

NiLGOSC

NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS'
SUPERANNUATION COMMITTEE



Statement of Investment Principles

Approved by the Committee on 24 March 2026

NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS' SUPERANNUATION COMMITTEE

STATEMENT OF INVESTMENT PRINCIPLES

CONTENTS

1. INTRODUCTION	4
1.1 Purpose of Statement.....	4
1.2 Advice	4
1.3 Consultation	4
1.4 Investment Powers.....	4
2. INVESTMENT AIMS AND OBJECTIVES	5
3. LINK TO FUNDING STRATEGY	5
4. INVESTMENT STRATEGY	6
5. CHOOSING AND MANAGING INVESTMENTS	8
5.2 Investments directly controlled by NILGOSC.....	9
5.3 Investments undertaken by third party investment managers.....	9
5.4 Alternative investments in real asset funds managed by fund managers.....	11
5.5 New investments.....	11
5.6 Realisation of investments	12
5.7 Securities lending.....	12
6. DIVERSIFICATION AND RISK MANAGEMENT	13
6.2 Number of managers and mandates	14

NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS' SUPERANNUATION COMMITTEE

STATEMENT OF INVESTMENT PRINCIPLES

6.3	Risk versus the liabilities.....	14
6.4	Range of assets.....	14
6.5	Custody	15
6.6	Investment manager restrictions.....	15
6.7	Investment manager controls.....	15
7.	RESPONSIBLE INVESTMENT	16
7.1	Principles.....	16
7.2	Responsible Ownership	17
7.3	Investment decisions.....	19
8.	COMPLIANCE.....	20
8.1	Regulations and Investment Limits	20
8.2	Frequency of review	22
8.3	Professional advice	22
8.4	Performance measurement.....	22
8.5	CIPFA Pensions Panel Principles 2007	22

STATEMENT OF INVESTMENT PRINCIPLES

1. Introduction

1.1 Purpose of Statement

1.1.1 This Statement sets out the principles governing decisions about the investment of the assets of the Northern Ireland Local Government Pension Fund (the Fund). The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) issues this Statement as the administrators of the Fund, to comply with Regulation 10 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000 (as amended).

1.2. Advice

1.2.1 NILGOSC has obtained written advice on the content of this Statement from the Fund's independent investment advisor.

1.3 Consultation

1.3.1 NILGOSC will consult such persons as it considers appropriate about the content of this Statement.

1.4 Investment Powers

1.4.1 The investment powers of NILGOSC are set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000, (as amended). This statement is consistent with those powers. Neither the Statement nor the Regulations restrict NILGOSC's investment powers by requiring the consent of a third party.

1.4.2 Investment Restrictions are set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations

STATEMENT OF INVESTMENT PRINCIPLES

(Northern Ireland) 2000 Schedule Part 1. The 2006 amendment introduced a new higher tier of limits, which can be utilised without any additional authorisation, subject to appropriate consideration of the increased risks. Refer to point 8 below for further details.

2. Investment Aims and Objectives

- 2.1 NILGOSC aims to invest the assets of the Fund prudently, ensuring an appropriate balance between risk and return so that the benefits promised to members can be provided, and to provide reasonable stability in contribution rates for the employers.
- 2.2 To meet this aim NILGOSC's overall investment objective is to exceed price inflation and general salary growth over long periods. The overall investment target is to exceed the Consumer Price Index (CPI) by 3.0% per annum, to be measured over a three and five year period.

3. Link to Funding Strategy

- 3.1 NILGOSC monitors the suitability of its investment strategy, taking into account the funding position and Funding Strategy Statement. NILGOSC prudently seeks to secure the solvency of the Fund, where solvency is defined as being achieved when the value of the Fund's assets is greater or equal to the value of the Fund's liabilities, measured using appropriate actuarial assumptions.
- 3.2 A funding level of 100% has been targeted over a period of no more than 20 years. NILGOSC believes that the Fund's investment strategy, in conjunction with the certified levels of future contributions to the Fund, is consistent to maintain 100% solvency within acceptable levels of risk and contribution rate volatility. The funding level will be formally reviewed as part of the triennial

STATEMENT OF INVESTMENT PRINCIPLES

valuation process and the position will be monitored on an approximate basis at regular intervals between valuations. The investment strategy will be reviewed as necessary, taking into account the Fund's liabilities, funding strategy, financial position and market conditions.

4. Investment Strategy

- 4.1 NILGOSC sets its long-term investment strategy by taking into account the nature and timing of the Fund's liabilities identified through the triennial actuarial valuation and its investment aims and objectives. NILGOSC's primary concern is to act in the best financial interests of the Fund and its beneficiaries, seeking a 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. Risk is considered by taking advice from the investment advisor when setting the Fund's asset allocation, when selecting managers and when monitoring their performance.
- 4.2 In setting the Fund's investment strategy, NILGOSC first considers the lowest risk strategy that it could adopt in relation to the Fund's liabilities. The investment strategy is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Fund's liabilities. NILGOSC does not explicitly take into account the views of 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"¹).

¹ The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

STATEMENT OF INVESTMENT PRINCIPLES

4.3 These considerations drive decisions over asset allocation. NILGOSC formally reviews the Fund's asset allocation strategy every three years. In determining its asset allocation, NILGOSC considers:

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

The Fund's investments are diversified across various asset classes in order to increase the overall expected returns while reducing the overall level of expected risk. A mixture of passive and active mandates is also used to capture the returns required to meet the Fund's objectives.

4.4 The following table sets out the Fund's strategic asset allocation with effect from 1 April 2026. It also sets out the approximate assumptions made about the real return for each asset class in determining the strategy. These real return assumptions are expressed relative to CPI and do not allow for outperformance from the Fund's active equity and property mandates.

STATEMENT OF INVESTMENT PRINCIPLES

Asset Class	Target Weighting %	Real Return % per annum ²
Global Equity	31.50%	3.7%
Emerging Market Equity	2.50%	5.2%
UK Property	4.00%	2.7%
Residential Property	2.00%	3.0%
UK Index-Linked Property	5.00%	2.5%
Global Property	6.00%	2.0%
Infrastructure	10.00%	4.9%
Index Linked Gilts	17.50%	0.0%
Private Credit	5.00%	4.2%
Multi Asset Credit	16.50%	3.3%

4.5 The above strategic allocation is a longer-term target. Included in the target allocations above is £50m for local investments in the Northern Ireland region.

4.6 A list of current investment managers and mandates together with a list of fund managers and primary funds can be found at www.nilgosc.org.uk/pension-fund/how-we-invest/fund-management/.

5. Choosing And Managing Investments

5.1 NILGOSC relies on professional investment managers and fund managers for the day-to-day management of the majority of the Fund's assets. However, NILGOSC retains direct control over some

² Return is expressed relative to the yield on fixed gilts (the annual yield at the 10-year tenor on the Bank of England spot curve). This yield was 4.58% as of 31 December 2025.

STATEMENT OF INVESTMENT PRINCIPLES

investments. In particular, it makes the decisions about the investment vehicles used by members for additional voluntary contributions (AVCs).

5.2 Investments directly controlled by NILGOSC

5.2.1 NILGOSC's policy is to review the investments over which it retains direct control and to obtain written advice regularly and at least annually. When deciding whether or not to sell or purchase any new investments NILGOSC will obtain written advice.

5.2.2 The written advice will consider the suitability of the investments, the need for diversification and the principles contained in this statement. The advisor will have the knowledge and experience required under section 36(6) of the Pensions (Northern Ireland) Order 1995.

5.2.3 For members' AVCs, NILGOSC has chosen a range of suitable investment vehicles and made these available for members to choose to invest in, taking into account several factors including past performance, charging structure, flexibility and the quality of administration. NILGOSC obtains regular advice on the suitability of these investments and informs the scheme members invested in the products of this advice.

5.2.4 Further details on AVC investments are set out in NILGOSC's AVC Investment Policy, available from the NILGOSC website at www.nilgosc.org.uk/members/boosting-your-pension/avcs/.

5.3 Investments undertaken by third party investment managers

5.3.1 NILGOSC has delegated its authority to manage the majority of the Fund to a number of third party investment managers in compliance with Regulation 6 of the Local Government Pension Scheme

STATEMENT OF INVESTMENT PRINCIPLES

(Management and Investment of Funds) Regulations (Northern Ireland) 2000 (as amended).

- 5.3.2 NILGOSC has determined the types of asset class in which it wishes to invest and has selected a range of investment managers to manage particular types of asset class, depending on their areas of expertise.
- 5.3.3 The Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) oversee the investment managers. NILGOSC has a signed investment management agreement (IMA) with each investment manager, which sets out relevant investment parameters, performance objectives and provides for a fee scale on a basis related to the value of the assets managed and/or performance.
- 5.3.4 NILGOSC has a range of controls in place to monitor investment by the investment managers. It has set a total fund benchmark, which is aligned to the overall asset allocation. NILGOSC has identified an appropriate benchmark for each investment manager for performance measurement purposes. Where relevant, the benchmark will be in relation to published indices or, where none are available, an appropriate return proxy will apply.
- 5.3.5 All investment managers are responsible for the selection of individual assets within each type of investment, subject to any restrictions set out in their IMAs.
- 5.3.6 The size of the mandate allocated to each investment manager will fluctuate depending on the performance of the underlying assets and can be changed or terminated at any time by NILGOSC.

STATEMENT OF INVESTMENT PRINCIPLES

5.4 Alternative investments in real asset funds managed by fund managers

- 5.4.1 For the Infrastructure and Residential Property asset classes, commitments to invest have been made in respect of a number of funds, known as primary funds, each with its own specialist fund manager with these areas of expertise.
- 5.4.2 In addition to the primary infrastructure funds, NILGOSC holds co-investments in single assets managed by the same primary fund managers, or collaborates with other LGPS funds to access smaller-ticket infrastructure opportunities directly. These co-investment and single asset investment vehicles are designed to help build a low-risk, diversified infrastructure portfolio in line with the Fund's target allocation.
- 5.4.3 NILGOSC has signed Limited Partnership Agreements (LPA) or equivalent for each investment which, in conjunction with associated fund documentation, sets out investment parameters, performance objectives, fee schedules and relevant regulations together with other pertinent information.
- 5.4.4 NILGOSC has a range of controls in place to monitor its alternative investments. NILGOSC chooses to invest in funds with a target return that is aligned with NILGOSC's return objectives and overall investment strategy, and this is used for performance measurement purposes of each alternative investment.

5.5 New investments

- 5.5.1 Within the categories of investment permitted by the Regulations, the investment managers can purchase any new investments as long as they do not breach the provisions of the IMAs. The investment managers will bring to NILGOSC's attention any new category of

STATEMENT OF INVESTMENT PRINCIPLES

investment, which in their judgment has become suitable for the Fund, before investing in that category.

- 5.5.2 Fund managers can only make investments within the parameters set out at commencement in the LPA (or equivalent) for that investment fund.

5.6 Realisation of investments

- 5.6.1 The investment managers will bring to NILGOSC's attention any category of investment held by the Fund, which in their judgment has become unsuitable for the Fund. The investment manager is not expected to bring to NILGOSC's attention individual investments realised on purely investment grounds. The majority of underlying Scheme assets are tradeable on major markets and generally realisable at short notice. The Fund is generally cashflow positive from contributions received and investment income, however NILGOSC reviews cashflow needs, and divestments or further income from assets can be used where necessary.

5.7 Securities lending

- 5.7.1 The Fund participates in a collateralised Securities Lending Programme managed by its global custodian in order to generate additional income. Securities lending is conducted within the parameters prescribed in the Regulations and does not restrict the investment activity of the underlying investment managers.
- 5.7.2 Safeguards are in place to reduce the risk of financial loss in the event of default. These safeguards include borrowers providing liquid collateral in excess of the value of the loan, an indemnity agreement with the lending agent, geographic restrictions, restrictions based on

STATEMENT OF INVESTMENT PRINCIPLES

credit ratings and regular reviews of credit-worthiness of potential borrowers of the lending agent.

- 5.7.3 All securities transferred (or agreed to be transferred) by NILGOSC under stock lending agreements are to be within the 35% increased limit prescribed by the Regulations.

6. Diversification and Risk Management

- 6.1 NILGOSC recognises that risk is inherent in investment activity and seeks to manage the level of risk that it takes in an appropriate manner. NILGOSC manages the risk by:

- Restricting investment to the levels permitted by the Investment Regulations;
- Limiting default risk by restricting investment to asset classes generally recognised as appropriate for UK pension funds;
- Analysing the volatility and absolute return risks represented by those asset classes in collaboration with the Fund's actuary, investment advisor and investment managers and ensuring that they remain consistent with the risk and return profiles anticipated in the funding strategy;
- Limiting concentration risk by developing a diversified asset allocation; and
- Monitoring the mismatching risk that the investments do not move in line with the Fund's liabilities.

The following control measures have been implemented to reduce the risks associated with making investments.

STATEMENT OF INVESTMENT PRINCIPLES

6.2 Number of managers and mandates

6.2.1 The Fund's assets are divided between a number of specialised investment managers and fund managers, across both active and passive mandates. This diversification seeks to gain the benefits of specialist skills in markets, the predictable and diversified results from passive management as well as the reduction of the risks associated with one manager having responsibility for all of the Fund's assets. In addition, this division enables NILGOSC to control the overall asset allocation and the level of risk resulting from the differing approaches, styles and specialisations of each manager.

6.3 Risk versus the liabilities

6.3.1 The majority of the Fund's liabilities are linked to inflation and salary growth. The policy is therefore to invest in assets, which are expected to exceed price inflation and general salary growth over long periods. The risk is managed by investing in a diverse range of asset classes, including assets which have a less volatile return profile.

6.3.2 Specific investment risks, including price/volatility, interest rate, currency, concentration, liquidity and credit risks, are reviewed by NILGOSC at an overall fund and individual mandate level, as appropriate, on an ongoing basis.

6.4 Range of assets

6.4.1 NILGOSC has set a total Fund benchmark. This contains a wide range of assets suitable for a pension scheme. The investment managers have discretion to move away from their respective benchmark positions within specified tolerance levels to deliver outperformance. NILGOSC regularly reviews the distribution of assets.

STATEMENT OF INVESTMENT PRINCIPLES

6.4.2 The majority of assets are in liquid investments and can be realised quickly if required. The allocations to private credit, property and infrastructure are much less liquid and would take longer to realise. The strategic allocation aims to achieve a suitable mix of growth, income producing and protection assets, and takes into account current and future expected cash requirements.

6.5 Custody

6.5.1 NILGOSC ensures the separation of custody of the Fund's assets from its managers and its officials by the employment of its independent global custodian.

6.5.2 NILGOSC's property solicitors hold the title deeds to the directly owned commercial property assets.

6.6 Investment manager restrictions

6.6.1 NILGOSC's agreement on the way the portfolio is managed with each investment manager contains a series of restrictions, which may be amended from time to time. The purpose of the restrictions is to limit the risks from each individual investment and prevent unsuitable investment activity. Each investment manager must comply with these restrictions as set out in their IMA.

6.7 Investment manager controls

6.7.1 Powers of investment delegated to the investment managers must be exercised with a view to giving effect to the principles contained in this Statement, so far as is reasonably practicable. The investment manager will also ensure that suitable internal operating procedures are in place to control individuals making investments for the Fund.

STATEMENT OF INVESTMENT PRINCIPLES

7. Responsible Investment

7.1 Principles

- 7.1.1 NILGOSC's overriding obligation is to act in the best financial interests of the Fund beneficiaries. Within this fiduciary role, NILGOSC aims to invest the assets of the Fund prudently, ensuring an appropriate balance between risk and return, so that the benefits promised to members can be provided. NILGOSC considers there to be a risk of underperformance relative to expectations as a result of environmental, social and governance (ESG) issues not being reflected in asset prices and/or not considered in investment decision making. Accordingly, NILGOSC believes that these factors should be taken into account when managing the Fund's assets, subject to the overriding fiduciary duty to maximise the financial return on investments.
- 7.1.2 NILGOSC takes its responsibilities as an asset owner seriously and believes that responsible investment, coupled with effective stewardship, can have a positive impact on the financial performance of its investments.
- 7.1.3 NILGOSC has adopted the United Nations supported Principles of Responsible Investment (PRI) as a means of publicly demonstrating this approach, annually reporting on its implementation of the principles.
- 7.1.4 NILGOSC is also a UK Stewardship Code signatory, annually submitting a report on its stewardship policies, processes, activities and outcomes to the Financial Reporting Council. The report is published on NILGOSC's website.

STATEMENT OF INVESTMENT PRINCIPLES

7.2 Responsible Ownership

- 7.2.1 NILGOSC expects the companies in which it invests to comply with ESG best practice. NILGOSC sets out this best practice in its Voting Policy. A copy is available at www.nilgosc.org.uk/pension-fund/being-a-responsible-investor/voting-policies-activity/.
- 7.2.2 NILGOSC will exercise its voting rights at all company meetings within its actively managed portfolios, where possible. NILGOSC will vote against management where there are significant ESG failings. Where NILGOSC intends to vote against management at a UK-listed or European-listed company's Annual General Meeting, a letter will be issued to the company to advise of the voting decision and to provide a rationale. Annual summaries of NILGOSC's voting activity are shared on its website, as well as quarterly disclosures of votes cast.
- 7.2.3 It is not NILGOSC's policy to recall lent stock for voting purposes. However, NILGOSC retains the right to do so in the event of a contentious vote or in relation to engagement activities.
- 7.2.4 For passively managed equities, votes are cast by NILGOSC's passive investment manager according to its own voting policies. The manager reports to NILGOSC on its voting activities on a quarterly basis. For meetings of companies which are held in both the passively managed funds and in NILGOSC's actively managed equity portfolios, NILGOSC uses 'pass-through voting'. When a meeting occurs for such a company, NILGOSC will: exercise its voting rights in the actively managed equity portfolio as normal; and can also direct how a proportional share of the votes for the passively managed holding are placed, through an arrangement with its passive investment

STATEMENT OF INVESTMENT PRINCIPLES

manager. Doing so should increase alignment of voting decisions across NILGOSC's equity holdings.

- 7.2.5 NILGOSC will seek to recover monies due to it from settled class actions and will consider, on a case-by-case basis, being party to class actions against investee companies arising from failings in corporate governance.
- 7.2.6 NILGOSC will collaborate with other like-minded investors and groups with the aim of improving company behaviour, policies and/or systematic conditions.
- 7.2.7 Further details on NILGOSC's responsible ownership practices are set out in its Statement of Responsible Investment, available on the NILGOSC website at www.nilgosc.org.uk/pension-fund/being-a-responsible-investor/.
- 7.2.8 NILGOSC believes that climate change is a global challenge for governments, corporations and institutional investors alike. Of all the ESG risks facing investors, climate change has arguably the greatest potential for widespread impact, therefore NILGOSC recognises climate risk is a key investment risk.
- 7.2.9 NILGOSC's Climate Risk Statement sits alongside the Statement of Responsible Investment. Through this statement, NILGOSC acknowledges that the changing climate will have a significant impact on the global economy, corporations and society, whether through direct physical impacts, tighter regulations or reputational damage suffered by those who fail to adequately address the risks posed. A copy is available at

STATEMENT OF INVESTMENT PRINCIPLES

www.nilgosc.org.uk/pension-fund/being-a-responsible-investor/climate-risk/.³

7.2.10 As well as risks, the changing climate can also present opportunities for pension fund investors. NILGOSC considers the disclosure of climate risks and opportunities to be essential, if shareholders are to determine whether the companies in which they invest are adequately addressing the changing climate. NILGOSC actively supports the, now disbanded, Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which have been widely adopted by many global regulatory bodies. NILGOSC voluntarily publishes an annual TCFD-aligned disclosure report, which is available on its website.

7.3 Investment decisions

7.3.1 NILGOSC delegates the selection of investments to its investment managers and does not currently impose any investment restrictions with respect to ESG issues. NILGOSC does not make any investments specifically for ESG reasons.

7.3.2 NILGOSC has instructed its active investment managers, across all asset classes, to take account of ESG considerations, provided the primary financial obligation is not compromised.

7.3.3 NILGOSC seeks to ensure that the investment managers it appoints are capable of appropriately considering ESG issues when making investment choices. NILGOSC assesses these capabilities at the

³ By highlighting climate change, rather than other Responsible Investment risk factors, NILGOSC is not asserting that climate risk has, for all assets, greater economic significance than other factors. NILGOSC's motivation for referring specifically to climate change risk derives from its recognition that it is a risk factor of particular importance to a number of stakeholders, and it is communicating its investment beliefs about climate change for reasons of transparency.

STATEMENT OF INVESTMENT PRINCIPLES

selection and appointment stage via the tender process by applying mandatory ESG criteria. NILGOSC will only appoint managers who have demonstrated that they meet an acceptable threshold for ESG capabilities. It will monitor the managers' action in this area and will work with managers and the investment sector with the aim of securing sufficient data availability to aid effective decision making.

- 7.3.4 NILGOSC encourages its real asset managers to adopt sustainable asset management practices with respect to its infrastructure and property holdings.
- 7.3.5 Although no active decision-making can be undertaken in the passively held investments; a decision can be made in the selection of which index to track. As a means of mitigating climate risk in the Fund's passive equity portfolio, NILGOSC's passive equities are held in a fund which tracks a climate-tilted, carbon transition index. The strategy behind the index is to self-decarbonise by reducing exposure to carbon emissions over time.

8. Compliance

8.1 Regulations and Investment Limits

- 8.1.1 The Fund is compliant with the statutory restrictions set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000 (as amended, updated or re-enacted from time to time) – "the Regulations".
- 8.1.2 The Regulations contain limits on the percentage of a pension fund that may be invested in certain asset types and the 2006 amendment provides for the limits to be raised, subject to certain requirements being met.

STATEMENT OF INVESTMENT PRINCIPLES

8.1.3 If NILGOSC decides to increase limits under regulation 12(2A) it must comply with further requirements of the Regulations:

- It must have taken proper advice;
- It must have taken into account the factors set out in regulation 9(3) which consider the advisability of investing fund money in a wide variety of instruments and the sustainability of particular investments and particular types of investments;
- The additional risks of the increased limit must have been taken into account in addition to those factors set out in regulation 12A(3); and
- The limits will apply for the period during which the Funds' strategic allocations include investments in partnerships, unless investment considerations require an earlier review. This decision is compliant with the Regulations.

8.1.4 NILGOSC has agreed three instances where the increased limits may be used:

- In accordance with Regulation 12 and Part 1 of the Schedule, an increased limit of 35% (of total fund) invested under the terms of any single insurance contract is permitted for the duration of Legal and General Investment Management's appointment as NILGOSC's passive manager;
- In accordance with Regulation 12 and Part 1 of the Schedule, an increased limit of 35% (of total fund) is permitted to be transferred under Stock Lending agreements; and
- In accordance with Regulation 12 and Part 1 of the Schedule, an increased limit of 15% for all contributions to partnerships is permitted.

STATEMENT OF INVESTMENT PRINCIPLES

These decisions are subject to periodic review simultaneous with the periodic review of NILGOSC's Statement of Investment Principles.

8.2 Frequency of review

- 8.2.1 NILGOSC will review this Statement triennially or sooner if there is a change in the policy on any of the areas covered by the Statement. NILGOSC will consult with such persons as it considers appropriate and take written advice when revising the Statement.

8.3 Professional advice

- 8.3.1 NILGOSC has appointed an investment advisor to provide such services as needed to ensure that it is fully briefed to both take direct decisions and to monitor those which it delegates. The investment advisor is paid on either a fixed or variable fee basis according to the requirements of NILGOSC for each task.

8.4 Performance measurement

- 8.4.1 NILGOSC uses the services of its global custodian to independently measure the investment performance of its investments. Each quarter, NILGOSC monitors the performance of the combined assets and the performance of each manager's portfolio or fund against their target benchmark. NILGOSC also reviews with its investment advisor, each manager's long-term investment performance and the appropriateness of the Fund's benchmarks.

8.5 CIPFA Pensions Panel Principles 2007

- 8.5.1 NILGOSC is required to state the extent to which it complies with the ten principles of investment practice set out in "CIPFA Pension Panel Principles for Investment Decision Making in the Local Government Pension Scheme in the United Kingdom (Guidance note issue No. 5)".

NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS' SUPERANNUATION COMMITTEE

STATEMENT OF INVESTMENT PRINCIPLES

This document was published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in April 2002 and sets out the ten principles as outlined below:

Principle	Title	Compliance
1	Effective Decision Making	NILGOSC considers that its practices are compliant with this principle
2	Clear Objectives	NILGOSC considers that its practices are compliant with this principle
3	Asset Allocation	NILGOSC considers that its practices are compliant with this principle
4	Expert Advice	NILGOSC considers that its practices are compliant with this principle
5	Explicit Mandates	NILGOSC considers that its practices are not fully compliant with this principle (see below)
6	Activism	NILGOSC considers that its practices are not fully compliant with this principle (see below)
7	Appropriate Benchmarks	NILGOSC considers that its practices are compliant with this principle
8	Performance Measurement	NILGOSC considers that its practices are compliant with this principle
9	Transparency	NILGOSC considers that its practices are compliant with this principle
10	Regular Reporting	NILGOSC considers that its practices are compliant with this principle

STATEMENT OF INVESTMENT PRINCIPLES

8.5.2 NILGOSC does not comply with these Principles in the following respects:

Principle 5 – This requires that manager mandates should not be terminated before the expiry of the evaluation timescale for underperformance alone. NILGOSC takes a rigorous and long term approach in the selection and monitoring of investment managers but believes that it should always have the power to terminate a manager's services with immediate effect should this be in the best interest of its beneficiaries.

Principle 6 – The original 2002 CIPFA document requires the incorporation of the principles of the US Department of Labor Interpretative Bulletin on activism. However, it is more appropriate to make reference and comparisons to the UK Stewardship Code (the Code). The Code was first issued in July 2010, setting out best practice for investors that choose to engage with the companies in which they invest. Historically, NILGOSC published a Statement of its Adherence with the Code. However, the Code was substantially revised in 2019 and the new UK Stewardship Code 2020 focuses on the activities and outcomes of stewardship, rather than just policy statements. To become a signatory, organisations are required to submit a Stewardship Report for assessment, explaining how they have applied the Code in the previous 12 months. NILGOSC submitted its inaugural Stewardship Report in 2022 and makes it available on the website annually.

8.5.3 HM Treasury issued updated Myners Principles in October 2008 however the Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000, (as amended), have not yet been amended to reflect the six revised principles. Until Regulation 10(3A) is suitably amended, the

NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS' SUPERANNUATION COMMITTEE

STATEMENT OF INVESTMENT PRINCIPLES

Statement of Investment Principles will continue to refer to the CIPFA Pension Panel Principles 2007.

Approved by the Committee on 24 March 2026.