

# Statement of investment principles

LondonWaste Pension Scheme

July 2025

This is the Statement of Investment Principles (the “Statement”) made by the Trustees of the LondonWaste Pension Scheme (the “Scheme”) in accordance with the Pensions Act 1995 (as amended). The Statement was approved by the Trustees in May 2025 and supersedes previous statements. Further reviews of this Statement will be carried out periodically at least every three years and without delay after any significant changes in investment policy.

In preparing this Statement, the Trustees have consulted with the employer to the Scheme and has taken and considered written advice from Hymans Robertson LLP.

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The Scheme is a defined benefit scheme which closed for future accrual on 1 January 2019.

## Scheme objective

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. The Trustees’ over-riding funding principle for the Scheme is to ensure that there are always sufficient assets of the Scheme (at their realisable value) to meet 100% of benefits as they fall due for payment to members. It is also important to ensure there are assets to meet the cost of ongoing management expenses.

## Investment Management

The Scheme’s liabilities are fully insured through a bulk annuity contract with an insurer, Royal London, which is authorised by the Prudential Regulation Authority and regulated by both the Financial Conduct Authority and the Prudential Regulation Authority. This contract covers the entirety of the Scheme’s benefit obligations.

## Suitability

The Trustees undertook appropriate due diligence on the insurer prior to entering the contract, including consideration of the regulatory environment in which they operate, and obtained written advice from their professional advisers as required under legislation.

## Kinds of investment to be held

The Trust Deed and Rules grants the Trustees wide powers of investment. The Scheme may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and commodities either directly or through pooled funds. The Scheme may also make use of contracts for differences and other derivatives (whether by direct investment or in pooled funds investing in these products) for the purpose of efficient portfolio management or to hedge specific risks. The Trustees consider all these classes of investment to be suitable to the circumstances of the Scheme.

## Risk

The Scheme is exposed to a number of risks which pose a threat to the Scheme meeting its objectives. The principal risks affecting the Scheme are:

- **Liquidity risk:** The risk that the Scheme is unable to meet its immediate liabilities as they fall due. To mitigate this, the Trustees ensure that a sufficient cash balance is maintained in the

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Scheme's bank account to cover expected short-term outgoings, such as benefit payments and expenses. Liquidity is monitored regularly and measured against projected cash flow requirements over an appropriate time horizon.

- **Investment risk:** The principal investment risk facing the Scheme is the potential default of the insurer on their obligations under the bulk annuity contract. Prior to entering into the contract, the Trustees have obtained and carefully considered professional advice regarding the financial strength of the insurer, the insurance regulatory regime, and concluded that this risk was acceptably low.

The Trustees will continue to review these and other risks periodically and take professional advice as appropriate to ensure the ongoing security of members' benefits.

## Realisation of Assets

The investment strategy aims to achieve a return on Scheme assets which taken in conjunction with contributions is sufficient over time to meet the Scheme's pension liabilities.

## Realisation of investments

The Scheme's assets are held in a bulk annuity contract with an insurer, which is structured to provide regular monthly payments to the Scheme that match the required benefit payments to members. The realisation of assets is not considered relevant to the circumstances.

## Consideration of financially material factors in investment arrangements

The Trustees recognise that the consideration of financially material factors, including ESG factors and climate change, is relevant at different stages of the investment process.

The Scheme's assets are primarily held in the form of a bulk annuity contract with an insurer. This contract has not been structured with expected return as the primary objective, but rather to match the Scheme's benefit obligations. Given this nature, the Trustees have not made explicit allowance for climate change in framing the strategic asset allocation.

As part of the broader formal selection process and review criteria for the insurer — including financial strength and market experience — the Trustees considered ESG matters, with guidance from their professional advisers. The insurers' integration of ESG considerations into their processes, along with their use of independent ESG assessments, were highlighted as positive features.

## Consideration of non-financially material factors in investment arrangements

The Trustees have not imposed any restrictions or exclusions to the investment arrangements based on non-financial matters.

## Stewardship

### *Voting and engagement*

Given that the Scheme's assets are primarily held in a bulk annuity contract, opportunities for engagement and voting are extremely limited. The Trustees are mindful and accepting of this.

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## *Monitoring*

The Trustees will periodically monitor the performance and service of the insurer, taking into account factors such as financial strength, solvency metrics, market activity, and developments in the ESG space.

## **Additional Voluntary Contributions (AVCs)**

The Trustees give members the opportunity to invest in a range of vehicles at the members' discretion.

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Signed on behalf of the Trustees of the LondonWaste Pension Scheme

Authorised Signatory

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Date

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