has appropriate skills and processes to do this, and from time to time review how their manager is taking account of these issues in practice. The Trustees have limited influence over the manager's investment practices where assets are held in pooled funds, but they encourage their manager to improve its practices where appropriate.

The Trustees have considered the extent to which non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) should be taken into account in the selection, retention and realisation of investments. At present, the Trustees have decided not to allow for such non-financial matters.

6.3. Trustees' policy on stewardship

The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustees have delegated to their investment manager the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustees do not monitor or engage directly with issuers or other holders of debt or equity. They expect the investment manager to exercise ownership rights and undertake monitoring and engagement in line with the manager's general policies on stewardship, as provided to the Trustees from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustees seek to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK

Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustees review how these are implemented in practice.

The Trustees monitors the manager's activities in relation to ESG factors, voting and engagement on a regular basis and discusses this subject with the manager at Trustees' meetings. It seeks to understand how the manager is implementing their stewardship policies in practice to confirm that their stewardship policy is effective and aligned with its expectations.

The Trustees have selected Climate Change and Board Remuneration as its key ESG priorities to provide a focus for its monitoring of the investment manager's voting and engagement activities. The Trustees review their ESG priorities regularly and updates them if appropriate. The Trustees communicate these stewardship priorities to their manager and also confirm their more general expectations in relation to ESG factors, voting and engagement.

If the Trustees' monitoring identifies areas of concern, they will engage with the relevant manager to encourage improvements.

6.4. Responsibilities of the various parties in connection with the Scheme's investments

Appendix C contains brief details of the respective responsibilities of the Trustees, the investment adviser and the investment manager. Appendix C also contains a description of the basis of remuneration of the investment adviser and the investment manager.

6.5. Trustees' investment selection decisions

Before making any investment selection decision (e.g. appointing an investment manager), it is the Trustees' policy to obtain written advice. The written advice considers the suitability of the investment, the need for diversification and the principles contained in this SIP. It is also the Trustees' policy to review their own investment selection decisions on a regular basis, based on written advice.

7. Review

The Trustees will, from time to time, review the appropriateness of this SIP with the help of their advisers, and will amend the SIP as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

For and on behalf of



Date

15/01/2026.

The Trustees of the Cranleigh School Pension Scheme

The Trustees consider that there are a number of different types of investment risk that are important for the Scheme. These include, but are not limited to:

A.1. Strategic risk

This is the risk that the performance of the Scheme's assets and liabilities diverges in certain financial and economic conditions. This risk has been taken into account in the Trustees' investment strategy review, and will be monitored by the Trustees on a regular basis.

The Trustees will review the Scheme's investment strategy at least every three years in light of the various risks faced by the Scheme.

A.2. Inadequate long-term returns

A key objective of the Trustees is that, over the long-term, the Scheme should have adequate resources to meet its liabilities as they fall due. The Trustees therefore invest the assets of the Fund to produce an adequate long-term return in excess of price and wage inflation.

A.3. Investment manager risk

This is the risk that the investment manager fails to meet its investment objectives. The Trustees monitor the investment manager on a regular basis.

A.4. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Trustees' ability to meet their investment objectives.

The Trustees believe that the need for the Scheme's assets to be adequately diversified between different asset classes and within each asset class has been met by the strategy outlined in Section 4.2 and by the guidelines agreed with the investment manager.

A.5. Liquidity/marketability risk

This is the risk that the Scheme is unable to realise assets to meet benefit cash flows as they fall due. The Trustees are aware of the Scheme's cash flow requirements and believe that this risk is managed appropriately via the measures described in Section 6.1.

A.6. Other risks

The Trustees recognise that there are other, non-investment, risks faced by the Scheme. Examples include:

- mortality risk (the risk that members live, on average, longer than expected); and
- sponsor risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Scheme as anticipated). The Trustees have taken into account the strength of the employer's covenant in setting the Scheme's investment strategy.

Together, the investment and non-investment risks give rise generally to funding risk. This is the risk that the Scheme's funding position falls below what is considered an appropriate level. By understanding and considering each of the risks that contribute to funding risk, the Trustees believe that they have addressed and are positioned to manage this general risk.

B.1. Scheme benchmark

The Trustees have selected L&G to manage the Scheme's assets. The table below shows the benchmark of the Scheme. The benchmark used by LGIM to manage the Scheme's asset allocation excludes the Secure Income Assets Fund, which is held in a separate sub-section of the policy.

Fund name	Benchmark allocation (%)	Benchmark index
Low Carbon Transition Developed Markets Equity Index Fund	6.0	Solactive L&G Low Carbon Transition Developed Markets Index
Global Equity Fixed Weight 50:50 GBP Hedged	4.2	FTSE indices using 50% UK, 50% overseas equities - GBP currency hedged
World Emerging Markets Equity Index	1.8	FTSE Emerging Markets Index
Diversified Fund	12.0	Composite index
Total Growth	24.0	
Secure Income Assets Fund		Markit iBoxx £ Gilts 5 – 15 Years Index
Net Zero Short Dated Global Corporate Bond Fund – GBP Hedged		Bloomberg Global Corporates 1-5 Year Index
Matching Core Fixed Long Fund		See below
Matching Core Real Long Fund		See below
Total Matching	76.0	
Total	100.0	

- The investment objective of the Low Carbon Transition Developed Markets Equity Index Fund is to track the performance of the Solactive L&G Low Carbon Transition Developed Markets Index (less withholding tax where applicable) to within +/-0.60% p.a. for two years out of three.
- The objective of the Global Equity Fixed Weight 50:50 GBP Hedged funds is to ensure that the asset distribution is split approximately 50% in the ordinary shares of companies registered in the UK and 50% in the ordinary shares of companies registered in countries outside the UK, whilst also aiming to minimise foreign currency exposure. The underlying fund exposures aim to track appropriate market indices within specified tolerances.
- The investment objective of the L&G World Emerging Markets Equity Index is to track the performance of the FTSE AW - All Emerging Markets Index (less withholding tax if applicable) to within +/-1.5% p.a. for two years out of three.
- The investment objective of the L&G Diversified Fund is to provide long-term investment growth through exposure to a diversified range of asset classes.
- The Secure Income Assets Fund aims to deliver stable, long-term cashflows from a portfolio of diversified secure income assets. The fund will target a return of gilts +2.50% per annum over a rolling three-year basis. The fund seeks to achieve its objective by primarily investing in a diversified portfolio of sterling infrastructure debt, private corporate debt and real estate debt.
- The objective of the Net Zero Short Dated Global Corporate Bond Fund is to provide long term return consisting of a combination of capital growth and income. The Fund aims to deliver this whilst investing in line

with L&G's Net Zero Framework. The Fund is actively managed and will invest principally, though not exclusively, in a globally diversified portfolio of investment grade bonds and bond-related instruments to achieve the investment objective.

- The objective of the L&G Matching Core Fixed Long Fund is to aim to provide leveraged exposure to changes in nominal interest rates with a target duration of approximately 25 years at launch and rolling down over time.
- The objective of the L&G Matching Core Real Long Fund is to aim to provide leveraged exposure to changes in real interest rates with a target duration of approximately 25 years at launch and rolling down over time.
- The Scheme's Matching Assets hedge approximately 95% of the Scheme's interest rate and inflation exposure on a Technical Provisions basis.
- Investments and disinvestment are applied to maintain the Scheme's overall asset distribution and Growth asset distribution as close as possible to the central benchmark.

B.2. Additional Voluntary Contributions ("AVCs")

The Trustees have selected Aviva as the Scheme's current money purchase AVC provider which is open to all members of the Scheme.

C.1. Responsibilities and investment decision-making structure

The Trustees have decided on the following division of responsibilities and decision-making for the Scheme. This division is based upon the Trustees' understanding of the various legal requirements placed upon them, and their view that this division allows for efficient operation of the Scheme overall, with access to an appropriate level of expert advice and service.

C.2. Trustees

In broad terms, the Trustees are responsible in respect of investment matters for:

- reviewing the investment policy following the results of each valuation, and / or after any review of investment strategy (eg any asset liability modelling exercise);
- if required, the policy for rebalancing between asset classes;
- appointing (and, when necessary, dismissing) the investment manager, the actuary and investment consultant;
- monitoring the exercise of the investment powers that they have delegated to the investment manager and monitoring compliance with Section 36 of the Act;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer when reviewing the SIP.

C.3. Investment manager

In broad terms, the investment manager will be responsible for:

- managing their portfolio, within the guidelines agreed with the Trustees;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments
- providing the Trustees with regular information concerning the management and performance of their portfolio; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

C.4. Investment consultant

In broad terms, the investment consultant will be responsible, in respect of investment matters, as requested by the Trustees, for:

- advising on how material changes within the Scheme's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- advising on the selection, and review, of the investment manager; and
- participating with the Trustees in reviews of this SIP.

C.5 Mandates given to advisers

The Trustees have in place signed agreements with each of the Scheme's advisers. These provide details of the specific arrangements agreed by the Trustees with each party.

C.6. Fee structures

The Trustees recognise that the provision of investment management, dealing and advisory services to the Scheme results in a range of charges to be met, directly or indirectly, by deduction from the Scheme's assets.

The Trustees have agreed Terms of Business with the Scheme's actuarial and investment advisers, under which charges are calculated on a "time-cost" basis.

The investment manager receives fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent with the manager's general terms for institutional clients and are considered by the Trustees to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustees' view as to the most appropriate arrangements for the Scheme. However, the Trustees will consider revising any given structure if and when it is considered appropriate to do so.